BlackRock Inc.
Form 10-Q
May 09, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2014

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from________________ to________________ .

Commission file number 001-33099

BlackRock, Inc.

(Exact name of registrant as specified in its charter)

Delaware	32-0174431
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

55 East 52nd Street, New York, NY 10055

(Address of Principal Executive Offices)

(Zip Code)

(212) 810-5300

(Registrant s Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or, a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer X	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company		

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

As of April 30, 2014, there were 166,817,871 shares of the registrant s common stock outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

BlackRock, Inc.

Condensed Consolidated Statements of Financial Condition

(unaudited)

(in millions, except share data)	**March 31, 2014**	**December 31, 2013**
Assets		
Cash and cash equivalents	$ 4,394	$ 4,390
Accounts receivable	2,868	2,247
Investments	2,092	2,151
Assets of consolidated variable interest entities:		
Cash and cash equivalents	191	161
Bank loans, other investments and other assets	2,183	2,325
Separate account assets	155,097	155,113
Separate account collateral held under securities lending agreements	17,762	21,788
Property and equipment (net of accumulated depreciation of $641 and $611 at March 31, 2014 and December 31, 2013, respectively)	508	525
Intangible assets (net of accumulated amortization of $1,097 and $1,057 at March 31, 2014 and December 31, 2013, respectively)	17,459	17,501
Goodwill	12,975	12,980
Other assets	768	692
Total assets	$216,297	$219,873
Liabilities		
Accrued compensation and benefits	$ 668	$ 1,747
Accounts payable and accrued liabilities	1,615	1,084
Liabilities of consolidated variable interest entities:		
Borrowings	2,244	2,369
Other liabilities	106	74
Long-term borrowings	5,936	4,939
Separate account liabilities	155,097	155,113
Separate account collateral liabilities under securities lending agreements	17,762	21,788
Deferred income tax liabilities	5,241	5,085
Other liabilities	927	1,004
Total liabilities	189,596	193,203
Commitments and contingencies (Note 12)		
Temporary equity		
Redeemable noncontrolling interests	88	54
Permanent Equity		
BlackRock, Inc. stockholders equity		
Common stock, $0.01 par value;	2	2
Shares authorized: 500,000,000 at March 31, 2014 and December 31, 2013;		
Shares issued: 171,252,185 at March 31, 2014 and December 31, 2013;		
Shares outstanding: 167,003,034 and 166,589,688 at March 31, 2014 and December 31, 2013, respectively		
Preferred stock (Note 16)	-	-
Additional paid-in capital	19,087	19,473
Retained earnings	8,598	8,208
Appropriated retained earnings	6	22

Accumulated other comprehensive loss	(35)	(35)
Treasury stock, common, at cost (4,249,151 and 4,662,497 shares held at March 31, 2014 and December 31, 2013, respectively)	(1,180)	(1,210)
Total BlackRock, Inc. stockholders equity	26,478	26,460
Nonredeemable noncontrolling interests	117	135
Nonredeemable noncontrolling interests of consolidated variable interest entities	18	21
Total permanent equity	26,613	26,616
Total liabilities, temporary equity and permanent equity	$216,297	$219,873

See accompanying notes to condensed consolidated financial statements.

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BlackRock, Inc.

Condensed Consolidated Statements of Income

(unaudited)

(in millions, except per share data)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Revenue		
Investment advisory, administration fees and securities lending revenue		
Related parties	$1,611	$1,455
Other third parties	680	674
Total investment advisory, administration fees and securities lending revenue	2,291	2,129
Investment advisory performance fees	158	108
BlackRock Solutions and advisory	154	126
Distribution fees	19	17
Other revenue	48	69
Total revenue	2,670	2,449
Expenses		
Employee compensation and benefits	982	905
Distribution and servicing costs	89	91
Amortization of deferred sales commissions	15	12
Direct fund expenses	179	161
General and administration	313	331
Amortization of intangible assets	41	40
Total expenses	1,619	1,540
Operating income	1,051	909
Nonoperating income (expense)		
Net gain (loss) on investments	76	62
Net gain (loss) on consolidated variable interest entities	(16)	27
Interest and dividend income	10	6
Interest expense	(53)	(54)
Total nonoperating income (expense)	17	41
Income before income taxes	1,068	950
Income tax expense	324	284
Net income	744	666
Less:		
Net income (loss) attributable to redeemable noncontrolling interests	1	-
Net income (loss) attributable to nonredeemable noncontrolling interests	(13)	34
Net income attributable to BlackRock, Inc.	$756	$632
Earnings per share attributable to BlackRock, Inc. common stockholders:		
Basic	$4.47	$3.69
Diluted	$4.40	$3.62

Cash dividends declared and paid per share	$1.93	$1.68
Weighted-average common shares outstanding:		
Basic	169,081,421	171,301,800
Diluted	171,933,803	174,561,132

See accompanying notes to condensed consolidated financial statements.

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BlackRock, Inc.

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

(in millions)	Three Months Ended March 31, 2014	2013
Net income	$ 744	$ 666
Other comprehensive income:		
Change in net unrealized gains (losses) from available-for-sale investments, net of tax:		
Unrealized holding gains (losses), net of tax[1]	-	4
Less: reclassification adjustment included in net income[1]	8	3
Net change from available-for-sale investments, net of tax	(8)	1
Foreign currency translation adjustments	8	(108)
Other comprehensive income (loss)	-	(107)
Comprehensive income	744	559
Less: Comprehensive income (loss) attributable to noncontrolling interests	(12)	34
Comprehensive income attributable to BlackRock, Inc.	$ 756	$ 525

(1) The tax benefit (expense) was not material for the three months ended March 31, 2014 and 2013.

See accompanying notes to condensed consolidated financial statements.

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BlackRock, Inc.

Condensed Consolidated Statements of Changes in Equity

(unaudited)

(in millions)	Additional Paid-in Capital[1]	Retained Earnings	Appropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Common	Total BlackRock Stockholders Equity	Nonredeemable Noncontrolling Interests	Nonredeemable Noncontrolling Interests of Consolidated VIEs	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity
December 31, 2013	$19,475	$8,208	$22	($35)	($1,210)	$26,460	$135	$21	$26,616	$54
Net income	-	756	-	-	-	756	3	(16)	743	1
Allocation of gains (losses) of consolidated collateralized loan obligations	-	-	(16)	-	-	(16)	-	16	-	-
Dividends paid	-	(366)	-	-	-	(366)	-	-	(366)	-
Stock-based compensation	126	-	-	-	1	127	-	-	127	-
Issuance of common shares related to employee stock transactions	(603)	-	-	-	604	1	-	-	1	-
Employee tax withholdings related to employee stock transactions	-	-	-	-	(325)	(325)	-	-	(325)	-
Shares repurchased	-	-	-	-	(250)	(250)	-	-	(250)	-
Net tax benefit (shortfall) from stock-based compensation	91	-	-	-	-	91	-	-	91	-
Subscriptions (redemptions/distributions)-noncontrolling interest holders	-	-	-	-	-	-	(21)	(3)	(24)	49
Net consolidations (deconsolidations) of sponsored investment funds	-	-	-	-	-	-	-	-	-	(16)
March 31, 2014	**$19,089**	**$8,598**	**$6**	**($35)**	**($1,180)**	**$26,478**	**$117**	**$18**	**$26,613**	**$88**

[1] Amounts include $2 million of common stock at both March 31, 2014 and December 31, 2013.

See accompanying notes to condensed consolidated financial statements.

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BlackRock, Inc.

Condensed Consolidated Statements of Changes in Equity

(unaudited)

(in millions)	Additional Paid-in Capital[1]	Retained Earnings	Appropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Common	Total BlackRock Stockholders' Equity	Nonredeemable Noncontrolling Interests	Nonredeemable Noncontrolling Interests of Consolidated VIEs	Total Permanent Equity	Redeemable Non-controlling Interests / Temporary Equity
December 31, 2012	$19,421	$6,444	$29	($59)	($432)	$25,403	$155	$27	$25,585	$32
Net income	-	632	-	-	-	632	7	27	666	-
Allocation of gains (losses) of consolidated collateralized loan obligations	-	-	26	-	-	26	-	(26)	-	-
Dividends paid	-	(309)	-	-	-	(309)	-	-	(309)	-
Stock-based compensation	127	-	-	-	-	127	-	-	127	-
Issuance of common shares related to employee stock transactions	(364)	-	-	-	370	6	-	-	6	-
Employee tax withholdings related to employee stock transactions	-	-	-	-	(211)	(211)	-	-	(211)	-
Shares repurchased	-	-	-	-	(250)	(250)	-	-	(250)	-
Net tax benefit (shortfall) from stock-based compensation	28	-	-	-	-	28	-	-	28	-
Subscriptions (redemptions/distributions)-noncontrolling interest holders	-	-	-	-	-	-	(18)	114	96	11
Net consolidations (deconsolidations) of sponsored investment funds	-	-	-	-	-	-	-	-	-	(7)
Other comprehensive income (loss)	-	-	-	(107)	-	(107)	-	-	(107)	-
March 31, 2013	$19,212	$6,767	$55	($166)	($523)	$25,345	$144	$142	$25,631	$36

[1] Amounts include $2 million of common stock at both March 31, 2013 and December 31, 2012.

See accompanying notes to condensed consolidated financial statements.

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BlackRock, Inc.

Condensed Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended March 31, 2014	2013
	$744	
	73	
	15	
n	127	
	165	
	(47)	
	(7)	
	69	
	(46)	
	16	
	169	
	(39)	
	7	
	(624)	
	(95)	
	(82)	
nd	(1,079)	
	521	
	(93)	
g	(206)	

(123)

266

8

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997
(366)

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es New Roman; FONT-SIZE: 10pt">The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions
of the merger agreement by Roebling shareholders, regulatory approvals, absence of orders prohibiting the completion of the merger, effectiveness of the registration stater
proxy statement/prospectus is a part, approval of the shares of TF common stock to be issued to Roebling shareholders for listing on the NASDAQ Global Market, the cont
the representations and warranties by both parties and the performance by both parties of their covenants and agreements, the receipt by both parties of legal opinions from
tax counsels, Roebling's non-performing assets and net charge-offs not exceeding certain levels and its adjusted shareholders' equity meeting a specific minimum threshol
closing of the merger.

In addition, certain circumstances exist whereby Roebling may choose to terminate the merger agreement, including if TF
declines to below $20.29 (subject to customary anti-dilution adjustments) as of the first date when all regulatory approvals f
have been received, combined with such decline being at least 15% greater than a corresponding decline in the value of th
Bank Index, and no adjustment pursuant to a specified formula is made to the exchange ratio by TF. See "Proposal No. 1
Approve the Merger Agreement -- Terminating the Merger Agreement" beginning on page ___ for a more complete dis
circumstances under which the merger agreement could be terminated. Therefore, the conditions to closing of the merge
fulfilled and the merger may not be completed.

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Termination of the Merger Agreement Could Negatively Impact Roebling.

If the merger agreement is terminated, there may be various consequences, including:

Roebling's business may have been adversely impacted by the failure to pursue other beneficial opportunities due to
management on the merger, without realizing any of the anticipated benefits of completing the merger; and

the market price of Roebling common stock might decline to the extent that the current market price reflects a market ass
the merger will be completed.

If the merger agreement is terminated and Roebling's board of directors seeks another merger or business combinati
shareholders cannot be certain that Roebling will be able to find a party willing to offer consideration equivalent to the con
has agreed to provide in the merger.

If the merger agreement is terminated under certain circumstances, Roebling may be required to pay a termination fee of
TF. See "Proposal No. 1 - Proposal to Approve the Merger Agreement -- Termination Fee" beginning on page __.

Roebling Will Be Subject to Business Uncertainties and Contractual Restrictions While the Merger is Pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Roebling and conseq
These uncertainties may impair Roebling's ability to attract, retain and motivate key personnel until the merger is complet
cause customers and others that deal with Roebling to seek to change existing business relationships with Roebling. Retent
employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty abou
roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to re
business, TF's business following the merger could be negatively impacted. In addition, the merger agreement restricts R
taking certain actions until the merger occurs without the consent of TF. These restrictions may prevent Roebling fr
attractive business opportunities that may arise prior to the completion of the merger. See "Proposal No. 1 - Proposal to
Merger Agreement -- Conduct of Business Before the Merger" beginning on page ___ for a description of the restrictive
which Roebling is subject.

The Merger Agreement Limits Roebling's Ability to Pursue Alternatives to the Merger.

The merger agreement contains "no-shop" provisions that, subject to limited exceptions, limit Roebling's ability to
encourage or knowingly facilitate any inquiries or competing third-party proposals, or engage in any negotiations, or
confidential information, or have any discussions with any person relating to a proposal to acquire all or a significant part of
addition, Roebling has agreed to pay TF a termination fee in the amount of $650,000 in the event that TF or Roebling te
merger agreement for certain reasons. These provisions might discourage a potential competing acquirer that might have
acquiring all or a significant part of Roebling from considering or proposing that acquisition even if it were prepared to pay
with a higher per share market price than that proposed in the merger, or might result in a potential competing acquirer pro
a lower per share price to acquire Roebling than it might otherwise have proposed to pay. Until the merger agreement is
Roebling shareholders, Roebling can consider and participate in discussions and negotiations with respect to an alternativ
bona fide acquisition proposal (subject to its obligation to pay a termination fee under certain circumstances) so long as the

Roebling board of directors determines in good faith (after consultation with legal counsel and its financial advisor) that it is necessary to do so to comply with its fiduciary duties to Roebling shareholders under New Jersey law and that such alternati acquisition proposal constitutes a superior proposal. Roebling has agreed to give TF prior notice before engaging in any suc and to keep TF apprised of developments, discussions and negotiations relating to any such acquisition proposal.

Roebling Directors and Officers May Have Interests in the Merger Different from the Interests of Roebling Shareholders.

The interests of some of the directors and executive officers of Roebling may be different from those of Roebling share directors and officers of Roebling may be participants in arrangements that are different from, or are in addition to, those shareholders. These interests are described in more detail in the section of this proxy statement/prospectus entitled "Pr Proposal to Approve the Merger Agreement -- Interests of Certain Persons in the Merger" beginning on page ___.

The Shares of TF Common Stock to Be Received by Roebling Shareholders as a Result of the Merger Will Have Rights D the Shares of Roebling Common Stock.

Upon completion of the merger, the rights of former Roebling shareholders who become TF shareholders will be governed b of incorporation and bylaws of TF and Pennsylvania corporate law. The rights associated with Roebling common stock are d the rights associated with TF common stock. See "Comparison of Shareholder Rights" beginning on page ___ for a di different rights associated with TF common stock.

The Unaudited Pro Forma Combined Condensed Consolidated Financial Information Included in this Proxy Statement/ Preliminary and the Actual Financial Condition and Results of Operations After the Merger May Differ Materially.

The unaudited pro forma combined condensed consolidated financial information in this proxy statement/prospectus is illustrative purposes only and is not necessarily indicative of what TF's actual financial condition or results of operations wo had the merger been completed on the dates indicated. The pro forma combined condensed consolidated financial inform adjustments, which are based upon preliminary estimates, to record the Roebling identifiable assets acquired and liabilitie fair value and the resulting goodwill recognized, if any. The purchase price allocation reflected in this proxy statement/ preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of t liabilities of Roebling as of the date of the completion of the merger. Accordingly, the final acquisition accounting adju differ materially from the pro forma adjustments reflected in this proxy statement/prospectus. For more information, see "P beginning on page ___.

The fairness opinion obtained by Roebling from its financial advisor will not reflect changes in circumstances subsequent the fairness opinion.

FinPro, Roebling's financial advisor in connection with the merger, has delivered to the board of directors of Roebling its op of December 17, 2012. The opinion of Roebling stated that as of such date, and based upon and subject to the factors and set forth therein, the merger consideration to be paid to the holders of the outstanding shares of Roebling common stock pu merger agreement was fair from a financial point of view to such holders. The opinion does not reflect changes that may have occurred after the date of the opinion, including changes to the operations and prospects of TF or Roebling, chang market and economic conditions or

regulatory or other factors. Any such changes, or changes in other factors on which the opinion is based, may materially alte
relative values of TF and Roebling.

Risks Related to TF's Business

Difficult economic and market conditions have adversely affected the banking industry.

TF continues to operate in a challenging and uncertain economic environment, including generally uncertain world, natio conditions. The capital and credit markets have been experiencing volatility and disruption. Since 2008, dramatic declines i market, with decreasing home prices and increasing delinquencies and foreclosures, have negatively impacted the credit pe mortgage and construction loans and resulted in significant write-downs of assets by many financial institutions across the U General downward economic trends, reduced availability of commercial credit and increasing unemployment have negativ the credit performance of commercial and consumer credit, resulting in additional write-downs. Concerns over the st financial markets and the economy have resulted in decreased lending by financial institutions to their customers and to ea market turmoil and tightening of credit led to increased commercial and consumer deficiencies, lack of customer confiden market volatility and widespread reduction in general business activity. A worsening of these conditions would likely ex adverse effects of these difficult market conditions on TF and others in the financial institutions industry. In particular, TF c following risks in connection with these events:

- Increased regulation of its industry; compliance with such regulation could increase its costs and limit its ability to pursue business opportunities;
- Customer demand for loans secured by real estate could be further reduced due to weaker economic conditions, an increase in unemployment, a decrease in real estate values or an increase in interest rates, all of which factors could lower its profitability;
- The process used to estimate losses inherent in TF's loan portfolio requires difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of borrowers to repay their loans. The level of uncertainty concerning economic conditions could adversely affect the accuracy of its estimates which could, in turn, impact the reliability of the process.
- The value of the portfolio of investment securities that TF holds could be adversely affected.

TF operates in a competitive market which could constrain its future growth and profitability.

TF operates in a competitive environment, competing for deposits and loans with commercial banks, savings associatio financial entities. Competition for deposits comes primarily from other commercial banks, savings associations, credit u market and mutual funds and other investment alternatives. Competition for loans comes primarily from other commercial b associations, mortgage banking firms, credit unions and other financial intermediaries. Many of the financial intermediaries TF's market area offer certain services, such as international banking services, which it does not offer. Moreover, bank capitalization and financial intermediaries not subject to bank regulatory restrictions have larger lending limits and are th serve the needs of larger customers.

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TF's success will depend upon its ability to effectively manage future growth.

TF believes that it has in place the management and systems, including data processing systems, internal controls and a
culture, to support continued growth. However, TF's continued growth and profitability depend on the ability of its off
employees to manage such growth effectively, to attract and retain skilled employees and to maintain adequate internal c
strong credit culture. Accordingly, there can be no assurance that TF will be successful in managing its expansion, and the
so would adversely affect its financial condition and results of operations.

If TF experiences loan losses in excess of its allowance, its earnings will be adversely affected.

The risk of credit losses on loans varies with, among other things, general economic conditions, the type of loan bei
creditworthiness of the borrower over the term of the loan and, in the case of a collateralized loan, the value and market
collateral for the loan. Management of TF maintains an allowance for loan losses based upon, among other things, historica
an evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. Based upon such facto
various assumptions and judgments about the ultimate collectibility of the loan portfolio and provides an allowance for loan
upon a percentage of the outstanding balances and for specific loans when their ultimate collectibility is considered questio
management's assumptions and judgments prove to be incorrect and the allowance for loan losses is inadequate to absorb fu
if bank regulatory authorities require it to increase the allowance for loan losses as a part of their examination process, TF's
capital could be significantly and adversely affected.

As of September 30, 2012, TF's allowance for loan losses was $6.8 million which represented 1.25% of outstanding loans.
TF had 28 nonperforming loans totaling $10.4 million and 22 impaired loans totaling $9.4 million. TF actively
nonperforming loans in an effort to minimize credit losses. Although management of TF believes that its allowance for l
adequate, there can be no assurance that the allowance will prove sufficient to cover future loan losses. Further, although ma
TF uses the best information available to make determinations with respect to the allowance for loan losses, future adjustr
necessary if economic conditions differ substantially from the assumptions used or adverse developments arise with r
non-performing or performing loans. Material additions to its allowance for loan losses would result in a decrease in its ne
capital, and could have a material adverse effect on its financial condition and results of operations and the value of its comn

TF may be required to pay significantly higher FDIC premiums, special assessments, or taxes that could adversely affect its e

Market developments significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured d
result, TF may be required to pay significantly higher premiums or additional special assessments or taxes that could adv
earnings. TF is generally unable to control the amount of premiums that are required to be paid for FDIC insurance.
additional bank or financial institution failures, TF may be required to pay even higher FDIC premiums than the lev
imposed. Any future increases or required prepayments in FDIC insurance premiums may materially adversely affect
operations.

Concentration of loans in our primary market area, which has experienced an economic downturn, may increase risk.

TF's success depends primarily on the general economic conditions in the Commonwealth of Pennsylvania and State o where a large portion of its loans are originated. Accordingly, the local economic conditions in these markets have a signi on the ability of borrowers to repay loans as well as TF's ability to originate new loans. A decline in real estate valuations in would lower the value of the collateral securing those loans. In addition, continued weakening in general economic condi inflation, recession, unemployment or other factors beyond TF's control could negatively affect demand for loans, the perfo borrowers and our financial results.

TF's loan portfolio includes loans with a higher risk of loss.

While the majority of TF's loan portfolio consists of residential mortgage loans, it also originates other types of loa commercial loans. Commercial loans may expose a lender to greater credit risk than loans secured by residential real estat collateral securing these loans may not be sold as easily as residential real estate. In addition, commercial loans may relatively large loan balances to individual borrowers or groups of borrowers. These loans also have greater credit risk tha real estate because repayment is generally dependent upon the successful operation of the borrower's business.

The current downturn in the real estate market, unemployment and local economy could adversely affect the value of t securing the loans or revenues from the borrower's business thereby increasing the risk of non-performing loans. The nati real estate markets generally remain stagnant, with a continued slowdown in the general housing market that is evidenced reduced levels of new and existing home sales, increasing inventories of houses on the market, stagnant to declining proper an increase in the length of time houses remain on the market. No assurances can be given that these conditions will impro worsen.

TF is subject to extensive regulation which could have an adverse effect on its operations.

The banking industry is extensively regulated and supervised under both federal and state laws and regulations that primarily to protect depositors, the public, the FDIC's Deposit Insurance Fund, and the banking system as a whol shareholders. The Federal Reserve is the primary federal regulator for TF while the FDIC is the primary federal regulato Bank. The banking laws, regulations and policies applicable to TF and 3rd Fed Bank govern matters ranging from the certain debt obligations, changes in the control of TF and the maintenance of adequate capital to the general busines conducted by TF, including permissible types, amounts and terms of loans and investments, the amount of reserves held aga restrictions on dividends, establishment of new offices and the maximum interest rate that may be charged by law.

TF is subject to changes in federal and state banking statutes, regulations and governmental policies, and the inte implementation of them. Regulations affecting banks and other financial institutions in particular are undergoing continuou frequently change and the ultimate effect of such changes cannot be predicted. Since TF recently changed regulator particularly heightened. Regulations and laws may be modified at any time, and new legislation may be enacted that will a changes in any federal and state law, as well as regulations and governmental policies could affect TF in substantial and u ways, including ways that may adversely affect TF's business, results of operations, financial condition or prospects. In ad and state banking regulators have broad authority to supervise its banking business, including the authority to prohibit

activities that represent unsafe or unsound banking practices or constitute violations of statute, rule, regulation or administrat
Failure to appropriately comply with any such laws, regulations or regulatory policies could result in sanctions by regulatory
civil money penalties or damage to TF's reputation, all of which could adversely affect its business, results of operations, fin
condition or prospects.

Recent legislative and regulatory actions may have a significant adverse effect on TF's operations. Dodd-Frank Wall Stre
Consumer Protection Act of 2010 (the "Dodd-Frank Act") has and will continue to result in sweeping changes in the regulat
institutions. As a result of this legislation, TF faces the following changes, among others:

- A new independent Consumer Financial Protection Bureau has been established within the Federal Reserve, empowered to exercise broad regulatory, supervisory and enforcement authority with respect to both new and existing consumer financial protection laws. Smaller financial institutions are subject to the supervision and enforcement of their primary federal banking regulator with respect to the federal consumer financial protection laws.

- Repeal of the federal prohibitions on the payment of interest on demand deposits, thereby generally permitting depository institutions to pay interest on all deposit accounts.

- Deposit insurance had been permanently increased to $250,000.

- Deposit insurance assessment base calculation will equal a depository institution's total assets minus the sum of its average tangible equity during the assessment period.

- The minimum reserve ratio of the deposit insurance fund increased to 1.35% of estimated annual insured deposits or assessment base; however, the FDIC is directed to "offset the effect" of the increased reserve ratio for insured depository institutions with total consolidated assets of less than $10 billion.

- Authority over savings and loan holding companies has been transferred to the Federal Reserve.

- Leverage capital requirements and risk-based capital requirements applicable to depository institutions and bank holding companies have been extended to thrift holding companies following a five year grace period.

- The Federal Deposit Insurance Act ("FDIA") was amended to direct federal regulators to require depository institution holding companies to serve as a source of strength for their depository institution subsidiaries.

- The Federal Reserve can require a grandfathered unitary thrift holding company that conducts commercial or manufacturing activities or other nonfinancial activities in addition to financial activities to conduct all or part of its financial activities in an intermediate savings and loan holding company.

- Public companies will be required to provide their shareholders with a nonbinding vote (i) at least once every three years on the compensation paid to executive officers, and (ii) at least once every six years on whether they should have a "say on pay" vote every one, two or three years.

- Additional provisions, including some not specifically aimed at thrifts and thrift holding companies, will nonetheless have an impact on us.

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Some of these provisions may have the consequence of increasing TF's expenses, decreasing its revenues and changing th which TF chooses to engage. Many of these and other provisions of the Dodd-Frank Act remain subject to regulatory rul implementation, the effects of which are not yet known. TF may be forced to invest significant management attention and make any necessary changes related to the Dodd-Frank Act and any regulations promulgated thereunder, which may adver business, results of operations, financial condition or prospects. TF cannot predict the specific impact and long-tern Dodd-Frank Act and the regulations promulgated thereunder will have on its financial performance, the markets in which it the financial industry generally.

In addition to changes resulting from the Dodd-Frank Act, recent proposals published by the Basel Committee on Banking (the "Basel Committee"), if adopted, could lead to significantly higher capital requirements, higher capital charges and m leverage and liquidity ratios. In July and December 2009, the Basel Committee published proposals relating to enha requirements for market risk and new capital and liquidity risk requirements for banks. On September 12, 2010, the Base announced an agreement on additional capital reforms that increases required Tier 1 capital and minimum Tier 1 common e and requires banks to maintain an additional capital conservation buffer during times of economic prosperity. While implementation of these proposals in the United States is subject to the discretion of U.S. bank regulators, these proposal could restrict TF's ability to grow during favorable market conditions or require TF to raise additional capital, including th common stock or other securities that may be dilutive to TF's shareholders. As a result, TF's business, results of operat condition or prospects could be adversely affected.

The fiscal, monetary and regulatory policies of the Federal Government and its agencies could have a material adverse results of operations.

The Federal Reserve regulates the supply of money and credit in the United States. Its policies determine in large part the for lending and investing and the return earned on those loans and investments, both of which affect the net interest margin also can adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans. Changes in Fed policies and TF's regulatory environment generally are beyond its control, and TF is unable to predict what changes ma manner in which any future changes may affect our business, financial condition and results of operation.

TF is subject to liquidity risk.

Liquidity is essential to TF's business, as it uses cash to fund loans and investments and other interest-earning asset withdrawals that occur in the ordinary course of its business. TF's principle sources of liquidity include customer deposits, Loan Bank borrowings, brokered CDs, sales of loans held for sale, repayments to 3rd Fed Bank of loans it makes to bo paydowns and sales of investment securities. If TF's ability to obtain funds from these sources becomes limited or the costs funds increases, whether due to factors that affect TF specifically, including financial performance or the imposition o restrictions, or due to factors that affect the capital markets or other events, including weakening economic conditions or ne and expectations about the prospects for the financial services industry as a whole, then, TF's ability to meet its obligation banking business would be adversely affected and its financial condition and results of operations could be harmed.

The repeal of federal prohibitions on payment of interest on demand deposits could increase our interest expense.

Federal prohibitions on the ability of financial institutions to pay interest on demand deposit accounts were repealed a Dodd-Frank Act. If market conditions warrant TF to begin offering interest on demand deposits to attract new customer current customers, its interest expense will increase and its net interest margin will decrease, which could have a material a on its business, financial condition and results of operation.

Changes in interest rates and other factors beyond TF's control could have an adverse impact on its earnings.

TF's operating income and net income depend to a greater extent on its net interest margin, which is the difference betwe yields it receives on loans, securities and other interest-earning assets and the interest rates TF pays on interest-bearing depo liabilities. The net interest margin is affected by changes in market interest rates, because different types of assets and li react differently, and at different times, to market interest rate changes. When interest-bearing liabilities mature or reprice than interest-earning assets in a period, an increase in market rates of interest could reduce net interest income. Sim interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could reduc income. These rates are highly sensitive to many factors beyond TF's control, including competition, general economic c monetary and fiscal policies of various governmental regulatory agencies, including the Federal Reserve.

TF's attempt to manage its risk from changes in market interest rates by adjusting the rates, maturity, repricing, and ba different types of interest-earning assets and interest-bearing liabilities, but interest rate risk management techniques are no result, a rapid increase or decrease in interest rates could have an adverse effect on TF's net interest margin and results of op results of TF's interest rate sensitivity simulation models depend upon a number of assumptions which may pro accurate. There can be no assurance that TF will be able to successfully manage its interest rate risk. Increases in mar adverse changes in the local residential real estate market, the general economy or consumer confidence would likely have adverse impact on TF's non-interest income, as a result of reduced demand for residential mortgage loans that TF makes basis.

The soundness of other financial institutions could adversely affect TF.

TF's ability to engage in routine funding transactions could be adversely affected by the actions and commercial sounc financial institutions. Defaults by, or even rumors or questions about, one or more financial services institutions, or the fina industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other instituti no assurance that any such events would not materially and adversely affect TF's results of operations.

TF may elect or need to seek additional capital in the future, but that capital may not be available when needed.

TF is required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. TF may elect to or need to raise additional capital. TF's ability to raise additional capital, if needed, will depend on con capital markets at that time, which are outside its control, and on its financial performance. Accordingly, TF cannot assu ability to

raise additional capital if needed on acceptable terms, or at all. If TF cannot raise additional capital when needed, TF's abilit
its operations through internal growth could be materially impaired.

Litigation or legal proceedings could expose TF to significant liabilities and damage its reputation.

From time to time, TF may become party to various litigation claims and legal proceedings. Management evaluates thes
proceedings to assess the likelihood of unfavorable outcomes and estimates, if possible, the amount of potential losses. TF
a reserve, as appropriate, based upon assessments and estimates in accordance with accounting policies. TF bases its
estimates and disclosures on the information available to TF at the time and relies on the judgment of management with res
assessments, estimates and disclosures. Actual outcomes or losses may differ materially from assessments and estimates,
adversely affect our reputation, financial condition and results of operations.

System failure or cybersecurity breaches of TF's network security could subject us to increased operating costs as well as
other potential losses.

The computer systems and network infrastructure TF uses could be vulnerable to unforeseen hardware and cybersecurit
operations are dependent upon its ability to protect its computer equipment against damage from fire, power loss, telecon
failure or a similar catastrophic event. Any damage or failure that causes an interruption in its operations could have an adv
TF's financial condition and results of operations. In addition, TF's operations are dependent upon the ability to protec
systems and network infrastructure utilized by TF, including its Internet banking activities, against damage from physic
cybersecurity breaches and other disruptive problems caused by the Internet or other users. Such computer break-i
disruptions would jeopardize the security of information stored in and transmitted through its computer systems
infrastructure, which may result in significant liability to TF, damage TF's reputation and inhibit current and potential custo
Internet banking services. Each year, TF adds additional security measures to its computer systems and network infrastructu
the possibility of cybersecurity breaches including firewalls and penetration testing. TF continues to investigate cost effect
as well as insurance protection.

The loss of senior executive officers and certain other key personnel could hurt TF's business.

TF's success depends, to a great extent, upon the services of its key personnel, including Kent C. Lufkin, President and Ch
Officer of TF. The unexpected loss of Mr. Lufkin and other key personnel could have a material adverse effect on TF's ope
time to time, TF also needs to recruit personnel to fill vacant positions for experienced lending officers
managers. Competition for qualified personnel in the banking industry is intense, and there can be no assurance that TF wi
be successful in attracting, recruiting and retaining the necessary skilled managerial, marketing and technical personnel for t
operation of TF's existing lending, operations, accounting and administrative functions or to support the expansion of
necessary for TF's future growth. TF's inability to hire or retain key personnel could have a material adverse effect o
operations.

Risks Related to TF's Common Stock

There is a limited trading market for the TF common stock, which may adversely impact your ability to sell your shares and receive for your shares.

Although the TF common stock is quoted on the NASDAQ Global Market, there has been limited trading activity in the active trading market is not expected to develop. This means that there may be limited liquidity for the shares of TF comm may receive in the merger, which may make it difficult to buy or sell the TF common stock, may negatively affect the pri sells and may cause volatility in the price of the TF common stock.

There are restrictions on TF's ability to pay cash dividends.

Although TF has historically paid cash dividends, there can be no assurance that TF will continue to pay cash dividends. Fu of cash dividends, if any, will be at the discretion of the Board of Directors and will be dependent upon TF's financial condi operations, capital requirements and such other factors as the Board may deem relevant and will be subject to applicable fed laws that impose restrictions on its ability to pay dividends.

TF common stock is not insured and you could lose the value of your entire investment.

An investment in shares of TF common stock is not a deposit and is not insured against loss by the government.

TF's management and significant shareholders control a substantial percentage of its stock and therefore have the abili substantial control over its affairs.

As of September 30, 2012, TF's directors and executive officers beneficially owned approximately 671,384 shares, or a 23.18% of its common stock, including options to purchase 59,475 shares, in the aggregate, of the TF common stock at ex ranging from $19.67 to $32.51 per share. Following the merger, the percentage beneficial ownership, including options, of and executive officers is expected to be approximately 20.94%. Because of the large percentage of stock held by its executive officers and other significant shareholders, these persons could influence the outcome of any matter submitted to shareholders.

We may issue additional shares of common or preferred stock, which may dilute the ownership and voting power of our sha the book value of our common stock.

TF is currently authorized to issue up to 10,000,000 shares of common stock of which 2,839,931 shares are currently outsta additional 306,921 shares are estimated to be issued in the merger (assuming no Roebling options are exercised prior to clo to 2,000,000 shares of preferred stock of which no shares are outstanding. The board of directors has authority, without acti the shareholders, to issue all or part of the authorized but unissued shares and to establish the terms of any series stock. These authorized but unissued shares could be issued on terms or in circumstances that could dilute the inter shareholders. In addition, a total of 275,000 shares of common stock have been reserved for issuance under the TF Financia 2012 Stock Option Plan, of which no shares were issued as of September 30, 2012. As of September 30, 2012, options t total of 59,475 shares were exercisable and had exercise prices ranging from $19.67 to $32.51. Any such issuance w percentage ownership interest of shareholders and may further dilute the book value of our common stock.

Provisions of TF's Articles of Incorporation and the Pennsylvania Business Corporation Law could deter takeovers which a
the Board of Directors.

TF's articles of incorporation and bylaws include various provisions that may have the effect of deterring a takeover of T
approved by the Board of Directors. These provisions include a classified board of directors in which only one-third of the
for election each year, the prohibition on cumulative voting in the election of directors and other provisions limiting t
shareholders to nominate directors, propose new business or call meetings of shareholders. In addition, the articles of i
include a provision requiring the affirmative vote of 80% of the outstanding shares of voting stock for the approval of
combination with an interested shareholder (defined as a shareholder owning 10% or more of the outstanding voting share
such business combination is approved by two-thirds of those members of the board of directors who were directors prio
when the interested stockholder became an interested stockholder or (ii) certain other requirements are met. In addition, T
incorporation require a business combination with an interested stockholder to satisfy certain fair price provisions, un
business combination is approved by two-thirds of those members of the board of directors who were directors prior to the t
interested stockholder became an interested stockholder or (ii) certain other requirements are met. As a Pennsylvania corpo
class of securities registered with the Securities and Exchange Commission, TF is also governed by certain provi
Pennsylvania Business Corporation Law that, inter alia, permit the disparate treatment of certain shareholders; prohibit ca
meetings of shareholders; require unanimous written consent for shareholder action in lieu of a meeting; and require shareho
for certain transactions in which a shareholder has an interest.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 contains safe harbor provisions regarding forward-looking stater
forward-looking statements include, but are not limited to, (i) the financial condition, results of operations and busine
Roebling; (ii) statements about the benefits of the merger, including future financial and operating results, cost savings, enh
revenue and accretion to reported earnings that may be realized from the merger; (iii) statements about our respective plan
expectations and intentions and other statements that are not historical facts; and (iv) other statements identified by w
"expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," or words of similar meaning. When used i
"believes," "anticipates," "contemplates," "expects," and similar expressions are intended to identify forward-lookin
forward-looking statements are based on current beliefs and expectations of our management and are inherently subject t
business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In ad
forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subjec

In addition, the factors discussed under the heading "Risk Factors," could cause actual results to differ materially from
results or other expectations expressed in or implied by the forward-looking statements.

Neither TF nor Roebling undertakes any obligation to publicly release the results of any revisions to those forward-lookin
which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated even

MARKET VALUE OF SECURITIES

TF Financial Corporation

Since its initial issuance in July 1994, TF's common stock has traded on the NASDAQ Global Market. The daily stock qu
is listed on the NASDAQ Global Market published in The Wall Street Journal, The Philadelphia Inquirer, and other leadin
under the trading symbol of "THRD." As of January 1, 2013, there were approximately 1,031 shareholders based on
mailings.

The following table sets forth the price range and cash dividends declared per share for the TF common stock for the periods

Quarter ended	Quoted Market Price High	Low	Dividend paid per share
2013			
First Quarter (through __________, 2013	$	$	$0.05
2012			
First Quarter	$25.96	$22.30	$0.05
Second Quarter	26.47	22.26	0.05
Third Quarter	24.90	22.50	0.05
Fourth Quarter	24.84	22.06	0.05
2011			
First Quarter	$22.76	$20.37	$0.05
Second Quarter	22.09	20.92	0.05
Third Quarter	22.38	19.17	0.05
Fourth Quarter	23.00	18.54	0.05

Dividend Policy

TF has a formal dividend policy. Before each dividend declaration by the TF board of directors, the board makes t
determinations:

1. The capital of TF is adequate for the current and projected business operations of TF.
2. The liquidity of TF after the payment of the dividend is adequate to fund the operations of TF for a reasonable period of
future.
3. In light of the fact that the primary source of liquidity with which to pay dividends is dividend payments from i
bank, the board considers a number of factors specifically applicable to 3rd Fed Bank, such as its expected leve
and capital, and the possibility of regulatory restrictions. Among other limitations, 3rd Fed Bank may not declare
dividend on any of its stock if the effect thereof would cause 3rd Fed Bank's regulatory capital to be reduced
amount required for the liquidation account established in connection with 3rd Fed Bank's conversion from m
form, or (2) the regulatory capital requirements imposed by the Federal Reserve Board.

The amount of the quarterly dividend is reviewed by the TF's board of directors, may be increased or reduced as deemed a
the board, and may be suspended by the board at any time

and recommenced or discontinued at the discretion of the board. In addition to quarterly cash dividends, the board of directo periodically consider the payment of special cash dividends or stock dividends.

Roebling Financial Corp, Inc.

Roebling's common stock is traded on the over-the-counter market with quotations available on the OTC Bulletin Board unc "RBLG." The following table reflects high and low bid quotations for each quarter for the past two fiscal years. The qu inter-dealer prices, without retail mark-up, mark-down, or commission, and may not represent actual transactions. Tl dividends declared during any of the periods shown.

Quarter Ended	High	Low
March 31, 2013 (through __________, 2013)	$	$ 4.00
December 31, 2012	8.20	4.00
September 30, 2012	4.20	3.81
June 30, 2012	4.00	3.75
March 31, 2012	3.75	3.25
December 31, 2011	3.60	3.00
September 30, 2011	4.65	3.60
June 30, 2011	5.00	4.60
March 31, 2011	4.85	4.40
December 31, 2010	4.95	4.15

As of September 30, 2012 there were 1,686,527 shares of Roebling common stock outstanding and approximately 47 record. This number does not reflect the number of persons or entities who held stock in nominee or "street" name tl brokerage firms. Roebling's most recent dividend was paid in December, 2008.

Dividends

In order to conserve capital, the Roebling board of directors determined not to pay a dividend in the 2012 and 2011 fis Roebling does not anticipate paying a dividend in the 2013 fiscal year. The payment of future dividends will be subject to review of the financial condition, results of operations and capital requirements of Roebling and Roebling Bank. In payment of dividends may be limited pursuant to the terms of the regulatory agreements entered into between Roebling, Ro and their respective regulators.

COMPARATIVE PER SHARE DATA
(Unaudited)

The following table sets forth historical per share information for TF and Roebling and additional information as if the co been combined for the periods shown, which we refer to as "pro forma" information. The pro forma information is l assumption that the total number of shares of Roebling common stock outstanding immediately prior to the completion of th be 1,686,527 (including unvested shares of restricted stock) and utilizes the exchange ratio of 0.364. It is further assumed $157,389 is to be paid for unallocated ESOP shares. Based on these

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assumptions, 836,761 of the 1,673,521 shares of Roebling common stock would be exchanged for TF common stock, with th
the Roebling shares being exchanged for cash.

The Roebling pro forma equivalent per share amounts are calculated by multiplying the TF pro forma combined book val
cash dividends per share and basic and diluted net income per share by the exchange ratio of 0.364 so that the per share am
to the respective values for one share of Roebling common stock. The unaudited pro forma TF per share equivalents are c
combining the TF historical share amounts with pro forma amounts from Roebling, assuming the exchange ratio of 0.364.

The pro forma and pro forma-equivalent per share information gives effect to the merger as if the transactions had been eff
dates presented, in the case of the book value data, and as if the transactions had become effective on January 1, 2011, in th
earnings per share and dividends declared data. The unaudited pro forma data in the tables assume that the merger is accoun
the acquisition method of accounting and represent a current estimate based on available information of the combined com
of operations. The pro forma financial adjustments record the assets and liabilities of Roebling at their estimated fair va
subject to adjustment as additional information becomes available and as additional analyses are performed. See "Pro Forma
[•]. The information in the following table is based on, and should be read together with, the financial information and
financial statements of Roebling and TF incorporated by reference in this proxy statement/prospectus.

This information is presented for illustrative purposes only. You should not rely on the pro forma combined or pro form
amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if th
been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial po
combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combin
under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenu
of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordin
attempt to predict or suggest future results.

The following tables set forth the basic earnings, diluted earnings, cash dividends and book value per common share data
and TF on a historical basis, on a pro forma combined basis, and on a per equivalent Roebling share basis, as of or for th
period ending September 30, 2012, and as of or for the twelve months ended December 31, 2011.

The pro forma data was derived by combining the historical consolidated financial information of TF and Roebling using th
method of accounting for business combinations and assumes the transaction is completed as contemplated.

	TF Historical	Roebling Historical	Pro Forma TF	
Earnings per share for the nine months ended September 30, 2012:				
Basic	$1.42	$0.01	$1.90	$0
Diluted	$1.42	$0.01	$1.89	$0
Cash dividends per share declared for the nine months ended September 30, 2012 (1)	$0.15	--	$0.15	$0
Book value per common share as of September 30, 2012	$28.89	$10.02	$28.96	$1
Tangible Book value per common share as of September 30, 2012	$27.37	$10.02	$27.19	$9
Earnings per share for the twelve months ended December 31, 2011:				
Basic	$1.45	$0.27	$2.08	$0
Diluted	$1.45	$0.27	$2.08	$0
Cash dividends per share declared for the fiscal year ended December 31, 2011 (2)	$0.20	--	$0.20	$0
Book value per common share as of December 31, 2011	$27.33	$9.86	$27.57	$1
Tangible Book value per common share as of December 31, 2011	$25.81	$9.86	$25.79	$9

(1) Year ended September 30, 2012 for Roebling.
(2) Fiscal year ended September 30, 2012 for Roebling; reflects a calendar year end of December 31, 2011 for TF.
(3) Equivalent proforma Roebling is for Roebling shareholders that remain shareholders of pro forma TF.

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THE SPECIAL MEETING OF SHAREHOLDERS

Roebling is mailing this proxy statement/prospectus to you as a Roebling shareholder on or about _____________, 2013. W statement/prospectus, Roebling is sending you a notice of the Roebling special meeting of shareholders and a form of solicited by the Roebling board of directors. The special meeting will be held on _________________, 2013 at ___:__ Time, at ____________________, ____________, ___________, New Jersey ________.

Matters to be Considered

The purpose of the special meeting of shareholders is to vote on the approval of the merger agreement, pursuant to which be merged with and into TF. You also are being asked to vote upon a (non-binding) proposal to approve the compensatio paid or become payable to Roebling's named executive officers in connection with the merger. You are also being asked proposal to adjourn or postpone the special meeting of shareholders. Roebling could use any adjournment or postpone purpose, among others, of allowing additional time to solicit proxies.

Who Can Vote at the Meeting

You are entitled to vote the shares of Roebling common stock that you owned as of the close of business on ________ 2013. As of the close of business on __________, 2013, a total of 1,686,527 shares of Roebling common stock were outst share of common stock has one vote.

Ownership of Shares; Attending the Meeting

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these pr directly to you. As the holder of record, you have the right to give your proxy directly to us or to vote in person at the me hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As t owner, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruct accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting ins telephone or by the Internet. Please see the instruction form provided by your broker, bank or other holder of record that this proxy statement. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeti brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, nominee who is the record holder of your shares.

Participants in the Roebling Bank ESOP

If you are a participant in the Roebling Bank ESOP, you will receive a voting instruction form that reflects all shares you m the ESOP. Under the terms of the ESOP, all shares held by the ESOP are voted by the ESOP trustees, but each participant may direct the trustees on how to vote the shares of Roebling common stock allocated to his or her account. Unallocate allocated shares for which no timely voting instructions are received will be voted by the ESOP trustees as directed Committee consisting of the outside directors of the Board. The deadline for returning your voting instruction form to the E is __________, 2013.

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Quorum and Vote Required

Quorum. A quorum is required to conduct business at the special meeting. A majority of the outstanding shares of Roebl
stock entitled to vote, represented in person or by proxy, shall constitute a quorum for the purposes of the special meeting.

Votes Required for Proposals. Approval of the merger agreement will require the affirmative vote of the majority of the vot
holders entitled to vote thereon. Approval of the advisory (non-binding) proposal on compensation that may be paid or bec
to Roebling's named executive officers in connection with the merger requires the affirmative vote of a majority of the vo
special meeting. Approval of the adjournment proposal will require the affirmative vote of a majority of the shares presen
represented by proxy and entitled to vote.

As of the record date for the special meeting, directors and executive officers of Roebling, together with their affiliates
shared voting power over approximately 21.6% of the Roebling common stock outstanding and entitled to vote a
meeting. Pursuant to the terms of support agreements entered into between the directors and executive officers and TF, thes
have agreed to vote these shares in favor of the proposal to approve the merger agreement.

How We Count Votes. If you return valid proxy instructions or attend the special meeting in person, your shares will be
purposes of determining whether there is a quorum even if you withhold your vote or do not vote your shares at the spe
Broker non-votes will be counted for purposes of determining the existence of a quorum only. A broker non-vote occurs w
bank or other nominee holding shares for a beneficial owner does not have discretionary voting power with respect to the
and has not received voting instructions from the beneficial owner.

Voting by Proxy

The board of directors of Roebling is sending you this proxy statement/prospectus for the purpose of requesting that yo
shares of Roebling common stock to be represented at the special meeting by the persons named in the enclosed proxy car
of Roebling common stock represented at the special meeting by properly executed and dated proxy cards will be voted acc
instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your s
voted as recommended by Roebling's board of directors. The Roebling board of directors recommends a vote "FOR" each

If any matters not described in this proxy statement/prospectus are properly presented at the special meeting, the persons
proxy card will use their own best judgment to determine how to vote your shares. If the special meeting is postponed o
your Roebling common stock may be voted by the persons named in the proxy card on the new special meeting date as we
have revoked your proxy. We do not know of any other matters to be presented at the special meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must eith
Corporate Secretary of Roebling in writing before your shares of Roebling common stock has been voted at the special meet
later dated proxy or attend the meeting and vote your shares in person. Attendance at the special meeting will not in its
revocation of your proxy.

Solicitation of Proxies

Roebling will bear the costs incurred by it in the solicitation of proxies from its shareholders on behalf of its board of addition to solicitation of proxies by mail, Roebling will request that banks, brokers and other record holders send proxi materials to the beneficial owners of Roebling common stock and secure their voting instructions. Roebling will reimbur holders for their reasonable expenses in taking those actions. Roebling may use its directors, officers and employees, wh specially compensated, to solicit proxies from Roebling shareholders, either personally or by telephone, facsimile, le electronic means.

PROPOSAL NO. 1 — PROPOSAL TO APPROVE THE MERGER AGREEMENT

The following summary of the merger and merger agreement is qualified by reference to the complete text of the merge which is attached hereto as Annex A and is incorporated by reference into this proxy statement/prospectus. You should rea agreement completely and carefully as it, rather than this description, is the legal document that governs the merger. Factu about TF and Roebling contained in this proxy statement/prospectus or in the companies' public reports filed with supplement, update or modify the factual disclosures about the companies contained in the merger agreement. The rep warranties and covenants made in the merger agreement by Roebling and TF were qualified and subject to important limit to by the parties in connection with negotiating the terms of the merger agreement. In particular, in your review of the repres warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the repres warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the merger ag have the right not to close the merger if the representations and warranties of the other party prove to be untrue due to circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters representations and warranties may also be subject to a contractual standard of materiality different from those generally shareholders and reports and documents filed with the SEC and in some cases were qualified by disclosures that were made to the other, which disclosures were not reflected in the merger agreement. Moreover, information concerning the subject representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may l since the date of the merger agreement and subsequent developments or new information qualifying a representation or warr have been included in this proxy statement/prospectus.

General

The merger agreement provides for the merger of Roebling with and into TF, with TF as the surviving entity. Immediately merger, Roebling Bank will merge with and into 3rd Fed Bank, with 3rd Fed Bank as the surviving entity.

Background of the Merger

Roebling is a New Jersey corporation that was incorporated in 2004 and owns all of the stock of Roebling Bank. Ro
successor to the former mid-tier holding company subsidiary of Roebling Financial Corp, MHC which completed its
conversion from a mutual holding company to the stock form of organization on September 30, 2004. Roebling Bank was
1922 and reorganized into a two-tier mutual holding company form of organization in 1997.

Roebling from time to time has met with other financial institutions and engaged with its senior management in reviews an
of potential strategic alternatives, and considered ways to enhance Roebling's performance and prospects in light of
regulatory and other relevant developments. These reviews have included periodic discussions and analysis with respec
transactions that would further Roebling's strategic objectives, and the potential benefits and risks of those transactions.

In June 2009, Roebling Bank entered into a Supervisory Agreement with the Office of Thrift Supervision ("OTS"
supervisory concerns raised in a regulatory examination. In connection with the Supervisory Agreement, Roebling Bank v
on making non-residential loans, commercial loans, construction loans and loans secured by non-owner-occupied residentia
purchasing loan participations, with certain exceptions, without the approval of the OTS, and directed to establish a plan fo
concentrations in such loans. In addition, the Supervisory Agreement also prohibited Roebling Bank from taking broke
without prior OTS approval.

In February 2012 the CEO of TF informally approached the Chairman of Roebling regarding the potential for a merg
Roebling. The CEO of TF previously had been the CEO of Roebling Bank between 1996 and 2000. The Chairman
conveyed this expression of interest to the Roebling board of directors. The Roebling board discussed the proposed transacti
the banking environment and considered enlisting the services of a financial advisor to assist them in exploring busine
merger alternatives.

FinPro, Inc. ("FinPro, Inc."), a full-service management consulting firm specializing in providing advisory services, incl
services, to the financial industry, served as Roebling Bank's independent appraiser in connection with its mutual hold
formation and the second step conversion. In addition, FinPro, Inc. has acted as a consultant for Roebling since the mid-19
met with the Chairman and another independent board member of Roebling in late March 2012 to discuss general develop
financial institutions industry as well as trends in mergers and acquisitions. In connection with the Chairman's and the inde
member's discussion with FinPro and in recognition of certain conditions, including the challenging market, increased co
financial institutions, increased competition among financial institutions, the decrease in small community financial ins
increased regulation and costs of being a federally-chartered FDIC insured financial institution, and Roebling Bank
enforcement action the board of Roebling decided to explore its strategic alternatives.

On April 27, 2012, Roebling and Roebling Bank entered into an engagement letter with FinPro Capital Advisors, Inc. ("Fi
Inc.'s broker dealer subsidiary, pursuant to which FinPro was engaged to act as financial advisor to Roebling and Roebling
beginning of April 2012, Roebling had previously engaged Malizia & Associates, PC ("Malizia") as special legal couns
assist the board and its consultant in connection with potential merger and acquisition transactions.

On April 27, 2012, representatives of FinPro and Malizia met with the Roebling board to review various strategies, i
continued independence of Roebling, a strategic partnership through a

merger of equals, and the sale of Roebling. In particular, representatives of FinPro updated the Roebling Board on the curre environment and provided a recent historical overview of the market for bank stocks, including the comparative performanc Roebling. FinPro also provided an overview of the current mergers and acquisitions market for banks and discussed the imp valuation of Roebling based on recent transactions. The Roebling board also considered the limited growth prospects within market area and Roebling Bank's operating and growth restrictions under the Supervisory Agreement as significant hurdles t prospects for growing the franchise and enhancing shareholder value as an independent entity. In addition, the Roebling boar the earnings and operational challenges that Roebling faced as a result of the current interest rate and regulatory environmen representative of Malizia also reviewed and discussed certain legal considerations in connection with the Roebling board's re consideration of the proposed strategic plan, including the board's fiduciary duties in the context of considering a potential m transaction. At this meeting, following discussion and analysis of FinPro's presentation and the legal considerations provided the Roebling board unanimously authorized FinPro to engage in preliminary discussions with other parties interested in a str partnership, as well as merger trends and pricing. Malizia presented to the Roebling board a form of confidentiality agreeme reviewed merger and acquisition procedures. The Roebling board authorized FinPro to develop a recommended list of poten a confidential offering memorandum and other documents required to present information on Roebling to interested parties.

On June 4, 2012, the Roebling board met with FinPro to review a list of potential merger partners, the confiden memorandum, the confidentiality agreement and the timeline to obtain indications of interest from such potential merger p Roebling board authorized FinPro to contact 14 financial institutions on Roebling's behalf and to provide the confide memorandum to those parties that executed the confidentiality agreement.

FinPro contacted the approved financial institutions and received requests from nine of the financial institutions fo information. After execution of a confidentiality agreement, interested parties were provided with the confiden memorandum. Several of these financial institutions later indicated that Roebling was not of interest because of its small area or business model.

FinPro reported to the Roebling board on June 27, 2012, that FinPro had received three indications of interest, two of which including one from TF, and that one party ("Party B") verbally conveyed its indication of interest and indicated that it would with a written proposal. The indication of interest from TF presented a stock and cash offer of $10.10 per share and Party B highest offer with a stated range of $7.50 to $8.50 per share. Party B's offer was an all-stock offer utilizing its thinly traded offer was based on a price per share for its stock that was in excess of the stock's market price per share. The third indicat was significantly below the other two. The Roebling board authorized FinPro and Malizia to commence due diligence pro TF and Party B, subject to written confirmation of Party B's indication of interest.

During July 2012, Roebling's and Roebling Bank's respective boards of directors and management had meetings and corres the banking regulators and negotiated and reviewed a formal agreement in connection with concerns raised in Roebling Ban examination from August 1, 2011. On July 23, 2012, Roebling Bank entered into a formal agreement with the Office of the of the Currency ("OCC"), Roebling Bank's primary federal regulator. The formal agreement replaced and superseded Agreement previously entered into with the OTS in June 2009. The Roebling board of directors also adopted binding reso request of the Federal Reserve Bank of Philadelphia on December 3, 2012.

TF and Party B conducted due diligence procedures at Roebling in July 2012. After the completion of due diligence and information, Roebling received revised indications of

interests from TF and Party B. TF's offer was revised downward to $8.25 per share due to Roebling's weaker than anticipat
quality, projected earnings and regulatory developments. Party B's final offer was a reduced range of $6.76 to $7.41 per sha
revised downward due to Party B's assessment of the credit risk in Roebling's loan portfolio and the loss ratios on those loar
reviewing the indications of interest with FinPro on August 6, 2012, the Roebling board authorized FinPro and management
additional loan detail to TF in order to negotiate a higher price per share and authorized FinPro to try to negotiate a higher pr
Party B in order to have a competitive alternative price to TF. Despite negotiations, Party B was unable to reach a price of $
share and the Roebling board determined to discontinue discussions with Party B.

On August 24, 2012, after the review of the additional credit information on Roebling, TF responded that its offer remainec
share. TF also indicated that in light of the enforcement action it would not pay the benefits provided for under Ro
outstanding directors' change in control agreements.

On September 5, 2012, FinPro met with the Roebling board to discuss the status of the negotiations with TF, additic
merger institutions and other business plan alternatives. The Board determined that continued operation as an independ
institution was extremely difficult due to the high regulatory and business costs, and the limitations imposed by regulators
Bank's lending, growth and business operations. At that meeting, the Roebling board authorized FinPro to contact eig
potential merger partners and to terminate discussions with TF if a higher price could not be negotiated.

The Roebling board frequently met with FinPro, Malizia, and the attorneys from Breyer & Associates PC and Silver, Free
LLC (Malizia, Breyer & Associates PC and Silver, Freedman & Taff, LLC are collectively referred to for purposes of this
"Roebling's Counsel"), during August, September and October 2012 to discuss the status of the negotiations with TF.

On September 17, 2012, FinPro reported to the Roebling board that they had contacted the eight additional potential merger
that none of the parties contacted were interested in acquiring Roebling.

After the completion of the period to determine whether a better proposal was available, negotiations with TF resumed. C
2012 FinPro received and presented to Roebling Bank a revised proposal from TF with a price of $8.35 per share (half s
cash). The Roebling board authorized FinPro and Roebling Counsel to negotiate a definitive merger agreement based on thi

In mid-October 2012, FinPro met with the Roebling board and reported that negotiation of the transaction with TF was proc
slower than expected.

In late October 2012, the financial advisor for TF contacted FinPro to convey an alternative offer which increased the price
share but reduced social benefits to the Roebling board. On October 27, 2012, the Roebling Board met with FinPro ar
review the revised offer. After discussion and analysis of the alternative offer from TF, the Roebling board authorize
Roebling's Counsel to negotiate the merger agreement.

On November 6, 2012, TF's counsel provided to FinPro and Roebling's Counsel an initial draft of the defi
agreement. During November 2012, the Roebling board met repeatedly with FinPro and Roebling's Counsel to discu
transaction and the negotiation with TF of the merger agreement. Roebling and Roebling Bank officers, FinPro and Maliz
due diligence

and interviews at TF during the last week of November 2012. On December 3, 2012, the results of the due diligence were pr
Roebling's board.

On December 7, 2012, the Roebling board met with FinPro and Roebling's Counsel to discuss material issues in the curre
merger agreement that needed to be resolved. On December 12, 2012, an in-person/telephonic meeting occurred between re
of Roebling, TF and their legal and financial advisors. Significant negotiations and revisions to the merger agreement we
agreed upon by TF and Roebling.

On December 17, 2012, the Roebling board met with a representative of FinPro who made a presentation on the fairness, fro
point of view, of the merger consideration to the Roebling shareholders. In particular, FinPro reviewed commercial, f
corporate information on TF and Roebling, each entity's historical stock price and performance, and valuation metho
analyses of the merger consideration offered by TF. FinPro reviewed and discussed its transaction valuation analysis and
Roebling board that the merger consideration to be received by the shareholders of Roebling was fair, from a finan
view. Malizia reported to the Board that the regulators knew, and were receptive, of the potential merger with TF. A cop
written opinion is attached to this document as Annex C and a summary of the fairness opinion is included below in
Roebling's Financial Advisor."

On December 28, 2012, the Roebling board and Roebling Bank board held extensive special meetings with FinPro and Roeb
concerning the merger agreement, terms of the proposed transaction with TF, and the fairness opinion. Following
discussion and confirmation by FinPro of its fairness opinion, Roebling's board unanimously voted to approve the merger a
the transactions contemplated thereby, including the Merger, as that term is defined in the merger agreement, and authoriz
management to execute the merger agreement. On December 28, 2012, the merger agreement was executed by office
Roebling, and following the close of the U.S. stock market the parties issued a joint press release announcing the execution
of the merger agreement.

Reasons for the Merger and the Recommendation of the Roebling Board of Directors

After careful consideration, at its meeting on December 28, 2012, Roebling's board of directors determined that the merge
interests of Roebling and its shareholders and that the consideration to be received in the merger is fair to Roebling's
Accordingly, Roebling's board of directors, by a unanimous vote, adopted and approved the merger agreement and
recommends that Roebling shareholders vote "FOR" approval of the merger agreement.

In reaching its decision to approve the merger agreement and recommend its approval to shareholders, the Roebling board
consulted with senior management, its legal counsel, its financial advisor, FinPro, and considered a number of factors, inclu
others, the following, which are not presented in order of priority:

- its knowledge of Roebling's business, operations, financial condition, earnings and prospects and of TF's busine
financial condition, earnings and prospects, taking into account the results of Roebling's due diligence review of TF;

- its knowledge of the current environment in the financial services industry, including national and regional economi
continued consolidation, increased regulatory

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burdens, evolving trends in technology and increasing nationwide and global competition, the current financial mark
and the likely effects of these factors on the companies' potential growth, development, productivity, profitability
options, and the historical market prices of Roebling's common stock;

- the business strategy and strategic plan of Roebling, its prospects for the future, projected financial results, and expecta
to the proposed merger with TF;
- the careful review undertaken by Roebling's board of directors and management, with the assistance of Roebling's lega
advisors, with respect to the strategic alternatives available to Roebling;
- a review of the risks and prospects of Roebling remaining independent, including the challenges of maintaining a sma
bank in the current financial and regulatory climate versus aligning Roebling with a well-capitalized, well-mar
organization;
- a review of potential merger opportunities available to Roebling for the foreseeable future based on an assessmen
institutions operating in Roebling's market area or in contiguous areas that are of appropriate size and liquidity t
transaction with Roebling;
- the enforcement agreements between Roebling Bank and the OCC and Roebling and the Federal Reserve Bank of
which add significant expense, restrict operations and place additional regulatory burden on them;
- the form and amount of the merger consideration, including the favorable tax effects of stock consideration comp
consideration;
- the merger consideration offered by other potential acquirers as part of the confidential bid process leading to TF
proposal;
- the relative financial strength of TF as a merger partner compared to other potential acquirers based on TF's historica
earnings expectations over the near and long term;
- the strength and recent performance of TF's common stock;
- the fact that TF currently pays a regular cash dividend to its stockholders;
- the ability of Roebling's shareholders to benefit from TF's potential growth and stock appreciation since it is more
combined entity will have superior future earnings and prospects compared to Roebling on an independent basis;
- the possibility that TF might become the subject of a merger or acquisition transaction with an even larger financial ins
- the ability of TF to execute a merger transaction from a financial and regulatory perspective;

- the geographic fit and increased customer convenience of the combined company’s branch network;
- the complementary aspects of the Roebling and TF businesses, including customer focus, geographic covera orientation and compatibility of the companies’ management and operating styles.
- the potential expense-saving and revenue-enhancing opportunities in connection with the merger, the rela impact on the combined company’s earnings and the fact that the nature of the merger consideration would Roebling shareholders to participate as TF shareholders in the benefits of such savings opportunities a performance of the combined company generally.
- the anticipated effect of the acquisition on Roebling’s employees including the fact that TF anticipates offering empl majority of Roebling’s employees and the availability of a retention bonus pool for Roebling’s employees, consummation of the merger;
- the effect on Roebling’s customers and the communities served by Roebling;
- the terms of the merger agreement, including the price protection provisions, walk-away provisions, representations a of the parties, the covenants, the consideration, the benefits to Roebling’s employees, the circumstances under which board of directors may consider a superior proposal and the ability of Roebling to terminate the merger agreement;
- the increased legal lending limit and type of loans available to Roebling customers by reason of the merger;
- the opinion delivered to Roebling by FinPro to the effect that based upon and subject to the assumptions, considerations, qualifications and limitations set forth in the opinion, the consideration to be received by the Roebling under the merger agreement was fair, from a financial point of view, to the holders of shares of Roebling common stoc
- the likelihood of obtaining the necessary regulatory approvals within a reasonable time frame and without unusual or conditions; and
- the long-term and short term interests of Roebling and its shareholders, the interests of the employees, customers, suppliers of Roebling, and community and societal considerations including those of the communities in which Roebl offices.

Roebling’s board of directors also considered potential risks and potentially negative factors concerning the merger in conn deliberations on the proposed transaction, including the following material factors:

- the potential risk that a further downturn in the New Jersey and Pennsylvania housing markets could negatively impact TF's loan portfolio, and thereby affect the value of the TF common stock;

- the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;

- the potential that the closing conditions contained in the merger agreement may not be satisfied and that as a result the merger may not close;

- the potential that Roebling's employees and customers may leave before the closing of the merger which could jeopardize the closing or could be detrimental to Roebling's business;

- the provisions of the merger agreement restricting Roebling's solicitation of third-party acquisition proposals, requiring Roebling to hold a special meeting of its shareholders to vote on approval of the merger agreement and providing for the payment of a termination fee and reimbursement of Roebling's expenses related to the merger in certain circumstances, which Roebling's board of directors understood, while potentially limiting the willingness of a third party to propose a competing business combination transaction with Roebling, were a condition to TF's willingness to enter into the merger agreement; and

the fact that Roebling's directors and executive officers have other interests in the merger that are different from, or in addition to, their interests as Roebling shareholders. See "—Interests of Certain Persons in the Merger."

The foregoing discussion of factors considered by Roebling's board of directors is not intended to be exhaustive, but is belie all material factors considered by Roebling's board of directors. In view of the wide variety of the factors considered in co its evaluation of the merger and the complexity of these matters, Roebling's board of directors did not find it useful, and di to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individ of Roebling's board of directors may have given different weight to different factors. Roebling's board of directors condu analysis of the factors described above including thorough discussions with, and questioning of, Roebling management a legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

The foregoing explanation of Roebling's board of directors' reasoning and all other information presented in t forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Caution Concerning Forward-Looking Statements."

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TF's Reasons for the Merger

In reaching its determination to approve and adopt the merger agreement, the board of directors of TF considered a numb including:

- the complementary geographical locations of Roebling's branch network, which will augment TF's operation
- the board's understanding of, and the presentations of TF's management and financial advisor regarding, Roebl operations, management, and prospects;
- the board's view that the merger is consistent with TF's expansion strategy and will allow for enhanced opportuniti and existing clients and customers;
- the fact that the merger is expected to be accretive to earnings per share of TF in 2013, exclusive of one-time acqui charges;
- the anticipated operating efficiencies, cost savings and opportunities for revenue enhancements of the combined compa the completion of the merger, and the likelihood that they would be achieved after the merger;
- the fact that the merger consideration consists of a mixture of cash and stock in which shareholders would have an ele to limitations;
- the fact that the per share stock consideration is fixed;
- the deal protection provided by the termination fee of $650,000 payable under certain circumstances in the event of th of the merger agreement due to a competing offer or certain other reasons;
- the intended tax treatment of the merger as a tax-free reorganization; and
- the likelihood of receiving all of the regulatory approvals required for the merger.

Based on these reasons, TF's board of directors unanimously approved the merger agreement and the merger. This dis factors considered by TF's board of directors does not list every factor considered by the board but includes all material fact by the board. In reaching its determination to approve and adopt the merger agreement, the board did not give relativ importance to each of the factors listed above, and individual directors may have given differing importance to different fa note that this explanation of the TF board's reasoning and all other information presented in this section is forward-looking therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forv Statements" beginning on page [ ].

Opinion of Roebling's Financial Advisor

FinPro was retained by Roebling to act as its financial advisor in connection with a possible business combination with ano institution. Roebling selected FinPro because of its knowledge of, experience with, and reputation in the financ industry. FinPro agreed to assist Roebling in analyzing, structuring, negotiating and effecting a possible merger. FinPro the

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valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transac

FinPro delivered to the Roebling board of directors its fairness opinion that, as of December 17, 2012, the merger considera to Roebling shareholders from a financial point of view.

According to the terms of the merger agreement, each share of Roebling common stock will be converted into 0.364 common stock ("exchange ratio") or $8.60 per share in cash.

The text of FinPro's written opinion is attached as Annex B to this document and is incorporated herein by referen shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions m considered, and qualifications and limitations on the review undertaken by FinPro.

FinPro's opinion speaks only as of the date of such opinion. FinPro's opinion is directed to the Roebling board of directors only the fairness, from a financial point of view, of the consideration to be received in the merger. It does not address th business decision to proceed with the merger and does not constitute a recommendation to any Roebling shareholder a shareholder should vote at the Roebling special meeting on the merger proposal or any related matter.

In rendering its opinion, FinPro considered among other things:

(i)	the merger agreement and the exhibits thereto;
(ii)	historic changes in the market for bank and thrift stocks;
(iii)	both Roebling's and TF's trading history;
(iv)	trends and changes in the financial condition and results of operations of Roebling and TF;
(v)	Roebling Bank's and 3rd Fed Bank's 2012 call reports;
(vi)	Roebling's and TF's 2010 and 2011 annual reports;
(vii)	Roebling's and TF's current strategic plans;
(viii)	Roebling's and TF's 2011 and 2012 SEC filings; and
(ix)	the written agreement between Roebling Bank and the OCC.

In performing its review and in rendering its opinion, FinPro has relied upon the accuracy and completeness of all of the other information that was available to it from public sources, that was provided to it by Roebling, TF or their representative otherwise reviewed by FinPro and has assumed such accuracy and completeness for purposes of rendering its opinion. FinP relied on the assurances of management of Roebling that they are not aware of any facts or circumstances not with knowledge of FinPro, as the case may be, that would make any of such information inaccurate or misleading. FinPro has n to and has not undertaken any independent verification of any of such information, and FinPro does not assume any resp liability for the accuracy or completeness thereof. FinPro has not made an independent evaluation or appraisal of the speci collateral securing assets or the liabilities (contingent or otherwise) of Roebling, TF or any of its subsidiaries, or the collect such assets, nor has FinPro been furnished with any such evaluations or appraisals. FinPro has not made any independent the adequacy of the allowance for loan losses of Roebling or TF or its subsidiary nor has FinPro reviewed any individual cr has assumed that the respective allowances for loan losses are adequate.

The following is a summary of the material analyses performed by FinPro and presented to the Roebling board of directors 17, 2012. The summary is not a complete description of all the

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analyses underlying FinPro's opinion. The preparation of a fairness opinion is a complex process involving subjective judgr
most appropriate and relevant methods of financial analysis and the application of those methods to the particular
circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. FinPro be
analyses must be considered as a whole and that selecting portions of the factors and analyses considered, without considerin
and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete v
evaluation process underlying its opinion. The financial analyses summarized below include information presented in a tabu
format. In order to understand fully the financial analyses, these tables must be read together with the accompanying text. T
alone do not constitute a complete description of the financial analyses.

Valuation

FinPro analyzed the consideration using the standard evaluation techniques (as discussed below) including, but no
comparable trading multiples, comparable acquisition multiples, and the investment value of Roebling's shares.

Market Value. Market value is generally defined as the price, established on an "arms-length" basis, at which knowledge
buyers and sellers would agree to transfer shares. The market value is frequently used to determine the price of a minority b
when both the quantity and the quality of the "comparable" data are deemed sufficient. The market value for a financial in
determined by comparison to the median price to earnings and price to tangible book value of publicly-traded financial
adjusting for significant differences in financial performance criteria. The market value in connection with the evaluation o
financial institution can be determined by the previous sales of financial institutions.

Market Value - Trading. To compare the relative values of TF and Roebling, FinPro selected a Comparable Trading Group
(the "Roebling Comparable Trading Group") which was comprised of fully public banks and thrifts with average daily
greater than 1,000 shares for the last year and with assets less than $500 million located in the Mid-Atlantic region. The ban
included in the Roebling Comparable Trading Group all had an initial public offering date earlier than December 13, 2011.
holding company known to be a merger target was eliminated from the Roebling Comparable Trading Group.

To compare the relative trading values of TF and Roebling, FinPro selected a Comparable Trading Group for TF (the "T
Trading Group") which was comprised of fully public banks and thrifts located within in Pennsylvania or New Jersey wi
between $500 million and $900 million. The banks and thrifts included in the TF Comparable Trading Group all had an
offering date earlier than December 13, 2011. Any bank or holding company known to be a merger target was eliminated
Comparable Trading Group.

As of Closing on 12/13/12	Roebling	Roebling Comparable Group Median	TF	TF Comparable Group Median
Balance Sheet Data:				
Total Assets	$164 Million	$352 Million	$697 Million	$705 Million
Cash to Assets	4.44%	7.95%	0.53%	4.63%
Securities to Assets	25.02%	16.46%	16.54%	26.39%
Loans to Assets	66.90%	66.69%	76.95%	64.74%
Loans to Deposits	81.32%	78.84%	101.40%	77.70%
Deposits to Assets	82.76%	80.36%	76.50%	82.76%
Borrowings to Assets	5.50%	5.27%	10.78%	7.55%
Capitalization:				
Equity to Assets	10.34%	12.29%	11.76%	9.52%
Tangible Equity to Tangible Assets	10.34%	12.10%	11.21%	8.99%
Tangible Common Equity to Tangible Assets	10.34%	12.10%	11.21%	7.44%
Total Risk Based Capital Ratio	16.11%	21.19%	17.62%	15.67%
Asset Quality:				
Nonperforming Loans to Loans	2.75%	3.46%	2.14%	2.86%
Nonperforming Assets to Assets	2.10%	1.38%	2.75%	2.06%
Texas Ratio	21.85%	11.94%	22.74%	21.85%
Reserves to Loans	0.90%	1.31%	1.25%	1.49%
Reserves to Nonperforming Loans	45.04%	31.31%	58.51%	43.54%
Reserves to Nonperforming Assets	39.15%	30.36%	34.05%	40.05%
Net Charge-offs to Avg. Loans	1.11%	0.17%	1.07%	0.37%
Profitability–Trailing 12 Months:				
Return on Average Assets	0.21%	0.52%	0.79%	0.70%
Return on Average Equity	2.03%	3.27%	6.81%	8.01%
Yield on Earning Assets	4.09%	4.52%	4.76%	4.64%
Net Interest Margin	3.16%	3.49%	3.91%	3.59%
Provision for Loan Losses to Avg. Assets	(0.17%)	0.15%	0.38%	0.34%
Noninterest Income to Avg. Assets	0.31%	0.33%	0.51%	0.56%
Noninterest Expense to Avg. Assets	3.19%	2.99%	2.73%	2.70%
Efficiency Ratio	84.14%	74.56%	62.37%	64.97%
Growth Rates:				
Assets – 12 Months	(0.77%)	1.02%	0.27%	2.81%
Loans – 12 Months	(0.29%)	(1.70%)	5.76%	(0.16%)
Deposits – 12 Months	0.54%	(1.39%)	(3.34%)	2.86%
Earnings Per Share – 12 Months	17.65%	28.43%	76.11%	20.93%
Core Earnings Per Share – 12 Months	17.65%	6.65%	66.71%	16.90%

Dividends:				
Dividend Yield	0.00%	1.76%	0.83%	2.22%
Dividend Payout – 12 Months	0.00%	39.22%	10.05%	39.42%
Market Pricing Multiples:				
Price to Earnings per Share	60.0x	13.9x	12.1x	10.3x
Price to Core* Earnings per Share	60.0x	14.4x	13.4x	11.4x
Price to Book Per Share	47.8%	82.8%	83.3%	74.1%
Price to Tangible Book Per Share	47.8%	82.8%	88.0%	81.2%

Sources: SNL Securities' data and FinPro calculations.
* Note: Core earnings were defined as: net income before extraordinary items less the after-tax portion of investment s nonrecurring items and other gains on sale. The assumed tax rate is 35%.

The Roebling Comparable Trading Group was composed of: Alliance Bancorp, Inc. of Pennsylvania (ALLB), Cecil B (CECB), Commercial National Financial Corporation (CNAF), FedFirst Financial Corporation (FFCO), Fraternity Commun Inc. (FRTR), Glen Burnie Bancorp (GLBZ), Hilltop Community Bancorp, Inc. (HTBC), Liberty Bell Bank (LBBB), OE Services, Inc. (OBAF), Somerset Hills Bancorp (SOMH), and WVS Financial Corp. (WVFC).

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The TF Comparable Trading Group was composed of: Penns Woods Bancorp, Inc. (PWOD), Unity Bancorp, Inc. (UNTY) Savings Financial Corporation (HARL), Royal Bancshares of Pennsylvania, Inc. (RBPAA), 1st Constitution Bancorp (F Bancorp, Inc. (PKBK), Mid Penn Bancorp, Inc. (MPB), Community Partners Bancorp (CPBC), Norwood Financial Co Stewardship Financial Corporation (SSFN), Colonial Financial Services, Inc. (COBK), DNB Financial Corporation (DNBF New Jersey, Inc. (BKJ), Emclaire Financial Corp. (EMCF), and Sussex Bancorp (SBBX).

Market Value – Acquisition. In analyzing the consideration value to be paid for Roebling, FinPro considered the pricing bank and thrift mergers. FinPro examined two sets of merger groups announced after January 1, 2012 as follows:

- Regional – Target was located in the Mid-Atlantic Region, had total assets less than $500 million and was not a mu institution.
- Size – Target had total assets less than $250 million.

The following table illustrates the median, minimum and maximum pricing multiples of the two merger groups.

	Price to Last Twelve Months' Earnings per Share	Price to Last Twelve Months' Core Earnings* per Share	Price to Tangible Book Value Per Share	Franchise Premium to Core Deposits
Roebling				
Merger Multiples – $8.60 in cash or 0.3640 exchange ratio using TF's closing price on 12/13/2012	108.0x	108.0x	86.2%	(2.0%)
Regional Deals (10 transactions)				
Median	20.3x	20.3x	111.7%	(0.8%)
Minimum	16.8x	18.6x	42.2%	(7.7%)
Maximum	43.7x	51.0x	165.0%	10.2%
Similar Size Deals (28 transactions)				
Median	25.2x	30.3x	100.8%	1.3%
Minimum	8.3x	22.2x	37.2%	(16.9%)
Maximum	49.4x	61.7x	226.0%	10.2%

Sources: SNL Securities data and FinPro calculations.

* Note: Core earnings were defined as: net income before extraordinary items less the after-tax portion of investme and nonrecurring items and other gains on sale. The assumed tax rate is 35%.

Investment Value. The investment value of any financial institution's stock is an estimate of present value of the future ben earnings, cash flow or dividends, which will accrue to the

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stock. In evaluating this valuation method, FinPro utilized the following assumptions to prepare the investment value analys

- FinPro relied upon the projections in Roebling's current business plan for 2013. For 2014-2017, FinPro assumed 2% ass a gradual increase in return on average assets from 0.23% for 2014 to 0.35% for 2017. FinPro assumed Roebling would dividends in 2015. The assumed cash dividends per share were $0.04, $0.08 and $0.10 for 2015-2017, respectively.
  - FinPro used a range of discount rates surrounding the industry median discount rate provided by Morningstar.
    - FinPro used a range of terminal multiples based upon earnings and tangible book value

FinPro also considered a range of discount rates and a range of terminal value multiples.

Pro Forma Financial Impact. FinPro analyzed the merger's effect on Roebling's stand-alone projected calendar 2013 and 20 share and financial condition as of September 30, 2012. Roebling's and TF's stand-alone earnings projections were ta institution's strategic plan for 2013. FinPro projected each institution's earnings for 2014. Based upon certain assumpti those with respect to cost savings and other synergies from the merger and the stand alone earnings projections, the analy that the merger is projected to be 12% accretive to TF's fiscal 2013 accounting principles generally accepted in the Unit GAAP") earnings per share and 313% accretive to Roebling's equivalent calendar 2013 US GAAP earnings per share. The

projected to be dilutive to both institutions' tangible book value. The combined entity on a pro forma basis was projected t
capitalized".

These forward looking projections may be affected by many factors beyond the control of Roebling and TF, includin
direction of interest rates, economic conditions in the companies' market place, the actual amount and timing of cost sav
through the merger, the actual level of revenue enhancements brought about through the merger, future regulatory change
other factors. The actual results achieved may vary from the projected results and the variations may be material.

Contribution Analysis. FinPro analyzed the relative contributions of Roebling and TF to the pro forma market capitaliza
sheet and income statement items of the combined entity, including assets, net loans, deposits, tangible common equity,
income and projected 2013 net income.

At or for the twelve months ended September 30, 2012, except as noted	Roebling		TF	
Assets	18.8	%	81.2	%
Loans, net	16.5	%	83.5	%
Non-Maturity Deposits	16.3	%	83.7	%
Deposits	19.5	%	80.5	%
Common Tangible Equity	17.9	%	82.1	%
Core Net Income* for Trailing Twelve Months	2.5	%	97.5	%
Core Net Income *for Trailing Twelve Months including synergies	15.6	%	84.4	%
Projected calendar 2013 Net Income	5.7	%	94.3	%
Projected calendar 2013 Net Income including synergies	19.6	%	80.4	%
Resulting Ownership (assuming 100% stock consideration)	17.8	%	82.2	%

Note: Projected 2013 net income was taken from each institution's strategic plan.

* Note: Core earnings were defined as: net income adjusted for securities gains/losses and the net securities litigation settlement all of which were tax impacted at 35%.

Roebling retained FinPro to advise the board of directors of Roebling in connection with its merger and acquisition activiti
to its engagement, Roebling will pay FinPro a fee equal to 1.00% of the aggregate sale price, as defined in the engagem
approximately $150 thousand for rendering its fairness opinion and for its financial advisory assistance. The majority of F
contingent upon the consummation of the proposed acquisition. Additionally, Roebling Inc. has agreed to reimburse F
out-of-pocket expenses and has agreed to indemnify FinPro and certain related persons against certain liabilities possibl
connection with the services performed.

FinPro has never provided services to Roebling prior to the engagement referenced above and has never provided
TF. FinPro's parent, FinPro, Inc., has provided professional consulting services to Roebling. The fees paid to FinPro, Inc
for such services are not material relative to FinPro, Inc.'s annual gross revenues. Neither FinPro, Inc. nor FinPro
professional consulting services to TF within the past two years.

FinPro expresses no opinion with respect to the amount or nature of any compensation to any officers, directors, or empl
party to the transaction relative to the consideration to be paid to

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Roebling shareholders in the transaction or with respect to the fairness of any such compensation. The issuance of its opinio approved by FinPro's Fairness Opinion Committee.

Consideration to be Received in the Merger

TF will pay cash for a number of shares equal to approximately 50% of the Roebling common stock outstanding immediatel effective time of the merger and will issue shares of TF common stock for the remaining 50% of such shares. Under the merger agreement, Roebling shareholders will be given the opportunity to elect for each outstanding share of Roebling co they own to receive:

- $8.60 in cash, without interest, which we refer to as "cash consideration";
- 0.364 of a share of TF common stock, which we refer to as "stock consideration"; or
- with respect to certain Roebling shares owned by such shareholder, the cash consideration, and with respect to all ot shares so owned, the stock consideration,

in each case, subject to the adjustment, election and allocation procedures specified in the merger agreement.

No fractional shares of TF common stock will be issued in connection with the merger. Instead, TF will make a cash pay Roebling shareholder who would otherwise receive a fractional share.

The per share cash consideration of $8.60 is fixed. The 0.364 exchange ratio for the stock consideration is fixed, subje customary anti-dilution adjustments and a potential adjustment at TF's option in certain circumstances involving a declin price as described under "— Terminating the Merger Agreement" beginning on page ____. The per share value of the sto based upon TF's closing stock price on ________, 2013, the most recent practicable trading day before this proxy stateme was finalized, was $______ per share. The market value of the stock consideration will fluctuate with the price of TF comm the time of completion of the merger, the market value of the stock consideration could be greater or less than the valu consideration due to fluctuations in the market price of TF common stock.

Under the terms of the merger agreement, the aggregate consideration payable to Roebling shareholders in the merger as of 2012 (based on an assumed price of $_____ per share of TF common stock) was allocated approximately 50% in cash an common stock. The amount of cash to be paid in the merger is $7,252,066. Amounts paid for unallocated shares held count towards this amount. Based on the number of unallocated shares held by the ESOP as of the record date, the re available to pay shareholders who elect the cash consideration is approximately $7,094,677. We call this number the cash pool.

The allocation procedures in the merger agreement are intended to provide for an approximate 50% cash allocati outstanding Roebling shares, with the remainder of the consideration paid in TF common stock. TF common stock will Roebling shareholders who make cash elections if the cash consideration pool is oversubscribed, so that total ag consideration payable to Roebling shareholders in the merger shall not exceed the cash consideration pool, and cash w Roebling shareholders who make stock elections if the cash consideration pool is undersubscribed, so that total ag consideration payable to Roebling shareholders in the merger does not exceed

$7,252,066. See "— Allocation Procedures" below. The allocation of the mix of consideration payable to Roebling shareho merger will not be known until TF tallies the results of the cash/stock elections made by Roebling shareholders, which will n until near or after the closing of the merger.

Election Procedures; Surrender of Stock Certificates

An election form and other customary transmittal materials, with instructions for their completion, is being mailed sep holders of record of Roebling common stock as of the record date for the special meeting. The election form and transmi will allow record holders to elect to receive cash, TF common stock, or cash for some shares and TF common stock for the make no election with respect to the merger consideration such shareholders wish to receive. We refer to the shares w which a valid cash consideration election is made as "cash election shares," the shares with respect to which a valid stoc election is made as "stock election shares," and the shares with respect to which no election is made as "non-election shares.

To make an effective election, a record shareholder's completed election form and transmittal materials along with stock which an election is made, must be received by the exchange agent by the election deadline, which shall be on or before 5: York City time, on the date specified in the election form. An election form shall be deemed properly completed only if acc one or more stock certificates (or customary affidavits and indemnification regarding the loss or destruction of such certi guaranteed delivery of such certificates) representing all shares of Roebling common stock covered by such election form, duly executed transmittal materials included with the election form.

If you own shares of Roebling common stock in "street name" through a broker or other financial institution, you should re instructions from the institution holding your shares concerning how to make your election. Any instructions must be broker or other financial institution sufficiently in advance of the election deadline for record holders in order to allow y other financial institution sufficient time to cause the record holder of your shares to make an election as described abov Roebling will publicly announce the deadline for the receipt of election forms from record holders. "Street name" holders m an election deadline earlier than the deadline applicable to holders of shares in registered form. Therefore, you should caref materials you receive from your broker. If you instruct a broker to submit an election for your shares, you must follow directions for revoking or changing those instructions.

If a Roebling shareholder either (i) does not submit a properly completed election form for receipt by the exchange agent on election deadline or (ii) revokes its election form prior to the election deadline (without later timely submitting a proper election form for receipt by the exchange agent by the election deadline), the shares of Roebling common stock held by suc shall be designated as non-election shares and will be converted into the right to receive the stock consideration or the cash according to the allocation procedures specified in the merger agreement and summarized below. Any election form may b changed by the person submitting such election form to the exchange agent by written notice to the exchange agent only if s revocation or change is actually received by the exchange agent at or prior to the election deadline. Stock certificates re revoked election form will be promptly returned without charge. The exchange agent will have discretion to determi election, modification or revocation is received and whether any such election, modification or revocation has been prope elections (whether cash, stock or mixed) will be revoked automatically if the merger agreement is terminated. Roebling sha urged to carefully read and follow the instructions for

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completion of the election form and to submit the form along with the stock certificate(s) in advance of the election deadline

Allocation Procedures

The aggregate amount of cash and TF common stock that will be paid is subject to the allocation procedures descri below. Pursuant to such allocation procedures, if the number of cash election shares multiplied by the cash consideratio amounts paid for unallocated ESOP shares) would exceed $7,252,066, a pro rata portion of those shares will be converted to receive TF common stock in order to provide for an aggregate cash/stock allocation among all outstanding Roebling shar if the number of cash election shares multiplied by the cash consideration (including amounts paid for unallocated ESOP s than $7,252,066, all or a pro rata portion of the non-election shares and, if necessary, a pro rata portion of the stock electio be converted into the right to receive the cash consideration.

If the number of cash election shares times the cash consideration (together with amounts paid for unallocated ESOP shares $7,252,066, then:

- All cash election shares will be converted into the right to receive the cash consideration.
- Non-election shares will be deemed to be cash election shares to the extent necessary to have the total number of c shares times the cash consideration (including amounts paid for unallocated ESOP shares) equal $7,252,066. If less t non-election shares need to be treated as cash election shares, the exchange agent will select the non-election shares to cash election shares and the remaining non-election shares will be treated as stock election shares.
- If all of the non-election shares are treated as cash election shares and the total number of cash election shares ti consideration (including amounts paid for unallocated ESOP shares) is still less than $7,252,066, a pro rata por shareholder's stock election shares will be converted into cash election shares so that the total number of cash electio the cash consideration (including amounts paid for unallocated ESOP shares) equals $7,252,066 and the remaining s shares will be converted into the right to receive the stock consideration.

If the number of cash election shares times the cash consideration (together with amounts paid for unallocated ESOP shar than $7,252,066, then:

- All stock election shares and all non-election shares will be converted into the right to receive the stock considerat
- A pro rata portion of each shareholder's cash election shares will be converted into stock election shares so that t number of cash election shares times the cash consideration (including amounts paid for unallocated ESOP sh $7,252,066, and the remaining cash election shares will be converted in the right to receive the cash consideration.

If the number of cash election shares times the cash consideration equals $7,252,066 (including amounts paid for unallo shares), then all cash election shares will be converted into the right to receive the cash consideration and all stock electio non-election shares will be converted into the right to the stock consideration.

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Exchange Procedures

An election form and transmittal materials will be mailed under separate cover to Roebling shareholders who hold shares common stock in registered form. If you wish to make an election with respect to any of your shares, you must submit an and transmittal materials and the certificates which represent your election shares to the exchange agent prior to deadline. Do not submit your stock certificates with your proxy card. You should only submit your stock certificates wh your election shares when you have received and properly completed the election form and transmittal materials. Se Procedures; Surrender of Stock Certificates" beginning on page ___ of this proxy statement/prospectus.

Exchange Agent. At the effective time of the merger, TF will deposit with the exchange agent (1) cash in an amount of $ allow the exchange agent to make cash consideration payments under the terms of the merger agreement, (2) certificates (o shares in book entry form) representing shares of TF common stock, which we refer to as the "new certificates," each to holders of Roebling common stock in exchange for old certificates representing shares of Roebling common stock and (3) ca in lieu of fractional shares. Any such cash or new certificates remaining in the possession of the exchange agent one y effective time will be delivered to TF. Any holder of old certificates who has not exchanged his, her or its old certificates will be entitled to look exclusively to TF, and only as a general creditor, for the consideration to which he, she or it may be exchange of such old certificates.

Exchange Procedures. As promptly as practicable after the effective time of the merger, the exchange agent will mail a for transmittal to each person who was, immediately prior to the effective time, a holder of record of Roebling common stock properly completed election form was not received by the exchange agent on or before the election deadline or (ii) who election form prior to the election deadline (without later submitting a properly completed election form that was rec exchange agent on or prior to the election deadline). The letter of transmittal will contain instructions for use in effecting the old certificates (to the extent such old certificates have not been surrendered together with the election forms) in exch consideration to which such person may be entitled pursuant to the merger agreement, and will specify that delivery shall be risk of loss and title to the old certificates shall pass, only upon proper delivery of such certificates to the exchange agen practicable after due surrender to the exchange agent of an old certificate for cancellation (to the extent such old certific been surrendered together with the election forms) together with such letter of transmittal duly executed and completed, such old certificate will be provided a new certificate and a check in the amount to which such holder is entitled pursuant agreement, and the old certificate shall be canceled. Any amounts required to be deducted and withheld under state, local law will be deducted and withheld from the consideration otherwise payable under the merger agreement.

Until you surrender your Roebling stock certificates for exchange, you will accrue, but will not be paid, any divide distributions declared after the effective time of the merger with respect to TF common stock into which any of your sha been converted. When you surrender your Roebling stock certificates, to the extent you receive shares of TF common stock TF will pay any unpaid dividends or other distributions, without interest. After the completion of the merger, there will be n the stock transfer books of Roebling of any shares of Roebling common stock.

If a certificate for Roebling common stock has been lost, stolen or destroyed, the exchange agent will issue the considera payable under the merger agreement upon receipt of appropriate

evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and
and customary indemnification. The posting of a bond in a reasonable amount may also be required.

Accounting Treatment

TF will account for the merger under the acquisition method of accounting in accordance with US GAAP. Using the acquis
of accounting, the assets and liabilities of Roebling will be recorded by TF at their respective fair values at the time of the c
the merger. The excess of TF's purchase price over the net fair value of the assets acquired and liabilities assumed will the
to identified intangible assets, with any remaining unallocated cost recorded as goodwill. The value of the shares excha
valued at the acquisition date and all merger related costs will be expensed when incurred.

Material United States Federal Income Tax Consequences of the Merger

This section describes the anticipated material United States federal income tax consequences of the merger to U.S. holders
common stock who exchange shares of Roebling common stock for shares of TF common stock, cash, or a combination of
common stock and cash pursuant to the merger.

For purposes of this discussion, a U.S. holder is a beneficial owner of Roebling common stock who, for United States feder
purposes, is:

- a citizen or resident of the United States;
- a corporation, or an entity treated as a corporation, created or organized in or under the laws of the United States o political subdivision thereof;
- a trust that (1) is subject to (A) the primary supervision of a court within the United States and (B) the authority of United States persons to control all substantial decisions of the trust or (2) has a valid election in effect under applica Regulations to be treated as a United States person; or
- an estate that is subject to United States federal income tax on its income regardless of its source.

If a partnership (including for this purpose, any entity treated as a partnership for United States federal income tax pur
Roebling common stock, the tax treatment of a partner generally will depend on the status of the partner and the act
partnership. If you are a partner of a partnership holding Roebling common stock, you should consult your tax advisor.

This discussion addresses only those Roebling shareholders that hold their Roebling common stock as a capital asset within
of Section 1221 of the Internal Revenue Code, and does not address all the United States federal income tax consequence
relevant to particular Roebling shareholders in light of their individual circumstances or to Roebling shareholders that a
special rules, such as:

- financial institutions;
- investors in pass-through entities;

- insurance companies;
- tax-exempt organizations;
- dealers in securities;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold Roebling common stock as part of a straddle, hedge, constructive sale or conversion transactio
- certain expatriates or persons that have a functional currency other than the U.S. dollar;
- persons who are not U.S. holders; and
- shareholders who acquired their shares of Roebling common stock through the exercise of a stock option or compensation or through a tax-qualified retirement plan.

In addition, the discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of t any United States federal taxation other than income taxation.

The following discussion is based on the Internal Revenue Code, its legislative history, existing and proposed regulations th published positions, rulings and decisions of the Internal Revenue Service and other applicable authorities, all as currently i the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change could affect th validity of this discussion.

TF and Roebling have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Inte Code. The obligation of TF to complete the merger is conditioned upon the receipt of an opinion from Spidi & Fisch, PC, c to the effect that the merger will qualify as a reorganization for United States federal income tax purposes based upo representations made by TF and Roebling. The obligation of Roebling to complete the merger is conditioned upon the opinion from Silver, Freedman & Taff, LLP, counsel to Roebling, to the effect that the merger will qualify as a reorganizati States federal income tax purposes based upon customary representations made by TF and Roebling. Neither of these opinic on the Internal Revenue Service or the courts. TF and Roebling have not requested and do not intend to request any rul Internal Revenue Service as to the United States federal income tax consequences of the merger. No assurance can be g Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the United S income tax consequences set forth below. Accordingly, each shareholder of Roebling common stock should consult its tax respect to the particular tax consequences of the merger to such holder. In addition, because a Roebling shareholder may rec cash and stock despite having made solely a cash election or stock election, it will not be possible for holders of Roebling c to determine the specific tax consequences of the merger to them at the time of making the election.

Roebling shareholders are urged to consult their tax advisors as to the United States federal income tax consequences of th well as the effects of state, local and foreign tax laws and United States tax laws other than income tax laws.

Tax Consequences of the Merger Generally to U.S. Holders of Roebling Common Stock. If the merger is treated as a re
within the meaning of Section 368(a) of the Internal Revenue Code, the tax consequences are as follows:

- gain or loss will be recognized by those holders receiving solely cash for Roebling common stock pursuant to the me the difference between the amount of cash received by a U.S. holder of Roebling common stock and such holder's adju in such holder's shares of Roebling common stock;
- no gain or loss will be recognized by those holders receiving solely shares of TF common stock in exchange for share common stock pursuant to the merger (except with respect to any cash received instead of fractional share interests in stock, as discussed in the section entitled "—Material United States Federal Income Tax Consequences of the Merger Instead of a Fractional Share of TF Common Stock" beginning on page ___);
- gain (but not loss) will be recognized by those holders who receive shares of TF common stock and cash in exchange Roebling common stock pursuant to the merger, in an amount equal to the lesser of (1) the amount by which the su market value of the TF common stock and cash received by a holder of Roebling common stock exceeds such holder' basis in its Roebling common stock, and (2) the amount of cash received by such U.S. holder of Roebling common s with respect to any cash received instead of fractional share interests in TF common stock, as discussed in the sec "—Material United States Federal Income Tax Consequences of the Merger – Cash Received Instead of a Fracti Common Stock" beginning on page ___);
- the aggregate basis of the TF common stock received in the merger will be the same as the aggregate basis of the Roeb stock for which it is exchanged, decreased by the amount of cash received in the merger (except with respect to any c instead of fractional share interests in TF common stock), decreased by any basis attributable to fractional share in common stock for which cash is received, and increased by the amount of gain recognized on the exchange (regardle such gain is classified as capital gain or as ordinary dividend income, as discussed in the section entitled "—Mater Federal Income Tax Consequences of the Merger – Recharacterization as a Dividend" beginning on page ___, but exc or loss recognized with respect to fractional share interests in TF common stock for which cash is received); and
- the holding period of TF common stock received in exchange for shares of Roebling common stock will include the h of the Roebling common stock for which it is exchanged.

If U.S. holders of Roebling common stock acquired different blocks of Roebling common stock at different times or at dif any gain or loss (if applicable) will be determined separately with respect to each block of Roebling common stock and basis and holding period in their shares of TF common stock received may be determined with reference to each block common stock exchanged. Any such holders should consult their tax advisors regarding the manner in which cash and TF c received in the exchange should be allocated among different blocks of Roebling common stock and with respect to identify or holding periods of the particular shares of TF common stock received in the merger.

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Taxation of Capital Gain. Except as described in the section entitled "— Recharacterization as a Dividend" below, any gain
of Roebling common stock recognize in connection with the merger generally will constitute capital gain and will constitu
capital gain if such U.S. holders have held (or are treated as having held) their Roebling common stock for more than one y
effective date of the merger. Long-term capital gain of non-corporate U.S. holders of common stock is generally taxed a
rates.

Recharacterization as a Dividend. All or part of the gain that a particular U.S. holder of Roebling common stock recogni
part of the cash received by a U.S. holder of Roebling common stock, if such holder receives only cash pursuant to the mer
treated as dividend income rather than capital gain if (1) such holder is a significant shareholder of TF or (2) such holder
ownership, taking into account constructive ownership rules, in TF after the merger is not meaningfully reduced from what i
ownership would have been if it had received solely shares of TF stock rather than cash or a combination of cash and share
in the merger. This recharacterization as dividend income could happen, for example, because of ownership of additional
stock by such holder of Roebling common stock, ownership of shares of TF stock by a person related to such hold
repurchase by TF from other holders of TF stock. The Internal Revenue Service has indicated in rulings that any reduction i
of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no
corporate affairs would not result in dividend treatment. Under the constructive ownership rules, a shareholder may be de
stock that is owned by others, such as a family member, trust, corporation or other entity. For an individual who recei
income that constitutes qualified dividend income, the dividend income may be subject to reduced rates of taxation if su
meets certain holding period requirements. Because the possibility of dividend treatment depends primarily upon each hold
circumstances, including the application of the constructive ownership rules, holders of Roebling common stock should co
advisors regarding the application of the foregoing rules to their particular circumstances.

Cash Received Instead of a Fractional Share of TF Common Stock. A holder of Roebling common stock who receives cas
fractional share of TF common stock will generally be treated as having received the fractional share pursuant to the merge
having exchanged the fractional share for cash in a redemption by TF. As a result, a holder of Roebling common stock w
recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional sha
set forth above. Except as described in the section entitled "— Recharacterization as a Dividend" above, this gain or loss
capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding pe
fractional share is greater than one year. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting. Payments of cash to a holder of Roebling common stock may, u
circumstances, be subject to information reporting to the Internal Revenue Service and backup withholding, unless the ho
proof of an applicable exemption satisfactory to TF and the exchange agent, or furnishes its taxpayer identification number a
complies with all applicable requirements of the backup withholding rules. Backup withholding is not an additional tax.
withheld from payments to a U.S. holder of Roebling common stock under the backup withholding rules, to the extent that s
result in an overpayment of tax, will be allowed as a refund or credit against the holder's United States federal income
provided the required information is timely furnished to the Internal Revenue Service.

Tax Treatment of the Entities. No gain or loss will be recognized by TF or Roebling as a result of the merger.

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The preceding discussion is intended only as a summary of material United States federal income tax consequences of th general information and is not tax advice. It is not a complete analysis or discussion of all potential tax effects that may be you. You are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the merger, return reporting requirements, the applicability and effect of federal, state, local, and other tax laws and the effect of a changes in the tax laws.

Regulatory Matters Relating to the Merger

Consummation of the merger and the bank merger are subject to receipt of certain regulatory approvals.

Federal Deposit Insurance Corporation. The bank merger is subject to the approval by the FDIC under the Bank Merger Ac its approval under the Bank Merger Act, the FDIC must consider, among other factors, the competitive effect of the managerial and financial resources and future prospects of the merging banks, the effect of the merger on the convenience the communities to be served, including the records of performance of the merging banks in meeting the credit needs of the under the Community Reinvestment Act, the effectiveness of the merging banks in combating money laundering activities that would be posed by the merger to the stability of the United States banking or financial system. Applicable regula publication of notice of the application and an opportunity for the public to comment on the application in writing. TF filed bank merger application with the FDIC on February 1, 2013.

The bank merger may not be consummated until 30 days after the approval of the FDIC (or such shorter period as th prescribe with the concurrence of the United States Department of Justice, but not less than 15 days), during which time th of Justice may challenge the bank merger on antitrust grounds. The commencement of an antitrust action by the Departm would stay the effectiveness of the FDIC approval unless a court specifically orders otherwise. In reviewing the bank Department of Justice could analyze the merger's effect on competition differently than the FDIC, and it is possible that th of Justice could reach a conclusion different from that of the FDIC regarding the merger's competitive effects.

Federal Reserve Board. The merger requires the approval of the Federal Reserve Board pursuant to the Home Owners' Loa Federal Reserve Board's savings and loan holding company regulations, unless the Federal Reserve Board grants a waiver provision of its regulations that allows for such waivers. TF has filed a request for such waiver and believes that the transac for the waiver procedure. If a waiver is not received, the Federal Reserve Board will also, in its review of the application TF, consider factors such as financial and managerial resources, future prospects, the convenience and needs of the co competitive factors.

Office of the Comptroller of the Currency. Roebling Bank must give notice to the OCC regarding its proposed merger with Fed Bank. No formal OCC approval is required for the bank merger; however, the OCC must not object to the bank merger has been given.

Pennsylvania Department of Banking. The bank merger is also subject to the prior approval of the Pennsylvania Departme (the "Department") under the Pennsylvania Banking Code of 1965. In its consideration of the bank merger, the Department among other factors, whether the bank merger will be consistent with adequate and sound banking practices and in the publ the basis of the following: (i) the financial history and condition of the parties; (ii) their prospects; (iii) the character of their (iv) the potential effect of the bank merger on

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competition; and (v) the convenience and needs of the area primarily to be served by the resulting institution. 3rd Fed Bank h
application with the Department for approval of the bank merger and this application is currently pending.

Status of Applications and Notices. TF and Roebling have filed all required applications and notices with applicabl
authorities in connection with the merger and the bank merger. There can be no assurance that all requisite approvals will
that such approvals will be received on a timely basis or that such approvals will not impose any term, condition or restr
either party reasonably determines in good faith would materially or adversely affect the economic or business benefits of t
such party, as to render inadvisable in its reasonable good faith judgment the consummation of the merger. If any such term
restriction is imposed, either TF or Roebling may elect not to consummate the merger. See "-- Conditions to Completing
page ___.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include
acquisition from the standpoint of the adequacy of the merger consideration to be received by Roebling shareholders. F
regulatory approvals do not constitute an endorsement or recommendation of the merger acquisition.

Interests of Certain Persons in the Merger

Share Ownership. On the record date for the special meeting, all persons who served as a director or executive officer
beneficially owned, in the aggregate, 313,177 shares of Roebling common stock (excluding shares that may be acqui
exercise of stock options), representing approximately 18.6% of the outstanding shares of Roebling common stock.

As described below, certain of Roebling's officers and directors have interests in the merger that are in addition to, or diffe
interests of Roebling's shareholders generally. Roebling's board of directors was aware of these conflicts of interest and
account when approving the merger.

Employment Agreement/Transition Period Retention Agreement. Roebling Bank has an existing employment agreement wi
A. Summers. This employment agreement requires Roebling Bank to make payments to Ms. Summers upon a termin
employment without just cause and, in certain circumstances, upon a termination of employment in connection with or
change in control of Roebling or Roebling Bank. The completion of the merger will constitute a change in control for
Roebling Bank's employment agreement with Ms. Summers. The employment agreement provides that Ms. Summers
severance compensation if a change in control has occurred and (i) Ms. Summers' employment is then involuntarily termina
term of the employment agreement absent just cause, or (ii) within twenty-four (24) months following the change in cont
material diminution in Ms. Summers' base compensation, a material diminution in her authority, duties or responsibiliti
diminution in the budget over which she retains authority, a material change in the geographic location of her office, or any
or inaction that constitutes a material breach of the employment agreement by Roebling Bank and Ms. Summers voluntarily
Summers would not be entitled to change in control compensation if her termination is because of her death, disability, reti
cause.

In connection with the execution of the merger agreement, Ms. Summers has entered into a Transition Period Retention Ag
3rd Fed Bank. In the event that the merger agreement is terminated prior to completion of the merger, this transition agre
terminate and be of no further force and effect. In the Transition Period Retention Agreement, Ms. Summers and 3rd Fed
that as of the effective date of the merger, the employment agreement between Ms. Summers and

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Roebling Bank would terminate and be of no further force and effect, and would be superseded and replaced by su agreement. The transition agreement provides that Ms. Summers will continue to be employed by 3rd Fed Bank for a per months following the merger, after which time Ms. Summers may voluntarily terminate employment as a result of a materi in her authority, duties, or responsibilities. If Ms. Summers terminates her employment under such terms, or if her en terminated at any time by 3rd Fed Bank without cause, the transition agreement provides that Ms. Summers would be entitl lump-sum payment in the amount of $275,442, subject to Ms. Summers' execution of a release of claims at such time. Ho Summers terminates employment with 3rd Fed Bank with or without good reason within six months following the merger, sl entitled to any severance payment. The transition agreement further provides that Ms. Summers will be bound by a non-so non-disparagement clause from the time of the merger through the later of one year thereafter or one year following termi employment.

Directors Consultation and Retirement Plan. Roebling Bank sponsors a Directors Consultation and Retirement Plan to provi benefits to non-employee directors of Roebling Bank. Payments under this plan commence upon retirement as a director Bank. The amount of such payments is based on the number of years of service to Roebling Bank, and payments co maximum of 120 months to the retired directors or their beneficiaries. In the event of a change in control of Roebling or Ro the plan provides that benefits payable to a participant who has terminated from service as a director prior to the change in co payable without regard to such change in control. A participant of the plan who has not terminated from service as a directo change in control would be eligible to receive a lump-sum payment equal to the present value of his retirement ben termination from service. The completion of the merger will constitute a change in control for purposes of the Roebling Ba Consultation and Retirement Plan. No payments under such plan will be made with respect to the merger, except in compli golden parachute payment regulations codified at 12 C.F.R. Part 359 and subject to the non-objection of the FDIC and/or C no payment of benefits obligations under the plan will include any acceleration of benefits vesting or increase in the finan expense accruals as a result of the merger. Pursuant to the terms of the merger agreement, in no event will the benefi accordance with the Directors Consultation and Retirement Plan exceed the accrued liability computed in accordance with U the merger date, which is less than the present value of the benefit provided for in the plan. While the total liability cannot b until the merger date, it is estimated that it will be approximately $1 million. The accrued liability of each active non-empl participant's retirement benefit amount as of September 30, 2012 is set forth in the following table:

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Director	Accrued Liability Retirement Benefit as of September 30, 2012
Mark V. Dimon	$159,454
John J. Ferry	163,281
Joan K. Geary	157,681
John A. LaVecchia	158,798
George N. Nyikita	158,488
Robert R. Semptimphelter, Sr.	154,626
	$952,328

Directors Deferred Compensation Agreements. Roebling Bank has existing Directors' Deferred Compensation Agreement
Ferry, Mark V. Dimon and George N. Nyikita, which provide that upon a change in control, the director would receive
distribution of his deferred compensation account. The completion of the merger will constitute a change in control for th
the Roebling Bank Directors Deferred Compensation Agreements.

Bank Owned Life Insurance Policy. As part of the Directors' Deferred Compensation Agreement, Roebling has implem
Owned Life Insurance Policy with respect to Mark V. Dimon, which has a cash surrender value of $149,508 as of Septem
Upon the completion of the merger, the cash surrender value amount at that time would be paid to Mr. Dimon and the pol
cancelled.

Equity-Based Awards. Pursuant to Roebling's existing equity plans, all unvested options to purchase shares of Roebling c
will become vested and exercisable upon consummation of the merger. All options to purchase shares of Roebling comm
currently vested and exercisable, and no additional options will be granted prior to the merger. At the closing of th
unexercised options will be cancelled and Roebling will pay each holder an amount equal to the positive difference, if any
$8.60 per share cash consideration and the exercise price per share of each option, net of any cash that must be withheld
and state income and employment tax requirements. However, as the exercise price per share of all existing stock options are
than $8.60, no payments will be made with respect to cancellation of such options in connection with the merger. There are
unvested restricted stock awards with respect to Roebling common stock, and no awards of such restricted stock will be mad
merger. As of the effective time of the merger, Roebling will terminate all of Roebling's existing equity plans.

Termination of Roebling Bank ESOP. The Roebling Bank ESOP will be terminated upon completion of the merger. Al
Roebling shares of common stock remaining after repayment of the outstanding ESOP loan balance will be allocated to the
including Ms. Summers, pro rata based on the total value of assets allocated to all participant accounts held in trust as o
termination, to the extent allowed under applicable law and the governing documents of the plan. It is not anticipated that
any unallocated shares available for allocation as the aggregate merger consideration for such unallocated shares is less th
acquisition debt with respect to such unallocated shares. Upon termination of the plan, all participants will become fully ves
a non-forfeitable interest in their accounts under the ESOP, determined in accordance with the terms of such plan.

Roebling Bank Profit Sharing 401(k) Plan. TF will continue to review the Roebling Bank 401(k) Plan and, pursuant t
agreement, may determine to request that Roebling terminate

such 401(k) Plan or merge it into TF's 401(k) Plan as of or immediately prior to the effective time of the merger.

Appointment of Roebling Director to the 3rd Fed Bank Board of Directors. TF will invite John J. Ferry, Chairman of the Ro
of Directors, to serve on the board of directors of 3rd Fed Bank following completion of the merger. See "Management
Merger" on Page [ ]. Mr. Ferry will be entitled to compensation received by other members of the 3rd Fed Bank board of
"Management Following the Merger – Director Compensation." If Mr. Ferry is not able or willing to serve in such capacity
directors will select another individual to fill such directorship role.

Continued Director and Officer Liability Coverage. For a period of six years following the effective time of the merger, TF
indemnify and hold harmless the directors and officers of Roebling and Roebling Bank against all liability arising out
omissions occurring at or before the effective time of the merger to the fullest extent that Roebling and/or Roebling Bank
been permitted. For a period of three years following the effective time of the merger, TF has also agreed to use its b
maintain in effect Roebling's existing directors' and officers' liability insurance coverage or provide a policy with compa
provided, however, if the cost that is necessary to maintain or procure such insurance coverage exceeds 150% of the amo
premiums paid by Roebling as of the date of the merger agreement, TF will use its reasonable efforts to obtain the most a
coverage obtainable for a premium equal to such amount.

Retention Bonus Plan. TF and Roebling have cooperated in entering into a retention bonus plan for the benefit of certain
Roebling and Roebling Bank, including R. Scott Horner, Marge Young, John Rubinacci and Joel Fellman. Each executive co
plan will receive a retention bonus, paid by TF or 3rd Fed Bank in a single lump sum, if he or she continues in employme
3rd Fed Bank following the merger and remains in such employment for no less than 60 days thereafter. The amount of
bonus received, if any, will be in an amount equal to two months' salary of the respective executive, calculated based on h
salary immediately prior to the merger. If such executive is terminated from employment by TF or 3rd Fed Bank without
the expiration of the full 60 day period, he or she will nevertheless be entitled to receive the entire amount of the bonus.

Summary of Golden Parachute Arrangements

The following table sets forth the aggregate dollar value of the various elements of compensation that each named execut
Roebling would receive that is based on or otherwise related to the merger:

Golden Parachute Compensation (1)

Name	Cash ($)	Equity ($)	NQDC ($)	
R. Scott Horner, President and Chief Executive Officer (2)	25,641	-	-	2
Janice A. Summers, Executive Vice President and Chief Financial Officer (3) (4)	275,442	-	-	2

footnotes begin on following page

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(1) This table relates to "golden parachute compensation" for the purposes of Item 402(t) of Regulation S-K, which r
how such compensation is defined under the Internal Revenue Code.

(2) TF and Roebling have agreed that certain Roebling executives will be entitled to receive a retention bonus in an amount
months' salary of such executive, payable by TF or 3rd Fed Bank, if such executive continues in the employment of
Bank following the effective time of the merger and remains in such employment for 60 days, or if the executive's e
terminated by TF or 3rd Fed Bank prior to the expiration of such 60 day period without cause. The retention bonus tha
will be entitled to receive ($20,833), if any, will be calculated with reference to his base salary of $125,000. In addition,
eligible to receive a severance payment of two weeks' pay (approximately $4,808), if he is terminated following the me
he has only one year of completed service at the time of his termination.

(3) Pursuant to the Transition Period Retention Agreement entered into between 3rd Fed Bank and Ms. Summers as describe
Summers will be entitled to a single lump-sum severance payment in the amount of $275,442 if she resigns from empl
good reason later than six months after the effective time of the merger or if she is terminated from employment by 3
without cause following the completion of the merger, subject to the execution of a release of claims by Ms. Summers.

(4) Ms. Summers currently holds 10,000 stock options, with an exercise price of $12.725, which is greater than the per s
$8.60 and therefore, pursuant to the merger agreement, will not result in any payment upon the cancellation of the options

Employee Matters

Nothing in the merger agreement shall be construed as constituting an employment agreement between TF, 3rd Fed Bank o
affiliates and any officer or employee of Roebling or any of its subsidiaries or an obligation on the part of TF, 3rd Fed B
their affiliates to employ any such officers or employees.

In the event that TF terminates any of Roebling's health and welfare benefit plans, programs, insurance and other policies,
of Roebling or Roebling Bank who continue employment with TF or 3rd Fed Bank following the effective time of the
become eligible to participate in TF's or 3rd Fed Bank's medical, dental, health and disability plans. With respect to each
Bank health plan, TF or 3rd Fed Bank, as applicable shall cause each such plan to (1) waive any pre-existing condition limi
such plans to the extent such conditions for such participant are covered under the applicable Roebling health plan, and (
waiting period limitation or evidence of insurability requirement under said plans, unless such employee had not yet satisfie
limitation or requirement under the analogous Roebling plan prior to the enrollment date.

Any employee of Roebling or Roebling Bank (other than those employees who are a party to an employment, change of co
type of agreement with Roebling which provides for severance) who remain employed by Roebling or Roebling Bank as of
time of the merger and whose employment is terminated by TF or 3rd Fed Bank, absent termination for cause, within six mo
effective time of the merger, shall receive severance benefits equal to two weeks of pay for each completed year of prior s
maximum severance payment of 26 weeks.

Time of Completion

Unless the parties agree otherwise or the merger agreement has otherwise been terminated, the closing of the merger will the 10th business day following the later of (1) the effective date (including the expiration of any applicable waiting peric required regulatory approval and (2) the date shareholders of Roebling approve the merger agreement.

TF and Roebling are working to complete the merger quickly. It is currently expected that the merger will be completed in third quarter of 2013. However, because completion of the merger is subject to regulatory approvals and other condition cannot be certain of the actual timing.

Conditions to Completing the Merger

TF's and Roebling's obligations to consummate the merger are conditioned on the following:

- approval of the merger agreement by Roebling's shareholders;
- receipt of all required regulatory approvals, the expiration of all statutory waiting periods and the satisfaction of a contained in the approvals;
- there shall be no pending causes of action, investigations or proceedings (1) challenging the validity or le merger agreement or the consummation of the merger, or (2) seeking damages in connection with the merger, c to restrain or invalidate the merger;
- TF's registration statement of which this proxy statement/prospectus is a part being effective and no stop order su registration statement being issued, and receipt of all required approvals of state securities or "blue sky" authorities;
- no party to the merger being subject to any judgment, legal order, decree or injunction that prohibits consummating a transaction, and the absence of any statute, rule or regulation that prohibits, restricts or makes illegal the completion o the transaction;
- the shares of TF common stock to be issued in the merger having been approved for listing on NASDAQ;
- the receipt of tax opinions from their respective counsel;
- the other party having performed in all material respects its obligations under the merger agreement, the other party's r and warranties being true and correct as of the effective date of the merger subject to certain qualifications and certificate signed by the other party's chief executive officer and chief financial officer to that effect.

TF's obligations to consummate the merger are also conditioned on the following:

- No fact, event, or condition exists or has occurred that would have a material adverse effect on Roebling or its subsi consummation of the transactions contemplated by the merger agreement;

- receipt by Roebling of all consents and approvals from third parties (other than those required from regulatory authori
to complete the merger, unless failure to obtain those consents or approvals would not have a material adverse effect o
or on TF as the surviving corporation after completion of the merger;

- there shall be no action taken by any regulatory authority, which, in connection with approval of the merger, im
judgment of TF, any material adverse requirement upon TF or any TF subsidiary, including, without lin
requirement that TF sell or dispose of any significant amount of assets of Roebling or any Roebling subsidiary;

- Roebling's non-performing assets (defined as non-accrual loans, accruing troubled debt restructurings (within certain
exceptions), loans past due 90 days or more and still accruing interest and other real estate owned) must not exceed $3.
of the last day of the month prior to the month in which the merger is expected to be consummated or have net charge-
the date of the merger agreement and the effective time of the merger exceeding $1.0 million; and

- Roebling's adjusted stockholders' equity (which means consolidated stockholders' equity (in accordance with US G
for legal, financial advisory and other expenses incurred in connection with the merger, disregarding accum
comprehensive income attributable to unrealized gains or losses on securities available for sale, net of tax), mu
$15,250,000 as of the last day of the month prior to the month in which the merger is expected to be consummated .

Roebling cannot guarantee whether all of the conditions to the merger will be satisfied or waived by the party permitted to do

Conduct of Business Before the Merger

Roebling has agreed that, until completion of the merger, it and its subsidiaries will:

General Business

- conduct its business in the usual, regular and ordinary course consistent with past practice and prudent banking princ

- use its best efforts to maintain and preserve intact its business organization, employees, goodwill with customers and o
relationships and retain the services of its officers and key employees; and

- except as required by law or regulation, take no action which would adversely affect or delay the ability of TF or Roeb
any consent from any regulatory authority or other approvals required for the consummation of the transactions contem
merger agreement or to perform its respective covenants and agreements under the merger agreement or which w
breach of any representation or warranty if made immediately after such action.

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Roebling has agreed that, until completion of the merger, unless required by law or permitted by TF, neither it nor its subsidi

Indebtedness

- incur any material liabilities or material obligations (other than deposit liabilities and short-term borrowings in the ord of business not to exceed a maturity of one year), whether directly or by way of guaranty, including any obligation f money, or whether evidenced by any note, bond, debenture, or similar instrument;

Capital Stock

- change the number of shares of the authorized, issued or outstanding capital stock of Roebling (except for the issuance common stock upon the exercise of outstanding stock options), including any issuance, purchase, redemption, split, co reclassification thereof;

- issue or grant any option, warrant, call, commitment, subscription, right or agreement to purchase relating to the ca Roebling;

- declare, set aside or pay any dividend or other distribution with respect to the outstanding capital stock of Roeblin

Acquisitions and Dispositions

- sell, transfer, convey or otherwise dispose of any real property (including “other real estate owned”) or interest th

- purchase or otherwise acquire, or sell or otherwise dispose of, any assets or incur any liabilities other than in the ordin business consistent with past practices;

Investments

- acquire or agree to acquire 5% or more of the assets or equity securities of any person or business or acquire dire control of any person or business (except for foreclosures in the ordinary course of business and after consultation with

- enter into any futures contract, option, interest rate caps, interest rate floors, interest rate exchange agreem agreement, or take any other action for purposes of hedging the exposure of its interest-earning assets and int liabilities to changes in market rates of interest;

- purchase or sell or otherwise acquire any investment securities other than those issued by the U.S. Treasury or an a United States government with a maximum remaining maturity of three years or less;

Contracts

- enter into or extend any agreement, lease or license relating to real property, personal property, data processing functions that involves an aggregate of $10,000 or more;

- waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing indebtedness to which Roebling or any Roebling subsidiary is a party, other than in the ordinary course of business, co past practice;

Loans

- originate, purchase, extend or grant any loan other than loans that are fully secured by owner-occupied reside and not in excess of $400,000 or up to $417,000 if the loan has been originated under a commitment to b secondary market and conforms to all applicable requirement of Fannie Mae or loans that are unsecured no $7,500, except for binding obligations as of the date of the merger agreement;

Employee Matters

- unless previously disclosed by Roebling, pay any bonuses to any employee, officer, director or other person;

- grant any general increase in compensation or pay any bonuses to its employees as a class or to its officers;

- enter into any new, or amend in any respect any existing, employment, consulting, retirement, severance, non-co independent contractor agreement with any person;

- alter the terms of any existing incentive bonus or commission plan;

- adopt any new or materially amend any existing employee benefit plan except as required by law;

- hire any new employees other than to replace departing employees and at a salary not in excess of the salary pa similarly-situated employees;

- except for the execution of the merger agreement and the consummation of the merger, take any action that would right of payment to any individual under any employment agreement (other than salary earned for prior service) or tha rise to an acceleration of the right to payment to any individual under any of Roebling’s benefit plans;

- terminate any individual that is a party to an employment contract or change of control agreement prior to the effectiv merger, other than for “cause” as defined in the applicable agreement;

- make any written communication to employees of Roebling or any of its subsidiaries pertaining to compensation or be affected by the merger or the transactions contemplated by the merger agreement without first providing TF wi description of the intended communication;

Litigation

- commence any cause of action or proceeding other than in accordance with past practice or settle any action, claim complaint, criminal prosecution, demand letter, governmental or other examination or investigation, hearing, inq proceeding against it for material money damages or material restrictions upon any of its operations;

Governing Documents

- amend its certificate of incorporation or bylaws or other governing documents;

Deposits

- increase or decrease the rate of interest paid on time deposits or on certificates of deposit, except in a manner and policies consistent with past practices;

Capital Expenditures

- other than expenditures necessary to maintain existing assets in good repair, make any capital expenditures in excess of

Branches

- file any applications or make any contract with respect to branching by Roebling Bank (whether de novo, purc relocation) or acquire or construct, or enter into any agreement to acquire or construct, any interest in real property;

Other Agreements

- form any new subsidiary;
- enter into, renew, extend or modify any other transaction (other than a deposit transaction) with any affiliate other tha existing policies;
- make any changes to its existing policies regarding credit, loan loss reserves, loan charge-offs, investments, a management or other material banking policies, except as required by changes in applicable law or regulations or US G
- take any action that is intended or may reasonably be expected to result in any of the conditions to the merg satisfied; and
- foreclose upon or take a deed or title to any commercial real estate without first conducting a Phase I environmental a the property or if such assessment indicates the presence of an underground storage tank or hazardous material.

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Covenants of Roebling and TF in the Merger Agreement

Agreement Not to Solicit Other Proposals. Roebling has agreed that neither it nor its officers, directors, employees and re will: (1) initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any acquisition proposal or of party; (2) enter into, continue or otherwise participate in discussions or negotiations regarding, or furnish any information w or otherwise cooperate in any way with, an acquisition proposal; or (3) furnish any non-public information that it is not lega to furnish or negotiate or enter into any agreement or contract with respect to any acquisition transaction. An acquisitio includes a proposal for any of the following:

- a merger or consolidation, or any similar transaction of any company with Roebling (other than the merger with T
- a purchase, lease or other acquisition of all or substantially all of the assets of Roebling;
- a purchase or other acquisition of beneficial ownership by any person or group which would cause such person or grou the beneficial owner of securities representing 25% or more of the voting power of Roebling; or
- a tender or exchange offer to acquire securities representing 25% or more of the voting power of Roebling.

Despite the agreement of Roebling not to solicit other proposals for an acquisition transaction, prior to obtaining shareholde the merger agreement with TF, Roebling may generally negotiate or have discussions with, or provide information to, a thi makes an unsolicited, written, bona fide proposal for an acquisition transaction not solicited in violation of the merge provided that Roebling's board of directors:

- after consultation with its outside legal counsel and financial advisor, in good faith deems such action to be legally nec proper discharge of its fiduciary duties to Roebling's shareholders under applicable law;
- after consultation with its outside legal counsel and financial advisor, in good faith determines that the transaction pres unsolicited acquisition proposal, taking into account all legal, financial and regulatory aspects of the proposal an making the proposal, (1) is more favorable from a financial point of view than the transactions contemplated b agreement with TF (taking into account any changes to the financial terms of the merger agreement proposed by TF i the other proposal) and (2) is reasonably capable of being completed, taking into account all financial, legal, regulat aspects of such proposal (referred to in this document as a "superior proposal"); and
- at least two business days prior to furnishing any non-public information to, or entering into discussions with, such per written notice of the identity of such person and of Roebling's intention to furnish such non-public information or e discussions.

If Roebling receives a proposal or information request from a third party or enters into negotiations with a third party regardi proposal, Roebling must immediately notify TF and

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provide TF with information about the third party and its superior proposal and keep TF fully informed in all material respe
status and details of such proposal.

Certain Other Covenants. The merger agreement also contains other agreements relating to the conduct of TF and Ro
consummation of the merger, including, but not limited to, the following:

- Roebling and its subsidiaries will give TF reasonable access, during normal business hours, to its properties, and sha make available to TF and its representatives all books, papers and records relating to the assets, stock, properties obligations and liabilities of Roebling and its subsidiaries;

- each party shall cause to be prepared and filed all required applications and filings with the regulatory authoriti necessary or contemplated for obtaining the consents of the regulatory authorities or consummation of the merger;

- TF was required to prepare the registration statement of which this proxy statement/prospectus forms a part and Roebl cooperate in its preparation;

- each party will use its best efforts to take all actions and do all things necessary, proper or advisable under applica regulations, or otherwise, to consummate the merger and the other transactions contemplated by the merger agreement;

- Roebling will make all reasonable efforts to cause Roebling's and Roebling Bank's data processing service provide with TF in connection with the data processing conversion to occur after the effective time of the merger and w employees to be trained in the new system during normal business hours;

- Roebling will invite a representative of TF to attend all regular and special meetings of Roebling's board of directors a thereof. Roebling may request that the representative of TF recuse himself or herself from any meeting (1) if the m other acquisition transaction is the subject of discussion or (2) to preserve attorney-client privilege with respect to matter;

- Roebling will take all actions necessary to convene a meeting of its shareholders to vote on the merger agreement to be than 60 days after the registration statement is declared effective;

- each party shall have the right to review any filing made with, or written material submitted to, any governmen connection with the transactions contemplated by the merger agreement;

- each party will furnish the other with all information concerning itself, its subsidiaries, directors, trustees, officers, sha depositors, and such other matters as may be necessary or advisable in connection with any statement or application m behalf of either party to any governmental body in connection with the transactions, applications or filings contem merger agreement;

- each party will promptly furnish the other party with copies of written communications received by them or th subsidiaries from, or delivered by any party to, any governmental body in respect of the merger;
- Roebling and TF will consult with one another prior to issuing any press release or other public disclosure r merger;
- Roebling's board of directors will recommend at the meeting of Roebling's shareholders that the shareholders vote merger agreement and will use commercially reasonable best efforts to obtain the necessary shareholder approval; and
- Roebling and TF will cooperate in establishing a retention bonus plan for certain employees of Roebling and Roebli remain employed at TF or 3rd Fed Bank after the effective time of the merger.

Representations and Warranties Made by Roebling and TF in the Merger Agreement

Roebling and TF have made certain customary representations and warranties to each other in the merger agreement rel respective businesses. For information on these representations and warranties, please refer to the merger agreement attac A. The representations and warranties must be true in all material respects through the completion of the merger. See "-- Completing the Merger" on page ___.

The representations and warranties contained in the merger agreement were made only for purposes of the merger agree made as of specific dates, were solely for the benefit of the parties to the merger agreement, and may be subject to limitati by the contracting parties, including without limitation being qualified by disclosures between the parties. These repres warranties may have been made for the purpose of allocating risk between the parties to the merger agreement instead of these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from tho to investors as statements of factual information.

Terminating the Merger Agreement

The merger agreement may be terminated at any time before the effective time of the merger, as follows:

- by the written mutual consent of TF and Roebling;
- by either party, if the shareholders of Roebling fail to approve the merger agreement;
- by either party, if a required regulatory approval, consent or waiver is denied;
- by either party, if the merger is not consummated by September 30, 2013 unless failure to complete the merger by th to a breach of any of the representations, warranties, covenants or other agreements contained in the merger agreemen seeking to terminate the merger agreement;
- by either party, if the other party materially breaches any covenant or agreement contained in the merger agreement, o of an inaccuracy of any representation or warranty of the other party, in either case that has not been cured within 30 d written notice to such party;

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- by TF, if Roebling fails to hold its shareholder meeting to vote on the merger agreement within the time frame se merger agreement;

- by TF, if the board of directors of Roebling does not recommend approval of the merger to the Roebling sh withdraws or revises its recommendation in a manner adverse to TF or publicly discloses its intent to do so;

- by Roebling, prior to the approval of the merger agreement by the shareholders of Roebling, if Roebling receiv proposal from a third party that, in the good faith determination of Roebling's board of directors, the board accept in order to comply with its fiduciary duties and TF does not make an offer at least as favorable to Ro four days after notice;

- by Roebling, at any time during a five-day period beginning on the date that all required regulatory approvals have b (the "Determination Date"), only if both of the following conditions are satisfied:

o the average of the daily closing sales price for the TF common stock for the 20 consecutive trading days immediately p Determination Date (the "TF Market Value") is less than $20.29; and

o the number obtained by dividing the TF Market Value on the Determination Date by $23.87 is less than the number dividing (i) the average closing prices of the NASDAQ Bank Index for the 20 consecutive trading days immediately p Determination Date by (ii) the NASDAQ Bank Index closing value on December 14, 2012 minus 0.15.

Termination Fee

The merger agreement requires Roebling to pay TF a fee of $650,000 if the merger agreement is terminate circumstances. Specifically, Roebling must pay the termination fee if TF terminates the merger agreement as a result failure to timely hold a shareholder meeting to vote upon the merger agreement, or if Roebling's board of directors fails t approval of the merger agreement or modifies, withdraws or changes in any manner adverse to TF its recommendation to merger agreement. In addition, Roebling is also required to pay the $650,000 termination fee if Roebling terminate agreement after having received a superior proposal that, in the good faith determination of Roebling's board of director required to accept in order to comply with its fiduciary duties.

In addition, if, after a public announcement that another party would like to enter into a transaction with Roebling, TF te merger agreement due to the shareholders of Roebling failing to approve the merger, Roebling will be required to pay $275,000, and if Roebling enters into a transaction with any other party within 15 months of the termination of the merge Roebling will be required to pay a fee of $650,000 to TF, less any amounts previously paid at the time the merger ag terminated.

Expenses

Each of TF and Roebling will pay its own costs and expenses incurred in connection with the merger.

Changing the Terms of the Merger Agreement

Before the completion of the merger, TF and Roebling may agree to waive, amend or modify any provision of the merger ag

Dissenters’ Rights of Appraisal

Roebling is organized under New Jersey law. As the Roebling shareholders will receive cash or securities traded on a natio
exchange, no dissenters rights are available under New Jersey law.

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SELECTED HISTORICAL FINANCIAL DATA FOR TF FINANCIAL CORPORATION

The following selected financial information for the fiscal years ended December 31, 2011, 2010 and 2009, is derived consolidated financial statements of TF Financial Corporation. The financial information as of and for the nine months end 30, 2012 and 2011 is derived from unaudited financial statements. The results of operations for the nine months ended S 2012 are not necessarily indicative of the results of operations for the full year or any other interim period. In the op management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fai of this data for those dates. You should read this information in conjunction with TF's consolidated financial statements an for the two years ended December 31, 2011 and December 31, 2010 and the nine months ended September 30, 2012, begi F-__ of this proxy statement/prospectus.

	Nine Months Ended September 30,		Year Ended December 3		
(In thousands, except per share data)	2012	2011	2011	2010	
	(Unaudited)				
Financial Condition Data:					
Total assets	$697,056	$695,168	$681,929	$691,757	$7
Investment securities	109,036	120,483	117,091	127,490	1
Loans receivable, net	534,838	505,732	494,613	501,658	`5
Deposits	533,273	551,678	551,288	550,135	5
Borrowings	75,156	59,500	46,908	61,987	8
Total stockholders' equity	81,965	77,499	77,408	73,416	7
Operating Data:					
Interest income	$21,986	$23,675	$31,288	$33,568	$3
Interest expense	3,889	5,865	7,415	10,208	1
Net interest income	18,097	17,810	23,873	23,360	2
Provision for loan losses	1,750	2,878	3,728	4,241	2
Net interest income after provision for loan losses	16,347	14,932	20,145	19,119	1
Non-interest income	2,890	2,225	3,620	3,527	4
Non-interest expense	14,171	14,252	18,817	18,245	1
Income before taxes	5,066	2,905	4,948	4,401	6
Income taxes	1,189	508	1,019	1,049	1
Net income	3,877	2,397	3,929	3,352	4
Per Share Data:					
Earnings per share, basic	$1.42	$0.89	$1.45	$1.25	$1
Earnings per share, diluted	1.42	0.89	1.45	1.25	1

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	Nine Months Ended September 30,		Year Ended December 31		
	2012	2011	2011	2010	
Performance Ratios (1):					
Return on average assets	0.75 %	0.47 %	0.57 %	0.47 %	0
Return on average equity	6.50	4.27	5.17	4.55	6
Interest rate spread	3.86	3.76	3.79	3.49	3
Net interest margin	3.90	3.83	3.85	3.58	3
Dividend payout ratio	10.56	16.85	13.79	60.80	4
Efficiency ratio (1)	64.23	68.49	66.60	65.55	6
Average interest-earning assets to average interest-bearing liabilities	106.33	105.31	94.92	94.20	1
Average equity to average assets	12.46	11.75	11.91	11.04	9
Asset Quality Ratios:					
Allowance for loan losses as a percent of total loans	1.25	1.86	1.61	1.63	0
Allowance for loan losses as a percent of nonperforming loans	65.12	56.05	64.59	43.88	6
Non-performing loans as a percent of total loans	1.92	3.32	2.49	3.72	1
Non-performing loans as a percent of total assets	1.49	2.46	1.84	2.74	1

(1) Represents the difference between the tax-equivalent weighted average yield on average interest-earning assets and average cost of interest-bearing liabilities.

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SELECTED HISTORICAL FINANCIAL DATA FOR ROEBLING

The following selected financial information for the fiscal years ended September 30, 2012 and 2011 is derived f consolidated financial statements of Roebling Financial Corp, Inc. You should read this information in conjunction wi consolidated financial statements and related notes for the year ended September 30, 2012, beginning on page F-__ statement/prospectus.

	At or for the Year Ended September 30,	
	2012	2011
	(Dollars in thousands, except per share data)	
Selected Balance Sheet Data:		
Assets	$ 161,793	$ 163,868
Loans receivable, net	106,001	108,616
Securities	44,089	42,927
Deposits	128,904	139,219
Borrowed funds	13,650	6,000
Stockholders' equity	16,895	16,630
Selected Results of Operations:		
Interest income	6,313	6,892
Interest expense	1,359	1,761
Net interest income	4,954	5,131
Provision for (recovery of) loan losses	350	(150)
Non-interest income	538	481
Non-interest expense	4,976	5,068
Net income	126	440
Per Share Data:		
Earnings per share - basic	0.08	0.27
Earnings per share - diluted	0.08	0.27
Book value per share	10.02	9.86
Weighted average basic shares outstanding	1,663,651	1,654,501
Weighted average diluted shares outstanding	1,663,651	1,654,501
Performance Ratios:		
Return on average assets	0.08 %	0.27 %
Return on average equity	0.75	2.70
Net interest rate spread	2.98	3.00
Net interest margin	3.24	3.28
Efficiency ratio	90.61	90.31
Dividend payout ratio	-	-
Average interest-earning assets to average interest-bearing liabilities	129.17	124.77
Asset Quality Ratios:		
Non-performing loans to total assets	1.07	0.53
Non-performing loans to total loans, net	1.61	0.80
Net charge-offs to average loans	0.30	1.58
Allowance for loan losses to total loans at period end	1.24	1.19
Allowance for loan losses to non-performing loans		

at period end	76.88	149.17
Capital Ratios:		
Average equity to average assets	10.59	9.94
Equity to assets at period end	10.44	10.15

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PRO FORMA DATA

The following unaudited pro forma condensed combined financial information is based on the historical financial statemen
Roebling, and has been prepared to illustrate the financial effect of TF's merger with Roebling. The following unaudi
condensed combined financial information combines the historical consolidated financial position and results of operations
subsidiaries and of Roebling and its subsidiaries, as an acquisition by TF of Roebling using the acquisition method of ac
giving effect to the related pro forma adjustments described in the accompanying notes. Under the acquisition method of ac
assets and liabilities of Roebling will be recorded by TF at their respective fair values as of the date the merger is completed.

The unaudited pro forma condensed combined financial information set forth below assumes that the merger with R
consummated on January 1, 2011 for purposes of the unaudited pro forma condensed combined statement of income and S
2012 for purposes of the unaudited pro forma condensed combined balance sheet and gives effect to the merger, for pu
unaudited pro forma condensed combined statement of income, as if it had been effective during the entire period presented.

These unaudited pro forma condensed combined financial statements reflect the Roebling merger based upon estimated
acquisition accounting adjustments. Actual adjustments will be made as of the effective date of the merger and, therefor
from those reflected in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial statements included herein are presented for informational purpose
not necessarily reflect the financial results of the combined company had the companies actually been combined at the begi
period presented. The adjustments included in these unaudited pro forma condensed financial statements are preliminary
revised. This information also does not reflect the benefits of the expected cost savings and expense efficiencies, opportu
additional revenue, potential impacts of current market conditions on revenues, or asset dispositions, among other factors,
various preliminary estimates and may not necessarily be indicative of the financial position or results of operations tha
occurred if the merger had been consummated on the date or at the beginning of the period indicated or which may be a
future. The unaudited pro forma combined condensed consolidated financial information has been derived from and shou
conjunction with the historical consolidated financial statements and the related notes of TF and Roebling, which are includ
in this proxy statement/prospectus. See "Index to Financial Statements" beginning on page F-__.

TF Financial Corporation
Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2012

	TF Financial Corporation	Roebling Financial Corp, Inc.	Pro Forma Adjustments
	(Dollars in thousands, except shares and per share		
Assets			
Cash and cash equivalents (1)	$ 3,712	$4,781	$(1,251)
Investment securities			
Available for sale	106,957	44,001	--
Held to maturity	2,079	89	--
Net loans (2)(3)(4)(5)	534,838	106,001	1,074
Goodwill and other intangibles (6)	4,324	--	1,267
Other assets	45,146	6,921	--
Total Assets	$ 697,056	$161,793	$1,090
Liabilities and Shareholders' Equity			
Liabilities			
Deposits (7)	$ 533,273	$128,904	$594
Other borrowings (8)(9)	75,156	13,650	8,296
Other liabilities	6,662	2,344	--
Total Liabilities	615,091	144,898	8,890
Total Shareholders' Equity (10)	81,965	16,895	(7,800)
Total Liabilities and Shareholders' Equity	$ 697,056	$161,793	$1,090
Book value (11)	$ 28.89	$10.02	
Tangible book value (11)	$ 27.37	$10.02	
Shares outstanding (12)	2,836,946	1,686,527	306,921

See notes to the unaudited pro forma condensed combined financial information.

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TF Financial Corporation
Unaudited Pro Forma Condensed Combined Statement of Income
For the nine months ended September 30, 2012

	TF Financial Corporation	Roebling Financial Corp, Inc.	Pro Forma Adjustments
	(Dollars in thousands, except shares and per share		
Interest Income			
Loans, including fees (3)(4)	$ 18,864	$3,866	$(75)
Securities and other	3,122	806	--
Total Interest Income	21,986	4,672	(75)
Interest Expense			
Deposits (7)	2,795	836	(223)
Borrowings (8)	1,094	133	(2)
Total Interest Expense	3,889	969	(225)
Net Interest Income	18,097	3,703	150
Provision for loan losses	1,750	350	--
Net Interest Income After Provision for Loan Losses	16,347	3,353	150
Other Income (13)	2,890	414	4,007
Other Expense (6)(14)(15)	14,171	3,767	1,367
Income before Income taxes	5,066	--	2,791
Provision for income taxes (benefit) (16)	1,189	(19)	949
Net Income	$ 3,877	$19	$1,842
Earnings Per Share			
Basic (17)	$ 1.42	$0.01	
Diluted (17)	$ 1.42	$0.01	
Dividends Paid Per Share	$ 0.15	$--	
Weighted Average Shares Outstanding			
Basic (18)	2,723,703	1,664,795	302,966
Diluted (19)	2,727,371	1,664,795	302,966

See notes to the unaudited pro forma condensed combined financial information.

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TF Financial Corporation
Unaudited Pro Forma Condensed Combined Statement of Income
Combining the fiscal years ended
December 31, 2011 for TF Financial Corporation
and
September 30, 2011 for Roebling Financial Corp, Inc.

	TF Financial Corporation	Roebling Financial Corp, Inc.	Pro Forma Adjustments
	(Dollars in thousands, except shares and per share		
Interest Income			
Loans, including fees (3)(4)	$ 26,373	$5,585	$(100)
Securities and other	4,915	1,307	--
Total Interest Income	31,288	6,892	(100)
Interest Expense			
Deposits (7)	5,467	1,554	(297)
Borrowings (8)	1,948	207	(6)
Total Interest Expense	7,415	1,761	(303)
Net Interest Income	23,873	5,131	203
Provision for (recovery of) loan losses	3,728	(150)	--
Net Interest Income After Provision for (recovery of) Loan Losses	20,145	5,281	203
Other Income (13)	3,620	481	4,007
Other Expense (6)(14)(15)	18,817	5,068	1,367
Income before Income taxes	4,948	694	2,843
Provision for income taxes (16)	1,019	254	967
Net Income Available to Common Shareholders	$ 3,929	$440	1,877
Earnings Per Share			
Basic (17)	$ 1.45	$0.27	
Diluted (17)	$ 1.45	$0.27	
Dividends Paid Per Share	$ 0.20	$--	
Weighted Average Shares Outstanding			
Basic (18)	2,702,200	1,654,501	301,093
Diluted (19)	2,702,710	1,654,501	301,093

See notes to the unaudited pro forma condensed combined financial information

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NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

General

The acquisition will be effected by the issuance of shares of TF common stock and cash to Roebling's shareholders. I
Roebling common stock will be exchanged for either 0.364 shares of TF common stock or $8.60 in cash. All shareholder e
be subject to allocation and proration procedures set forth in the merger agreement which are intended to ensure that, in the a
total cash consideration (for common shares and unallocated shares held by the ESOP) will not exceed $7,252,066 . The
common stock issued illustrated in this pro forma were assumed to be recorded at $23.79 per share, the closing sale price of
stock on September 30, 2012. The final accounting purchase price assigned to record the shares issued in the acquisition wil
the closing price of TF common stock on the closing date of the acquisition. TF and Roebling cannot predict what the valu
TF's common stock will be at the closing of the transaction or how the value or price of TF's stock may trade at any time,
date hereof.

The final allocation of the purchase price will be determined after the acquisition is completed and additional analyses are
determine the fair values of Roebling tangible and identifiable intangible assets and liabilities as of the date the acquisition
Changes in the fair value of the net assets of Roebling as of the date of the acquisition will likely change the amount of pu
allocable to excess purchase price. The final adjustments may be materially different from the unaudited pro forma adjustme
herein. The unaudited pro forma financial information has been prepared to include the estimated adjustments necessary
assets and liabilities of Roebling at their respective fair values and represents management's best estimate based upon th
available at this time. These pro forma adjustments included herein are subject to change as additional information becomes
as additional analyses are performed. Such adjustments, when compared to the information shown in this document, ma
amount of the purchase price allocated to goodwill while changes to other assets and liabilities may impact the statement o
to adjustments in the yield and/or amortization/accretion of the adjusted assets and liabilities.

Notes to the Unaudited Pro Form Condensed Combined Balance Sheet as of September 30, 2012 and the Unaudite
Condensed Combined Income Statement for the Nine Months Ended September 30, 2012

1. The net reduction of $1.251 million in cash reflects the use of $7.251 million in cash to fund the cash portion o consideration to be paid to Roebling shareholders at closing after a $6.0 million special cash dividend from 3rd Fed Bank
2. Adjustment of $1.074 million reflects net adjustments to Roebling's loan portfolio and is described in notes 3, 4 and
3. A $3.3 million adjustment was made to reflect the credit risk of Roebling's loan portfolio. This discount will be accreted line basis over the expected life of the affected loans and is expected to increase pre-tax interest income by $605 thousand a pro forma basis.
4. A $3.018 million adjustment was made to reflect the fair value of loans based on current interest rates on loans simil Roebling's loan portfolio. This adjustment will be amortized over the expected life of the affected loans and is expecte pre-tax interest income by $755 thousand on a pro forma basis in the year following consummation.
5. A $1.330 million adjustment was made to eliminate Roebling's allowance for loan losses.
6. Adjustment for a core deposit intangible. A core deposit intangible arises from a financial institution having a deposit ba of stable customer relationships. These deposits are generally at interest rates or on terms that are favorable to institution. TF considered recently completed transactions amid the current market environment and assigned a val million to Roebling's core deposit accounts. The core deposit intangible will be amortized over 10 years on a straight-lin

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for US GAAP purposes, and will increase non-interest expense $127 thousand annually on a pre-tax basis. The core depo
will be deductible for tax purposes.

7. Adjustment of $594 thousand was made to reflect the fair value of interest-bearing time deposits based on current int interest-bearing deposits similar to Roebling's interest-bearing deposits. The adjustment will be amortized over the ex the affected interest-bearing deposits and is expected to decrease pre-tax interest expense by $297 thousand on a pro fo the year following consummation.
8. Adjustment of $131 thousand was made to reflect the fair value of Roebling's short-term borrowings. The adjus amortized over the expected life of the remaining maturities and is expected to decrease pre-tax interest expense by $66 t proforma basis in the year following consummation.
9. Adjustment of $8.165 million to reflect an increase in short-term borrowings required to fund the difference betwe stockholders' equity and the pro forma adjustments generated through the transaction. Any borrowings assume an annu of 1.50% on outstanding balances.
10. Net adjustment from the (i) elimination of $16.895 million of Roebling's stockholders' equity as of September 30, 201 million increase in proforma TF stockholders' equity upon the issuance of 306,921 TF shares to Roebling's shareholder TF shares as merger consideration, and (iii) incremental net income of $1.842 million generated after the application adjustments for the year-to-date ended for the pro forma TF.
11. The book value per share and tangible book value per share for proforma TF reflect all fair value adjustments as applie shares outstanding for pro forma TF as described in Note 12.
12. The number of pro forma shares outstanding is calculated by adding TF's 2,836,946 shares outstanding as of September the number of shares to be issued in connection with the merger, which is calculated by multiplying Roebling's 1,6 outstanding as of September 30, 2012 by an exchange ratio of .3640; the product is multiplied by 50.00% to reflect th the total consideration will be in the form of TF stock. Roebling's shares outstanding are eliminated at consummation.
13. Adjustment reflects a gain on bargain purchase of $4.007 million, pre-tax. A gain on bargain purchase results when price is lower than the fair market value of net assets acquired. The gain on bargain purchase increases non-interest in non-recurring gain.
14. Includes $1.354 million in transaction expenses to be incurred by TF post-closing of the transaction with Roebling. Th include employee severance, legal and accounting fees and other similar expenses. The $1.354 million will increase expense on a pre-tax basis; substantially all transaction expenses are expected to be deductible for income tax purposes.
15. TF expects that the merger with Roebling will provide the proforma company with opportunities to realize reduc expenses. The adjustments do not reflect the benefits of expected cost savings or opportunities for the pro forma com additional revenues.
16. Reflects a marginal tax rate of 34% for book tax expense.
17. The earnings per share-basic and earnings per share-diluted for pro forma TF reflect all fair value adjustments as applie weighted average shares outstanding for pro forma TF as described in Note 18 and Note 19.
18. The number of pro forma weighted average shares-basic outstanding is calculated by adding TF's 2,723,703 weig shares-basic outstanding for the year-to-date ended September 30, 2012 and the number of shares to be issued in conne merger, which is calculated by multiplying Roebling's 1,664,795 weighted average shares-basic outstanding for the fis September 30, 2012 by an exchange ratio of .364; the product is multiplied by 50.00% to reflect that 50.00% consideration will be in the form of TF stock.
19. The number of pro forma weighted average shares-diluted outstanding is calculated by adding TF's 2,727,371 weig shares-diluted outstanding for the year-to-date ended September 30, 2012 and the number of shares to be issued in co the merger, which is calculated by multiplying Roebling's 1,664,795 weighted average shares-diluted outstanding for ended September 30, 2012 by an exchange ratio of .364; the product is multiplied by 50.00% to reflect that 50.00% consideration will be in the form of TF stock.

COMPARISON OF SHAREHOLDER RIGHTS

General

TF and Roebling are incorporated under the laws of the Commonwealth of Pennsylvania and the State of New Jersey, resp accordingly, the rights of TF shareholders and Roebling shareholders are governed by the laws of the Commonwealth of and the State of New Jersey, respectively. As a result of the merger, Roebling shareholders who receive shares of TF comm become shareholders of TF. Thus, following the merger, the rights of Roebling shareholders who become TF shareholders will become governed by the laws of the Commonwealth of Pennsylvania, and will also then be governed by TF incorporation and TF's bylaws.

Comparison of Shareholders' Rights

Set forth below is a summary comparison of material differences between the rights of a TF shareholder under TF incorporation and TF's bylaws (right column), and the rights of a shareholder under Roebling's certificate of incorporation bylaws (left column). The summary set forth below is not intended to provide a comprehensive discussion of each compan documents but rather to highlight certain areas where there are differences. This summary is qualified in its entirety by ref full text of TF's articles of incorporation and TF's bylaws, and Roebling's certificate of incorporation and Roebling's bylaws

Roebling Financial Corp, Inc.	TF Financial Corporation
CAPITAL STOCK Authorized Capital	
20 million shares of common stock, par value $0.10 per share and 5 million shares of serial preferred stock, par value $0.10 per share. As of ______________________, 2013, there were 1,686,527 shares of Roebling common stock issued and outstanding, and no shares of preferred stock issued and outstanding.	10 million shares of common stock, p $0.10 per share and 2 million shares o preferred stock, par value $0.10 per shar ________, 2013, there were _______ s TF common stock issued and outstand an additional __________ shares are es to be issued in the merger, and no sh preferred stock issued and outstanding.
Preferred Stock. Roebling's certificate of incorporation authorizes its board of directors, without further shareholder action, to issue up to 5 million shares of preferred stock, in one or more series, and to determine by resolution any powers, designations, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof. The rights of preferred shareholders may supersede the rights of common shareholders.	Preferred Stock. TF's articles of inco authorize its board of directors, withou shareholder action, to issue up to 2 shares of preferred stock, in one or mor and to determine by resolution any p designations, preferences and re participating, optional or other special the shares of such series, and the quali limitations or restrictions thereof. The preferred shareholders may supersede th of common shareholders.

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BOARD OF DIRECTORS

Number of Directors; Classification of Board

Roebling's bylaws provide that its board of directors may increase the number of directors, but in no event may the number of directors be increased in excess of 15 persons. The board of directors is divided into three classes with the members of each class elected for three year terms. There is no minimum number of directors provided for in Roebling's certificate of incorporation or bylaws.

TF's articles of incorporation pr
board of directors shall have not le
more than 15 members, as shall b
or in accordance with the bylaws.
currently provide that there sl
members of the board. As with R
TF board of directors is divide
classes with the members of each
for three year terms.

Qualification of Directors

Roebling's bylaws provide that each director must reside within the State of New Jersey in a county where Roebling Bank maintains a branch office and must have resided in Burlington or Ocean County for at least one year prior to becoming a director.

Roebling's bylaws also require each director to own at least 10,000 shares of Roebling's common stock. Each director must also have had a deposit or loan account relationship with Roebling Bank for at least three years prior to becoming a director.

Roebling's bylaws further provide that a person who serves as a "management official" of any other "depository institution" or "depository holding company" (as those terms are defined in applicable regulations) is not eligible to serve as a director of Roebling. Individuals who have been indicted or ever convicted of certain types of crimes, or have ever been subject to certain types of regulatory actions or agreements, or is nominated by someone who is otherwise disqualified to serve, are also ineligible to serve as a director of Roebling.

Additionally, under Roebling's bylaws no person may serve as a director if he or she currently serves, or has served within one year, as an officer, director, advisor or consultant, or in any similar capacity, to another financial institution which maintains an office in New Jersey.

TF's bylaws provide that each d
reside within a 90 mile rad
administrative office located i
Pennsylvania.

TF's bylaws also require each dire
least 5,000 shares of TF's commor

Like Roebling, TF's bylaws furthe
a person who serves as a "manage
of another "depository institution"
holding company" (as those terms
applicable regulations) is not eligi
as a director of TF. Individuals wh
indicted or ever convicted of certa
crimes, or have ever been subject t
types of regulatory actions or agre
nominated by someone who is oth
disqualified to serve, are also ineli
serve as a director of TF.

Special Meetings of the Board	
Special meetings of the Roebling board of directors may be called by one-third of the directors then in office or by the chairman of the board or the president.	Special meetings of the TF board of d be called by one-third of the direc office or by the chairman of the b president.
ACTIONS BY SHAREHOLDERS Annual Meetin of Shareholders	
Roebling's bylaws provide that the annual meeting of shareholders shall be held at such date and time as may be determined by its board of directors.	TF's bylaws similarly provide tha meeting of shareholders shall be held and time as may be determined by directors.
Special Meetings of Shareholders	
Special meetings of the shareholders may only be called by Roebling's president, by a majority of the board of directors, by a duly authorized committee of the board of directors, or as provided by the New Jersey Business Corporation Act.	Special meetings of the sharehold called by (i) a majority of the board or (ii) a duly authorized committee of directors.
Action by Shareholders Without a Meeting	
Roebling's certificate of incorporation provides that any action required to be taken or which may be taken at any annual or special meeting of the stockholders may be taken without a meeting, if all stockholders entitled to vote on the matter consent in writing.	TF's articles of incorporation pro action required or permitted to be annual or special meeting of stockho taken without a meeting and th stockholders to consent in writin meeting, to the taking of any action i denied.
Record Dates	
Roebling's bylaws provide that record dates for determining who may vote at annual or special meetings of shareholders or who may receive a dividend must not be more than 60 days and, in the case of a meeting of shareholders, not fewer than 10 days prior to the date on which the particular action requiring a record date is to be taken.	TF's bylaws provide that reco determining who may vote at annu meetings of shareholders or who m dividend must not be more than 90 the case of a meeting of stockholde than 10 days prior to the date o particular action requiring a record taken.
Voting Limitation	

Roebling's certificate of incorporation includes a provision restricting the voting rights of any beneficial owner owning shares in excess of 10% of the outstanding shares of Roebling common stock.	TF's articles of incorporation al provision restricting the voting r beneficial owner owning shares in ex of the outstanding shares of TF comm

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Approval of Certain Business Combinations

Roebling's certificate of incorporation includes a provision requiring the affirmative vote of 80% of the outstanding shares to approve any business combination unless the business combination has been approved by two-thirds of the entire Roebling board of directors. If approved by two-thirds of the entire board, then the business combination need only receive the approval of shareholders specified in the New Jersey Business Corporation Act.

In addition, the New Jersey law and Roebling's certificate of incorporation provide certain additional requirements for the approval of a business combination with an interested stockholder (defined as a shareholder owning 10% or more of the outstanding voting shares or who meets certain other requirements). See "Statutory Anti-Takeover Provisions" below for further details.

Under the Pennsylvania Business
Law (the "PBCL"), a business co
be approved by TF's board of
shareholders. TF's articles of inco
include a provision requiring th
vote of 80% of the outstanding sh
stock for the approval of a
combination with an interested
(defined as a shareholder owning
of the outstanding voting share
such business combination is
two-thirds of those members of
of directors who were directors
time when the interested stockh
an interested stockholder or (ii)
requirements are met. If a
two-thirds of the board, then
combination need only receive th
shareholders specified by Pennsyl

In addition, TF's articles of i
require a business combinat
interested stockholder to satisf
price provisions, unless (i) s
combination is approved by two-t
members of the TF board of di
were directors prior to the ti
interested stockholder became
stockholder or (ii) certain other
are met.

EVALUATION OF OFFERS

Roebling's certificate of incorporation includes a provision that permits the Roebling board of directors, when evaluating business combinations or similar takeover attempts, to give due consideration to all relevant factors, including, without limitation, the social and economic effect of acceptance of the offer on its customers, employees and communities in which it operates and certain other considerations.

TF's articles of incorporati
provision similar to Roebling's,
TF board of directors, when
business combinations or simi
attempts, to give due conside
relevant factors, including, witho
the social and economic effect of
the offer on its customers, em
communities in which it operate
other considerations.

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AMENDMENT OF ARTICLES OR CERTIFICATE OF INCORPORATION

Roebling's certificate of incorporation requires a supermajority vote (80%) to amend certain of the articles of the certificate of incorporation. The articles requiring supermajority vote relate to preemptive rights, meetings of stockholders, cumulative voting, proxies, notice for nominations and proposals, directors, removal of directors, limitations on voting rights of beneficial owners in excess of 10%, approval of business combinations, stockholder approval of certain actions, elimination of director and officer liability, indemnification and amendments to the certificate of incorporation and bylaws.

Aside from these provisions and amendments for which no shareholder vote is required under New Jersey law, amendments to the certificate of incorporation must first be approved by the Roebling board of directors and then approved by a majority of the votes cast by the holders of shares entitled to vote thereon.

TF's articles of incorporation also r supermajority vote (80%) to amend ce the articles. These articles relate to mee stockholders and cumulative voting, no nominations and proposals, the b directors, limitations on voting rights, a of business combinations, fai requirements, evaluation of offers, eli of director liability, indemnificati amendment of the articles of incorpora bylaws.

Aside from these provisions, all amend the articles of incorporation must approved by the TF board of directors a approved by a majority of the shares en vote generally in an election of directors

AMENDMENT OF BYLAWS

Roebling's certificate of incorporation permits both the Roebling board of directors and shareholders to amend the bylaws. If amended by the board, the amendment must be approved by two-thirds of the directors present at a legal meeting. If amended by shareholders, the amendment must be approved by at least 80% of the outstanding shares of capital stock entitled to vote generally in the election of directors.

TF's articles of incorporation per its board of directors and sharehol amend the bylaws. If amended by share the amendment must be approved by 80% of the outstanding shares of capit entitled to vote generally in the elec directors.

STATUTORY ANTI-TAKEOVER PROVISIONS

As a New Jersey corporation, Roebling is subject to the New Jersey Shareholders' Protection Act (the "NJSPA"). The NJSPA limits certain transactions involving an "interested stockholder" and a "resident domestic corporation." Roebling's certificate of incorporation includes provisions related to these limits. A resident domestic corporation is an issuer of voting stock organized under New Jersey law with its principal executive offices or significant business operations located

Under the PBCL, certain anti-ta provisions apply to Pennsylvania re corporations (e.g., publicly traded co such as TF), including those relati control share acquisitions, (ii) disgorge certain controlling persons, (iii) b combination transactions with int shareholders, (iv) the rights of shareho demand fair value for their stock foll control transaction, and (v) certai in New Jersey, such as Roebling. An interested shareholder is one that

matters. The PBCL allows corporation out of these anti-takeover provisions. T

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beneficially owns 10% or more of the outstanding voting stock of the resident domestic corporation or is an affiliate or associate of such corporation and at any time within the past five years beneficially owned 10% or more of the voting stock.

opted out of the provisions relating to i through (iv) above. See "Certain Anti- Provisions of TF's Articles of Incorpora Bylaws -- Business Combination Tran with Interested Shareholders" below.

The NJSPA prohibits certain business combinations between an interested stockholder and a resident domestic corporation for five years following the interested stockholder's stock acquisition date, unless the board of directors approved the business combination prior to the interested shareholder's stock acquisition date. Roebling's certificate of incorporation requires a two-thirds vote of the Roebling board to approve such a transaction.

Under the NJSPA, after the five year period expires, the prohibition continues unless the combination (i) is approved by the Roebling board of directors prior to the interested stockholder's stock acquisition date (Roebling's certificate of incorporate provides for a two-thirds vote of the directors in this situation), (ii) is approved by the holders of two-thirds of the voting stock not beneficially owned by that interested stockholder (Roebling's certificate provides for an 80% shareholder approval in this situation), or (iii) meets certain fair price requirements.

DESCRIPTION OF TF CAPITAL STOCK

TF is authorized to issue 10,000,000 shares of common stock, par value $0.10 per share, and 2,000,000 shares of preferr value $0.10 per share. As of ___________, 2013, the most recent practicable trading day before this proxy statement/pro finalized, there were __________ shares of TF common stock issued and outstanding. TF has no outstanding shares of pre Each share of TF common stock has the same relative rights as, and is identical in all respects with, each other share of comm

The common stock of TF represents nonwithdrawable capital, is not an account of an insurable type, and is not insured by any other government agency.

Common Stock

Dividends. TF may pay dividends out of statutory surplus or from net earnings if, as and when declared by its board of d payment of dividends by TF is subject to limitations that are imposed by law and applicable regulation. The holders of com TF will be entitled to receive and share equally in dividends as may be declared by the board of directors of TF out of funds

available therefor. If TF issues shares of preferred stock, the holders thereof may have a priority over the holders of the comm
with respect to dividends.

Voting Rights. The holders of common stock of TF have exclusive voting rights in TF. They elect TF's board of directo
other matters as are required to be presented to them under Pennsylvania law, or as are otherwise presented to them by the
directors. Generally, each holder of common stock is entitled to one vote per share and will not have any right to cumulate
election of directors. If TF issues shares of preferred stock, holders of the preferred stock may also possess voting rights. Ce
require an 80% shareholder vote.

Liquidation. In the event of any liquidation, dissolution or winding up of 3rd Fed Bank, TF, as the holder of 100% of 3r
capital stock, would be entitled to receive, after payment or provision for payment of all debts and liabilities of 3rd Fed Ba
all deposit accounts and accrued interest thereon, and after distribution of the balance in the liquidation account to elig
holders, all assets of 3rd Fed Bank available for distribution. In the event of liquidation, dissolution or winding up of TF, t
its common stock would be entitled to receive, after payment or provision for payment of all its debts and liabilities, all of
TF available for distribution. If preferred stock is issued, the holders thereof may have a priority over the holders of the com
the event of liquidation or dissolution.

Preemptive Rights. Holders of the common stock of TF will not be entitled to preemptive rights with respect to any share
issued. The common stock is not subject to redemption.

Preferred Stock

None of the shares of TF's authorized preferred stock are outstanding. Preferred stock may be issued with preferences and d
the TF board of directors may from time to time determine. TF's board of directors may, without shareholder approval, i
preferred stock with voting, dividend, liquidation and conversion rights that could dilute the voting strength of the holders of
stock and may assist management in impeding an unfriendly takeover or attempted change in control.

CERTAIN ANTI-TAKEOVER PROVISIONS OF TF'S
ARTICLES OF INCORPORATION AND BYLAWS
AND PENNSYLVANIA LAW

The following discussion is a general summary of the material provisions of TF's articles of incorporation and bylaws and
regulatory provisions that may be deemed to have an "anti-takeover" effect. The following description of certain of thes
necessarily general and, with respect to provisions contained in TF's articles of incorporation and bylaws, reference shou
each case to the document in question.

TF's articles of incorporation and bylaws contain a number of provisions relating to corporate governance and rights of sha
might discourage future takeover attempts. As a result, shareholders who might desire to participate in such transactions ma
opportunity to do so. In addition, these provisions will also render the removal of the board of directors or managemen
difficult.

The following description is a summary of the provisions of the articles of incorporation and bylaws. See "Where You C
Information" in the forepart of this proxy statement/prospectus as to how to obtain a copy of these documents.

Directors. The board of directors of TF is divided into three classes. The members of each class will be elected for a term o and only one class of directors will be elected annually. Thus, it would take at least two annual elections to replace a ma board of directors. Further, the bylaws impose notice and information requirements in connection with the nomination by of candidates for election to the TF board of directors or the proposal by shareholders of business to be acted upon at an an of shareholders.

Prohibition of Cumulative Voting. The articles of incorporation prohibit cumulative voting for the election of directors.

Restrictions on Removing Directors from Office. The articles of incorporation provide that directors may only be removed f then only by the affirmative vote of at least 80% of the outstanding shares of capital stock entitled to vote generally in th directors. In addition, directors may be removed (i) by the TF board of directors upon judicial declaration that such d unsound mind or if such director has been convicted of certain crimes, and (ii) by a court, upon application of any shareholde for fraudulent or dishonest acts, gross abuse of authority or any other proper cause.

Authorized but Unissued Shares. TF has authorized but unissued shares of common and preferred stock. The articles of i authorize 2,000,000 shares of serial preferred stock. TF is authorized to issue preferred stock from time to time in one o subject to applicable provisions of law, and the TF board of directors is authorized to fix the designations, and relative limitations, voting rights, if any, including, without limitation. In the event of a proposed merger, tender offer or other at control of TF that the TF board of directors does not approve, it might be possible for the TF board of directors to authorize of a series of preferred stock with rights and preferences that would impede the completion of the transaction. An effect of issuance of preferred stock, therefore, may be to deter a future attempt to gain control of TF. TF's board of directors has no p understanding to issue any preferred stock.

Amendments to Articles of Incorporation and Bylaws. Amendments to the articles of incorporation must be approved by directors and also by a majority of the outstanding shares of TF's voting stock; provided, however, that approval by at lea outstanding voting stock is generally required to amend the provisions of the following articles:

- Meetings of Stockholders and Cumulative Voting;
- Notice for Nominations and Proposals;
- Directors and the Removal of Directors;
- Certain Limitations on Voting Rights;
- Approval of Business Combinations;
- Fair Price Requirements;
- Evaluation of Offers;
- Elimination of Directors' Liability;

- Indemnification; and
- Amendment of the Bylaws and Articles of Incorporation.

Anti-takeover Provisions Under the Pennsylvania Business Corporation Law

Business Combination Transactions with Interested Shareholders. The PBCL contains a number of statutory anti-takeov applicable to registered corporations, such as TF, unless the entity opts out from one or more of the provisions. TF has not Subchapters 25B-25D of the PBCL. Subchapter 25B provides that a registered corporation is not required to provide a copy rights statutes to stockholders when seeking approval of a transaction that gives stockholders the right to demand dissente authorizes the Board of Directors to create voting or ownership limitations with respect to the outstanding shares. Sub contains a number of provisions that restrict stockholders' rights to call a special meeting or take action oth meeting. Subchapter 25D prohibits stockholders from amending the articles of incorporation and also includes a superm requirement for business combinations with interested stockholders. However, TF's articles of incorporation expressly following anti-takeover protections otherwise applicable to registered corporations:

- Subchapter 25E, which, with certain exceptions, entitles shareholders to be paid the fair value of their shares by acquires 20% or more of the outstanding voting power of the corporation;
- Subchapter 25F, which imposes certain financial requirements and restrictions on business combinations wi shareholders of the corporation;
- Subchapter 25G, which, with certain exceptions, limits the voting rights of persons who have acquired 20% or outstanding voting power of the corporation;
- Subchapter 25H, which requires disgorgement of certain profits made by controlling shareholders following their atte control of the corporation;
- Subchapter 25I, relating to severance compensation for employees terminated following certain control-share acquisit
- Subchapter 25J, relating generally to the continuation of labor contracts following business combination transacti

BUSINESS OF TF FINANCIAL CORPORATION

On July 13, 1994, TF consummated its initial public offering of 5,290,000 shares of its common stock and acquired 3rd Fed of 3rd Fed Bank's mutual-to-stock conversion. TF was originally incorporated under Delaware law in March 1994 and reorganized as a Pennsylvania corporation in May 2011. In 2011, 3rd Fed Bank elected to convert from a federally-r chartered financial institution to a state-chartered savings bank and submitted an election to remain a savings association fo holding company regulation following the conversion. 3rd Fed Bank received approval for this conversion from Pennsylvania on December 21, 2011. The official charter conversion became effective January 30, 2012. As a result, the nar Bank was changed from Third Federal Bank to 3rd Fed Bank.

TF is a savings and loan holding company and is subject to regulation by the Pennsylvania Department of Banking, the Fec Board and the SEC. TF does not transact any material business other than through its direct and indirect subsidiaries: 3 Teragon Financial Corporation, Penns Trail Development Corporation, and Third Delaware Corporation. TF Investments had been a subsidiary of TF until it was merged into TF Financial Corporation during 2011.

At September 30, 2012, TF had total assets of $697.1 million, total deposits of $533.3 million and stockholders' equity of $8

3rd Fed Bank is a community-oriented Pennsylvania stock savings bank offering a variety of financial services to meet the communities it serves. 3rd Fed Bank's deposits are insured up to the maximum amount allowable by the FDIC.

As of September 30, 2012 3rd Fed Bank operated fourteen branch offices in Bucks and Philadelphia Counties, Pennsy Mercer County, New Jersey.

3rd Fed Bank attracts deposits from the general public and uses such deposits, together with borrowings and other funds originate or purchase loans secured by first mortgages on owner-occupied, one-to-four family residences in its market area in mortgage-backed and investment securities. At September 30, 2012, one-to-four family residential mortgage loans to million or 60% of 3rd Fed Bank's total loan portfolio. At that same date, 3rd Fed Bank had approximately $51.5 million assets invested in mortgage-backed securities and $57.6 million or 8% of total assets in investment securities. 3rd F originates commercial real estate and multi-family, construction and consumer loans.

3rd Fed Bank has two subsidiaries, Third Delaware Corporation, which was incorporated in 1998 for the purpose of managing mortgage-backed securities and investment securities for 3rd Fed Bank, and Teragon Financial Corporation which limited partnership interest in a captive title insurance agency, Third Fed Abstract, L. P. During 2007, Teragon Financial Co granted approval by the Commonwealth of Pennsylvania to conduct business as an insurance agency.

Market Area

3rd Fed Bank offers a wide range of consumer and business products at its fourteen full service branch offices located Philadelphia Counties in Pennsylvania, and Mercer County in New Jersey. Five of the branch offices are located in Bucks third wealthiest county in Pennsylvania. Bucks County is a growing region offering opportunity for growth for 3rd Fed branches are located in the northeast section of Philadelphia where 3rd Fed Bank was founded. Although Philadelph experiencing population decline, 3rd Fed Bank's branches in this section of Philadelphia represent a deposit stronghold. T two branches are in Mercer County, New Jersey, which has an expanding population and represents another growth are Bank.

Competition

3rd Fed Bank faces varying degrees of competition from banks, thrift institutions and credit unions at its va locations. Stronger competition has come from local and very large regional commercial banks based in and around the area. Based upon the latest available data, at June 30, 2012 TF's share of deposits in each of the counties in which it op follows:

County, State	Market Share for Entire County	Market Share for ZIP Codes Including Company Branches
Philadelphia, Pennsylvania	0.51%	9.66%
Bucks, Pennsylvania	1.45%	4.48%
Mercer, New Jersey	0.75%	6.44%

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Lending Activities

General. 3rd Fed Bank's loan portfolio composition consists primarily of adjustable-rate ("ARM") and fixed-rate first
secured by one-to-four family residences. 3rd Fed Bank also makes commercial real estate and multi-family loans, const
and consumer and other loans. At September 30, 2012, 3rd Fed Bank's mortgage loans outstanding were $491.2 million, of
million were secured by first mortgages on one-to four-family residential property. Of the one-to-four family residential m
outstanding at that date, 18% were ARM's and 82% were fixed-rate loans. At that same date, commercial real estate,
residential and other real estate secured loans totaled $151.3 million, and construction loans totaled $19.1 million. The const
are predominately floating-rate, prime-rate-based loans.

Consumer and other loans held by 3rd Fed Bank totaled $43.7 million or 8% of total loans outstanding at September 30, 20
$41.8 million consisted of home equity and second mortgage loans. At that same date commercial business loans totaled $4
1% of total loans.

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The following table sets forth the composition of 3rd Fed Bank’s loan portfolio and mortgage-backed and related securitie dollar amounts and in percentages of the respective portfolios at the dates indicated.

	At September 30, 2012			At December 31, 2011			2010
		Amount	Percent of Total		Amount	Percent of Total		Amount
Loans receivable:							
Mortgage loans:							
One-to four-family	$	320,883	59.50 %	$	277,824	55.44%	$	269,077
Commercial-real estate secured		151,314	28.06 %		156,450	31.22%		163,910
Construction		19,094	3.54 %		16,336	3.26%		18,799
Total mortgage loans		491,291	91.10 %		450,610	89.91%		451,786
Consumer loans:								
Home equity and second mortgage		41,751	7.74 %		44,165	8.81%		49,430
Other consumer		1,925	0.36 %		1,971	0.39%		2,407
Total consumer and other loans		43,676	8.10 %		46,136	9.20%		51,837
Commercial loans:								
Commercial and industrial loans		4,316	0.80%		4,414	0.88%		5,575
Total commercial-business loans		4,316	0.80%		4,414	0.88%		5,575
Total loans		539,283	100.00%		501,160	100.00%		509,198
Net of:								
Deferred loan origination costs and unamortized premiums		1,467			1,065			658
Allowance for loan losses		(6,772)			(8,100)			(8,328)
Total loans, held for investment, net	$	533,978		$	494,125		$	501,528
Loans held for sale:								
Mortgage loans:								
One-to four-family	$	860	100.00%	$	488	100.00%	$	130
Total loans held for sale	$	860	100.00%	$	488	100.00%	$	130
Mortgage-backed securitie held-to-maturity:								
Federal Home Loan Mortgage Corporation (“FHLMC”)	$	353	16.98%	$	449	17.35%	$	566
Federal National Mortgage Association (“FNMA”)		969	46.61%		1,242	47.99%		1,489
Government National Mortgage Association (“GNMA”)		757	36.41%		897	34.66%		1,114
Total mortgage-backed and related securities held-to-maturity	$	2,079	100.00%	$	2,588	100.00%	$	3,169
Mortgage-backed securitie available-for sale :								
FHLMC	$	2,543	5.15%	$	3,586	6.36%	$	2,355
FNMA		32,570	65.95%		23,454	41.60%		9,734
GNMA		803	1.63%		1,140	2.02%		1,637
Real estate investment mortgage conduit ("REMICs")		13,468	27.27%		28,202	50.02%		52,765

Total mortgage-backed and related securities available-for-sale	$	49,384	100.00%	$	56,382	100.00%	$	66,491

	At December 31, 2009			2008			2007	
		Amount	Percent of Total		Amount	Percent of Total		Amount
Loans receivable:								
Mortgage loans:								
One-to four-family	$	271,651	50.85%	$	281,870	51.48%	$	272,840
Commercial-real estate secured		168,098	31.46%		168,231	30.73%		151,213
Construction		29,671	5.55%		30,633	5.60%		35,507
Total mortgage loans		469,420	87.86%		480,734	87.81%		459,560
Consumer loans:								
Home equity and second mortgage		54,811	10.26%		56,233	10.27%		52,013
Other consumer		2,565	0.48%		2,287	0.42%		2,244
Total consumer and other loans		57,376	10.74%		58,520	10.69%		54,257
Commercial loans:								
Commercial and industrial loans		7,462	1.40%		8,227	1.50%		5,377
Total commercial-business loans		7,462	1.40%		8,227	1,50%		5,377
Total loans		534,258	100.00%		547,481	100.00%		519,194
Net of:								
Deferred loan origination costs and unamortized premiums		609			704			675
Allowance for loan losses		(5,215)			(3,855)			(2,842)
Total loans, held for investment, net	$	529,652		$	544,330		$	517,027
Loans held for sale:								
Mortgage loans:								
One-to four-family	$	1,082	100.00%	$	1,659	100.00%	$	1,040
Total loans held for sale	$	1,082	100.00%	$	1,659	100.00%	$	1,040
Mortgage-backed securities held-to-maturity:								
Federal Home Loan Mortgage Corporation (“FHLMC”)	$	754	20.20%	$	1,100	23.04%	$	1,657
Federal National Mortgage Association (“FNMA”)		1,698	45.49%		2,141	44.85%		2,634
Government National Mortgage Association (“GNMA”)		1,281	34.31%		1,533	32.11%		1,869
Total mortgage-backed and related securities held-to-maturity	$	3,733	100.00%	$	4,774	100.00%	$	6,160
Mortgage-backed securities available-for sale :								
FHLMC	$	3,440	4.40%	$	4,504	4.20%	$	5,434
FNMA		9,146	11.70%		12,320	11.49%		11,183
GNMA		1,886	2.41%		-	-%		-
Real estate investment mortgage conduit ("REMICs")		63,726	81.49%		90,393	84.31%		81,561
Total mortgage-backed and related securities available-for-sale	$	78,198	100.00%	$	107,217	100.00%	$	98,178

The following table sets forth certain information at December 31, 2011, regarding the dollar amount of loans maturing in 3
loan portfolio based on their maturity date. Demand loans, loans having no stated schedule of repayments and no sta
overdrafts and delinquent loans maturing prior to December 31, 2011 are reported as due in one year or less. The table doe
prepayments or scheduled principal repayments.

	Due 1/1/12 - 12/31/12		Due 1/1/13 - 12/31/16 (In thousands)		Due After 12/31/16	
Loans held for sale:						
One-to four-family	$	-	$	-	$	488
Total loans held for sale	$	-	$	-	$	488
Loans receivable:						
One-to four-family	$	66	$	6,599	$	271,159
Commercial – real estate secured		10,781		15,372		130,542
Construction		16,091		-		-
Consumer and other		102		4,218		41,816
Commercial and industrial loans		850		186		3,378
Total loans receivable	$	27,890	$	26,375	$	446,895

The following table sets forth the dollar amount of all loans due after December 31, 2012, which have predetermined inte
which have floating or adjustable interest rates. Loans which have rate adjustments after ten years are considered to have p
rates.

	Predetermined Rates		Floating or Adjustable Rat (In thousands)	
Loans held for sale:				
One-to four-family	$	488	$	
Total loans held for sale	$	488	$	
Loans receivable:				
One-to four-family	$	228,460	$	49,
Commercial – real estate secured		14,882		131,
Consumer and other		23,500		22,
Commercial and industrial loans		3,341		
Total loans receivable	$	270,183	$	203,

One-to Four-Family Mortgage Lending. 3rd Fed Bank offers first mortgage loans secured by one-to-four family residenc
Bank's lending area. Typically, such residences are single-family homes that serve as the primary residence of the owner.
generally originates and invests in one-to-four family residential mortgage loans in amounts up to 80% of the lesser of t
value or selling price of the mortgaged property. Loans originated in amounts over 80% of the lesser of the appraised va
price of the mortgaged property must be owner-occupied and private mortgage insurance is typically required.

Loan originations are obtained through 3rd Fed Bank's retail banking channels, the local community, and referrals fro
builders and realtors within 3rd Fed Bank's lending area using direct advertising in local newspapers, branch signage and pr
word of mouth referrals. 3rd Fed Bank also has a mortgage lending department that is separate as to its sales efforts from the

lending area of 3rd Fed Bank. This department employs a lending manager and several commissioned loan officers. The mor officers support 3rd Fed Bank's branches and customers, and additionally engage in calling efforts directed toward realtors, l loan originators and others that can be sources of lending business for 3rd Fed Bank.

3rd Fed Bank offers a variety of ARM loans with terms of 30 years which adjust at the end of 6 months, one, three, five, s years and adjust by a maximum of 3% to 5% per adjustment with a lifetime cap of 5% to 6% over the life of the loan.

3rd Fed Bank offers fixed-rate mortgage loans with terms of 10 to 30 years, which are payable monthly. Interest rate fixed-rate mortgage loans are competitively priced based on market conditions. The origination fees for fixed-rate loans ra to 3% depending on the underlying loan coupon. Generally, 3rd Fed Bank's standard underwriting guidelines for fixed- loans conform to FNMA guidelines.

3rd Fed Bank sells a portion of its conforming fixed-rate mortgage loan originations in the secondary market to FNMA w the servicing rights on these loans. As of September 30, 2012, 3rd Fed Bank's portfolio of loans serviced for FHLMC or F approximately $123.2 million. 3rd Fed Bank also brokers a small portion of its loan closings to correspondents on a servi basis. However, 3rd Fed Bank is primarily a portfolio lender.

Commercial Lending. 3rd Fed Bank originates permanent loans secured by commercial real estate including non-ow residential, multi-family dwelling units, professional office buildings and hotels/motels. 3rd Fed Bank generally originate real estate and multi-family loans up to 75% of the appraised value of the property securing the loan. Currently, it is 3r practice to originate commercial real estate and multi-family loans primarily on properties in its general market area. The real estate and multi-family loans in 3rd Fed Bank's portfolio consist of fixed-rate, ARM and balloon loans originated market rates for terms of up to 25 years and typically either have a scheduled interest rate reset or are callable by 3rd Fed B to 10 year period.

Loans secured by commercial and multi-family real estate are generally larger and involve a greater degree of risk than family residential mortgage loans. Of primary concern in commercial and multi-family real estate lending is the feasibility a potential of the project and the borrower's creditworthiness. Loans secured by income properties are generally larger and in risks than residential mortgage loans because payments on loans secured by income properties are often dependent o operation or management of the properties. As a result, repayment of such loans may be impacted by a greater exter conditions in the real estate market or the economy than residential real estate loans. In order to monitor cash flow properties, 3rd Fed Bank requires borrowers and loan guarantors, if any, to provide annual financial statements and multi-family loans. Similarly, on commercial office buildings and hotel properties, 3rd Fed Bank requires minimum coverage and obtains operating statements of such properties. At September 30, 2012, the five largest commercial loans million with no single loan larger than $7.8 million.

Construction and Land Acquisition Lending. At September 30, 2012, 3rd Fed Bank's construction and land acquisition loa million or 4% of 3rd Fed Bank's total loan portfolio. Construction financing is generally considered to involve a higher de loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan is dependent larg accuracy of the initial estimate of the property's value at completion of construction or development and the estimated c interest) of construction. During the construction phase, a number of factors could result in delays and cost overruns. If th construction costs proves to

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be inaccurate, 3rd Fed Bank may be required to advance funds beyond the amount originally committed to permit completio construction. If the estimate of value proves to be inaccurate, 3rd Fed Bank may be confronted, at or prior to the maturity of with a project having a value which is insufficient to assure full repayment. Land acquisition lending is susceptible to the risk obtaining necessary approvals and permits, and the feasibility of the project once such approvals are obtained. At September the five largest construction land acquisition loans totaled $17.0 million with no single loan larger than $5.7 million.

Consumer and Other Loans. 3rd Fed Bank also offers consumer and other loans in the form of home equity and second m (referred to hereinafter collectively as "second mortgage loans"), automobile loans and student loans. These loans totaled $ 8% of 3rd Fed Bank's total loan portfolio at September 30, 2012. 3rd Fed Bank originates consumer loans through its channel and mortgage loan department.

In connection with consumer loan applications, 3rd Fed Bank verifies the borrower's income and reviews a credit bure addition, the relationship of the loan to the value of the collateral is evaluated. All automobile loan applications are r approved by 3rd Fed Bank. 3rd Fed Bank reviews the credit report of the borrower as well as the value of the vehicle whic loan.

Consumer loans tend to be originated at higher interest rates than conventional residential mortgage loans and for short facilitating 3rd Fed Bank's interest rate risk management. Consumer loans can have a higher risk of default than reside loans. However, at September 30, 2012, $204,000 or 1% of 3rd Fed Bank's consumer loans were delinquent more compared to $2.1 million or 1% of residential one-to-four family loans.

3rd Fed Bank offers second mortgage loans on one-to-four family residences. At September 30, 2012, second mortgage and loans totaled $41.8 million, or 8% of 3rd Fed Bank's total loan portfolio. Second mortgage loans are offered as fixed-rate lo not to exceed 15 years or prime-rate-based floating rate loans with amortization periods up to 15 years and in some cases, an period of up to the first 60 months of the loan term. Such loans are only made on owner-occupied one-to-four family resid subject to a 90% combined loan to value ratio. The underwriting standards for second mortgage loans are the same as 3r standards applicable to one-to-four family residential loans.

Commercial and Industrial Loans. 3rd Fed Bank makes commercial business loans predominantly on a secured or guarante terms of these loans generally do not exceed five years. These loans can have floating interest rates which adjust with chan interest rates, usually the prime rate, or have a fixed rate related to their term to maturity. 3rd Fed Bank's commercial b primarily consist of short-term loans for equipment, working capital, business expansion interim financing for the income-producing property and inventory financing, and are generally not real estate secured.

3rd Fed Bank customarily requires a personal guaranty of payment by the principals of any borrowing entity and reviews statements and income tax returns of the guarantors. At September 30, 2012, 3rd Fed Bank had approximately $4.3 millio in commercial business loans, which represented approximately 1% of its total loan portfolio. At September 30, 2012, th commercial business loans totaled $3.4 million with no single loan larger than $1.5 million.

Loan Approval Authority and Underwriting. The Board of Directors of the 3rd Fed Bank sets the authority to approve loans amount, type of loan (i.e., secured or unsecured) and total exposure to the borrower. Where there are one or more existi borrower, the level of approval required is governed by the proposed total exposure including the new loan. The Board has approved loan authority and limi of 3rd Fed Bank's lending personnel and senior officers, including the president of 3rd Fed Bank. Individual approval author from $125,000 to $750,000 for secured loans, and $25,000 to $100,000 for unsecured loans. Members of an in-house loan co including four senior members of management can approve in certain combinations all loans over $750,000 up to $2.0 millio committee has the authority to approve secured loans up to $2.0 million and unsecured loans up to $200,000. Secured loans $2.0 million through $5.0 million and unsecured loans greater than $200,000 through $5.0 million require the approval of the Board Loan Committee composed of four members of the Board of Directors of 3rd Fed Bank. All loans over $5.0 million o cause the aggregate lending relationship to exceed $5.0 million must be approved by 3rd Fed Bank's Board of Directors.

One-to four-family residential mortgage loans are generally underwritten according to FNMA guidelines. For all loans orig Fed Bank, upon receipt of a completed loan application from a prospective borrower, a credit report is obtained, income and information is verified and, if necessary, additional financial information may be required. 3rd Fed Bank does not engage stated income or "no-doc" style portfolio lending. An appraisal of the real estate intended to secure the proposed loan is performed by an independent appraiser designated and approved by 3rd Fed Bank. 3rd Fed Bank makes construction/perma individual properties. Funds advanced during the construction phase are held in a loan-in-process account and disburse various stages of completion. An independent appraiser or loan officer determines the stage of completion based upo inspection of the construction and funds are advanced only for work in place. It is 3rd Fed Bank's policy to obtain title insur opinion on all real estate first mortgage loans in excess of $500,000. Borrowers must also obtain hazard or flood insurance property located in a flood zone) prior to closing the loan.

Loans to One Borrower.   Under applicable Pennsylvania and federal law, 3rd Fed Bank has, subject to certain exemptio limit to one borrower in an amount equal to 15% of 3rd Fed Bank's capital account. In addition, 3rd Fed Bank may exte single borrower secured by federal and state securities and other specified collateral in an amount up to 15% of its capit Pennsylvania bank's capital account includes the aggregate of all capital, surplus, undivided profits, capital securities reserves for loan losses. 3rd Fed Bank's maximum loan-to-one borrower limit was approximately $11.9 million as of Septe and 3rd Fed Bank's five largest aggregate lending relationships pursuant to the loans to one borrower regulations had ba from $5.7 million to $8.6 million.

Mortgage-Backed Securities

To supplement lending activities, 3rd Fed Bank invests in residential mortgage-backed securities. The majority of such classified as available for sale. In addition, they serve as collateral for borrowings and, through repayments, are a source of l

The mortgage-backed securities portfolio as of September 30, 2012, consisted of pass-through certificates issued by the F million), GNMA, ($1.6 million), FNMA ($33.5 million), and REMICs formed from pass-through certificates issued b agencies ($9.1 million), and issued by private issuers ($4.3 million).

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At September 30, 2012, the amortized cost of mortgage-backed securities totaled $102.6 million, or 15% of total assets, and
of such securities totaled approximately $109.4 million.

3rd Fed Bank's mortgage-backed securities which are so-called "pass-through" represent a participation interest in a pool of
multi-family mortgages, the principal and interest payments on which are passed through intermediaries (generally quasi-g
agencies) to investors such as 3rd Fed Bank. Such quasi-governmental agencies, which guarantee the payment of principa
to investors, include FHLMC, FNMA and GNMA. The REMIC securities are composed of the same loan types as the
certificates, but offer differing characteristics as to their expected cash flows depending on the class of such securities purch
Bank's REMICs are primarily "planned amortization classes" ("PAC") and "very accurately defined maturity" ("VADM
purchased, offered a high probability of predictable cash flows.

Mortgage-Backed Securities Carrying Value. The following table sets forth the carrying value of 3rd Fed Bank's mor
securities held in portfolio at the dates indicated.

	At September 30, 2012	2011	At December 31, 2010	
		(In thousands)		
Held to maturity:				
GNMA-fixed rate	$757	$897	$1,114	$
FHLMC ARMs	5	9	14	
FHLMC-fixed rate	348	440	552	
FNMA-fixed rate	969	1,242	1,489	
Total mortgage-backed securities held to maturity	$2,079	$2,588	$3,169	$
Available-for-sale:				
GNMA-fixed rate	$803	$1,140	$1,637	$
FHLMC-fixed rate	2,543	3,586	2,355	
FNMA-fixed rate	32,570	23,454	9,734	
REMICs-fixed rate	13,468	28,202	52,765	
Total mortgage-backed securities available-for-sale	$49,384	$56,382	$66,491	$

Mortgage-Backed Securities Maturity. The following table sets forth the maturity and the weighted average coupon ("WA
Bank's mortgage-backed securities portfolio at September 30, 2012. The table does not include estimated prepayments. A
mortgage-backed securities are shown as maturing based on contractual maturities.

Contractually Due	Held to Maturity	WAC	Available -for-Sale	WA
		(Dollars in thousands)		
Less than 1 year	$ --	--%	$ 360	4.
1 to 3 years	--	--%	2,558	5.
3 to 5 years	21	6.79%	263	6.
5 to 10 years	232	4.96%	11,680	3.
10 to 20 years	1,711	6.41%	24,549	3.
Over 20 years	115	5.41%	9,974	4.
Total mortgage-backed securities	$ 2,079	6.19%	$ 49,384	3.

Non-Performing and Problem Assets

Loan Collection. When a borrower fails to make a required payment on a loan, 3rd Fed Bank takes a number of step borrower cure the delinquency and restore the loan to current status. In the case of residential mortgage loans and consum Fed Bank generally sends the borrower a written notice of non-payment after the loan is 15 days past due. In the event pa then received, additional letters and phone calls are made. If the loan is still not brought current and it becomes necessar Bank to take legal action, which typically occurs after a loan is delinquent more than 90 days, 3rd Fed Bank will commenc proceedings against any real property that secures the loan and attempt to repossess any personal property that secures loan. If a foreclosure action is instituted and the loan is not brought current, paid in full, or refinanced before the foreclo real property securing the loan generally is obtained by 3rd Fed Bank at foreclosure.

In the case of commercial real estate and multi-family loans, and construction loans, 3rd Fed Bank generally attempts t borrower by telephone after any loan payment is ten days past due and a senior loan officer reviews all collection efforts mad is not received after the loan is 30 days past due. Decisions as to when to commence foreclosure actions for commercial re multi-family loans and construction loans are made on a case by case basis. 3rd Fed Bank may consider loan work-out a with these types of borrowers in certain circumstances.

Delinquent Loans. Generally, 3rd Fed Bank establishes a reserve for uncollected interest on loans past due more than 9 loans are included in the table of nonaccrual loans below. Loans also are placed on a nonaccrual status when, in the management, the probability of collection of interest is deemed to be insufficient to warrant further accrual. When a loan nonaccrual status, previously accrued but unpaid interest is deducted from interest income and the further accrual of interest the underlying facts that prompted a nonaccrual determination are deemed to have improved significantly.

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Non-Performing Assets. The following table sets forth information regarding non-accrual loans and real estate owned by 3rd
the dates indicated. 3rd Fed Bank had no loans contractually past due more than 90 days for which accrued interest has been

	At September 30, 2012	At December 31, 2011	2010	2009	2008	
		(Dollars in thousands)				
Loans accounted for on a non-accrual basis:						
One-to four-family	$ 2,122	$ 5,502	$ 3,618	$ 1,117	$ 780	$
Commercial – real estate secured	1,955	2,711	9,594	2,506	1,356	
Construction	6,119	4,044	4,307	4,554	3,017	
Consumer and other	204	278	1,415	107	126	
Commercial-and industrial loans	--	6	44	--	--	
Total non-accrual loans	10,400	12,541	18,978	8,284	5,279	
Real estate owned, net	7,619	11,730	7,482	1,279	--	
Total non-performing assets	$ 18,019	$ 24,271	$ 26,460	$ 9,563	$ 5,279	$
Total non-accrual loans to loans	1.93 %	2.49%	3.72%	1.55%	0.96%	
Total non-accrual loans to total assets	1.49 %	1.84%	2.74%	1.16%	0.72%	
Total non-performing assets to total assets	2.59 %	3.56%	3.82%	1.34%	0.72%	

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At September 30, 2012, construction loans include a loan with a balance of $1.5 million secured by two contiguou
commercial real estate and a lien on the guarantor's personal residence. 3rd Fed Bank has recorded a partial charge-off of $
the allowance for loan losses, equal to the difference between the loan balance and the fair value based upon a recent appra
Bank has initiated foreclosure proceedings and the borrower has filed for bankruptcy protection under Chapter 11 of the U.S
Code.

Construction loans also include a loan with a balance of $1.8 million secured by five contiguous lots approved for co
commercial and residential buildings. 3rd Fed Bank recorded a partial charge-off of $432,000, which is equal to the differe
the loan balance and a recent appraisal. In addition, $300,000 of the allowance for loan losses has been allocated to this loan
acquisition or selling costs related to the properties. The borrower is attempting to sell the properties and apply the proceed
outstanding loan balance.

Nonperforming construction loans also include two loans, with a combined balance of $2.0 million secured by a parcel of la
Bank has recorded a partial charge-off of $202,000 equal to the difference between the recorded investment and a recent ap
borrower is attempting to sell the property and intends to apply the sale proceeds to the outstanding loan balance. 3rd F
allocated $29,000 of the allowance for loan losses to this loan.

Nonperforming construction loans also include a participation in a commercial construction project with the principal balan
Fed Bank of $3.1 million. 3rd Fed Bank has recorded a partial charge-off of $198,000 from the allowance for loan losses
difference between the recorded investment and a recent appraisal.

With respect to each of the remaining non-performing loans, 3rd Fed Bank is taking appropriate steps to resolve the individu

3rd Fed Bank was not aware of any other significant potential problem loans. "Potential problem loans" are loans where inf
possible credit problems of borrowers has caused management to have serious doubts about the borrowers' ability to compl
repayment terms.

At September 30, 2012, 3rd Fed Bank had no foreign loans and no loan concentrations exceeding 10% of total l
concentrations" are considered to exist when there are amounts loaned to a multiple number of borrowers engaged in similar
would cause them to be similarly impacted by economic or other conditions.

Real Estate Owned. Real estate acquired by 3rd Fed Bank as a result of foreclosure, judgment or by deed in lieu of f
classified as real estate owned ("REO") until it is sold. When property is acquired it is recorded at the lower of fair value, n
cost to sell, or the recorded investment in the loan. If the property subsequently decreases in estimated value from the ini
amount, 3rd Fed Bank will provide a valuation allowance, through a charge to earnings, if the decrease is judged by mana
temporary. If the decrease is judged to be permanent, 3rd Fed Bank will reduce the recorded amount, through a charge to ea
new estimated value.

Allowances for Loan Losses. 3rd Fed Bank provides valuation allowances for estimated losses from uncollectible loans.
determines the adequacy of the allowance on a quarterly basis to ensure that a provision for loan losses has been charged aga
in an amount necessary to maintain the allowance at a level that is appropriate based upon management's estimate of probab

losses. Several sources of data are used in making the evaluation as to the appropriateness of the allowance.

In establishing allowances, a specific allowance is established for loans which because of past payment history, a revi
financial information, or other facts regarding the credit, pose a higher than normal amount of perceived risk of collection. In
allowance is assigned based upon qualitative and quantitative risk factors which are inherent in class of the loan portfolio.

Although the allowance has been determined based on loan class, the total allowance is available to absorb any and all los
class of the loan portfolio. At September 30, 2012, management believes that the allowance for loan losses is at an acceptabl

The following table sets forth information with respect to the allocation of 3rd Fed Bank's allowance for loan losses by lo
dates and for the periods indicated:

	For the Nine Months Ended September 30, 2012	2011	For the Years Ended December 31, 2011	2010	2009	2008
	(Dollars in thousands)					
Balance at beginning of period	$ 8,100	$ 8,328	$ 8,328	$ 5,215	$ 3,855	$ 2,842
Provision for loan losses	1,750	2,878	3,728	4,241	2,930	1,500
Charge-offs:						
One-to four-family	(702)	(172)	(172)	(49)	(149)	(12)
Commercial – secured by real estate	(1,350)	(1,031)	(2,041)	(831)	(278)	-
Construction	(891)	(155)	(1,521)	(59)	(1,092)	(347)
Consumer and other	(55)	(233)	(237)	(53)	(88)	(55)
Commercial and industrial loans	(156)	(44)	(44)	(146)	(9)	(160)
Recoveries:						
One-to four-family	56	2	12	-	-	-
Construction	-	1	1	-	5	-
Consumer and other	3	6	8	9	13	19
Commercial and industrial loans	17	6	38	1	28	68
Balance at end of year	$ 6,772	$ 9,586	$ 8,100	$ 8,328	$ 5,215	$ 3,855
Ratio of net charge-offs during the period to average loans outstanding during the period	0.61 %	0.32 %	0.79%	0.22%	0.29%	0.09%
Ratio of allowance for loan losses to non-performing loans at the end of the period	65.12 %	56.05%	64.59%	43.88%	63.00%	73.00%
Ratio of allowance for loan losses to loans receivable at the end of the period	1.25 %	1.86%	1.61%	1.63%	0.98%	0.71%

The following table sets forth the allocation of 3rd Fed Bank's allowance for loan losses by loan category and the percent of
category to total loans receivable, gross, at the dates indicated.

	At September 30, 2012		At December 31, 2011		2010		2009		2008		2007
	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amo
	(Dollars in thousands)										
At end of period allocated for:											
One-to-four family	$1,913	59.5 %	$2,194	55.5 %	$1,839	52.8 %	$962	50.9 %	$1,461	51.5 %	$504
Commercial real estate secured	2,891	28.1 %	3,071	31.2 %	3,099	32.2 %	2,031	31.5 %	1,108	30.7 %	1,03
Construction	1,137	3.5 %	1,830	3.2 %	2,479	3.7 %	1,736	5.5 %	953	5.6 %	1,01
Consumer and other loans	240	8.1 %	470	9.2 %	623	10.2 %	317	10.7 %	259	10.7 %	246
Commercial and industrial loans	105	0.8 %	138	0.9 %	76	1.1 %	169	1.4 %	74	1.5 %	40
Unallocated	486	—	397	—	212	—	—	—	—	—	—
Total	$6,772	100.0%	$8,100	100.0%	$8,328	100.0%	$5,215	100.0%	$3,855	100.0%	$2,84

Investment Securities

The purchase of investment securities is designed primarily to provide and maintain liquidity, to generate a favoral
investments without incurring undue interest rate and credit risk, and to complement 3rd Fed Bank's lending activities. In e
investment strategies, 3rd Fed Bank considers its business and growth plans, the economic environment, the types of securit
and other factors. Pennsylvania chartered savings banks have the authority to invest in various types of assets, including U
obligations, securities of various federal and state agencies, certain certificates of deposit of insured depository institut
bankers acceptances and bills of exchange, and commercial paper and other corporate debt obligations.

The following table sets forth certain information regarding the amortized cost and fair values of 3rd Fed Bank's investmen
the dates indicated.

	At September 30, 2012		At December 31, 2011		2010		20
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost
	(In thousands)						
Interest earning deposits	$ 755	$ 755	$ 10,430	$ 10,430	$ 4,219	$ 4,219	$ 9,971
Securities available-for-sale:							
U.S. government and agency obligations	-	-	2,995	3,030	6,000	6,059	3,000
State and political subdivisions	53,060	57,573	51,287	55,091	47,348	48,208	33,180
Corporate debt securities	-	-	-	-	3,340	3,563	3,340
Equities	-	-	-	-	-	-	150
Total	$ 53,815	$ 58,328	$ 54,282	$ 58,121	$ 56,688	$ 57,830	$ 39,670

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Investment Portfolio Maturities

The following table sets forth certain information regarding the amortized cost, weighted average yields and maturities of 3
investment securities portfolio, exclusive of equities and interest-earning deposits, at September 30, 2012. Yields or
obligations have been computed on a tax equivalent basis.

	One Year or Less		One to Five Years		Five to Ten Years		More than Ten Years		Total Investment	
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
	(Dollars in thousands)									
State and political subdivisions	$ 1,070	5.35%	$ 7,732	5.26%	$ 24,136	5.24%	$ 20,122	4.97%	$ 53,060	5.14%
Total	$ 1,070	5.35%	$ 7,732	5.26%	$ 24,136	5.24%	$ 20,122	4.97%	$ 53,060	5.14%

Sources of Funds

General. Deposits, borrowings, loan repayments and cash flows generated from operations are the primary sources of 3r
funds for use in lending, investing and other general purposes.

Deposits. 3rd Fed Bank offers a variety of deposit accounts having a range of interest rates and terms. 3rd Fed Bank's depo
regular savings, non-interest bearing checking, NOW checking, money market, and certificate accounts. Of the deposit acc
million or 7% consist of IRA, Keogh or SEP retirement accounts at September 30, 2012.

The flow of deposits is influenced significantly by general economic conditions, changes in money market and prevailing
and competition. 3rd Fed Bank's deposits are primarily obtained from areas surrounding its offices, and 3rd Fed Bank relie
customer service and long-standing relationships with customers to attract and retain these deposits. 3rd Fed Bank has
maintained a high level of core deposits consisting of regular savings, money market, non-interest-bearing checking, and NO
which has contributed to a low cost-of-funds. At September 30, 2012, core deposits amounted to 71% of total deposits.

The following table sets forth the distribution of 3rd Fed Bank's deposit accounts at the dates indicated and the weighted av
interest rates on each category of deposits presented. 3rd Fed Bank does not have a significant amount of deposits from outsi
area. Management does not believe that the use of year end balances instead of average balances resulted in any material dif
information presented.

	At September 30, 2012			At December 31, 2011			2010			
	Amount	Percent of Total Deposits	Weighted Average Nominal Rate	Amount	Percent of Total Deposits	Weighted Average Nominal Rate	Amount	Percent of Total Deposits	Weighted Average Nominal Rate	Am
						(Dollars in thousands)				
Interest-bearing checking accounts	$ 70,797	13.28%	0.23%	$ 65,677	11.91%	0.34%	$ 56,157	10.21%	0.31%	$ 52
Money market accounts	153,351	28.76%	0.51%	155,010	28.12%	0.62%	149,744	27.22%	0.80%	141
Non-interest-bearing checking accounts	50,421	9.46%	-	43,910	7.96%	-	40,389	7.34%	-	37
Total transaction accounts	274,569	51.49%	0.34%	264,597	47.99%	0.45%	246,290	44.77%	0.56%	231
Passbook accounts	106,693	20.01%	0.23%	105,617	19.16%	0.39%	99,686	18.12%	0.46%	96
Certificates of deposit	152,011	28.51%	1.06%	181,074	32.85%	1.56%	204,159	37.11%	2.08%	225
Total deposits	$ 533,273	100.00%	0.54%	$ 551,288	100.00%	0.79%	$ 550,135	100.00%	1.10%	$ 552

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At September 30, 2012, 3rd Fed Bank had outstanding certificates of deposit in amounts of $100,000 or more maturing as fo

Maturing Period		Amount (In thousands)
Three months or less	$	5,111
Over three through six months		5,204
Over six through 12 months		10,458
Over 12 months		15,982
Total	$	36,755

Borrowings

Deposits are the primary source of funds of 3rd Fed Bank's lending and investment activities and for its general business Fed Bank may obtain advances from the Federal Home Loan Bank ("FHLB") of Pittsburgh to supplement its supply of Advances from the FHLB are typically secured by a pledge of 3rd Fed Bank's stock in the FHLB and a portion of 3rd F mortgage loans. 3rd Fed Bank may also access the Federal Reserve Board discount window. The following tables set forth t month-end balance, period ending balance, and weighted average balance of outstanding FHLB advances at the dates and fo indicated, together with the applicable weighted average interest rates.

	At September 30, 2012	At December 31, 2011	2010	2
	(Dollars in thousands)			
FHLB advances	$ 75,156	$ 46,908	$ 61,987	$
Weighted average interest rate	1.75 %	3.37 %	3.73 %	

	Nine Months Ended September 30, 2012	2011	Years Ended December 31, 2011	2010	
	(Dollars in thousands)				
Maximum balance of FHLB advances	$83,238	$65,001	$65,001	$82,299	$1
Weighted average balance of FHLB advances	53,685	57,688	55,274	75,406	1
Weighted average interest rate of FHLB advances	2.72 %	3.56 %	3.52 %	3.98 %	3

Subsidiary Activity

At September 30, 2012, 3rd Fed Bank had two wholly-owned operating subsidiaries, Third Delaware Corporation and Terag Corporation. Third Delaware Corporation was formed in 1998 for the purpose of investing in securities. At September 30, 2 Bank had $155.9 million invested in Third Delaware Corporation. During 2004, Teragon Financial Corporation ("Tera $7,500 in a limited partnership entitled Third Fed Abstract, L. P., whose purpose is to operate a title insurance agency, capture certain title insurance premiums generated by 3rd Fed Bank's lending activities. At September 30, 2012, 3rd Fed investment of $171,000 in Teragon.

During 2007, Teragon was granted approval by the Commonwealth of Pennsylvania to conduct business as an insurance age
during 2011, Teragon received $19,314 of insurance commissions.

Personnel

As of September 30, 2012, TF had 153 full-time and 27 part-time employees. None of TF's employees are represented b
bargaining group. TF believes that its relationship with its employees is good.

Properties

TF is located and conducts its business at 3 Penns Trail, Newtown, Pennsylvania. At September 30, 2012, 3rd Fed Bank ope
administrative offices and fourteen branch offices located in Philadelphia and Bucks Counties, Pennsylvania and Mercer
Jersey. 3rd Fed Bank also owns one parcel of land and another parcel with a building behind its Doylestown branch offic
with the building is available to be leased to a third-party and the other parcel is used as a parking lot for employees of 3rd
tenants. The net book value of the two lots was $10,000. In addition, a subsidiary of TF, Penns Trail Development Corp
investment property with a book value of $695,000.

The following table sets forth certain information regarding 3rd Fed Bank's operating properties:

Location	Leased or Owned
ADMINISTRATIVE OFFICE	
Newtown Office 3 Penns Trail Newtown, PA 18940	Owned
BRANCH AND LOAN OFFICES	
Frankford Office 4625 Frankford Avenue Philadelphia, PA 19124	Leased
Ewing Office 2075 Pennington Road Ewing, NJ 08618	Owned
Hamilton Office 1850 Route 33 Hamilton Square, NJ 08690	Owned
Fishtown Office York & Memphis Streets Philadelphia, PA 19125	Owned
Cross Keys Office 834 North Easton Road Doylestown, PA 18902	Owned
Bridesburg Office Orthodox & Almond Streets	Owned

Philadelphia, PA 19137

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Location	Leased or Owned
New Britain Office 600 Town Center New Britain, PA 18901	Leased
Newtown Office 950 Newtown Yardley Road Newtown, PA 18940	Leased
Mayfair Office Roosevelt Blvd. at Unruh Philadelphia, PA 19149	Owned
Doylestown Office 60 North Main Street Doylestown, PA 18901	Owned
Feasterville Office 1201 Buck Road Feasterville, PA 19053	Leased
Woodhaven Office 12051 Knights Road Philadelphia, PA 19154	Leased
Girard Office 136 West Girard Avenue Philadelphia, PA 19123	Leased
Northern Liberties Office 905 North 2nd Street Philadelphia, PA 19123	Leased
PROCESSING OPERATIONS	
Operations Center 62-66 and 98 Walker Lane Newtown, PA 18940	Owned

Legal Proceedings

As of September 30, 2012, neither TF nor its subsidiaries were involved in any pending legal proceedings, other than matters occurring in the ordinary course of business that in the aggregate involve amounts which are believed by mana immaterial to the consolidated financial condition or results of operations of TF.

SUPERVISION AND REGULATION OF TF

Set forth below is a brief description of all material laws and regulations which relate to the regulation of 3rd Fed Bank
description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

Financial Reform Legislation. On July 21, 2010, the President signed the Dodd-Frank Act into law. The Dodd-Frank A
result in dramatic changes across the financial regulatory system, some of which became effective immediately and some
not become effective until various future dates. Implementation of the Dodd-Frank Act will require many new rules to
various federal regulatory agencies over the next several years, including our current and future regulatory agencies, and
many of the Dodd-Frank Act's provisions will be determined through the rulemaking process.

The Dodd-Frank Act includes provisions that, among other effects:

Ÿ Creates a new agency, the Bureau of Consumer Financial Protection ("CFPB"), to centralize responsibility for consumer financial protection. responsible for implementing, examining and enforcing compliance with federal consumer financial laws such as the Truth in Lending Act, the Equal Credit Opportunity Act, the Real Estate Settlement Procedures Act and the Truth in Saving Act, among others. Depository institutions that have assets of $10 billion or less, such as us, will continue to be supervised by their primary federal regulators. The CFPB will also have data collecting powers for fair lending purposes for small business and mortgage loans, as well as authority to prevent unfair, deceptive and abusive practices.

Ÿ Imposes new consumer protection requirements in mortgage loan transactions, including requiring creditors to make reasonable, good faith determinations that consumers have a reasonable ability to repay mortgage loans, prohibiting originators of residential mortgage loans from being paid compensation (such as a "yield spread premium") that varies based on the terms of the loan other than the principal amount of the loan, requiring new disclosure requirements for residential mortgage loans, requiring additional disclosures in periodic loan account statements, amending the Truth-in-Lending Act's "high-cost" mortgage provisions, and adopting certain other revisions.

Ÿ Changes the assessment base for federal deposit insurance from the amount of insured deposits to consolidated assets less tangible capital, eliminates the ceiling on the size of the FDIC's Deposit Insurance Fund ("DIF"), and increases the required minimum reserve ratio for the DIF, from 1.15% to 1.35% of insured deposits.

Ÿ Increases the maximum amount of deposit insurance for banks, savings institutions and credit unions to $250,000 per depositor.

Ÿ Adopts changes to corporate governance requirements, including requiring shareholder votes on executive compensation and proxy access by shareholders that apply to all public companies.

Ÿ Repeals various banking law provisions prohibiting the payment of interest on demand deposits.

Ÿ Requires the Federal Reserve to adopt rules to regulate the reasonableness of debit card interchange fees charged by financial institutions with $10 billion or more in assets with respect to electronic debit transactions. The amount of such fees must be "reasonable and proportional" to the cost incurred by the issuer. Issuers that, together with their affiliates, have assets of less than $10 billion would not be covered by the rules.

Some of these provisions may have the consequence of increasing our expenses, decreasing our revenues, and changing th
which TF chooses to engage. At a minimum, TF expects that the Dodd-Frank Act will increase our operating and complian
specific impact of the Dodd-Frank Act on our current activities or new financial activities will be considered in the fu
financial performance and the markets in which TF operates will depend on the manner in which the

relevant agencies develop and implement the required rules and the reaction of market participants to these regulatory develo
Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to a
overall financial impact on TF, its customers, or the financial industry in general.

Company Regulation

General. TF is a unitary savings and loan holding company subject to regulatory oversight by the Federal Reserve Board. A
required to register and file reports with the Federal Reserve Board and is subject to regulation and examination by the Fed
Board. In addition, the Federal Reserve Board has enforcement authority over TF and its non-savings association subsidiarie
permits the Federal Reserve Board to restrict or prohibit activities that are determined to be a serious risk to the subsidiar
This regulation and oversight is intended primarily for the protection of the depositors of 3rd Fed Bank and not for t
stockholders of TF.

TF must obtain the prior approval of the Federal Reserve before it may acquire control of another bank or savings instituti
consolidate with another bank holding company or savings and loan holding company or acquire all or substantially all of
another bank, savings institution or depository institution holding company. TF must also obtain prior Federal Reserve appr
may acquire ownership or control of any voting shares of any bank, savings institution or depository institution holding com
such acquisition, TF would directly or indirectly own or control more than 5% of such shares. TF is also required to file c
with, and otherwise comply with, the rules and regulations of the Federal Reserve Board and the SEC.

Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002 (the "Act") implemented legislative reforms intended to ad
and accounting fraud and improve public company reporting. The SEC has promulgated new regulations pursuant to the
continue to propose additional implementing or clarifying regulations as necessary in furtherance of the Act. The passage
Congress and the implementation of new regulations by the SEC subject publicly-traded companies to additional and more
reporting regulations and disclosure. Compliance with the Act and corresponding regulations may increase TF's expenses.

Financial Modernization. The Gramm-Leach-Bliley Act ("GLB") permits qualifying bank holding companies to become fi
companies and thereby affiliate with securities firms and insurance companies and engage in other activities that are financ
GLB defines "financial in nature" to include securities underwriting, dealing and market making; sponsoring mutual funds
companies; insurance underwriting and agency; merchant banking activities; and activities that the Federal Reserv
determined to be closely related to banking. A qualifying bank also may engage, subject to limitations on investment, in acti
financial in nature, other than insurance underwriting, insurance company portfolio investment, real estate development, a
investment, through a financial subsidiary of 3rd Fed Bank.

GLB also prohibits new unitary thrift holding companies from engaging in nonfinancial activities or from affiliating with a
entity. As a grandfathered unitary thrift holding company, TF has retained its authority to engage in nonfinancial activities.

Qualified Thrift Lender Test. As a unitary savings and loan holding company, TF generally is not subject to activity restrictio
3rd Fed Bank satisfies the QTL test. See "Bank Regulation — Qualified Thrift Lender Test." If TF acquires control o
association as a separate subsidiary, it would become a multiple savings and loan holding company, and the activities of TF
subsidiaries (other than 3rd Fed Bank) would become subject to restrictions applicable to bank

holding companies unless such other associations each also qualify as a QTL and were acquired in a supervisory acquisition.

Restrictions on Dividends. The Federal Reserve has issued a policy statement on the payment of cash dividends by bank and loan holding companies, which expresses the Federal Reserve's view that a holding company should pay cash dividends onl that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings is consistent with the holding company's capital needs, asset quality and overall financial condition. The Federal Reserve that it would be inappropriate for a holding company experiencing serious financial problems to borrow funds to pa Furthermore, under the federal prompt corrective action regulations, the Federal Reserve may prohibit a bank holding co paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized."

TF MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONAND RESULTS OF OPERATIONS

This Management's Discussion and Analysis and related financial data are presented to assist in the understanding and eva financial condition and results of operations for TF and its subsidiary, 3rd Fed Bank, as of September 30, 2012 and for the ended September 30, 2012 and 2011 and as of December 31, 2011 and 2010 and for the years ended December 31, 2011 an section should be read in conjunction with the consolidated financial statements and related footnotes included elsewhere statement/prospectus.

Comparison of Financial Condition at September 30, 2012 and December 31, 2011

TF's total assets at September 30, 2012 and December 31, 2011 were $697.1 million and $681.9 million, respectively, re increase of $15.2 million during the nine-month period. Loans receivable, net increased by $39.9 million during the first ni 2012. Originations of consumer and single-family residential mortgage loans totaling $98.2 million and originations of com totaling $12.1 million were partially offset by principal repayments of $65.7 million. TF increased the allowance for loan lo a provision during the nine months ended September 30, 2012 of $1.8 million and transferred $2.9 million from loans acquired through foreclosure. Loans receivable held for sale increased $400,000 primarily because originations of loans f secondary market of $39.7 million exceeded proceeds of $39.5 million from loan sales. Investment securities decreased by due to principal repayments and maturities received of $26.3 million and net premium amortization of $361,000 which w security purchases of $17.8 million and an increase in the fair market value of available for sale securities of $870,000. result of the increase in the loan portfolio, cash and cash equivalents decreased by $11.2 million during the first nine months decrease in other assets was mainly due to the sale of foreclosed real estate.

Total liabilities increased by $10.6 million during the first nine months of 2012. Advances from the FHLB increased by $ the result of new long term fixed rate advances of $32.2 million and an increase in the outstanding balance of the line of cr million, offset by scheduled amortization and maturities of $18.3 million. Deposit balances decreased $18.0 million duri with checking and savings accounts increasing by $12.7 million while money market accounts decreased $1.7 million. Reta of deposit ("CDs") decreased $29.1 million during the first nine months of 2012, largely due to the maturity of CDs v originated during periods of higher market interest rates, and were converted into other non-CD products or were withdra Fed Bank.

Total consolidated stockholders' equity of TF was $82.0 million or 11.8% of total assets at September 30, 2012. At Septen
there were approximately 102,000 shares available for repurchase under the previously announced share repurchase plan.

Asset Quality

Non-performing assets include real estate owned, which is carried at estimated fair value less costs to sell, and non-perfo
Non-performing loans include loan balances 90 days past due and impaired loans for which the accrual of inter
discontinued. The following table sets forth information regarding TF's non-performing assets:

Non-Performing Assets	September 30, 2012	At December 31, 2011	S
	(Dollars in thousands)		
Loans receivable, net:			
Residential			
Residential mortgages	$ 2,122	$ 5,502	$
Commercial			
Real estate-commercial	1,116	2,711	
Real estate-residential	839	—	
Construction loans	6,119	4,044	
Commercial and industrial loans	—	6	
Consumer			
Home equity and second mortgage	204	277	
Other consumer	—	1	
Total non-performing loans	10,400	12,541	
Real estate owned	7,619	11,730	
Total non-performing assets	$ 18,019	$ 24,271	$
Total loans 90 days or more past due as to interest or principal and accruing interest	$ —	$ —	$
Ratio of non-performing loans to gross loans	1.92%	2.49%	
Ratio of non-performing loans to total assets	1.49%	1.84%	
Ratio of total non-performing assets to total assets	2.59%	3.56%	

Non-performing commercial real estate loans include a loan with an unpaid principal balance of $1.5 million secured by tw
parcels of commercial real estate and a lien on the guarantor's personal residence. 3rd Fed Bank has recorded a partial
$932,000 from the allowance for loan losses, equal to the difference between the loan balance and the fair value based u
appraisal. 3rd Fed Bank has initiated foreclosure proceedings and the borrower has filed for bankruptcy protection under C
the U.S. Bankruptcy Code. Additionally, $185,000 of the allowance for loan losses has been allocated to this loan
acquisition or selling costs related to the properties.

Non-performing construction loans include a loan with an unpaid principal balance of $1.8 million secured by five co
approved for construction of commercial and residential buildings. 3rd Fed Bank recorded a partial charge-off of $432,
allowance for loan losses equal to the difference between the loan balance and a recent appraisal. In addition, $300,000 of t
for loan losses has been allocated to this loan for potential acquisition or selling costs related to the properties. The
attempting to sell the properties and apply the proceeds toward the outstanding loan balance.

Non-performing construction loans also include two loans, with a combined balance of $2.0 million secured by a parcel of
Bank has recorded a partial charge-off of $202,000 from the

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allowance for loan losses equal to the difference between the recorded investment and a recent appraisal. The borrower is att
sell the property and intends to apply the sale proceeds to the outstanding loan balance. Additionally, $29,000 of the allowan
losses has been allocated to this loan for potential acquisition or selling costs related to the property.

Non-performing construction loans also include a participation in a commercial construction project with a principal balan
Fed Bank of $3.1 million. 3rd Fed Bank has recorded a partial charge-off of $198,000 from the allowance for loan losses
difference between the recorded investment and a recent appraisal.

Foreclosed property at September 30, 2012 consisted of seven parcels of real estate with a combined carrying v
million. During the first nine months of 2012, 3rd Fed Bank foreclosed on six mortgages secured by a residential property v
million in the aggregate which resulted in a charge to the allowance of $163,000. Also, 3rd Fed Bank sold 43 properties acq
foreclosure with an aggregate book value of $7.0 million. All foreclosed properties are listed or are in the process of being li
estate agents for sale in a timely manner. Foreclosed real estate is included in other assets in the Consolidated Balance Sheet

Allowance for Loan Losses

3rd Fed Bank provides valuation allowances for estimated losses from uncollectible loans. The allowance is increased b
charged to expense and reduced by net charge-offs. On a quarterly basis, TF prepares an allowance for loan losses (ALLL
the analysis, the loan portfolio is segmented into groups of homogeneous loans that share similar risk characteristics: com
secured by non-residential or non-owner occupied residential real estate, construction, commercial and industrial loans,
residential, and consumer which is predominately real estate secured junior liens and home equity lines of credit. Eac
assigned reserve factors based on quantitative and qualitative measurements. In addition, 3rd Fed Bank reviews its interna
loans, its loans classified for regulatory purposes, delinquent loans, and other relevant information in order to isolate loa
scrutiny as potentially impaired loans.

Quantitative factors include an actual expected loss factor based on historical loss experience over a relevant look-
Quantitative factors also include 3rd Fed Bank's actual risk ratings for the commercial loan segments as determined in ac
loan review and loan grading policies and procedures, and additional factors as determined by management to be repr
additional risk due to the loan's geographic location, type, and other attributes. These quantitative factors are adjusted if ne
down, based on actual experience and an evaluation of the qualitative factors.

Qualitative factors are based upon: (1) changes in lending policies and procedures, including but not limited to changes in
standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses; (2
international, national, regional, and local economic and business conditions and developments that affect the collect
portfolio, including the condition of various market segments; (3) changes in the nature and volume of the portfolio and in
loans; (4) changes in the experience, ability, and depth of lending management and other relevant staff; (5) changes in the
severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or g
(6) changes in the quality of the loan review system; (7) changes in the value of underlying collateral for collateral depe
(8) the existence and effect of any concentration of credit, and changes in the level of such concentrations; and (9) the e
external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the
portfolio.

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Potentially impaired loans selected for individual evaluation are reviewed in accordance with US GAAP which governs th
for impaired assets, as well as regulatory guidance regarding treatment of troubled, collateral-dependent loans. Each potenti
loan is evaluated using all available information such as recent appraisals, whether the loan is currently on accrual or non-a
discounted cash flow analyses, guarantor financial strength, the value of additional collateral, and the loan's and bo
performance to determine whether in management's best judgment it is probable that 3rd Fed Bank will be unable
contractual interest and principal in accordance with the loan's terms. Loans deemed not to be impaired are assigned a
based upon the segment from which they were selected.

Loans deemed impaired are evaluated to determine the estimated fair value of the collateral, and a portion of the ALLL wil
to the deficiency. Troubled collateral-dependent real estate secured loans are valued using the appraised value of the col
portion of the ALLL will be allocated to these loans based on the difference between the loan amount and the appraised v
amounts are judged by management to be permanent, they will be charged-off. In addition, if foreclosure is probable, a p
ALLL will be allocated to the estimated additional costs to acquire and the estimated costs to sell. Upon completion of th
process, these amounts will be charged-off.

The ALLL needed as a result of the foregoing evaluation is compared with the unadjusted amount, and an adjustment is ma
of a provision to the allowance for loan losses. Recognizing the inherently imprecise nature of the loss estimates and the lar
assumptions needed in order to perform the analysis, the required reserve may be less than the actual level of reserves at th
evaluation period, and thus there may be an unallocated portion of the ALLL. Management adjusts the unallocated portion
which management considers reasonable under the circumstances.

Results of Operations for the Nine Months Ended September 30, 2012 And 2011

Net Income. TF recorded net income of $3.9 million, or $1.42 per diluted share, for the nine months ended September
compared to net income of $2.4 million, or $0.89 per diluted share, for the nine months ended September 30, 2011.

Average Balance Sheet

The following table sets forth information (dollars in thousands) relating to TF's average balance sheet and reflects the av
assets and average cost of liabilities for the periods indicated. Yields and costs are computed by dividing income or ex
average daily balance of interest-earning assets or interest-bearing liabilities, respectively, for the nine-month periods indicat

	Nine Months Ended September 30,				
	2012			2011	
	Average balance	Interest	Average yld/cost	Average balance	Interest
ASSETS					
Interest-earning assets:					
Loans receivable(1)	$ 507,521	$ 18,864	4.96%	$ 501,052	$ 19,946
Mortgage-backed securities	59,776	1,556	3.48%	65,541	2,068
Investment securities(2)	66,498	2,154	4.33%	67,714	2,155
Other interest-earning assets(3)	5,676	2	0.05%	4,970	1
Total interest-earning assets	639,471	22,576	4.72%	639,277	24,170
Non interest-earning assets	48,345			49,759	
Total assets	$ 687,816			$ 689,036	
LIABILITIES AND STOCKHOLDERS' EQUITY					
Interest-bearing liabilities:					
Deposits	$ 547,700	$ 2,795	0.68%	$ 549,364	$ 4,328
Borrowings from the FHLB	53,685	1,094	2.72%	57,688	1,537
Total interest-bearing liabilities	601,385	3,889	0.86%	607,052	5,865
Non interest-bearing liabilities	6,732			6,867	
Total liabilities	608,117			613,919	
Stockholders' equity	79,699			75,117	
Total liabilities and stockholders' equity	$ 687,816			$ 689,036	
Net interest income-tax equivalent basis		18,687			18,305
Interest rate spread(4)-tax equivalent basis			3.86%		
Net yield on interest-earning assets(5)-tax equivalent basis			3.90%		
Ratio of average interest-earning assets to average interest-bearing liabilities			106.33%		
Less: tax-equivalent interest adjustments		(590)			(495)
Net interest income		$ 18,097			$ 17,810
Interest rate spread(4)			3.73%		
Net yield on interest-earning assets(5)			3.78%		

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(1) Non-performing loans have been included in the appropriate average loan balance category, but interest on non-perf
has not been included for purposes of determining interest income.

(2) Tax equivalent adjustments to interest on investment securities were $590,000 and $495,000 for the nine m
September 30, 2012 and 2011, respectively. Tax equivalent interest income is based upon a marginal effective tax rat

(3) Includes interest-bearing deposits in other banks.

(4) Interest rate spread represents the difference between the average yield on interest-earning assets and the ave
interest-bearing liabilities.

(5) Net yield on interest-earning assets represents net interest income as a percentage of average interest-earning assets.

Rate/Volume Analysis

The following table presents, for the periods indicated, the change in interest income and interest expense (dollars i attributed to (i) changes in volume (changes in the weighted average balance of the total interest earning asset and inte liability portfolios multiplied by the prior year rate), and (ii) changes in rate (changes in rate multiplied by prior year volur attributable to the combined impact of volume and rate have been allocated proportionately based on the absolute value of cl volume and changes due to rate.

	For the nine months ended September 30, 2012 vs 2011 Increase (decrease) due to				
		Volume		Rate	Net
Interest income:					
Loans receivable, net	$	403	$	(1,485)	$
Mortgage-backed securities		(171)		(341)	
Investment securities (1)		(51)		50	
Other interest-earning assets		—		1	
Total interest-earning assets		181		(1,775)	
Interest expense:					
Deposits		(13)		(1,520)	
Borrowings from the FHLB		(101)		(342)	
Total interest-bearing liabilities		(114)		(1,862)	
Net change in net interest income	$	295	$	87	$

(1) Tax equivalent adjustments to interest on investment securities were $590,000 and $495,000 for the nine months ende 30, 2012 and 2011, respectively. Tax equivalent interest income is based upon a marginal effective tax rate of 34%.

Total Interest Income. Total interest income, on a taxable equivalent basis, decreased by $1.6 million or 6.6% to $22.6 m nine months ended September 30, 2012 compared with the first nine months of 2011. Interest income from loans receivable $1.1 million, the result of a decrease in the average yield on loans of 36 basis points. The decrease in the yield was c combined effect of a large number of higher rate loans which prepaid, and new loans added to the portfolio with a lower y existing portfolio loans that matured or refinanced. Interest income from mortgage-backed securities was lower in the first of 2012 in comparison to the same period of 2011 mainly because the yield associated with repayments was higher than newly purchased mortgage-backed securities as well as an increase in principal repayments as compared to purchase intervening period.

Total Interest Expense. Total interest expense decreased by $2.0 million to $3.9 million during the nine-month period ende 30, 2012 as compared with the same period in 2011. The average interest rates paid on 3rd Fed Bank's deposits were 37 basi in 2012 due to the maturity of certificates of deposit with higher interest rates than current market rates offered on the p which the maturing CDs were renewed or reinvested, and a favorable change in the deposit mix and pricing. Interest expen with borrowings from the FHLB decreased $443,000 between the first nine months of 2012 and the first nine months of 201 intervening period, 3rd Fed Bank reduced its average outstanding borrowings by $4.0 million, as a result of the maturity o advances, which resulted in a decrease in the cost of funds of the remaining outstanding advances of 84 basis points.

Non-Interest Income. Total non-interest income was $2.9 million for the first nine months of 2012 compared with $2.2 m
same period in 2011. During the first nine months of 2012, gains on the sale of loans increased $628,000 as a result of a hi
residential loan sales activity in the period. The disposition of a branch property to a local municipality resulted in a gain o
2012. The 2011 period had included a gain on the sale of investment securities of $210,000 and there were no such sales in 2

Non-Interest Expense. Total non-interest expense decreased by $81,000 to $14.2 million for the nine months ended Septem
compared to the same period in 2011. Foreclosed real estate expense increased $208,000 in 2012 mainly due to valuation a
the book value of real estate acquired through foreclosure and net losses from the sale of such assets of $425,000. During 20
adjustments to the book value of real estate acquired through foreclosure net of gains from the sale of such assets total
Employee compensation increased by $270,000, the combined result of annual salary increases and the increased costs as
the defined benefit plans which increased $261,000 between the two periods. In contrast, professional fees decreased $191
the two periods as legal and professional costs were incurred during 2011 in connection with TF's reincorporation in Pen
cost of distributing a 5% stock dividend in the first quarter of 2011 and the implementation of TF's director's stock compen
addition, TF's legal costs associated with non performing loans and foreclosures were higher in 2011. Occupancy and eq
decreased $185,000, which was mainly the result of a substantial reduction of costs associated with facility snow removal
FDIC insurance premiums decreased by $79,000 between the two periods due to a change in the method of premium assess
the first quarter of 2011, premium assessments were based solely on deposit balances whereas under the new rules, the depo
assessment base is 3rd Fed Bank's average total assets less its average tangible equity.

Income Tax Expense. TF's effective tax rate was 23.5% for the nine months ended September 30, 2012 compared to 17.5
months ended September 30, 2011. These effective tax rates are lower than TF's marginal tax rate of 34% largely due to t
income associated with TF's investments in tax-exempt municipal bonds and bank owned life insurance.

Comparison of Financial Condition at December 31, 2011 and 2010

Assets. TF's total assets at December 31, 2011 were $681.9 million, a decrease of $9.8 million during the year.

Investment securities decreased by $10.4 million during the year due to principal repayments received of $27.2 million, sec
$10.0 million, security maturities of $6.9 million and net premium amortization of $0.3 million that were partially offse
purchases of $31.7 million and increases in the fair value of available for sale securities of $2.3 million.

Loans receivable, net of the allowance for loan losses, were $494.1 million, a $7.4 million or 1.5% decrease from Decemb
The decrease was the combined result of loan repayments and transfers to real estate acquired through foreclosure exceedin
new loans during the year. Principal repayments of loans receivable totaled $92.5 million during the year ended December
TF transferred $5.5 million from loans to real estate acquired through foreclosure. The allowance for loan losses was in
provision of $3.7 million during the year. Originations of consumer and single-family residential mortgage loans totaled
and originations of commercial loans were $28.4 million. During 2011, loans originated for sale and proceeds from the sa
the secondary market approximated $26.5 million. TF sold the majority of its fixed rate, 30 year term loan originations t
National Mortgage Association ("FNMA") and retained the loan servicing.

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As a result of TF's cash-related activities, cash and cash equivalents increased $7.5 million during the year ended December

Other assets increased by $1.6 million due to several foreclosure actions that resulted in the acquisition of 36 residenti totaling $2.1 million, a commercial office building valued at $1.1 million and a parcel of vacant land approved fo development valued at $2.0 million. At December 31, 2011, real estate acquired through foreclosure totaled $11.7 millio this increase in other assets was a $2.0 million decrease in the funded status of TF's defined benefit plan which is refl comprehensive income for the year.

Liabilities. Advances from the FHLB and other borrowings decreased by $15.1 million, the result of scheduled amo maturities of $21.7 million less new borrowings of $6.6 million. It is the current intent of TF to fund a portion of its int assets, not funded by deposits, with longer term advances from the FHLB. The Bank may also fund its day-to-day cash need term interest-bearing assets not otherwise funded with deposits using draws on its line of credit with the FHLB. The Bank's at the FHLB was $60 million of which none was drawn at December 31, 2011.

Deposit balances increased by $1.2 million during 2011. Money market, checking and savings accounts increased $24.3 December 31, 2010 to December 31, 2011. This increase was offset by a decrease of $23.1 million in certificates of deposit c

Stockholders' Equity. Total consolidated stockholders' equity increased by $4.0 million to $77.4 million at December increase is largely the result of the retention of $3.9 million in net income less cash dividends paid to TF's common st $500,000. Accumulated other comprehensive income increased by $1.5 million net of tax due to the fair value adjustment f gains on available for sale securities and a decrease of $1.4 million, net of tax related to the funded status of the pension plar increase due to the allocation of 12,000 shares to participants in TF's employee stock ownership plan, and an increase attributable to stock grants, stock options and director compensation.

Average Balance Sheet. The following table sets forth information (dollars in thousands) relating to TF's average bala
reflects the average yield on assets and average cost of liabilities for the periods indicated. The yields and costs are compute
income or expense by the average balance of interest earning assets or interest-bearing liabilities, respectively for the periods

	Year Ended December 31,				
	2011			2010	
	Average balance	Interest	Average yld/cost	Average balance	Interest
ASSETS					
Interest-earning assets:					
Loans receivable, net (1)	$ 500,095	$ 26,373	5.27%	$ 521,272	$ 28,205
Mortgage-backed securities	64,416	2,718	4.22%	78,401	3,595
Investment securities (2)	67,747	2,885	4.26%	58,204	2,328
Other interest-earning assets (3)	5,406	3	0.06%	9,534	6
Total interest-earning assets	637,664	31,979	5.02%	667,411	34,134
Non interest-earning assets	50,390			42,850	
Total assets	$ 688,054			$ 710,261	
LIABILITIES AND STOCKHOLDERS' EQUITY					
Interest-bearing liabilities:					
Deposits	$ 550,019	5,467	0.99%	$ 553,307	7,210
Advances from the FHLB	55,274	1,948	3.52%	75,406	2,998
Total interest-bearing liabilities	605,293	7,415	1.23%	628,713	10,208
Non interest-bearing liabilities	6,802			7,847	
Total liabilities	612,095			636,560	
Stockholders' equity	75,959			73,701	
Total liabilities and stockholders' equity	$ 688,054			$ 710,261	
Net interest income-tax equivalent basis		24,564			23,926
Interest rate spread (4)—tax equivalent basis			3.79%		
Net yield on interest-earning assets (5)—tax equivalent basis			3.85%		
Ratio of average interest-earning assets to average interest-bearing liabilities			105.35%		
Less: tax—equivalent interest adjustment		(691)			(566)
Net interest income		$ 23,873			$ 23,360
Interest rate spread (4)			3.68%		
Net yield on interest-earning assets (5)			3.74%		

(1) Nonaccrual loans have been included in the appropriate average loan balance category, but interest on nonaccrual loans
included for purposes of determining interest income.

(2)

Tax equivalent adjustments to interest on investment securities were $691,000 and $566,000 for the years ended Decem
and 2010 respectively. Tax equivalent interest income is based upon a marginal effective tax rate of 34%.

(3) Includes interest-bearing deposits in other banks.

(4) Interest rate spread represents the difference between the average yield on interest-earning assets and the ave
interest-bearing liabilities.

(5) Net yield on interest-earning assets represents net interest income as a percentage of average interest-earning asse

Rate/Volume Analysis. The following table presents, for the periods indicated, the change in interest income and inte
attributed to (i) changes in volume (changes in the weighted average balance of the total interest-earning asset and inte
liability portfolios multiplied by the prior year rate), and (ii) changes in rate (changes in rate multiplied by prior year volum
attributable to the combined impact of volume and rate have been allocated proportionately based on the absolute value of ch
volume and changes due to rate.

	Year Ended December 3		
	2011 vs 2010		
	Increase (decrease) due t		
	Volume	Rate	
	(in thousands)		
Interest income:			
Loans receivable, net	$ (1,128)	$ (704)	$
Mortgage-backed securities	(606)	(271)	
Investment securities (1)	399	158	
Other interest-earning assets	(3)	-	
Total interest-earning assets	(1,338)	(817)	
Interest expense:			
Deposits	(43)	(1,700)	
Advances from the FHLB	(737)	(313)	
Total interest-bearing liabilities	(780)	(2,013)	
Net change in net interest income	$ (558)	$ 1,196	$

(1) Tax equivalent adjustments to interest on investment securities were $691,000 and $566,000 for the years ended Decembe
and 2010 respectively. Tax equivalent interest income is based upon a marginal effective rate of 34%.

Comparison of Years Ended December 31, 2011 and December 31, 2010

Net Income. Net income was $3.9 million for the year ended December 31, 2011 compared with net income of $3.4 millio
ended December 31, 2010.

Total Interest Income. For the year ended December 31, 2011, total interest income, on a taxable equivalent basis, d
$2.2 million to $32.0 million. Interest income from loans receivable decreased by $1.8 million and the average yield on loa
14 basis points. The decrease in interest income is attributable to the result of a high level of mortgage loan refinancin
historically low level of mortgage loan rates during the year. Interest income from mortgage-backed securities was lower in
because repayments and proceeds from sales of $28.7 million exceeded purchases of $18.6 million during the year. In addit
associated with repayments was higher than the yield on newly purchased mortgage-backed securities. Interest income fron
securities was higher as a result of higher average balances in 2011 associated with municipal and federal agency bond purch
of $13.1 million combined with 2010 year-end purchases of $9.2 million exceeding sales and maturities of $16.1 million
and federal agency bonds during the year.

Total Interest Expense. Total interest expense decreased to $7.4 million from $10.2 million. The average balance of deposit
only decreased $3.3 million during the year; however the interest rate paid on the deposits was 31 basis points lower. The
maturing high-rate certificates of deposit into lower cost core accounts was the underlying cause of the decrease in the av
deposits during the year. Interest on advances from the FHLB and other borrowings decreased by $1.1 million during 2011
as a result of a $20.1 million decrease in the average balance of

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advances outstanding. The rate paid on advances decreased 46 basis points as maturing advances had a higher rate than the r
and remaining advances.

Allowance for Loan Losses. The allowance for loan losses was $8.1 million and $8.3 million at December 31, 201
respectively. The provision for loan losses was $3.7 million during 2011 compared with $4.2 million the previous ye
charge-offs were $4.0 million during 2011 compared to $1.1 million during 2010. The provision for loan loss reflects TF'
review of its loan portfolio and assessment of the underlying risks associated with delinquent loans as well as loans c
regulatory purposes. The provision was greatly influenced by continued weaknesses in commercial real estate values in
markets throughout the Philadelphia region.

Non-Interest Income. Total non-interest income was $3.6 million during 2011 compared with $3.5 million for 2010. Gain
investment and mortgage-backed securities during 2011 was $760,000 compared with a $20,000 net gain in 2010. Total
charges and other operating income decreased by $260,000 in 2011 compared with 2010. Within this line item, loan serv
lower by $210,000 due to amortization and fair value adjustments to mortgage servicing rights that reduced loan servic
During 2011, the gain on sale of loans decreased by $347,000 as a result of the high level of residential loan sales activity wh
throughout 2010.

Non-Interest Expense. Total non-interest expense increased by $572,000 to $18.8 million for 2011 compared to $18.2 mil
Employee compensation and benefits increased $320,000 as various bonus and incentive compensation programs resumed
were suspended in 2010. Professional fees increased $268,000 between the two periods as legal and professional costs wer
connection with TF's reincorporation in Pennsylvania, the distribution of a 5% stock dividend in the first quarter
implementation of the director's stock compensation plan as well as legal fees associated with securing Company interests
domain matter. Losses resulting from foreclosed real estate expense including valuation adjustments and disposition c
acquired through foreclosure were $431,000 greater in 2011 versus 2010. FDIC insurance premiums decreased by $240,000
two periods because of a change in the method of premium assessment. Prior to the second quarter of 2011, premium ass
based solely on deposit balances whereas beginning in the second quarter of 2011 under the new rules, the deposit insuranc
base will be a bank's average total assets less its average tangible equity, with adjustments for brokered deposits and uns
Marketing and advertising expenses decreased $171,000 between the two periods as marketing-related activities were strean
the period.

Income Tax Expense. TF's effective tax rate was 20.5% in 2011 compared to 23.8% for 2010. These effective tax rates a
TF's marginal tax rate of 34% largely due to the tax-exempt income associated with TF's investments in municipal bonds ar
life insurance.

Liquidity and Capital Resources

Liquidity

3rd Fed Bank's liquidity is a measure of its ability to fund loans, and pay withdrawals of deposits, and other cash outflows i
cost-effective manner. 3rd Fed Bank's short-term sources of liquidity include maturities, repayment and sales of assets, ex
cash equivalents, new deposits, brokered deposits, other borrowings, and new borrowings from the Federal Home Loan I
Federal Reserve Bank. There has been no material adverse change during the nine-month period ended September 30, 2012
of 3rd Fed Bank and its subsidiaries to fund their operations.

At September 30, 2012, 3rd Fed Bank had commitments outstanding under letters of credit of $807,000, commitments to or
of $29.7 million, and commitments to fund undisbursed balances of closed loans and unused lines of credit of $46.8
September 30, 2012, 3rd Fed Bank had $3.3 million in outstanding commitments to sell loans. There has been no material c
the nine months ended September 30, 2012 in any of 3rd Fed Bank's other contractual obligations or commitments to
payments.

TF's primary sources of liquidity are dividends from 3rd Fed Bank, principal and interest payments received from a loan ma Bank's ESOP, and tax benefits arising from the use of TF's tax deductions by other members of its consolidated group pu sharing agreement. TF is dependent upon these sources and cash on hand which totaled approximately $2.3 million at S 2012 in order to fund its operations and pay the dividend to its shareholders. There has been no material adverse change in TF to fund its operations during the nine-month period ended September 30, 2012.

Capital Requirements

3rd Fed Bank was in compliance with all of its capital requirements as of September 30, 2012.

Critical Accounting Policies

Certain critical accounting policies of TF require the use of significant judgment and accounting estimates in the prepa consolidated financial statements and related data of TF. These accounting estimates require management to make assum matters that are highly uncertain at the time the accounting estimate is made. Management believes that the most critica policy requiring the use of accounting estimates and judgment is the determination of the allowance for loan losses. If position of a significant number of debtors or the value of the collateral securing the loans should deteriorate more than TF h the present allowance for loan losses may be insufficient and additional provisions for loan losses may be required. The a loan losses was approximately $6.8 million at September 30, 2012.

Impact of Inflation and Changing Prices

The consolidated financial statements and related data have been prepared in accordance with US GAAP which require the of financial position and operating results in terms of historical dollars, without consideration for changes in the relativ power of money over time caused by inflation. Unlike industrial companies, nearly all of the assets and liabilities of a financ are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the price c services, since such goods and services are affected by inflation. In the current interest rate environment, liquidity and structure of 3rd Fed Bank's assets and liabilities are critical to the maintenance of acceptable performance levels.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk Management. 3rd Fed Bank has established an Asset/Liability Management Committee ("ALCO") for monitoring and managing market risk, which is defined as the risk of loss of net interest income or economic value arising f in market interest rates and prices.

The type of market risk which most affects TF's financial instruments is interest rate risk, which is best quantified by s
hypothetical change in the economic value of 3rd Fed Bank that would occur under specific changes in interest rates. Subst
3rd Fed Bank's interest-bearing assets and liabilities are exposed to interest rate risk. Change in economic value is measured
generated by 3rd Fed Bank's regulators, using input from 3rd Fed Bank, wherein the current net portfolio value of 3
interest-sensitive assets and liabilities is measured at different hypothetical interest rate levels centered on the current term
interest rates. 3rd Fed Bank's exposure to interest rate risk results from, among other things, the difference in maturities in in
assets and interest-bearing liabilities. Since 3rd Fed Bank's assets currently have a longer maturity than its liabilities, 3
earnings could be negatively impacted during a period of rising interest rates. Alternatively, in periods of falling interest
Bank's mortgage loans will repay at an increasing rate and cause 3rd Fed Bank to reinvest these cash flows in periods o
rates, also negatively affecting 3rd Fed Bank's earnings. The relationship between the interest rate sensitivity of 3rd Fed Ba
liabilities is continually monitored by management and ALCO.

3rd Fed Bank prices and originates loans, and prices and originates its deposits, including CDs, at market interest rates. Vol
loans and deposits at various maturity and repricing horizons will vary according to customer preferences as influenced
structure of market interest rates. 3rd Fed Bank utilizes its investment and mortgage-backed security portfolios availab
generate additional interest income, to manage its liquidity, and to manage its interest rate risk. These securities provide 3
with a cash flow stream to fund asset growth or liability maturities. In addition, if management determines that it is advisa
3rd Fed Bank can lengthen or shorten the average maturity of all interest-bearing assets through the selection of fixed rate or
securities, respectively.

3rd Fed Bank utilizes advances from the FHLB in managing its interest rate risk and as a tool to augment deposits in f
growth. 3rd Fed Bank typically utilizes these funding sources to better match its fixed rate interest-bearing assets with long
or repricing characteristics.

The nature of 3rd Fed Bank's current operations is such that it is not subject to foreign currency exchange or commod
Additionally, neither TF nor 3rd Fed Bank owns any trading assets. At December 31, 2011, 3rd Fed Bank did not have
transactions in place such as interest rate swaps, caps, or floors, although these derivatives are often used by banks to manag
risk.

The Bank has policies or procedures in place for measuring interest rate risk. These policies and procedures stipulate accept
interest rate risk. A key measurement of interest rate risk is the calculation of the sensitivity of net portfolio value ("NPV") v
as the net present value of the Bank's existing assets, liabilities and off-balance sheet instruments. The Bank uses an inte
forecast the interest rate sensitivity of NPV under alternative interest rate environments. The calculated estimates of the chan
September 30, 2012 are as follows:

Change in Interest Rates	NPV Amount (In Thousands)	% Change	Policy
+400 Basis Points	$93,811	-24%	
+300 Basis Points	$99,440	-19%	
+200 Basis Points	$107,506	-13%	
+100 Basis Points	$116,079	-6%	
Flat Rates	$123,135	0%	
-100 Basis Points	$120,958	-2%	

Management believes that the assumptions utilized in evaluating the vulnerability of the Company's net portfolio value
interest rates are reasonable; however, the interest rate sensitivity of the Bank's assets and liabilities as well as the estim
changes in interest rates on NPV could vary substantially if different assumptions are used or actual experience diff
experience on which the assumptions were based.

Recent Accounting Pronouncements

See Note 2 in the TF Consolidated Financial Statements on page F-___ for a discussion on this topic.

BUSINESS OF ROEBLING

General

On September 30, 2004, Roebling Financial Corp., MHC (the "MHC") completed its reorganization into stock form
succeeded to the business of the MHC's former federal mid-tier holding company subsidiary. Each outstanding share of co
the former mid-tier holding company (other than shares held by the MHC which were cancelled) was converted into 3.9
common stock of Roebling. As part of the transaction, Roebling sold a total of 910,764 shares to the public at $10 per sha
72,861 shares purchased by Roebling's employee stock ownership plan with funds borrowed from Roebling. Roeblin
conducted primarily through its wholly-owned subsidiary, Roebling Bank, a federally chartered stock savings bank.

Formal Agreement

On July 23, 2012, Roebling Bank entered into a formal agreement with the OCC, Roebling Bank's primary federal regulat
to regulatory concerns raised in Roebling Bank's regulatory examination report dated August 1, 2011. Roebling Bank has
on the items called for in the formal agreement over the past year. Management believes that it has already completed man
and has made significant progress in complying with the terms of the agreement. The formal agreement replaces and su
Supervisory Agreement previously entered into with the Office of Thrift Supervision, dated as of June 17, 2009.

The formal agreement requires Roebling Bank to adopt revisions to its Criticized Asset Reduction Plan to protect Ro
interests in assets criticized by the examiners or in internal or external loan reviews. Roebling Bank may not extend credit
whose loans are criticized by examiners or in loan reviews unless necessary to protect the interests of Roebling Bank. R
must also adopt a written capital plan with specific plans for maintaining capital levels to support Roebling Bank's current
and risk profile. Roebling Bank may not pay dividends without prior written non-objection from the OCC. Roebling Ba
develop a profit plan to improve and sustain Roebling Bank's earnings. In addition, the Board must undertake a review of
capabilities and develop a management succession plan. The formal agreement further requires the adoption of a revised
funding plan, changes to Roebling Bank's internal audit program and revisions to its information security program.

In addition, On November 16, 2012, the Federal Reserve Bank recommended that Roebling adopt a resolution containi
necessary to address the Federal Reserve Bank's concerns based primarily on Roebling Bank's 2011 examination by the O
of concern included board

oversight, dividends, capital planning and earnings planning. The resolution was passed by the board of directors of
December 3, 2012.

Market Area and Competition

Roebling Bank has five retail offices, two located in Roebling and one located in each of Delran, Westampton and New
Jersey. From these locations, Roebling Bank primarily serves the towns of Roebling, Delran, Westampton Township, Floren
and New Egypt. Roebling Bank's secondary market includes Burlington City and Township, Cream Ridge, Wrightstown
City, Mt. Holly, Rancocas, Moorestown, Riverside and Cinnaminson, and Springfield, Mansfield, Bordentown, Plumsted, N
North Hanover, Eastampton, Hainesport and Lumberton Townships.

Roebling is an established, densely populated blue-collar community characterized by a lower household income and a high
of retirees than the county as a whole. New Egypt, Westampton and Delran are developing suburban markets with a lowe
density than Roebling but a higher household growth rate.

Roebling Bank faces significant competition in attracting loans and deposits and originating loans. Our competition f
deposits comes from other insured financial institutions such as commercial banks, thrift institutions (including savings b
unions and multi-state regional banks in Roebling Bank's market areas, as well as Internet banks. Roebling also competes
and mortgage banking companies for loans. Competition for funds also includes a number of insurance products sold by loc
investment products such as mutual funds and other securities sold by local and regional brokers. Roebling Bank maintain
customers by offering competitive interest rates and a high level of personal service.

Lending Activities

Roebling's principal lending activity is the origination of loans secured by real property in Southern New Jersey. At Septem
Roebling Bank's loan portfolio included $62.8 million in loans secured by liens on one-to-four family properties, $26.6 m
equity loans, $14.3 million in loans secured by commercial real estate, $358,000 in loans secured by land or properties under
and $2.8 million in loans secured by multi-family properties. Roebling Bank's loan portfolio also includes commercial a
loans. The majority of Roebling Bank's borrowers are located in Southern New Jersey and could be expected to be similar
economic and other conditions in this area. Roebling does not believe that there are any other concentrations of loans or bo
portfolio.

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Loan Portfolio Composition. The following table sets forth information concerning the composition of Roebling's loan port amounts and in percentages of the total loan portfolio as of the dates indicated.

	At September 30,					
	2012		2011		2010	
	$	%	$	%	$	
	(Dollars in thousands)					
Real estate loans:						
One-to-four family (1)	$ 62,831	58.52%	$ 63,232	57.43%	$ 61,113	
Multi-family	2,770	2.58	2,880	2.61	2,994	
Construction and land	358	0.33	370	0.34	2,814	
Commercial real estate	14,257	13.28	15,926	14.46	18,936	
Total real estate loans	80,216	74.71	82,408	74.84	85,857	
Consumer and other loans:						
Home equity	26,555	24.73	26,923	24.45	28,250	
Commercial	435	0.41	546	0.50	743	
Other consumer	161	0.15	233	0.21	357	
Total consumer and other loans	27,151	25.29	27,702	25.16	29,350	
Total loans	107,367	100.00%	110,110	100.00%	115,207	1
Less:						
Loans in process	63		227		58	
Net deferred loan origination fees (costs)	(27)		(38)		(26)	
Allowance for loan losses	1,330		1,305		3,208	
Total loans, net	$ 106,001		$ 108,616		$ 111,967	

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(1) Includes $150,000, $0 and $506,000 in loans held for sale at September 30, 2012, 2011 and 2010, respectively.

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Loan Maturity Table. The following table sets forth the contractual maturities of Roebling's loan portfolio at September
table does not reflect anticipated prepayments or scheduled principal repayments. All mortgage loans are shown as matur
contractual maturities. Demand loans, loans having no stated schedule of payments and no stated maturity and overdrafts
due in one year or less. Amounts shown are net of loans in process.

	Due in One Year or Less	Due After One Year Through Five Years	Due After Five Years
		(In thousands)	
Real estate loans:			
One-to-four family	$626	$682	$61,523
Multi-family	—	—	2,770
Construction and land	254	—	41
Commercial real estate	1,027	2,048	11,182
Consumer and other loans:			
Home equity	150	2,642	23,763
Commercial	176	120	139
Other consumer	7	76	78
Total	$2,240	$5,568	$99,496

The following table sets forth as of September 30, 2012 the dollar amount of all loans due after September 30, 2013, acco
type and loan category.

	Fixed Rates	Floating or Adjustable Rates
		(In thousands)
Real estate loans:		
One-to-four family	$31,698	$30,507
Multi-family	—	2,770
Construction and land	—	41
Commercial real estate	2,837	10,393
Consumer and other loans:		
Home equity	15,911	10,494
Commercial	120	139
Other consumer	117	37
Total	$50,683	$54,381

One-to-Four Family Mortgage Loans. Roebling offers first mortgage loans secured by one-to-four family residences i
lending area. Typically, such residences are single-family homes that serve as the primary residence of the owner. Roeb
private mortgage insurance on one-to-four family, owner-occupied loans with a loan-to-value ratio in excess of 80%. Roebl
offers fixed-rate and adjustable-rate mortgage loans with terms up to 40 years. Roebling's adjustable-rate mortgage lo
have rates that adjust annually or terms in which interest rates are fixed for the first three to ten years and adjust annually th
"10/1 ARM"). ARM loans are qualified at the fully indexed mortgage rate as of the date of the commitment. Roebling offe
an effort to make its assets more interest rate sensitive. Interest rates charged on fixed-rate loans are competitively priced
local market.

Roebling’s portfolio also includes mortgage loans on non-owner occupied one-to-four family residences. Such loans are ger with variable rates or balloons which typically adjust or mature, respectively, within 10 years. Renewal of balloon mort based on the credit history as well as the current qualification of the borrower at the time of renewal. Loan origination fees generally 0% to 3% of the loan amount depending on the market rate and customer demand. At September 30, 2012, Ro one-to-four family mortgage portfolio included approximately $5.8 million in loans secured by non-owner-occupie properties. Loans secured by non-owner-occupied property are generally considered to involve a higher degree of credit financing of owner-occupied properties since repayment may be affected by the continued receipt of rental income from such

Roebling generally retains adjustable and shorter-term, fixed-rate loans in its portfolio and sells qualifying longer-term fixed Fannie Mae pursuant to forward commitments and retains the servicing rights. Generally, fixed-rate loans have a 10 to 40 maturity. Non-conforming, fixed-rate loans are both retained in Roebling’s portfolio and sold in the secondary market to pr servicing released. At September 30, 2012 there were $150,000 in loans held for sale. See “-- Loan Servicing, Purchases and

Construction and Land Lending. Roebling’s loan portfolio includes residential construction loans and loans secured by land. Construction loans are made to local individuals for the purpose of constructing their single-family residence and limited to the counties within or surrounding Roebling’s primary market areas. Land loans are generally made to builders a for the purpose of constructing improvements thereon.

Roebling’s construction loans generally have maturities of 6 to 18 months, with payments being made monthly on an inter Construction loan rates generally adjust monthly based on the prime rate plus a margin of 0% to 3% and are generall maximum loan-to-value ratios of 80%. Land loans generally have terms of less than 18 months, loan-to-value ratios of 50 interest rates from 0% to 3% over prime. It is Roebling’s policy to limit land loans to amounts not in excess of what the absorb in one year.

Construction lending is generally considered to involve a higher level of risk as compared to single-family residential lendin concentration of principal in a limited number of loans and borrowers and the effects of general economic conditions on de builders. Moreover, a construction loan can involve additional risks because of the inherent difficulty in estimating both a pr at completion of the project and the estimated cost (including interest) of the project. The nature of these loans is such generally more difficult to evaluate and monitor. Land loans impose additional risk because of the illiquidity of the security.

To limit its risk on construction and land loans, Roebling requires the involvement of an experienced builder and gener personal guarantees from the principals of the borrower. Roebling seeks to further mitigate the risk of construction len disbursing funds on a pre-approved draw schedule. Advances are only made after scheduled work has been completed as co

by an independent inspection. In addition, all construction properties are appraised on both an "as is" and an "as complete
that unadvanced funds will be sufficient to complete the project. Roebling attempts to address the risks of land lending b
loan-to-value ratio no greater than 50%. In addition, Roebling does not generally make land loans on a speculative basis.

Commercial and Multi-Family Real Estate Loans and Commercial Business Loans. Commercial real estate loans are per
secured by improved property such as office buildings, churches, small business facilities and other non-residential building
Roebling's primary market area. Multi-family residential loans are permanent loans secured by residential buildings cont
more units. Interest rates on commercial and multi-family loans are generally slightly higher than those offered on resi
Commercial and multi-family real estate loans are generally originated in amounts of up to 80% of the appraised value or p
of the mortgaged property (whichever is lower). The commercial and multi-family real estate loans in Roebling's portf
consist of balloon or adjustable-rate loans which were originated at prevailing market rates.

Roebling's commercial business loans are generally secured by business assets, such as accounts receivable, or equipment
as well as real estate. However, the collateral securing the loans may depreciate over time, may be difficult to appraise, and
in value based on the success of the business.

Roebling's commercial business lending policy emphasizes (1) credit file documentation, (2) analysis of the borrower's
analysis of the borrower's capacity to repay the loan (including review of annual financial statements), (4) adequacy of
capital and collateral, and (5) evaluation of the industry conditions affecting the borrower. Analysis of the borrower's pas
future cash flows is also an important aspect of Roebling's credit analysis. Roebling requests annual financial statements o
on all commercial loans.

Unlike residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment f
employment and other income and which are secured by real property with a value that tends to be more easily ascertainable
business loans typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borro
As a result, the availability of funds for the repayment of commercial business loans may be substantially dependent on the s
business itself (which is likely to be dependent upon the general economic environment).

Consumer Loans. Roebling originates home equity loans secured by single-family residences. These loans are made on own
single-family residences and generally are originated as fixed-rate loans with terms of one to twenty years or variable- rate
tied to the prime rate. The loans are generally subject to an 80% combined loan-to-value limitation including any othe
mortgages or liens. Roebling's remaining consumer loans consist primarily of new and used mobile home loans, new and us
loans, account loans and unsecured personal loans.

Roebling's portfolio also includes high loan-to-value fixed-rate and non-owner occupied fixed-rate equity loans. Such loans
subject to loan to value limitations of 90% and 70%, respectively, including any other outstanding mortgages or liens. These
terms of one to seven years. Roebling will generally not take a position lower than a second lien.

Due to the type and nature of the collateral and, in some cases the absence of collateral, consumer lending generally involve
risk compared to one-to-four family residential lending. Consumer

lending collections are typically dependent on the borrower's continuing financial stability, and thus, are more likely to affected by job loss, divorce, illness and personal bankruptcy. Generally, collateral for consumer loans depreciates rapidly a not provide an adequate source of repayment of the outstanding loan balance. Roebling attempts to limit its exposure lending by emphasizing home equity loans with the Board determining loan-to-value ratios.

Loans-to-One-Borrower Limit. Under federal law, a federal savings bank generally may not lend to one borrower in an an than the higher of $500,000 or 15% of its unimpaired capital and surplus. At September 30, 2012, our legal loans-to-one-b was approximately $2.3 million. During 2009, Roebling reduced our internal loans-to-one-borrower limit to $1,000,000 goi

At September 30, 2012, our largest lending relationship was $1.6 million and consisted of two loans. One of the loans has a balance and is secured by an owner-occupied, single-family residence. The other loan, with a $56,000 balance, is secured assets. Our next largest lending relationship was $1.4 million and consisted of a participation in a commercial real estate loa a motel. All such loans are current.

Loan Originations and Approval Authority. Loan originations are generally obtained from existing customers, member community, and referrals from real estate brokers, lawyers, accountants, and current and past customers within Roebling's le

Upon receipt of a loan application from a prospective borrower, a credit report and verifications are ordered to conf information relating to the loan applicant's employment, income and credit standing. An appraisal or valuation determinat regulatory requirements, of the real estate intended to secure the proposed loan is undertaken. The President and Chief Fina have lending authority to make mortgage and commercial loans of up to $250,000 and unsecured loans of up to $15,000 wh Bank's Loan Officers have lesser lending authorities to make secured and unsecured loans. A Loan Committee of manag authority to make secured loans up to $400,000. All other loans must be approved by the Board of Directors. All loans purchased are underwritten by a lending officer, subject to the loan underwriting policies as approved by the Board of D purchased and originated loans are approved or ratified by the Board of Directors.

Loan applicants are promptly notified of the decision of Roebling, setting forth the terms and conditions of the decision. these terms and conditions include the amount of the loan, interest rate and basis, amortization term, a brief description of t to be mortgaged or the collateral to be pledged and the notice requirement of insurance coverage to be maintained to prote interest. Roebling requires title insurance or a title opinion on first mortgage loans and fire and casualty insurance on a securing loans, which insurance must be maintained during the entire term of the loan. Roebling also requires flood appropriate, in order to protect Roebling's interest in the security property. Mortgage loans originated and purchased by R portfolio generally include due-on-sale clauses that provide Roebling with the contractual right to deem the loan immedia payable in the event that the borrower transfers ownership of the property without Roebling's consent.

Loan Servicing, Purchases and Sales. Roebling services the loans it originates for its loan portfolio. Loan servicing includ and remitting loan payments, accounting for principal and interest, making inspections as required of mortgaged premise delinquent mortgagors, supervising foreclosures and property dispositions in the event of unremedied defaults, a administering the loans. Funds that have been escrowed by borrowers for the payment of mortgage-related expenses, suc taxes and hazard and mortgage insurance premiums, are maintained in escrow accounts at Roebling Bank.

Roebling generally underwrites fixed-rate, one-to-four family mortgage loans pursuant to Fannie Mae guidelines to facilita secondary market. Fixed-rate mortgage loans may be sold with servicing retained. Non-conforming, fixed-rate loans may b secondary market to private entities, and the servicing of such loans may be sold. Commercial purpose loans or participa sold, generally to stay within loan-to-one-borrower limits and generally with servicing retained. During the year ended S 2012, Roebling sold $5.6 million of loans. Roebling had $150,000 in loans held-for-sale at September 30, 2012. Roeblin loan servicing fees of $44,000 for the year ended September 30, 2012. As of September 30, 2012, loans serviced for others million.

Roebling sells participations in its loans to other banks and purchases participations in loans from other banks. Roebling H purchased participations in affordable housing and community development loans originated by the Thrift Institutions Investment Corporation of New Jersey ("TICIC"). Participations are sold without recourse and are accounted for as sales with US GAAP. Participation agreements generally give transferees the right to pledge their ownership interests. A right o is required to be given to other participants before ownership interests are sold or assigned.

Loan Commitments. Roebling issues written commitments to prospective borrowers on all approved mortgage loans, wh expire within 30 days of the date of issuance. Roebling charges a lock-in fee to lock in mortgage rates. In some instances, a of the rate, terms, and circumstances, commitments may be renewed or extended up to 60 days. At September 30, 2012, I $2.8 million of outstanding commitments to fund loans, $13.4 million of unused lines of credit, and $700,000 in commit loans.

Non-Performing and Problem Assets

Loan Delinquencies. Roebling's collection procedures provide that when a loan is 15 days past due, a delinquent notice borrower and a late charge is imposed in accordance with the loan documents. If the payment is still delinquent after appr days, the borrower will receive a notice of default establishing a date by which the borrower must bring the accou foreclosure proceedings will be instituted. Written notices are supplemented with telephone calls to the borrower. If the loar a delinquent status for 90 days and no repayment plan is in effect, the account is turned over to an attorney for collection o and the borrower is notified when foreclosure has been commenced.

Uncollected interest on loans that are contractually past due is charged off, or an allowance is established based on managem evaluation. The allowance is established by a charge to interest income and income is subsequently recognized only to th cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and princip reestablished, in which case the loan is returned to accrual status. At a minimum, an allowance is generally established fo payments that are more than 90 days delinquent.

Non-Performing Assets. The following table sets forth information regarding non-performing loans and real estate owned, a
indicated.

	At September 30,		
	2012	2011	
	(Dollars in thousands)		
Loans accounted for on a non-accrual basis:			
Mortgage loans:			
One-to-four family residential real estate	$581	$209	$1
Multi-family	656	—	—
Construction and land	—	—	2
Commercial real estate	137	335	6
Consumer and other loans:			
Home equity	165	140	1
Other consumer	—	—	—
Total non-accrual loans	1,539	684	4
Accruing loans contractually past due 90 days or more:			
Mortgage loans:			
One-to-four family residential real estate	191	191	2
Consumer and other loans:			
Home equity	—	—	—
Other consumer	—	—	—
Total accruing loans contractually past due 90 days or more	191	191	2
Total non-performing loans	1,730	875	4
Real estate owned	444	1,611	7
Total non-performing assets	$2,174	$2,486	$5
Total non-performing loans to total loans, net	1.61%	0.80%	4
Total non-performing loans to total assets	1.07%	0.53%	2
Total non-performing assets to total assets	1.34%	1.52%	3

As of September 30, 2012, non-accrual loans consist of nine loans with balances ranging from $29,000 to $493,000, none o
restructured in a troubled debt restructuring. The non-accrual loans are in various stages of collection, workout and forec
estate owned consists of one partially complete multi-family construction rehab project.

For non-accrual loans outstanding at September 30, 2012 Roebling would have recorded $81,000 in interest income for
ended, had the loans been current in accordance with their original terms. Interest income of $24,000 on these loans was in
income for the fiscal year. Not included in the above table as of September 30, 2012, 2011 and 2010 are $1.4 million, $1.
$1.2 million, respectively, in loans that were restructured in troubled debt restructurings and are performing in accorda
modified terms. At September 30, 2012, Roebling had no other loans which are not disclosed in the non-performing or cl
tables as to which known information about possible credit problems of borrowers caused management to have serious dou
ability of such borrowers to comply with present loan repayment terms. Approximately $380,000 of the allowance for loan
to non-performing loans at September 30, 2012.

Classified Assets. Federal banking regulations require savings associations to evaluate and classify their assets on a regu
manner consistent with the asset classification system used by OCC examiners. Under this classification system, proble
classified as “substandard,”

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“doubtful,” or “loss.” An asset is considered substandard if it is inadequately protected by the current equity and payin obligor or of the collateral pledged, if any. Substandard assets include those characterized by the “distinct possibility” t institution will sustain “some loss” if the deficiencies are not corrected. Assets classified as doubtful have all of the weakne those classified as substandard, with the added characteristic that the weaknesses present make “collection or liquidation basis of currently existing facts, conditions, and values, “highly questionable and improbable.” Assets classified as considered “uncollectible” and of such little value that their continuance as assets without the establishment of a specific los warranted. Regulations also provide for a “special mention” category for assets that do not expose an institution to sufficient adverse classification, but have potential weaknesses that deserve management’s close attention.

The following table sets forth Roebling’s classified assets, net of allowances on impaired loans, in accordance with its system at the dates indicated:

		At September 30,	
	2012	2011	
		(In thousands)	
Special Mention	$6,291	$6,060	$(
Substandard	4,397	7,112	
Doubtful	—	—	
Loss	—	—	
Total	$10,688	$13,172	$

At September 30, 2012, substandard assets included $444,000 in real estate owned and $4.0 million in loans. $2.5 m substandard loans were performing. The special mention assets of $6.3 million, all of which were performing, included loans at September 30, 2012.

Allowance for Loan Losses. A provision for loan losses is charged to operations based on management’s evaluation of the lo be incurred in Roebling’s loan portfolio. Such evaluation, which includes a review of all loans of which full collectibility o principal may not be reasonably assured, considers Roebling’s past loan loss experience, known and inherent risks in adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral, any existin past performance of the loan, available documentation for the loan, legal impediments to collection, financial condition of t and current economic and real estate market conditions.

The methodology for analyzing the allowance for loan losses consists of several components. Specific allocations are made are determined to be impaired. A loan is considered to be impaired when it is probable that Roebling will be unable to collec due according to the contractual terms of the loan agreement. For such loans, an allowance is allocated when the pres expected future cash flows or the fair value of the collateral, adjusted for selling expenses, is less than the carrying value of remaining allowance is determined by segregating the unimpaired loans into groups and applying a loss factor to each grou grouped by type, purpose and adverse classification. The loss factor is based on inherent and historical losses associated w of lending group, as well as economic and real estate market conditions and trends. For example, losses on one-to-four fami loans are generally lower than consumer or commercial loans. Roebling also looks at the level of our allowance in p non-performing loans and total loans. Roebling has established an overall ratio range that Roebling has determined is pruc historical

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and industry data. An unallocated allowance represents the excess of the total allowance, determined to be in the establishe
the calculated allocations.

An association's determination as to the classification of its assets and the amount of its valuation allowances is subjec
federal banking examiners, who may order the establishment of additional loss allowances. A portion of loss allowances e
cover losses related to assets classified as substandard or doubtful or to cover risks of lending in general may be included
institution's regulatory capital, while specific allowances generally do not qualify as regulatory capital.

Roebling has used the same methodology in analyzing its allowance in each of the periods presented. In fiscal 2011 Roeb
and expanded our loan groups to improve the stratification based on risk and loss experience. The allowance for loan losse
1.19% and 2.79% of total loans outstanding at September 30, 2012, 2011 and 2010, respectively.

Roebling charges off loans when collectibility is sufficiently questionable such that Roebling can no longer justify showing t
asset on the balance sheet. To determine if a loan should be charged off, all possible sources of repayment are analyzed. Pos
of repayment include the value of the underlying collateral, the strength of co-makers or guarantors and the potential for futu
If management determines that a loan should be charged off, a recommendation is presented to the board of directors. Coll
continue after a loan has been charged off to maximize recovery of charged off amounts.

Management will continue to review the entire loan portfolio to determine the extent, if any, to which further additional lo
may be deemed necessary. While Roebling believes that it uses the best information available to perform its loan loss allowa
adjustments to the allowance in the future may be necessary. Changes in underlying estimates could result in the req
additional provisions for loan losses. For example, a rise in delinquency rates may cause Roebling to increase the reserve p
applies to loan groups for purposes of calculating general allocations, or may require additional allocations for impai
addition, actual loan losses may be significantly more than the reserves Roebling has established. Each of these scenarios v
the addition of additional provisions, which could have a material negative effect on our financial results.

Activity in the Allowance for Loan Losses. The following table sets forth information with respect to activity in Roebling’s
loan losses for the periods indicated:

	Year Ended September 30,		
	2012	2011	
	(Dollars in thousands)		
Total loans outstanding(1)	$107,331	$109,920	$1
Average loans outstanding	$109,057	$111,042	$1
Allowance balances (at beginning of period)	$1,305	$3,208	$2
Provision for loan losses	350	(150)	1
Charge-offs:			
One-to-four family	—	(958)	(4
Construction and land	(16)	(1,063)	(
Commercial real estate	(228)	(66)	(
Commercial	—	(5)	—
Home equity	(94)	—	—
Consumer	—	—	(4
Total charge-offs	(338)	(2,092)	(8
Recoveries	13	339	—
Net charge-offs	(325)	(1,753)	(8
Allowance balance (at end of period)	$1,330	$1,305	$3
Allowance for loan losses as a percent of total loans outstanding	1.24%	1.19%	2
Net charge-offs as a percentage of average loans outstanding	0.30%	1.58%	0

(1) Excludes allowance for loan losses.

Allocation of the Allowance for Loan Losses. The following table sets forth the allocation of the allowance by cate
management believes can be allocated only on an approximate basis. The allocation of the allowance to each category is no
indicative of future loss and does not restrict the use of the allowance to absorb losses in any category.

	At September 30,					
	2012		2011		2010	
	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	P C T
	(Dollars in thousands)					
One-to-four family (1)	$771	83.30%	$695	82.05%	$1,273	7
Multi-family	246	2.58	30	2.62	82	2
Construction and land	3	0.27	6	0.13	973	2
Commercial real estate	206	13.29	451	14.49	800	1
Commercial	10	0.41	17	0.50	20	0
Consumer	2	0.15	3	0.21	18	0
Unallocated	92	—	103	—	42	—
Total	$1,330	100.00%	$1,305	100.00%	$3,208	1

(1) Includes home equity loans.

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At September 30, 2012, the allowance for loan losses was $1,330,000 compared to $1,305,000 at September 30, 2011. T
the allowance was determined in accordance with Roebling Bank's methodology and reflects a still high, but lower, leve
loans and a higher level of impaired and non-performing loans. The allowance increased slightly through a provision for l
$350,000 and recoveries of $13,000, which offset charge-offs of $338,000 during the year. The charge-offs were primarily
one resulted from the short sale of a commercial real estate property and the other was the charge-off of a junior-lien hom
that was deemed to be uncollectible.

During the year ended September 30, 2011, the allowance for loan losses decreased to $1.3 million from $3.2 million at S
2010. The amount of the allowance was determined in accordance with Roebling Bank's methodology and reflects a lar
charge-offs in fiscal 2011 and a continued high level of classified loans, but a significant decrease in impaired and non
loans. The allowance decreased as a result of $2.1 million in charge-offs for the year and a reversal of loan loss provisions
partially offset by $339,000 in recoveries. The charge-offs of $2.1 million in fiscal 2011 were recorded upon the writedown
less estimated costs to sell, of properties acquired through foreclosure or by deed in lieu of foreclosure and the charge
balances deemed uncollectible. $1.8 million of the charge-offs relates to two large non-performing loans that were resolve
for $1.7 million went to a sheriff's sale and the property was acquired, with $1.1 million charged off upon the transfer to R
loan, with a balance of $800,000 was sold, with charge-off of $700,000. The general valuation allowance decreased by
fiscal 2011, while the specific allowance decreased by $1.7 million.

Investment Activities

Roebling Bank is required to maintain a sufficient level of liquid assets (including specified short-term securities and
investments), as determined by management and defined and reviewed for adequacy by the federal banking regulators
regular examinations. The OCC, however, does not prescribe by regulation a minimum amount or percentage of liquid ass
of liquid assets varies depending upon several factors, including: (i) the yields on investment alternatives, (ii) management'
to the attractiveness of the yields then available in relation to other opportunities, (iii) expectation of future yield lev
management's projections as to the short-term demand for funds to be used in loan origination and other activities. Investm
including mortgage-backed securities, are classified at the time of purchase, based upon management's intentions an
securities held to maturity or securities available for sale. Debt securities acquired with the intent and ability to hold to
classified as held to maturity and are stated at cost and adjusted for amortization of premiums and accretion of discoun
computed using the level yield method and recognized as adjustments of interest income. All other debt securities are
available for sale to serve principally as a source of liquidity. At September 30, 2012, Roebling had no securities of a s
excluding U.S. government and agency securities, that exceeded 10% of stockholder's equity.

Current regulatory and accounting guidelines regarding investment securities (including mortgage- backed securities)
categorize securities as "held to maturity," "available for sale" or "trading." As of September 30, 2012, Roebling had sec
"held to maturity" and "available-for-sale" in the amount of $89,000 and $44.0 million, respectively, and had no secur
"trading." Securities classified as "available for sale" are reported for financial reporting purposes at the fair market value
in the market value from period to period included as a separate component of stockholders' equity, net of income taxes.
30, 2012, our securities available for sale had an amortized cost of $42.5 million and market value of $44.0 million. Th
market value in our available-for-sale portfolio reflect normal market conditions and vary, either positively or negatively, ba
on changes in general levels of market interest rates relative to

the yields of the portfolio. Additionally, changes in the market value of securities available-for-sale do not affect our incon affect Roebling Bank's regulatory capital requirements or its loan-to-one borrower limit.

At September 30, 2012, Roebling's investment portfolio policy allowed investments in instruments such as: (i) U.S. Treasur (ii) U.S. federal agency or federally sponsored agency obligations; (iii) local municipal obligations; (iv) mortgage-backed s banker's acceptances; (vi) certificates of deposit; (vii) investment grade corporate bonds; and (viii) commercial paper. Directors may authorize additional investments.

As a source of liquidity and to supplement Roebling's lending activities, Roebling has invested in residential mortgage-bac Mortgage-backed securities can serve as collateral for borrowings and, through repayments, as a source of liquidity. Mor securities represent a participation interest in a pool of single-family or other type of mortgages. Principal and interest p passed from the mortgage originators, through intermediaries (generally quasi-governmental agencies) that pool and r participation interests in the form of securities, to investors like us. The quasi-governmental agencies, which include Ginnie Mac and Fannie Mae, guarantee the payment of principal and interest to investors.

Mortgage-backed securities typically are issued with stated principal amounts. The securities are backed by pools of mortga loans with interest rates that are within a set range and have varying maturities. The underlying pool of mortgages can be either fixed-rate or adjustable- rate mortgage loans. Mortgage-backed securities are generally referred to as mortgage certificates or pass-through certificates. The interest rate risk characteristics of the underlying pool of mortgages (i.e., adjustable rate) and the prepayment risk, are passed on to the certificate holder. The life of a mortgage-backed pass-throu equal to the life of the underlying mortgages. Expected maturities will differ from contractual maturities due to repayment borrowers may have the right to call or prepay obligations with or without prepayment penalties. Mortgage-backed securit Ginnie Mae, Freddie Mac, and Fannie Mae make up a majority of the pass-through certificates market.

Roebling may also invest in mortgage-related securities, primarily collateralized mortgage obligations, issued or sponsor Mae, Freddie Mac, and Fannie Mae. Collateralized mortgage obligations are a type of debt security that aggregates pools and mortgage-backed securities and creates different classes of collateralized mortgage obligation securities with varying n amortization schedules as well as a residual interest, with each class having different risk characteristics. The cash flo underlying collateral are usually divided into "tranches" or classes whereby tranches have descending priorities with distribution of principal and interest repayment of the underlying mortgages and mortgage-backed securities as opposed to mortgage-backed securities where cash flows are distributed pro rata to all security holders. Unlike mortgage-backed se which cash flow is received and prepayment risk is shared pro rata by all securities holders, cash flows from the m mortgage-backed securities underlying collateralized mortgage obligations are paid in accordance with a predetermine investors holding various tranches of such securities or obligations. A particular tranche or class may carry prepayment ris be different from that of the underlying collateral and other tranches. Collateralized mortgage obligations attempt reinvestment risk associated with conventional mortgage-backed securities resulting from unexpected prepayment activity.

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Investment Portfolio Composition. The following table sets forth the carrying value of Roebling's investment securities p
dates indicated.

	At September 30,		
	2012	2011	
	(In thousands)		
Investment securities held-to-maturity:			
Mortgage-backed securities	$89	$109	$
Total investment securities held-to-maturity	89	109	
Investment securities available-for-sale:			
U.S. government and agency securities	20,171	19,176	
Mortgage-backed securities	23,830	23,642	2
Total investment securities available-for-sale	44,001	42,818	4
Total investment securities	$44,090	$42,927	$4

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Investment Portfolio Maturities. The following table sets forth certain information regarding the carrying values, weighted a
and contractual maturities of Roebling's investment and mortgage-backed securities portfolio at September 30, 2012.

	At September 30, 2012 (1)									
	One Year or Less		One to Five Years		Five to Ten Years		More Than Ten Years		Total Secu	
	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Averag Yield
	(Dollars in thousands)									
Investment securities held-to-maturity										
Mortgage-backed securities	$ —	—%	$ 8	3.30%	$ 15	3.99%	$ 66	2.58%	$ 89	2.89%
Total investment securities held-to-maturity	—	—	8	3.30	15	3.99	66	2.58	89	2.89
Investment securities available-for-sale										
U.S. government and agency securities	1,003	1.20	5,096	2.03	14,072	1.96	—	—	20,171	1.94
Mortgage-backed securities	—	—	165	5.54	626	5.58	23,039	2.91	23,830	3.00
Total investment securities available-for-sale	1,003	1.20	5,261	2.14	14,698	2.11	23,039	2.91	44,001	2.51
Total investment securities	$ 1,003	1.20%	$ 5,269	2.14%	$ 14,713	2.12%	$ 23,105	2.91%	$ 44,090	2.51%

(1) The table does not include Fannie Mae stock, which is classified as available-for-sale. See "-- Investment Portfol

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Sources of Funds

General. Deposits are the major external source of Roebling's funds for lending and other investment purposes. Roeblin
funds from the amortization and prepayment of loans and mortgage-backed securities, maturities and calls of investme
borrowings, and operations. Scheduled loan principal repayments are a relatively stable source of funds, while deposit
outflows, loan prepayments and security calls are significantly influenced by general interest rates and market conditions.

Deposits. Consumer and commercial deposits are attracted principally from within Roebling's primary market area through t
a selection of deposit instruments including checking accounts, savings accounts, money market accounts, and term certific
Deposit account terms vary according to the minimum balance required, the time period the funds must remain on dep
interest rate, among other factors. At September 30, 2012, Roebling had no brokered deposits.

Certificates of Deposit. The following table indicates the amount of Roebling's certificates of deposit of $100,000 or mo
remaining until maturity as of September 30, 2012.

Maturity Period	Certificates of Deposits (In thousands)	
Within three months	$	2,676
Over three months through six months		2,645
Over six months through twelve months		2,125
Over twelve months		5,153
	$	12,599

Borrowings. Roebling Bank may obtain advances from the Federal Home Loan Bank of New York ("FHLB") to suppleme
lendable funds. Advances from the FHLB are typically secured by a pledge of Roebling Bank's stock in the FHLB an
Roebling Bank's securities portfolio. Each FHLB borrowing has its own interest rate, which may be fixed or variable,
date. Roebling Bank, if the need arises, may also access the Federal Reserve Bank discount window to supplement its suppl
funds and to meet deposit withdrawal requirements. At September 30, 2012, Roebling Bank had $5.0 million of fixed-r
outstanding with a weighted average rate of 3.37% and original contractual maturities ranging from four to five years.

The following table sets forth the maximum month-end balance and the average balance of short-term FHLB advances fo
indicated. These borrowings were advanced against the overnight line of credit.

	At or for the Year Ended September 30, 2012	2011	2010
	(Dollars in thousands)		
Average balance outstanding	$ 1,911	$ 932	$ 1,507
Maximum balance at end of any month	$ 8,650	$ 5,750	$ 7,075
Balance outstanding at end of period	$ 8,650	$ —	$ 3,000
Weighted average rate during period	0.37%	0.39%	0.44%
Weighted average rate at end of period	0.38%	—%	0.41%

Personnel

As of September 30, 2012, Roebling had 32 full-time and 19 part-time employees. None of Roebling's employees are rep
collective bargaining group. Roebling believes that its relationship with its employees is good.

Properties

The following table sets forth the location of Roebling's main office and branch offices, the year the offices were opened
value of each office and per branch deposits at each office.

	Year Facility Opened	Leased or Owned	Net Book Value at September 30, 2012	Branch Deposit September 30, 2
			(In thousands)	
Main Office Route 130 South and Delaware Avenue Roebling, NJ 08554	1964	Owned	$ 697	$ 45,319
Village Office 34 Main Street Roebling, NJ 08554	1922	Owned	20	20,900
New Egypt Office 8 Jacobstown Road New Egypt, NJ 08533	1998	Owned	719	33,318
Westampton Office 1934 Rt. 541/Burlington-Mt.Holly Road Westampton, NJ 08060	2005	Leased (1)	38	18,699
Delran Office 3104 Bridgeboro Road Delran, NJ 08075	2006	Owned	1,676	10,668

(1) Lease had an initial term of five years and was extended for an additional five-year period.

Legal Proceedings

Roebling and its subsidiaries, from time to time, are a party to routine litigation, which arises in the normal course of busi
claims to enforce liens, condemnation proceedings on properties in which Roebling Bank holds security interests, claims
making and servicing of real property loans, and other issues incident to the business of Roebling Bank. There were no law
or known to be contemplated against us at September 30, 2012 that would have a material effect on our operations or income

SUPERVISION AND REGULATION OF ROEBLING

Set forth below is a brief description of certain laws which relate to the regulation of Roebling Bank and Roebling. The des
not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

Regulation of Roebling Bank

General. As a federally chartered savings bank with deposits insured by the FDIC, Roebling Bank is subject to extensive
federal banking regulators. This regulatory structure gives the regulatory authorities extensive discretion in connecti
supervisory and enforcement activities and examination policies, including policies regarding the classification of assets an
the allowance for loan losses. The activities of federal savings banks are subject to extensive regulation including re
requirements with respect to loans to one borrower, the percentage of non-mortgage loans or investments to total as
distributions, permissible investments and lending activities, liquidity, transactions with affiliates and community reinvestm
savings banks are also subject to reserve requirements imposed by the Federal Reserve Board. Both state and federal la
federal savings bank's relationship with its depositors and borrowers, especially in such matters as the ownership of savings
the form and content of Roebling Bank's mortgage documents.

As a result of the Dodd-Frank Act, the OCC assumed principal regulatory responsibility for federal savings banks from the O
July 21, 2011. Under the Dodd-Frank Act, all existing OTS guidance, orders, interpretations, procedures and other adviso
prior to that date continue in effect and shall be enforceable by or against the OCC until modified, terminated, set aside or s
the OCC in accordance with applicable law. The OCC has adopted most of the substantive OTS regulations on an interim fi

Roebling Bank must file reports with the OCC concerning its activities and financial condition and must obtain regulato
prior to entering into certain transactions such as mergers with or acquisitions of other financial institutions. The OCC w
examine Roebling Bank and prepares reports to Roebling Bank's Board of Directors on deficiencies, if any, found in its op
OCC will have substantial discretion to impose enforcement action on an institution that fails to comply with applicab
requirements, particularly with respect to its capital requirements. In addition, the FDIC has the authority to recom
Comptroller of the Currency to take enforcement action with respect to a particular federally chartered savings ban
Comptroller does not take action, the FDIC has authority to take such action under certain circumstances.

Federal Deposit Insurance. Roebling Bank's deposits are insured to applicable limits by the FDIC. The maximum depo
amount has been permanently increased from $100,000 to $250,000 as a result of the passage of the Dodd-Frank Ac
Dodd-Frank Act, non-interest-bearing checking accounts are insured without limit until December 31, 2012.

The FDIC has adopted a risk-based premium system that provides for quarterly assessments based on an insured institutio
one of four risk categories based on their examination ratings and capital ratios. Well-capitalized institutions with the CAM
of 1 or 2 are grouped in Risk Category I and, until 2009, were assessed for deposit insurance at an annual rate of between fi
basis points with the assessment rate for an individual institution determined according to a formula based on a weighted a
institution's individual CAMELS component ratings plus either five financial ratios or the average ratings of its lon
Institutions in Risk Categories II, III and IV were assessed at annual rates of 10, 28 and 43 basis points, respectively.

Starting in 2009, the FDIC significantly raised the assessment rate in order to restore the reserve ratio of the Deposit Insur
the statutory minimum of 1.15%. For the quarter beginning January 1, 2009, the FDIC raised the base annual assessm
institutions in Risk Category I to between 12 and 14 basis points while the base annual assessment rates for institut
Categories II, III and IV were increased to 17, 35 and 50 basis points, respectively. For the quarter beginning April 1, 2009
the base annual assessment rate for institutions in Risk Category I to between 12 and 16 basis points and the base annual ass
for institutions in Risk Categories II, III and IV at 22, 32 and 45 basis points, respectively. An institution's assessment
increased within certain limits based on its levels of brokered deposits and asset growth.

The FDIC imposed a special assessment equal to five basis points of assets less Tier 1 capital as of June 30, 2009, payable o
30, 2009, and reserved the right to impose additional special assessments. In November, 2009, instead of imposing addit
assessments, the FDIC amended the assessment regulations to require all insured depository institutions to prepay the
risk-based assessments for the fourth quarter of 2009, and for all of 2010, 2011 and 2012 on December 30, 2009. For
estimating the future assessments, each institution's base assessment rate in effect on September 30, 2009 was used, as
annual growth rate in the assessment base and a 3 basis point increase in the assessment rate in 2011 and 2012. The prepai
is applied against actual quarterly assessments until exhausted. Any funds remaining after June 30, 2013 will be ret
institution. If the prepayment would impair an institution's liquidity or otherwise create significant hardship, it may
exemption. Requiring this prepaid assessment does not preclude the FDIC from changing assessment rates or from furthe
risk-based assessment system.

The Dodd-Frank Act requires the FDIC to take such steps as are necessary to increase the reserve ratio of the Deposit Ins
from 1.15% to 1.35% of insured deposits by 2020. In setting the assessments, the FDIC is required to offset the effect
reserve ratio on insured depository institutions with total consolidated assets of less than $10 billion. The Dodd-Frank Act a
the base for FDIC insurance assessments so that assessments will be based on the average consolidated total assets less ave
equity capital of a financial institution rather than on its insured deposits. The FDIC has adopted a new restoration plan to
reserve ratio to 1.15% by September 30, 2020 with additional rulemaking scheduled regarding the method to be used to ach
reserve ratio by that date and offset the effect on institutions with assets less than $10 billion in assets. Pursuant to the ne
plan, the FDIC has forgone the 3 basis point increase in assessments that was scheduled to take effect on January 1, 2011.

The FDIC has adopted new assessment regulations that redefine the assessment base as average consolidated assets less ave
equity. Insured banks with more than $1.0 billion in assets must calculate quarterly average assets based on daily balances w
banks may use weekly averages. In the case of a merger, the average assets of the surviving bank for the quarter mus
average assets of the merged institution for the period in the quarter prior to the merger. Average assets would be reduced
and other intangibles. Average tangible equity will equal Tier 1 capital. For

institutions with more than $1.0 billion in assets, average tangible equity will be calculated on a monthly basis while smalle may use the quarter-end balance. Beginning April 1, 2011, the base assessment rate for insured institutions in Risk Cate between 5 and 9 basis points and for institutions in Risk Categories II, III, and IV is 14, 23 and 35 basis points, respe institution's assessment rate is reduced based on the amount of its outstanding unsecured long-term debt and for institu Categories II, III and IV may be increased based on their brokered deposits. Risk Categories are eliminated for institutio than $10 billion in assets which will be assessed at a base rate between 5 and 35 basis points.

In addition, all FDIC-insured institutions are required to pay assessments to the FDIC to fund interest payments on bonds Financing Corporation ("FICO"), an agency of the Federal government established to recapitalize the Federal Savings and Corporation. The FICO assessment rates, which are determined quarterly, averaged 0.0066% of insured deposits on an ann in fiscal year 2012. These assessments will continue until the FICO bonds mature in 2017.

Regulatory Capital Requirements. Under the Home Owners' Loan Act, savings institutions are required to meet three mir standards: (1) tangible capital equal to 1.5% of adjusted total assets, (2) "Tier 1" or "core" capital equal to at least 4% of ad and (3) risk-based capital equal to 8% of total risk-weighted assets. In assessing an institution's capital adequacy, the O consideration not only these numeric factors but also qualitative factors as well and has the authority to establish h requirements for individual institutions where necessary.

In addition, the OCC may require that a savings institution that has a risk-based capital ratio of less than 8%, a ratio of Tie risk-weighted assets of less than 4% or a ratio of Tier 1 capital to total adjusted assets of less than 4% take certain action t capital ratios. If the savings institution's capital is significantly below the minimum required levels of capital or if it is un increasing its capital ratios, the OCC may restrict its activities.

For purposes of these capital regulations, tangible capital is defined as core capital less all intangible assets except for cert servicing rights. Tier 1 or core capital is defined as common stockholders' equity (including retained earnings), non-cumula preferred stock and related surplus, minority interests in the equity accounts of consolidated subsidiaries and certain non-v accounts and pledged deposits of mutual savings banks. Roebling Bank does not have any non-withdrawable account deposits. Tier 1 and core capital are reduced by an institution's intangible assets, with limited exceptions for certain non-mortgage servicing rights and purchased credit card relationships. Both core and tangible capital are further reduced b equal to the savings institution's debt and equity investments in "non-includable" subsidiaries engaged in activities not national banks other than subsidiaries engaged in activities undertaken as agent for customers or in mortgage banking a subsidiary depository institutions or their holding companies.

The risk-based capital standard for savings institutions requires the maintenance of total risk-based capital of 8% of risk-we Total risk-based capital equals the sum of core and supplementary capital. The components of supplementary capital inc other items, cumulative perpetual preferred stock, perpetual subordinated debt, mandatory convertible subordina intermediate-term preferred stock, the portion of the allowance for loan losses not designated for specific loan losses and unrealized gains on equity securities. The portion of the allowance for loan and lease losses includable in supplement limited to a maximum of 1.25% of risk-weighted assets. Overall, supplementary capital is limited to 100% of core capital. of determining total risk-based capital, a savings institution's capital is reduced by the amount of capital instruments held

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in other depository institutions pursuant to reciprocal arrangements and by the amount of the institution's equity investmen
those deducted from core and tangible capital).

A savings institution's risk-based capital requirement is measured against risk-weighted assets, which equal the
on-balance-sheet asset and the credit-equivalent amount of each off-balance-sheet item after being multiplied by an a
weight. These risk weights generally range from 0% for cash to 100% for delinquent loans, property acquired through
commercial loans and certain other assets.

In addition, in September, 2012, the OCC, Roebling Bank's primary federal regulator, notified Roebling Bank that it ha
higher Individual Minimum Capital Ratios ("IMCRs") for Roebling Bank than required by regulation. Roebling Bank is r
maintain (i) Tier 1 Capital at least equal to 8% of adjusted total assets; (ii) Tier 1 Capital at least equal to 14% of risk-wei
and (iii) Total Capital at least equal to 15% of risk-weighted assets. Management believes, as of September 30, 2012, that R
meets all capital adequacy requirements to which it is subject, including the IMCRs.

Dividend and Other Capital Distribution Limitations. Federal regulations impose various restrictions or requirements on
savings institutions to make capital distributions, including cash dividends. A savings institution that is a subsidiary of a
loan holding company, such as Roebling Bank, must file notice with the Federal Reserve Board and an application or a no
OCC at least thirty days before making a capital distribution, such as paying a dividend to Roebling. A savings institution
application with the OCC for prior approval of a capital distribution if: (i) it is not eligible for expedited treatment under the
processing rules; (ii) the total amount of all capital distributions, including the proposed capital distribution, for the applic
year would exceed an amount equal to the savings institution's net income for that year to date plus the institution's retain
for the preceding two years; (iii) it would not be adequately capitalized after the capital distribution; or (iv) the distribution w
an agreement with the OCC or applicable regulations. The Federal Reserve Board may disapprove a notice and the OCC ma
a notice or deny an application for a capital distribution if: (i) the savings institution would be undercapitalized followin
distribution; (ii) the proposed capital distribution raises safety and soundness concerns; or (iii) the capital distribution wo
prohibition contained in any statute, regulation, enforcement action or agreement or condition imposed in connection with an

Qualified Thrift Lender Test. Federal savings institutions must meet a qualified thrift lender test or they become subject to
activity restrictions and branching rules applicable to national banks. Under the Dodd-Frank Act, a savings institution that f
the qualified thrift lender test will be deemed to have violated Section 5 of the Home Owners' Loan Act. To qualify as a q
lender, a savings institution must either (i) be deemed a "domestic building and loan association" under the Internal Re
maintaining at least 60% of its total assets in specified types of assets, including cash, certain government securities, loans se
other assets related to residential real property, educational loans and investments in premises of the institution or (ii) satisfy
qualified thrift lender test set forth in the Home Owners' Loan Act by maintaining at least 65% of its portfolio assets in q
investments (defined to include residential mortgages and related equity investments, certain mortgage-related securities, sm
loans, student loans and credit card loans). For purposes of the statutory qualified thrift lender test, portfolio assets are de
assets minus goodwill and other intangible assets, the value of property used by the institution in conducting its business a
liquid assets up to 20% of total assets. A savings institution must maintain its status as a qualified thrift lender on a month
least nine out of every twelve months.

A savings bank that fails the qualified thrift lender test and does not convert to a bank charter generally will be prohibit
engaging in any new activity not permissible for a national bank; (2) paying dividends not permissible under national bank
and (3) establishing any new branch office in a location not permissible for a national bank in the institution's home state.
the institution does not requalify under the qualified thrift lender test within three years after failing the test, the institut
prohibited from engaging in any activity not permissible for a national bank and would have to repay any outstanding advan
FHLB as promptly as possible.

Community Reinvestment Act ("CRA"). Under the CRA, every insured depository institution, including Roebling Bank, h
and affirmative obligation consistent with its safe and sound operation to help meet the credit needs of its entire communi
low and moderate income neighborhoods. The CRA does not establish specific lending requirements or programs
institutions nor does it limit an institution's discretion to develop the types of products and services that it believes are be
particular community. The CRA requires the OCC to assess the depository institution's record of meeting the credi
community and to consider such record in its evaluation of certain applications by such institution, such as a merger or the e
of a branch office by Roebling Bank. The OCC may use an unsatisfactory CRA examination rating as the basis for the
application. Roebling Bank received an outstanding CRA rating in its most recent CRA examination.

Federal Home Loan Bank System. Roebling Bank is a member of the FHLB of New York, which is one of twelve regi
Home Loan Banks. Each FHLB serves as a reserve or central bank for its members within its assigned region. It is func
from funds deposited by financial institutions and proceeds derived from the sale of consolidated obligations of the FHL
makes loans to members pursuant to policies and procedures established by the board of directors of the FHLB.

As a member, Roebling Bank is required to purchase and maintain stock in the FHLB of New York in an amount equal t
0.2% of its mortgage-related assets and 4.5% of outstanding FHLB advances. The FHLB imposes various limitations on a
as limiting the amount of certain types of advances to 30% of a member's assets.

The USA Patriot Act. Roebling Bank is subject to regulations implementing the Uniting and Strengthening America b
Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the USA Patriot Act. The USA Patriot A
federal government powers to address terrorist threats through enhanced domestic security measures, expanded surveill
increased information sharing and broadened anti-money laundering requirements. By way of amendments to Roebling B
Act, Title III of the USA Patriot Act takes measures intended to encourage information sharing among bank regulatory agen
enforcement bodies. Further, certain provisions of Title III impose affirmative obligations on a broad range of financial
including banks, thrifts, brokers, dealers, credit unions, money transfer agents and parties registered under the Commodity E

Among other requirements, Title III of the USA Patriot Act and the related regulations impose the following requirements w
financial institutions:

- Establishment of anti-money laundering programs that include, at minimum: (i) internal policies, pro controls; (ii) specific designation of an anti-money laundering compliance officer; (iii) ongoing emplo programs; and (iv) an independent audit function to test the anti-money laundering program.

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- Establishment of a program specifying procedures for obtaining identifying information from customers seeking accounts, including verifying the identity of customers within a reasonable period.

- Establishment of appropriate, specific and, where necessary, enhanced due diligence policies, procedures and cont to detect and report money laundering.

- Prohibitions on establishing, maintaining, administering or managing correspondent accounts for foreign shell ba banks that do not have a physical presence in any country) and compliance with certain record keeping obligations to correspondent accounts of foreign banks.

Bank regulators are directed to consider a holding company's effectiveness in combating money laundering when ruli Reserve Act and Bank Merger Act applications.

Regulation of Roebling

General. Roebling is a savings and loan holding company within the meaning of Section 10 of the Home Owners' Loan Ac of the Dodd-Frank Act, it is now required to file reports with the Federal Reserve Board and is subject to regulation and ex the Federal Reserve Board, as successor to the OTS. Roebling must also obtain regulatory approval from the Federal R before engaging in certain transactions, such as mergers with or acquisitions of other financial institutions. In addition Reserve Board has enforcement authority over Roebling and any non-savings institution subsidiaries. This permits the Fe Board to restrict or prohibit activities that it determines to be a serious risk to Roebling Bank. This regulation is intended the protection of the depositors and not for the benefit of stockholders of Roebling.

The Federal Reserve Board has indicated that, to the greatest extent possible, taking into account any unique characteristi and loan holding companies and the requirements of the Home Owners' Loan Act, it intends to apply its current superviso the supervision of bank holding companies to savings and loan holding companies. The stated objective of the Federal R will be to ensure the savings and loan holding company and its non-depository subsidiaries are effectively supervised and c source of strength for, and do not threaten the safety and soundness of, the subsidiary depository institutions. The Federal R has generally adopted the substantive provisions of OTS regulations governing savings and loan holding companies on an basis with certain modifications as discussed below.

Activities Restrictions. As a savings and loan holding company, Roebling is subject to statutory and regulatory restri business activities. The non-banking activities of Roebling and its non-savings institution subsidiaries are restricted to cert specified by Federal Reserve Board regulation, which include performing services and holding properties used by a savin subsidiary, activities authorized for savings and loan holding companies as of March 5, 1987 and non-banking activities pe bank holding companies pursuant to Roebling Bank Holding Company Act of 1956 or authorized for financial holdin pursuant to the Gramm-Leach-Bliley Act. Before engaging in any non-banking activity or acquiring a company engage activities, Roebling must file with the Federal Reserve Board either a prior notice or (in the case of non-banking activities pe bank holding companies) an application regarding its planned activity or acquisition. Under the Dodd-Frank Act, a savi holding company may only engage in activities authorized for financial holding companies if they meet all of the criteria t financial holding company. Accordingly, the Federal Reserve Board will require savings and loan holding companies treated as financial holding companies in order to engage in financial

holding company activities. In order to make such an election, the savings and loan holding company and its deposito
subsidiaries must be well capitalized and well managed.

Mergers and Acquisitions. Roebling must obtain approval from the Federal Reserve Board before acquiring, directly or inc than 5% of the voting stock of another savings institution or savings and loan holding company or acquiring such an i holding company by merger, consolidation, or purchase of its assets. Federal law also prohibits a savings and loan hold from acquiring more than 5% of a company engaged in activities other than those authorized for savings and loan holding c federal law; or acquiring or retaining control of a depository institution that is not insured by the FDIC. In evaluating an ap Roebling to acquire control of a savings institution, the Federal Reserve Board would consider the financial and managerial r future prospects of Roebling and the target institution, the effect of the acquisition on the risk to the insurance funds, the con the needs of the community and competitive factors.

Acquisition of Control. Under the federal Change in Bank Control Act, a notice must be submitted to the Federal Reserve person (including a company), or group acting in concert, seeks to acquire "control" of a savings and loan holding acquisition of "control" can occur upon the acquisition of 10% or more of the voting stock of a savings and loan holding otherwise defined by the Federal Reserve Board. Under the Change in Bank Control Act, the Federal Reserve Board has the filing of a complete notice to act, taking into consideration certain factors, including the financial and managerial res acquirer and the anti-trust effects of the acquisition. Any company that so acquires control is then subject to regulation as a loan holding company.

Holding Company Capital Requirements. Effective as of July 21, 2011, the Federal Reserve Board is authorized to esta requirements for savings and loan holding companies. These capital requirements must be countercyclical so that the requir capital increases in times of economic expansion and decreases in times of economic contraction, consistent with safety ar Savings and loan holding companies will also be required to serve as a source of financial strength for their depositor subsidiaries. Within five years after enactment, the Dodd-Frank Act requires the Federal Reserve Board to apply consoli requirements that are no less stringent than those currently applied to depository institutions to depository institution holdin that were not supervised by the Federal Reserve Board as of May 19, 2009. Under these standards, trust preferred secu excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by a bank or savings and loan hold with less than $15 billion in assets.

The Federal Reserve Board stated that it is considering applying the same consolidated risk-based and leverage capital rec savings and loan holding companies as those applied to bank holding companies under Basel III to the extent reasonable taking into consideration the unique characteristics of savings and loan holding companies and requirements of the Home C Act. The Federal Reserve Board expects these rules to be finalized in 2012 and implementation to begin in 2013.

Proposed Changes to Regulatory Capital Requirements

The federal banking agencies have recently issued a series of proposed rulemakings to conform their regulatory capital r international regulatory standards agreed to by the Basel Committee on Banking Supervision in the accord often referre III". The proposed revisions would establish new higher capital ratio requirements, tighten the definitions of capital operating restrictions on banking organizations with insufficient capital buffers and increase the risk weighting of certain ass residential mortgages. The proposed new capital requirements would apply to all

banks and savings associations, bank holding companies with more than $500 million in assets and all savings and
companies regardless of asset size. The following discussion summarizes the proposed changes which are most likely to af
and Roebling Bank.

New and Higher Capital Requirements. The proposed regulations would establish a new capital measure called "Common
Capital" which would consist of common stock instruments and related surplus (net of treasury stock), retained earnings
other comprehensive income and, subject to certain adjustments, minority common equity interests in subsidiaries. Unlik
rules which exclude unrealized gains and losses on available-for-sale debt securities from regulatory capital, the propose
generally require accumulated other comprehensive income to flow through to regulatory capital. Depository instituti
holding companies would be required to maintain Common Equity Tier 1 Capital equal to 4.5% of risk-weighted assets by 2

The proposed regulations would increase the required ratio of Tier 1 Capital to risk-weighted assets from the current 4% to
Tier 1 Capital would consist of Common Equity Tier 1 Capital plus Additional Tier 1 Capital elements which w
non-cumulative perpetual preferred stock. Neither cumulative preferred stock (other than cumulative preferred stock issue
Treasury under the TARP Capital Purchase Program or the Small Business Lending Fund) nor trust preferred wou
Additional Tier 1 Capital. These elements, however, could be included in Tier 2 Capital which could also includ
subordinated debt. The proposed regulations would also require a minimum Tier 1 leverage ratio of 4% for all institution
the 3% option for institutions with the highest supervisory ratings. The minimum required ratio of total capital to risk-we
would remain at 8%.

Capital Buffer Requirement. In addition to higher capital requirements, depository institutions and their holding compan
required to maintain a capital buffer of at least 2.5% of risk-weighted assets over and above the minimum risk-b
requirements. Institutions that do not maintain the required capital buffer will become subject to progressively more stringe
on the percentage of earnings that can be paid out in dividends or used for stock repurchases and on the payment of discretio
to senior executive management. The capital buffer requirement would be phased in over four years beginning in 2016
buffer requirement effectively raises the minimum required risk-based capital ratios to 7% Common Equity Tier 1 Capital
Capital and 10.5% Total Capital on a fully phased-in basis.

Changes to Prompt Corrective Action Capital Categories. The Prompt Corrective Action rules would be amended to i
Common Equity Tier 1 Capital requirement and to raise the capital requirements for certain capital categories. In order to b
capitalized for purposes of the prompt corrective action rules, a banking organization would be required to have at least
Risk-Based Capital Ratio, a 6% Tier 1 Risk-Based Capital Ratio, a 4.5% Common Equity Tier 1 Risk Based Capital Ratio a
1 Leverage Ratio. To be well capitalized, a banking organization would be required to have at least a 10% Total Risk-E
Ratio, an 8% Tier 1 Risk-Based Capital Ratio, a 6.5% Common Equity Tier 1 Risk Based Capital Ratio and a 5% Tier 1 Lev

Additional Deductions from Capital. Banking organizations would be required to deduct goodwill and other intangible asse
certain mortgage servicing assets), net of associated deferred tax liabilities, from Common Equity Tier 1 Capital. Defer
arising from temporary timing differences that could not be realized through net operating loss carrybacks would continue t
if they exceed 10% of Common Equity Tier 1 Capital. Deferred tax assets that could be realized through NOL carrybacks
deducted but would be subject to 100% risk weighting. Defined benefit pension fund assets, net of any associated deferre
would be deducted from Common Equity Tier 1 Capital unless Roebling Banking organization has unrestricted and unfette
such

assets. Reciprocal cross-holdings in the capital instruments of any other financial institution would now be deducted fror just holdings in other depository institutions. For this purpose, financial institutions are broadly defined to include s commodities firms, hedge and private equity funds and non-depository lenders. Banking organizations would also be requi non-significant investments (less than 10% of outstanding stock) in other financial institutions to the extent these ex Common Equity Tier 1 Capital subject to a 15% of Common Equity Tier 1 Capital cap. Greater than 10% investments mus if they exceed 10% of Common Equity Tier 1 Capital. If the aggregate amount of certain items excluded from capital dedu 10% threshold exceeds 17.65% of Common Equity Tier 1 Capital, the excess must be deducted. Savings associations woul be required to deduct investments in subsidiaries engaged in activities not permitted for national banks.

Changes in Risk-Weightings. The proposed regulations would apply a 250% risk-weighting to mortgage servicing rights assets that cannot be realized through NOL carrybacks and significant (greater than 10%) investments in other financial inst proposed rules would also significantly change the risk-weighting for residential mortgages. Current capital rules a risk-weighting to “qualifying mortgage loans” which generally consist of residential first mortgages with an 80% loan-to which carry mortgage insurance that reduces Roebling Bank’s exposure to 80%) that are not more than 90 days past d mortgage loans have a 100% risk weight. Under the proposed regulations, one-to-four family residential mortgage loa divided into two broad risk categories with their risk-weighting determined by their loan-to-value ratio without regard insurance. Prudently underwritten 30-year residential mortgages providing for regular periodic payments that do not resu amortization or balloon payments or allow payment deferrals and caps on annual and lifetime interest rate adjustments and more than 90 days past due would be assigned a risk weighting from 35% for loans with a 60% or lower loan-to-value ratio loans over 90%. Residential mortgage loans in this category with a loan-to-value ratio greater than 60% but not more thar continue to carry a 50% risk weighting. All other residential mortgage loans would be risk-weighted between 100% to proposal also creates a new 150% risk-weighting category for “high volatility commercial real estate loans” which are cre the acquisition, construction or development of real property other than one- to four-family residential properties or con projects where: (i) the loan-to-value ratio is not in excess of interagency real estate lending standards; and (ii) the b contributed capital equal to not less than 15% of the real estate’s “as completed” value before the loan was made.

ROEBLING MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONAND RESULTS OF OPERATIONS

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 contains safe harbor provisions regarding forward-looking statements in this discussion, the words “intends,” “believes,” “anticipates,” “contemplates,” “expects,” and similar expressions forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual res materially from those projected. Those risks and uncertainties include changes in interest rates, the ability to control costs new legislation and regulations and general economic conditions. Roebling undertakes no obligation to publicly release the revisions to those forward-looking statements which may be made to reflect events or circumstances after the date hereof or occurrence of unanticipated events.

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General

Roebling's results of operations depend primarily on its net interest income, which is the difference between the inter interest-earning assets, primarily loans and investments, and the interest paid on interest-bearing liabilities, primarily borrowings. It is also a function of the composition of assets and liabilities and the relative amount of interest-earn interest-bearing liabilities. Roebling's results of operations are also affected by its provisions for loan losses, non-intere non-interest expense. Non-interest income consists primarily of service charges and fees. Non-interest expense consists compensation and benefits, occupancy and equipment, data processing fees and other operating expenses. Roeblin operations may also be affected significantly by economic and competitive conditions, changes in market interest rates, g policies and actions of regulatory authorities.

Critical Accounting Policies, Judgments and Estimates

The accounting and reporting policies of Roebling conform with the US GAAP and general practices within the finan industry. The preparation of the financial statements in conformity with US GAAP requires management to make e assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results coul those estimates.

Roebling considers accounting policies involving significant judgments and assumptions by management that have, or c material impact on the carrying value of certain assets or on income to be critical accounting policies. Roebling considers t for loan losses to be a critical accounting policy.

Allowance for Loan Losses. Determining the amount of the allowance for loan losses necessarily involves a hig judgment. The allowance for loan losses is the estimated amount considered necessary to cover credit losses inheren portfolio at the balance sheet date. The allowance is established through the provision for loan losses, which is cha income. Management performs an evaluation of the adequacy of the allowance for loan losses on a quarterly minimum. Consideration is given to a variety of factors including current economic conditions, the current real es delinquency statistics, composition of the loan portfolio, loss experience, the adequacy of the underlying collateral, the finan of the borrowers, results of internal loan reviews, geographic and industry concentrations, and other factors related to the co the loan portfolio. The valuation is inherently subjective as it requires material estimates, including the amounts and timing future cash flows expected to be received on impaired loans, which may be susceptible to significant change.

Roebling's methodology for analyzing the allowance for loan losses consists of several components. Specific allocations loans that are determined to be impaired. A loan is considered to be impaired when, based on current information, it is p Roebling will be unable to collect all amounts due according to the contractual terms of the loan agreement. For such loa allocation is established when the present value of expected future cash flows or, for collateral-dependent loans, the fair collateral, adjusted for market conditions and selling expenses, is less than the carrying value of the loan. The remaining determined by segregating the unimpaired loans into groups by type, purpose and classification and applying a reserve perce group. The reserve percentage is based on inherent losses associated with each type of lending, as well as his factors. Roebling also looks at the level of its allowance in proportion to nonperforming loans and total loans. Roebling ha an overall range that Roebling has determined is prudent based on historical and industry data. An unallocated allowance r excess of the total allowance, determined to be in the established range, over the calculated allocations.

While management believes that it uses the best information available to perform its loan loss allowance analysis, adjus
allowance in the future may be necessary. Changes in underlying estimates could result in the requirement for additional p
loan losses. For example, a rise in delinquency rates may cause Roebling to increase the reserve percentages it applies to lo
purposes of calculating general allocations. In addition, actual loan losses may be significantly more than the reserves th
established. Each of these scenarios would require additional provisions, which could have a material negative effect or
results. The ratio of the allowance for loan losses to total loans outstanding was 1.24% and 1.19% at September 30, 20
respectively. A 25% increase in this ratio would have increased the allowance by $332,000 and $326,000 at September
2011, respectively.

Business Strategy

Roebling's business strategy has been to operate as a well-capitalized independent financial institution dedicated to providi
access and quality service at competitive prices. Historically, it has sought to implement this strategy by maintaining a subs
its assets in loans secured by one-to-four family residential real estate located in its market area and home equity and consu
prior years, Roebling had diversified our portfolio to include a higher percentage of commercial real estate, multifamily and
loans, which are generally secured by properties in its market area. Roebling continues to emphasize a variety of dep
products, with the latter consisting primarily of one-to-four family mortgages and home equity loans. Roebling has gro
network, which has expanded our geographic reach, and may consider the acquisition of other financial institutions or branc

Management of Interest Rate Risk and Market Risk

Because the majority of its assets and liabilities are sensitive to changes in interest rates, Roebling's most significant form
is interest rate risk, or changes in interest rates. Roebling may be more vulnerable to an increase or decrease in interest rat
upon 1) the duration and repricing characteristics of its interest-earning assets and interest-bearing liabilities at a given poi
the time horizon and 3) the level of interest rates. Roebling's objective is to maintain a consistent level of profitability wit
risk tolerances across a broad range of potential interest rate environments.

To reduce the effect of interest rate changes on net interest income, Roebling has adopted various strategies to enable it to
matching of interest-earning asset maturities to interest-bearing liability maturities. The principal elements of these strat
seeking to:

- originate loans with adjustable rate features or shorter term fixed rates for portfolio and sell longer term fixed rate mo
- maintain a high percentage of low-cost transaction and savings accounts which tend to be less interest rate sensitive rates rise;
- lengthen the maturities of liabilities when it would be cost effective through the pricing and promotion of longer ter of deposit or the utilization of longer-term borrowings;
- maintain an investment portfolio, with short to intermediate terms to maturity or adjustable interest rates, that prov cash flow, thereby providing investable funds in varying interest rate cycles.

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Exposure to interest rate risk is closely monitored by management through the use of models which generate estimates of t economic value of equity ("EVE") and net interest income over a range of interest rate scenarios. EVE is equal to the m assets minus the market value of liabilities.

The following table contains Roebling Bank's EVE calculations at September 30, 2012.

	Economic Value of Equity			EVE as % of Mark Value of Assets	
Change in Rate	Estimated Amount	Change	% Change	EVE Ratio (1)	Ch
	(Dollars in thousands)				
+300 bp	$ 10,646	$ (7,905)	(43)%	7.04%	
+200 bp	14,111	(4,440)	(24)%	9.04%	
+100 bp	17,155	(1,369)	(8)%	10.67%	
0 bp	18,551			11.27%	
-100 bp	19,108	557	3%	11.46%	

(1) Calculated as the estimated EVE divided by the market value of assets.
(2) Calculated as the increase (decrease) in the EVE ratio assuming the indicated change in interest rates over the estimated EVE ratio assuming no change in interest rates.

This table indicates that Roebling Bank's economic value of equity would be expected to decrease in the event of an increase market rates.

Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including rela market interest rates, prepayments and deposit run-offs, and should not be relied upon as indicative of actual resu shortcomings are inherent in such computations. Although certain assets and liabilities may have similar maturities o repricing, they may react at different times and in different degrees to changes in market interest rates. The interest rates on of assets and liabilities may fluctuate in advance of changes in market interest rates, while rates on other types of assets a may lag behind changes in market interest rates. Certain assets, such as adjustable rate mortgages, generally have features w changes in interest rates on a short term basis and over the life of the asset. In the event of a change in interest rates, prep early withdrawal levels could deviate significantly from those assumed in making the calculations set forth above. Add increased credit risk may result as the ability of many borrowers to service their debt may decrease in the event of an increase.

Comparison of Financial Condition at September 30, 2012 and 2011

Assets. Total assets decreased $2.1 million, or 1.3%, to $161.8 million at September 30, 2012, from $163.9 million at S 2011. This decrease is primarily attributable to a $2.6 million decrease in net loans receivable and a $1.2 million decrease owned, partially offset by a $1.2 million increase in investment securities and a $953,000 increase in cash and cash equiva receivable decreased by 2.4%, to $106.0 million at September 30, 2012 from $108.6 million at September 30, 2011. Ba categories of commercial-purpose loans continued to decrease during the 2012 fiscal year, including commercial real estate, non-owner-occupied one-to-four family loans and commercial loans, while balances of mortgage loans secured by own one-to-four family residences increased. In the second quarter of fiscal 2009, as problem assets grew quickly and dramatica the issuance of a supervisory agreement, Roebling suspended virtually all new commercial lending. Roebling also adop reduce our levels of commercial real estate, investor, participation and construction loans. Roebling continues to lend to c mortgages,

home equity and other consumer loans. The one-to-four family and home equity loan portfolios represent 84.3% of the loa
September 30, 2012 compared to 83.0% at September 30, 2011. Real estate owned decreased by $1.2 million, to $444,0
million. Eight properties were sold during the year ended September 30, 2012, leaving one property in the REO portfolio.

Liabilities. Total liabilities decreased $2.3 million to $144.9 million at September 30, 2012 from $147.2 million at Se
2011. Deposits decreased by $10.3 million, or 7.4%, to $128.9 million at September 30, 2012, from $139.2 million at S
2011, with most of the decrease in certificates of deposit, which decreased by $9.0 million. The ratio of core deposits (non
to total deposits continues to improve, increasing to 57.5% at September 30, 2012 from 54.2% at September 30, 2011. Bo
increased by $7.7 million during the same period, to $13.7 million at September 30, 2012 from $6.0 million at September 30

Stockholders' Equity. Stockholders' equity increased to $16.9 million at September 30, 2012, from $16.6 million at Septer
primarily due to fiscal 2012 net income of $126,000 and an increase of $118,000 in the unrealized gain on securities availabl

Average Balance Sheet, Interest Rates and Yields

The following tables set forth certain information relating to Roebling's average balance sheet and reflects the average yield
average cost of liabilities for the periods indicated. Such yields and costs are derived by dividing income or expense by
balance of assets or liabilities, respectively, for the periods presented.

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	Year Ended September 30, 2012				Year Ended September 30, 2		
	Average Balance	Interest	Average Yield/Cost		Average Balance	Interest	Y
			(Dollars in thousands)				
Interest-earning assets:							
Loans receivable (1)	$109,057	$5,207	4.78	%	$111,042	$5,585	5
Investment securities	41,269	1,078	2.61		42,051	1,270	3
Other interest-earning assets (2)	2,458	28	1.14		3,153	37	1
Total interest-earning assets	152,784	6,313	4.13		156,246	6,892	4
Non-interest-earning assets	6,833				7,358		
Total assets	$159,617				$163,604		
Interest-bearing liabilities:							
Interest-bearing checking	$7,894	18	0.23		$7,609	17	0
Savings accounts	20,224	27	0.13		19,027	37	0
Money market accounts	25,228	127	0.50		26,516	210	0
Certificates of deposit	57,800	1,005	1.74		64,945	1,290	1
Total interest-bearing deposits	111,146	1,177	1.06		118,097	1,554	1
Borrowings	7,127	182	2.55		7,132	207	2
Total interest-bearing liabilities	118,273	1,359	1.15		125,229	1,761	1
Non-interest-bearing liabilities (3)	24,448				22,114		
Total liabilities	142,721				147,343		
Stockholders' equity	16,896				16,261		
Total liabilities and stockholders' equity	$159,617				$163,604		
Net interest income		$4,954				$5,131	
Interest rate spread (4)			2.98	%			3
Net interest margin (5)			3.24	%			3
Ratio of average interest-earning assets to average interest-bearing liabilities			129.18	%			1

(1) Average balances include non-accrual loans. Interest income includes amortization of net deferred loan fees and (costs
and $(19,800) for the fiscal years 2012 and 2011, respectively.

(2) Includes interest-bearing deposits in other financial institutions and FHLB stock. Tax exempt interest is not presented
equivalent basis.

(3) Includes average non-interest-bearing deposits of $22,493,000 and $20,280,000 for the years ended September 30, 20
respectively.

(4) Interest rate spread represents the difference between the average yield on interest-earning assets and the ave
interest-bearing liabilities.

(5) Net interest margin represents net interest income as a percentage of average interest-earning assets.

Rate/Volume Analysis

The table below sets forth certain information regarding changes in interest income and interest expense for the periods ir
each category of interest-earning assets and interest-bearing liabilities, the table distinguishes between: (i) changes attributal
(changes in average volume multiplied by prior period's rate); and (ii) changes attributable to rates (changes in rate mult
average volume). For purposes of this table, the net change attributable to the combined impact of rate and volume has b
proportionally to the absolute dollar amounts of change in each.

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	Year Ended September 30, 2012 vs. 2011 Increase (Decrease) Due to			Year Ended September 3 2011 vs. 2010 Increase (Decrease) Due		
	Volume	Rate	Net	Volume	Rate	
	(In thousands)					
Interest-earning assets:						
Loans receivable	$(99)	$(279)	$(378)	$(224)	$(391)	$(
Investment securities	(23)	(169)	(192)	93	(326)	(
Other interest-earning assets	(8)	(1)	(9)	27	(31)	(
Total interest-earning assets	(130)	(449)	(579)	(104)	(748)	(
Interest-bearing liabilities:						
Interest-bearing checking	1	-	1	1	2	3
Savings accounts	2	(12)	(10)	3	(19)	(
Money market accounts	(10)	(73)	(83)	38	(73)	(
Certificates of deposit	(134)	(151)	(285)	(115)	(221)	(
Borrowings	0	(25)	(25)	(111)	(21)	(
Total interest-bearing liabilities	(141)	(261)	(402)	(184)	(332)	(
Net interest income	$11	$(188)	$(177)	$80	$(416)	$(

Comparison of Results of Operations for the Years Ended September 30, 2012 and 2011

Net Income. For the year ended September 30, 2012, Roebling reported net income of $126,000, or $.08 per diluted share, net income of $440,000, or $.27 per diluted share, for the year ended September 30, 2011. Net income before income tax $528,000 for the year ended September 30, 2012 compared to the same 2011 period. The change for fiscal 2012 is largely the change in the provision for loan losses. In fiscal 2012, Roebling recorded $350,000 in loan loss provisions, while in recorded a net reversal of $150,000 in loan loss provisions, partly due to significant recoveries during the year.

Interest Income. The average balance of total interest-earning assets for the year ended September 30, 2012 decreased by compared to the year ended September 30, 2011, while the average yield decreased to 4.13% from 4.41%. The decrease in income of $579,000 for the year ended September 30, 2012 is comprised primarily of a decrease in interest income of $378 receivable and a decrease of $192,000 in interest income on investment securities. Average loan receivable balances decre million for the year ended September 30, 2012 compared to the same 2011 period, while the average yield decreased to 5.03%. The decline in yield is due to the decline in portfolio rates as adjustable-rate loans repriced downwards, higher-ra down and new loans came into the portfolio at lower rates, reflecting lower market rates. For the year ended September average balance of securities decreased by $782,000 compared to the same 2011 period, while the average yield decreased to 3.02%. The average balance of other interest-earning assets decreased by $695,000 for the year ended September 30, 2012 the same 2011 period, while the average yield decreased to 1.14% from 1.17%.

Interest Expense. The average balance of interest-bearing liabilities decreased by $7.0 million for the year ended Septem compared to the same 2011 period, while the average cost decreased to 1.15% from 1.41%. The decrease in total intere $402,000 for the year ended September 30, 2012 is comprised of a $377,000 decrease in interest expense on deposits a decrease in interest expense on borrowings. Average interest-bearing deposit balances decreased by $7.0 million with a de average cost to 1.06% for the year ended September 30, 2012, compared to 1.32% for the same 2011period. The decrea rates is a reflection of the decline in market rates

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and a shift to core deposits from certificates of deposit. Average borrowings balances were unchanged, but the average cost
2.55% from 2.90%.

Net Interest Income. Net interest income decreased to $5.0 million for the year ended September 30, 2012, compared to $5
the year ended September 30, 2011. Roebling's spread and margin declined slightly during the year, as the average
interest-earning assets decreased by more than the decrease in the average cost of funds. The yield on total interest-earning
year ended September 30, 2012 decreased by 28 basis points compared to the year ended September 30, 2011, while the c
funds decreased 26 basis points for the same period. As a result, the interest rate spread decreased by just 2 basis points, to 2
year ended September 30, 2012 compared to 3.00% for the year ended September 30, 2011. The net interest margin decreas
points, to 3.24% from 3.28%, in the same time period.

Provision for Loan Losses. The provision for loan losses is charged to operations to bring the total allowance for loan los
that represents management's best estimate of the losses inherent in the portfolio, based on a review by management of t
factors:

- historical experience;
- volume;
- type of lending conducted by Roebling Bank;
- industry standards;
- the level and status of past due and non-performing loans;
- the real estate market;
- the general economic conditions in Roebling Bank's lending area; and
- other factors affecting the collectibility of the loans in its portfolio.

Our allowance for loan losses consists of allowances calculated on impaired loans, and allowances calculated on the b
portfolio. Valuation allowances are created for impaired loans when the present value of expected future cash f
collateral-dependent loans, the fair value of the collateral, is less than the carrying value of the loan. A loan is considered to
when, based on current information, it is probable that Roebling will be unable to collect all amounts due according to
contractual terms of the loan agreement. Valuation allowances for unimpaired loans are determined by applying estimated l
various aggregate loan categories. The allowance level is reviewed on a quarterly basis, at a minimum.

Determining the amount of the allowance for loan losses necessarily involves a high degree of judgment. The allowance fo
is maintained at a level that represents management's best estimate of losses in the loan portfolio at the balance sheet dat
there can be no assurance that the allowance for losses will be adequate to cover losses which may be realized in the f
additional provisions for losses will not be required. In addition, regulatory agencies, as part of their examination process
review the allowance for loan losses and may require us to recognize adjustments to the allowance based on their judgment
adequacy of the allowance for loan losses at the time of their examination.

For the year ended September 30, 2012, Roebling recorded loan loss provisions in the amount of $350,000, compared to a n
provisions of $150,000 for the same 2011 period. Net charge-offs for the year ended September 30, 2012 were $324,00
average loans outstanding) compared to $1.8 million (1.58% of average loans outstanding) for the prior year. The allow
losses was $1.3 million or 1.24% of total loans outstanding at September 30, 2012, compared to $1.3 million or 1.19% o
outstanding at September 30, 2011. Non-performing loans, expressed as a

percentage of total loans, increased to 1.61% at September 30, 2012 from 0.80% at September 30, 2011. The ratio of the a
loan losses to non-performing loans decreased to 0.77 times at September 30, 2012 from 1.49 times at September 30, 2011.

The following table sets forth information regarding non-performing loans and real estate owned, as of the dates indicated.

		September
		2012
		(In thousar
Non-accrual loans	$	1,539 $
Accruing loans past due 90 days or more		191
Total non-performing loans		1,730
Real estate owned		444
Total non-performing assets	$	2,174 $

As of September 30, 2012, non-accrual loans consist of nine loans with balances ranging from $29,000 to $493,000, in vari
collection, workout and foreclosure. For non-accrual loans outstanding at September 30, 2012 Roebling would have recorde
interest income for the year then ended, had the loans been current in accordance with their original terms. Interest income c
these loans was included in net income for the fiscal year. Not included in the above table as of September 30, 2012 and 2
million and $1.6 million, respectively, in loans that were restructured in troubled debt restructurings and are performing i
with the modified terms. Approximately $380,000 of the allowance for loan losses relates to non-performing loans at S
2012.

Real estate owned at September 30, 2012 consists of one partially complete multifamily construction rehab project.

Non-interest Income. Non-interest income increased $57,000, or 11.9%, to $538,000 for the year ended September 30, 2012,
$481,000 for same period in 2011. Account servicing and other fees increased by $23,000, primarily as a result of an inc
from debit card transactions, partially offset by a decrease in NSF fees. Gain on sale of loans increased by $40,000, wi
market loan volumes driven by mortgage rates at new lows once again.

Non-interest Expense. Non-interest expense decreased $92,000, or 1.8%, to $5.0 million for the year ended September 30
$5.1 million for the same period in 2011. The decrease in non-interest expense resulted primarily from decreases in fede
premiums and other expense, partially offset by an increase in service bureau and data processing expense. Federal depo
premiums decreased by $60,000 for the year ended September 30, 2012 compared to the same 2011 period, primarily due t
in the assessment base and rates, effective as of April 1, 2011. Other expense decreased by $86,000, to $1.0 million for th
September 30, 2012 from $1.1 million for the same period in 2011, primarily due to a reduction in problem loan-related c
bureau and data processing expense increased by $72,000 for the year ended September 30, 2012 compared to the same
largely due to an increase in the level of outside support required for the administration of our network and equipment durin

Income Taxes. For the years ended September 30, 2012 and 2011, Roebling recorded tax expense of $40,000 and
respectively, reflecting an effective tax rate of 24.0% and 36.7%, respectively. The change in the effective tax rates is due
differences.

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Liquidity and Capital Resources

Liquidity is the ability to fund assets and meet obligations as they come due. Liquidity risk is the risk of not being able to ol
a reasonable price within a reasonable period of time to meet financial commitments when due. Roebling is required u
regulations to maintain a sufficient level of liquid assets (including specified short-term securities and certain other inv
determined by management and reviewed for adequacy by regulators during examinations. Roebling Bank is also subje
regulations that impose certain minimum capital requirements. See Note 13 to Roebling's consolidated financial statements
page F-___.

Liquidity, represented by cash and cash equivalents and investment securities, is a product of our operating, investing a
activities. Roebling's primary sources of liquidity are deposits, loan and investment security repayments and sales, a
funds. While scheduled payments from the amortization and maturity of loans, investment securities and short-term inv
relatively predictable sources of funds, deposit flows, loan and mortgage-backed security prepayments and investment secu
greatly influenced by general interest rates, economic conditions and competition. Roebling monitors projected liquidity ne
that adequate liquidity is maintained on a daily and long-term basis. Roebling has the ability to borrow from the FHLB of N
others, should the need arise. As of September 30, 2012, Roebling had $13.7 million in outstanding borrowings from the F
York.

Off-Balance Sheet Arrangements

Roebling is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financ
customers and to reduce exposure to fluctuations in interest rates. These financial instruments include commitments to exte
involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement
condition. The contract or notional amounts of those instruments reflect the extent of its involvement in particular classe
instruments.

Roebling's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for co
extend credit is represented by the contractual notional amounts of those instruments. Roebling uses the same credit polici
commitments and conditional obligations as it does for on-balance-sheet instruments. Roebling does not generally require
other security to support financial instruments with credit risk, with the exception of letters of credit.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition estab
contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of
many of the commitments are expected to expire without being drawn upon, the total commitments do not necessarily rep
cash requirements. Roebling has approved lines of credit unused but accessible to borrowers totaling $13.4 million and $1
September 30, 2012 and 2011, respectively.

At September 30, 2012 and 2011, Roebling had $2.8 million and $4.0 million in outstanding commitments to
respectively. There were $700,000 and $1.1 million in outstanding commitments to sell loans at September 30, 201
respectively. There were no outstanding commercial letters of credit or commitments to purchase or sell investment
September 30, 2012 or 2011.

Impact of Inflation and Changing Prices

The consolidated financial statements presented herein have been prepared in accordance with US GAAP, which
measurement of financial position and operating results without considering the change in the relative purchasing power o
time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial compan
of our assets and liabilities are financial in nature. As a result, Roebling's earnings are impacted by changes in interest ra
influenced by inflationary expectations. Roebling's asset/liability management strategy seeks to minimize the effects
interest rates on our net income.

Recent Accounting Pronouncements

For a discussion of the expected impact of recently issued accounting pronouncements that have yet to be adopted by Roe
refer to Note 17 to the Roebling's Consolidated Financial Statements included herein beginning on page F-___.

MANAGEMENT FOLLOWING THE MERGER

Set forth below is biographical and other information regarding the individuals who will serve as directors and executive o
after the merger. With the exception of Mr. Ferry, all such individuals currently serve as directors and executive officers of T
Fed Bank.

Carl F. Gregory, age 78, is Chairman Emeritus of the 3rd Fed Bank Board and a director. He retired as Chief Executive O
Fed Bank in January 1995. Mr. Gregory retired as President of 3rd Fed Bank in 1993, a position he had held sinc
Mr. Gregory is a trustee of Holy Family University since 1980, having served three terms as Vice Chairman and is Preside
Health Foundation. Mr. Gregory has served on the boards of the Northeast Branch of the Settlement Music School, t
Chamber Orchestra, the Northeast Philadelphia Chamber of Commerce, and two non-consecutive terms on the Advisory C
Federal Reserve Board. Mr. Gregory's director qualifications include expertise in financial services, real estate and real
having been a prior employee, executive manager and director of TF, business relationships and in-depth knowledge of th
which TF is located, and his civic and community involvement.

Kent C. Lufkin, age 60, currently serves as President and Chief Executive Officer of TF and 3rd Fed Bank and was appo
offices effective June 30, 2003, and appointed as a director of TF in 2006. He joined 3rd Fed Bank in 2000 and formerly ser
Vice President and Retail Banking Officer. Mr. Lufkin's prior experience includes four years as President and Chief Execu
Roebling Bank in Roebling, New Jersey, whose parent company was a public company. Mr. Lufkin serves as a Board m
Credit Counseling Center of Bucks County; the Insured Financial Institutions of Delaware Valley; the South Jersey Bankers
the Newtown Business Commons Association; and the Greater Northeast Philadelphia Chamber of Commerce. Mr. Luf
qualifications include experience in the management of retail banking organizations, real estate and real estate lending hav
an executive manager, then President and Chief Executive Officer and director of TF and/or 3rd Fed Bank since 2000
experience with retail banking organizations in New Jersey, his other public company experience, business relationships
knowledge of the markets in which TF is located, and his civic and community involvement.

Joseph F. Slabinski, III, age 63, is President and owner of Slabinski-Sucharski Funeral Homes, Inc., McCafferty-Sweeney F
and the Baj Funeral Home, all located in Northeast Philadelphia. He is also an owner of the Frankford Limousine Ser
Limousine Company, which provides transportation services for the funeral industry in the Philadelphia metropolitan area. N

Slabinski currently serves as President of the Philadelphia Funeral Directors Association, the Bridesburg Business Associa
Bridesburg Community Development Corporation and is on the board of the Delaware River City Corporation which
working on extending a greenway through the area of Northeast Philadelphia. Mr. Slabinski's expertise is in the city de
areas from Center City to Far Northeast Philadelphia areas.

Robert N. Dusek, age 73, is Chairman of the Board of TF. Mr. Dusek is the owner and President of Direction Associates
House, Pennsylvania, a professional planning, urban design and real estate advisory organization founded in 1972. Consul
have been provided to more than 250 corporate, institutional, municipal and individual clients seeking design, proj
structuring, land acquisition assistance and real estate development advice. The organization has been involved in planning
multi-family residential, industrial, commercial, redevelopment and institutional projects throughout Pennsylvania. Mr. Du
qualifications include the aforementioned business experience, expertise in financial services, real estate and real estate le
been a director of TF, business relationships and in-depth knowledge of the markets in which TF is located, and his civic an
involvement.

Kenneth A. Swanstrom, age 73, has been a member of 3rd Fed Bank Board of Directors since 2003 and serves on the Comp
Budget Committees. Mr. Swanstrom retired from PennEngineering, Danboro, Pennsylvania, a NYSE-listed and Russell 20
in 2005. He spent his entire working career at PennEngineering, moving through the ranks of various positions including m
and sales, and was elected a Director in 1970, President in 1979, and Chairman/CEO in 1993. PennEngineering is
manufacturing and distribution company and, during Mr. Swanstrom's tenure, the company expanded to ten manuf
distribution facilities, including Europe and Asia, with over 1,200 employees. The company sold its products to many of the
companies. Mr. Swanstrom's director qualifications include his prior business experience with a stock exchange list
shareholder relations, developing new markets, and employee relations.

James B. Wood, age 52, is Vice Chairman of the 3rd Fed Bank Board and serves on several 3rd Fed Bank Board com
Wood is Senior Vice President and Chief Strategy Officer for The Clemens Family Corporation, a privately-held food, agri
real estate development company based in Hatfield, Pennsylvania, where he has served as an executive for over eleven y
joining The Clemens Family Corporation, Mr. Wood was with Ernst & Young's management consulting practi
on middle-market growth companies. Previous to that, he was with Inc. magazine, where he launched and managed I
Strategy Consulting Group. Mr. Wood's director qualifications include his deep expertise in strategy development, change
and business development.

Albert M. Tantala, Sr., age 74, is Chairman of the Board of 3rd Fed Bank and serves on various Bank committees. Mr. T
founding principal and President of a national consulting-engineering firm. He is also a trustee of Holy Family University
served for more than eleven years on the Pennsylvania State Registration Board for Professional Engineers, Land Su
Geologists, including two years as Board President. He retired as a U.S. Army officer in 1989 with 28 years of service. M
past President of the Philadelphia Section of the American Society of Civil Engineers, the Bridesburg Civic Associa
Frankford Optimist Club. Mr. Tantala's director qualifications include the aforementioned business experience, expertis
services, real estate and real estate lending having been a director of TF, business relationships and in-depth knowledge of t
which TF is located, and his civic and community involvement.

Dennis Pollack, age 62, was appointed to the Board of TF in January 2012. Previously, Mr. Pollack held numerous executi
including: Divisional President at Sony Corporation of America, President and CEO of the Connecticut Bank of Commer
and CEO of The Savings

Bank of Rockland County, Chief Operating Officer at Paulson & Company, a multi-billion dollar hedge fund, and Presiden
Pegasus Funding Group. Mr. Pollack has served as a member of the Board of Directors of several profit and not-for-profi
including: Wayne Savings Bank, Salvation Army-Rockland County, Presilient, PPM Technologies, Inc., United Way-Rock
and Viansa Winery. Mr. Pollack has authored numerous articles on the state of banking which appeared in Bottomline Maga
Bankers Magazine. He holds an MBA Degree from Columbia University, a post-MBA Diploma in Bank Lending fro
University, and a BS Degree in Economics from Seton Hall University. Mr. Pollack's substantial experience as Presid
director of community banking organizations, in-depth knowledge of community bank lending, and additional experience
oversight of private and non-profit organizations provides TF with valuable and relevant expertise as a director.

John J. Ferry, age 62, currently serves as Chairman of the Board of Directors of Roebling. He is also President and owner of
Enterprises, Inc., a general construction contractor with which he has been affiliated for 38 years. Mr. Ferry is President of t
County Institute of Technology School Board in Westampton, New Jersey and is also a member of the Burlington Co
Services School Board. The merger agreement provides for the 3rd Fed Bank Board of Directors to be increased by one me
as practicable after the effective time of the merger, with the new directorship to be filled by Mr. Ferry, provided that h
willing to serve in that role.

Dennis R. Stewart, age 63, is Executive Vice President and Chief Financial Officer of 3rd Fed Bank and TF. Before becomi
Vice President during 2003, he served as Senior Vice President and Chief Financial Officer since May 1999. Prior to that
served as Executive Vice President and Chief Financial Officer of First Coastal Bank in Virginia Beach, Virginia, w
employed since 1990. Mr. Stewart earned a Master's Degree in Business Administration in Accounting from Michigan St
and is a certified public accountant. Mr. Stewart also was a Board member and Treasurer of the Lower Bucks Family YMC
2011.

Elizabeth Kaspern, age 54, is Executive Vice President and Chief Retail Banking Officer. Prior to joining 3rd Fed Bank
Kaspern served as Regional President for Fleet Bank of Pennsylvania and Retail Market Manager in the Pennsylvania an
Regions, where she was employed by them and their predecessors for 28 years.

General Director Information

TF's articles of incorporation require that directors be divided into three classes, each class as nearly equal in number as
class to serve for a three-year period, with approximately one-third of the directors elected each year. The Board of Direct
consists of eight members.

The following table sets forth information with respect to the current directors, including their names, ages, the years they
directors of TF or 3rd Fed Bank and the year in which their current term is set to expire. Each director of TF is also a m
Board of Directors of 3rd Fed Bank with the exception of Mr. Gregory and Mr. Pollack.

Director	Age (1)	Year First Elected or Appointed	Current Term to Expire
Robert N. Dusek	73	1974	2013
Kenneth A. Swanstrom	73	2003	2013
James B. Wood	52	2004	2013
Albert M. Tantala, Sr.	74	1984	2014
Dennis Pollack	62	2012	2014
Carl F. Gregory	78	1976	2015
Kent C. Lufkin	60	2003	2015
Joseph F. Slabinski, III	63	2006	2015

(1) At December 31, 2012.

Director Independence

The Board of Directors has determined that all members of the Board of Directors other than Mr. Lufkin, the Preside
Executive Officer of TF, are independent under the independence standards of The NASDAQ Global Market on which TF co
is currently listed. In determining the independence of directors, the Board of Directors considered the transactions, includin
loan relationships, which various directors, their immediate family and affiliates have with 3rd Fed Bank and any subsidia
no members of the Audit Committee who do not meet the independence standards of The NASDAQ Global Market for Aud
members and no members of the Audit Committee are serving under any exceptions to these standards.

Executive Compensation

Summary Compensation Table. The following table sets forth the cash and non-cash compensation awarded to or earned d
two completed fiscal years by the TF principal executive officer, principal financial officer and the two other most highly p
officers of TF or 3rd Fed Bank as of December 31, 2012. All compensation is paid by 3rd Fed Bank, with the exception
director's fees paid to Mr. Lufkin by Penns Trail Development Corporation, a wholly-owned subsidiary of TF. None
executive officers received a bonus during 2012 or 2011, or received grants of any option or stock awards during 2012 or 20

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Non-Equity Incentive Plan Compensation (1) ($) (d)	All Other Compensation (2 ($) (e)
Kent C. Lufkin	2012	283,206	101,863	31,464
President and Chief Executive Officer	2011	268,783	87,077	33,065
Dennis R. Stewart	2012	219,363	57,828	27,745
Executive Vice President and Chief Financial Officer	2011	211,238	50,185	32,136
Floyd P. Haggar	2012	192,330	--	19,197
Senior Vice President and Chief Lending Officer	2011	185,207	38,001	34,073
Elizabeth A. Kaspern	2012	141,651	42,475	17,793
Senior Vice President and Chief Retail Banking Officer	2011	132,924	30,144	24,653

(1) Non-Equity Incentive Plans. At the beginning of each plan year, the Compensation Committee establishe
consolidated net income, originated loan volume, and growth in total deposits. Each participant in T
Compensation Plan is assigned a combination of these three factors, aggregating to 100%. The extent to
individualized targets are accomplished determines the percentage of payout earned by each participant. The payo
a percentage of base salary, and the percentage will vary based on the title and duties of the participant. No av
made unless TF's net income equals 90% of the target established for the year, even though other target con
exceed the related goal. Thus, the minimum award cannot be quantified. There is no maximum award. The av
vested until paid in the year following the plan year, except in the case of a "change of control" in which case
100% earned and payable on the change of control effective date.

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(2) For All Other Compensation details please refer to the following table:

Name	Use of Company Car/Car Allowance	Cost of Group Term Life Insurance	Cost of Health Insurance	401k Plan Matching Contribution	Company Subsidiary Director Fee	Cost of ESOP Share Allocation	Dividend Equivalents	C
Kent C. Lufkin	$ 3,623	$ 499	$ 7,240	$ 750	$ 4,000	$ 12,539	$ 2,813	$
Dennis R. Stewart	2,403	499	9,632	750	-	13,621	840	
Floyd P. Haggar	2,593	499	6,882	750	-	8,053	420	
Elizabeth A. Kaspern	4,654	499	6,483	750	-	5,407	-	

Outstanding Equity Awards at Fiscal Year-End. The following table sets forth information concerning outstanding equity a
named executive officers at December 31, 2012. There were no stock awards outstanding at December 31, 2012.

	Option Awards						Stock Awards
	Number of Securities Underlying Unexercised Options (#)			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)
Name	Exercisable	Unexercisable					
(a)	(b)	(c)		(d)	(e)	(f)	(g)
Kent C. Lufkin	4,617	-		-	$ 32.51	12/17/2013	-
	7,875	-		-	$ 26.90	7/27/2015	-
	15,133	3,784	(1)	-	$ 19.67	10/22/2015	-
Dennis R. Stewart	2,625	-		-	$ 32.51	12/17/2013	-
	4,200	1,050	(1)	-	$ 19.67	10/22/2015	-
Floyd P. Haggar	2,100	-		-	$ 32.51	12/17/2013	-
	3,024	756	(1)	-	$ 19.67	10/22/2015	-
Elizabeth A. Kaspern	3,024	756	(1)	-	$ 19.67	10/22/2015	-

(1) The award vests on October 22, 2013.

Pension Plan. The Pension Plan provides for monthly payments to each participating employee at normal retirement age
accruals before January 1, 1998, the annual benefit payable as a life annuity under the Pension Plan is equal to 45% of F
Compensation plus 19.5% of Final Average Compensation in excess of the Covered Compensation in effect for the ye
determination, reduced for each year of service less than 30. Where the percentage results in an amount that exceeds the allo
under the Internal Revenue Code, such amount shall be reduced to the maximum allowable amount. For purposes of benefit
Final Average Compensation is defined as the average of total compensation for the five highest years. For accruals after D
1997, the annual benefit payable as a life annuity under the Pension Plan is equal to 45% of Average Compensation reduced
of service less than 30. Average Compensation is defined as the average of total compensation for all years beginning after D
1997. A participant may elect an early retirement at age 55 with 5 years of service at a reduced monthly benefit.

Third Federal Savings Bank 401(k) Plan. The 401(k) Plan generally covers employees who have completed a year of servi
of 1,000 hours. Employee deferral contributions under the plan may be supplemented by discretionary employer matching c
discretionary employer nonelective contributions, and qualified nonelective contributions. Each participant is at all times 10
his or her rollover contributions in addition to each of those types of contributions listed above. Participants may elect to wi
a portion of their account upon reaching age 59½ while still employed by 3rd Fed Bank, and may elect to withdraw his
account balance upon reaching the plan's normal retirement age, 65, or may delay withdrawal until retirement, subject to the

required distribution rules. The 401(k) Plan may be amended or terminated at any time, with approval of the TF board of accordance with its terms.

3rd Fed Bank ESOP. 3rd Fed Bank maintains an employee stock ownership plan ("ESOP") for the exclusive benefit c employees, i.e. any eligible employee who has completed one year of service consisting of 1,000 hours of service during a p ESOP is funded by contributions made by 3rd Fed Bank in cash or TF common stock. Benefits may be paid either in common stock or in cash or both. The ESOP has previously borrowed funds from TF to finance the acquisition of shares of stock. Shares purchased with loan proceeds are held in a suspense account for allocation among participants as the lo Contributions to the ESOP and shares released from the suspense account are allocated among participants on the b compensation. All participants must be employed at least 1,000 hours in a plan year, or have terminated employment foll disability or retirement, in order to receive an allocation. Participant benefits become fully vested in plan allocations followi of service. Employment before the adoption of the ESOP is credited for the purposes of vesting.

Change in Control Severance Agreements. 3rd Fed Bank has entered into change in control severance agreements with Ke President and Chief Executive Officer, Dennis R. Stewart, Executive Vice President and Chief Financial Officer, Floyd P. H Vice President and Chief Lending Officer, and Elizabeth A. Kaspern, Senior Vice President and Chief Retail Banking severance agreement for Mr. Lufkin has a term of thirty-six months. The severance agreements for Mr. Stewart, Mr. Hag Kaspern each have a term of twenty-four months. The agreements are terminable by TF and 3rd Fed Bank for just cause as c agreements. If TF or 3rd Fed Bank terminates the employee without just cause following a change in control as def agreements, the employee will be entitled to a severance payment. With respect to Mr. Lufkin's agreement, such agreem provision stating that in the event of the termination of employment in connection with any change in control of TF or 3rd F Lufkin will be paid an amount equal to 2.99 times his most recent three calendar years' average annual total compensation associated with maintaining medical and dental insurance. The agreements with Mr. Stewart, Mr. Haggar, and Ms. Kasper payments equal to 2.00 times the prior three calendar years' average annual total compensation plus the costs of maintainin dental insurance upon termination of employment following a change in control. It is anticipated that all such payments mac Bank under such agreements would be a tax-deductible compensation expense for federal tax purposes. The aggregate p would be made to such individuals net of the federal tax benefit would be an expense to 3rd Fed Bank, thereby reducing ne 3rd Fed Bank's capital by such amount. The agreements may be renewed annually by the TF board of directors within th discretion.

Director Compensation

Each director of TF was also a director of 3rd Fed Bank throughout 2012, with the exception of John R. Stranford and Ca who served as directors of TF only, and Dennis Pollack who became a director of TF effective January 25, 2012. Mr. Stran on December 17, 2012. For 2012, non-employee directors of TF received a quarterly retainer of $3,000 ($16,400 for the TF's board) paid in TF common stock. During 2012, each non-employee director of 3rd Fed Bank received a fee of $1, meeting attended ($3,500 for the Chairman of 3rd Fed Bank's board, and $2,000 for the Vice Chairman of 3rd Fed Bank depending on the committee, either $500 per committee meeting attended ($600 for the Chairman of the Committee) c quarter regardless of the number of meetings. The director fees shown in the table below include fees paid for service on T any fees paid for service on the boards of the subsidiaries of TF.

TF has entered into a change in control severance agreement with Robert N. Dusek, Chairman of the Board. Mr. Dusel
stipulates a payment of $250,000 upon termination of service following a change in control.

Set forth below is a table providing information concerning the compensation of the directors of TF who are not named exec
for the last completed fiscal year ended December 31, 2012:

Name (a)	Fees Earned or Paid in Cash (b)	Stock Awards (1) (c)	Option Awards (2) (d)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3) (e)	All Other Compensation (4) (f)	Total (g)
Robert N. Dusek	$21,600	$65,548	$--	$--	$--	$87,148
Carl. F. Gregory	--	11,962	--	12,684	--	24,646
John R. Stranford (5)	--	11,962	--	--	--	11,962
Joseph F. Slabinski, III	17,000	11,962	--	--	--	28,962
Kenneth A. Swanstrom	14,000	11,962	--	--	1,575	27,537
James B. Wood	38,600	11,962	--	--	864	51,426
Albert M. Tantala, Sr.	56,900	11,962	--	--	--	68,862
Dennis Pollack	--	11,953	--	--	--	11,953

____

(1) TF director fees totaling $149,277 were paid in common stock in lieu of cash for the four quarters of 2012.

(2) Unexercised option awards outstanding at December 31, 2012 were as follows (in shares): Slabinski – 7,875; Swanstro
Wood – 4,322.

(3) Paid pursuant to a Supplemental Retirement Benefit Agreement provided upon Mr. Gregory's retirement from 3rd Fed
These payments will continue at $1,057 per month until the later of the death of Mr. Gregory or his spouse.

(4) The amounts in this column are dividend equivalents paid on all stock option awards issued under the 1994 an
option plans.

(5) Mr. Stranford resigned as a director on December 17, 2012.

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Related Party Transactions

Certain directors and executive officers of 3rd Fed Bank, their families and their affiliates are customers of 3rd Fe
transactions with such parties including loans and commitments are made on substantially the same terms and conditio
interest rate and collateral, as those of comparable transactions prevailing at the time with other persons, and do not include
normal risk of collectability or present other unfavorable features. 3rd Fed Bank has adopted written policies and proce
approval of loans to directors and executive officers. All loans to directors and executive officers are approved by the entir
directors in advance with the director or executive officer abstaining from participating directly or indirectly in the voting.

SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS

Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voti
includes the power to vote or to direct the voting of the security, or "investment power," which includes the power to dispos
the disposition of the security. The rules also treat as outstanding all shares of common stock that a person would receive u
of stock options or warrants held by that person, which are immediately exercisable or exercisable within 60 days of t
ownership determination date. Under these rules, more than one person may be deemed a beneficial owner of the same se
person may be deemed to be a beneficial owner of securities as to which that person has no economic interest.

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TF Financial Corporation

Security Ownership of Certain Beneficial Owners. The following table sets forth persons or groups who are known to ben
more than 5% of the TF's common stock as of _______________, 2012.

Security Ownership of Certain Beneficial Owners	Amount and Nature of Beneficial Ownership	Percent of of Commor Outstand
Thomson Horstmann & Bryant, Inc. 501 Merritt 7 Norwalk, Connecticut 06851	277,743(1)	____
Dimensional Fund Advisors, LP Palisades West, Building One, 6300 Bee Cave Road Austin, Texas 78746	184,822(2)	____
Lawrence B. Seidman 100 Misty Lane 1st Floor Parsippany, New Jersey 07054	154,768(3)	____
Joseph Stilwell 111 Broadway, 12th Floor New York, New York 10006	143,894(4)	____
Third Federal Savings Bank Employee Stock Ownership Plan ("ESOP") 3 Penns Trail Newtown, Pennsylvania 18940	291,909(5)	

____

(1) Based on the Form 13F filed with the Securities and Exchange Commission on November 13, 2012.
(2) Based on the Form 13F filed with the Securities and Exchange Commission on November 15, 2012.
(3) Based on the Schedule 13D/A filed with the Securities and Exchange Commission on December 5, 2012.
(4) Based on the Schedule 13D filed with the Securities and Exchange Commission on November 29, 2012.
(5) The Compensation Committee consisting of non-employee directors Dusek (Chair), Swanstrom and Tantala serve administrative committee ("ESOP Committee"). Directors Dusek and Tantala serve as the ESOP trustees ("ESOP Trus Committee or the TF board instructs the ESOP Trustee regarding investment of ESOP plan assets. The ESOP Trustee, fiduciary duties, must vote all shares allocated to participant accounts under the ESOP as directed by participants. Unall and shares for which no timely voting direction is received will be voted by the ESOP Trustee, subject to such trust duties, as directed by the ESOP Committee. As of _________________, 2013, _______ shares have been allocated t accounts under the ESOP including ______ shares to executive officers, and ________ shares are unallocated for whi Trustee have shared voting and dispositive power.

Security Ownership of Management. The following table sets forth information with respect to the beneficial ownership as 30, 2012 of each of TF's directors and executive officers and by all directors and executive officers as a group of TF's comm

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Name	Amount and Nature of Beneficial Ownership	Perce
Kent C. Lufkin	58,728	2.
Dennis R. Stewart	26,970	0.
Floyd P. Hagger	17,719	0.
Elizabeth A. Kaspern	3,771	0.
Robert N. Dusek	123,736	4.
Carl F. Gregory	107,712	3.
Joseph R. Stranford	134,800	4.
Joseph F. Slabinski, III	26,308	0.
Kenneth A. Swanstrom	16,414	0.
James B. Wood	10,236	0.
Albert M. Tantala, Sr.	137,107	4.
Dennis Pollack	7,883	0.
All directors and executive offices as a group (12 persons)	671,384	23.

Roebling

Security Ownership of Certain Beneficial Owners. The following table sets forth persons or groups who are known to ben more than 5% of Roebling's common stock as of September 30, 2012.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Shar Common Stock Out
Mark V. and Dawn Dimon Route 130 South and Delaware Avenue Roebling, New Jersey 08554	105,298(1)	6.2%
John J. and Denise Ferry Route 130 South and Delaware Avenue Roebling, New Jersey 08554	102,219(1)	6.0%
Roebling Bank Employee Stock Ownership Plan Trust Route 130 South and Delaware Avenue Roebling, New Jersey 08554	105,788(2)	6.3%
Lance S. Gad 1250 Fence Row Drive Fairfield, Connecticut 06824	131,122	7.8%
Philip V. Oppenheimer Carl K. Oppenheimer Oppvest, LLC Oppvest II, LLC	140,450(3)	8.3%

Oppenheimer-Spence Financial Services
Partnership L.P.
Oppenheimer-Close International, Ltd.
119 West 57th Street, Suite 1515
New York, NY 10019

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(1) Excludes 105,788 shares held by the ESOP Trust for which he serves as a trustee and 13,563 unvested shares hel
Trust for which he also serves as a trustee.

(2) The Roebling Bank Employee Stock Ownership Plan ("ESOP") has shared voting and dispositive power over 105
common stock. The Roebling board of directors has appointed a committee consisting of non-employee Directors Dim
LaVecchia to serve as the ESOP administrative committee ("ESOP Committee") and to serve as the ESOP trustees ("
The ESOP Committee or the board instructs the ESOP Trustees regarding investment of ESOP plan assets. The ESOP T
vote all shares allocated to participant accounts under the ESOP as directed by participants. Unallocated shares and sha
no timely voting direction is received, will be voted by the ESOP Trustees as directed by the ESOP Committee. As of S
2012, 87,487 shares have been allocated to participant accounts under the ESOP.

(3) Includes 129,650 shares beneficially owned by Oppenheimer-Spence Financial Services Partnership L.P. ("Oppenheime
10,800 shares beneficially owned by Oppenheimer-Close International, Ltd. ("Oppenheimer-Close") In its capacity as G
Oppvest, LLC may be deemed the beneficial owner of shares held by Oppenheimer-Spence and in its capacity as investr
Oppvest II, LLC may be deemed the beneficial owner of shares held by Oppenheimer-Close. In their capacities
members of Oppvest, LLC and Oppvest II, LLC, Philip V. and Carl K. Oppenheimer may also be deemed the benefic
shares held by Oppenheimer-Spence and Oppenheimer-Close.

Security Ownership of Management. The following table sets forth information with respect to the beneficial ownership as
30, 2012 of each of Roebling's directors and executive officers and by all directors and executive officers as a group
common stock.

Name	Amount and Nature of Beneficial Ownership	Perce
R. Scott Horner	--	
John J. Ferry	102,219(1)	6
John A. LaVecchia	21,704(1)	1
George N. Nyikita	35,484	2
Mark V. Dimon	105,298(1)	6
Joan K. Geary	37,381	2
Robert R. Semptimphelter, Sr.	45,357	2
Janice A. Summers	30,028(2)	1
All directors and executive offices as a group (8 persons)	377,471(1)(3)	21

(1) Excludes 105,788 shares held by the ESOP and 13,563 unvested shares held by the restricted stock plan for which Messrs
Dimon and Ferry serve as members of the ESOP and RSP Trust Committees. Such individuals disclaim beneficial ow
respect to such shares held in a fiduciary capacity.

(2) Includes 12,213 shares allocated to the account of Ms. Summers in the ESOP and 10,000 shares that may be acquired
exercise of stock options within 60 days.

(3) Includes 64,642 shares that may be acquired through the exercise of stock options within 60 days.

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PROPOSAL NO. 2 -- ADVISORY (NON-BINDING) VOTE ON GOLDEN PARACHUTE COMPENSATION

The Golden Parachute Proposal

In accordance with the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Roebli
directors is providing shareholders with the opportunity to cast an advisory vote on the "golden parachute" compensation
named executive officers of Roebling in connection with the merger at the special meeting through the following resolution:

"RESOLVED, that the compensation that may be paid or become payable to Roebling named executive officers in conne
merger, as disclosed in the table entitled "Golden Parachute Compensation" that begins on page [—], together with th
footnotes and narrative discussion relating to the named executive officers' golden parachute compensation and the a
understandings pursuant to which such compensation may be paid or become payable, as set forth in the section o
statement/prospectus titled "Proposal No. 1 — Proposal to Approve the Merger Agreement — Summary of Golden Parachu
hereby APPROVED."

The vote on this Proposal 2 is a vote separate and apart from the vote on Proposal 1 to adopt the merger agreement. Acco
may vote to approve this Proposal 2 and not to approve Proposal 1, and vice versa. Because the vote is advisory in nature on
be binding on TF, 3rd Fed Bank, Roebling or Roebling Bank regardless of whether the merger agreement is adopted. Accor
compensation to be paid in connection with the merger is contractual with the executives, regardless of the outcome of this a
such compensation will be paid, subject only to the conditions applicable to such payment, if the merger agreement is ado
merger is completed.

The named executive officers of Roebling for which this advisory vote is being taken are R. Scott Horner, President and Ch
Officer, and Janice A. Summers, Executive Vice President and Chief Financial Officer. This vote is not intended to address
item of compensation, but rather the overall compensation that may become payable to Roebling's named executive officers
with the completion of the merger transaction. Such compensation will not be payable in the event the merger trans
completed.

Recommendation of Roebling Board of Directors

Roebling's board of directors unanimously recommends that Roebling shareholders vote FOR approval, on an advisory
basis, of the golden parachute compensation payable or that may become payable to the named executive officers of
connection with the merger.

PROPOSAL 3 - ADJOURNMENT OF THE SPECIAL MEETING

In the event that there are not sufficient votes to constitute a quorum or approve the adoption of the merger agreement at th
special meeting, the merger agreement may not be adopted unless the special meeting is adjourned to a later date or date
permit further solicitation of proxies. In order to allow proxies that have been received by Roebling at the time of the speci
be voted for an adjournment, if necessary, Roebling has submitted the proposal on adjournment to its shareholders as a se
for their consideration. The board of directors of Roebling unanimously recommends that stockholders vote "FOR" th
proposal. If it is necessary to adjourn the special meeting, no notice of the adjourned special meeting is required to
shareholders (unless the adjournment is for more than 30 days or if a new record date is fixed), other than an announcement
meeting of the hour, date and place to which the special meeting is adjourned.

EXPERTS

The consolidated financial statements of TF Financial Corporation as of December 31, 2011 and 2010 and for each of the two-year period ended December 31, 2011 have been audited by S.R. Snodgrass, A.C., an independent registered public acc as stated in such firm's report, and have been included in this proxy statement/prospectus in reliance upon the authority o experts in accounting and auditing.

The consolidated financial statements of Roebling Financial Corp, Inc., as of September 30, 2012 and 2011 and for each o the two-year period ended September 30, 2012 have been audited by Fontanella and Babbits, Certified Public Acc independent registered public accounting firm, as stated in such firm's report, and have been included in this proxy stateme in reliance upon the authority of such firm as experts in accounting and auditing.

LEGAL OPINIONS

Spidi & Fisch, PC and Silver, Freedman & Taff, LLP will deliver prior to the effective time of the merger their opinio Roebling, respectively, as to certain United States federal income tax consequences of the merger. See "Proposal No. 1 Approve the Merger Agreement -- Material United States Federal Income Tax Consequences of the Merger" on page __ Spidi & Fisch, PC has given its opinion with respect to the validity of the shares of TF common stock to be issued in the mer

OTHER MATTERS

As of the date of this proxy statement/prospectus, the Roebling board of directors does not know of any matters that will be consideration at its special meeting other than as described in this document. However, if any other matter shall properly the special meeting or any adjournment or postponement thereof and shall be voted upon, the proposed proxies will be deem authority to the individuals named as authorized therein to vote the shares represented by the proxy as to any matters that f purposes set forth in the notices of special meetings.

ROEBLING ANNUAL MEETING SHAREHOLDER PROPOSALS

If the merger is completed, Roebling will no longer have a separate corporate existence or any shareholders. However, if not completed or if Roebling is otherwise required to do so under applicable law, Roebling will hold a 2013 annua shareholders. Under the SEC's proxy rules, if the date of the annual meeting of shareholders is changed by more than 30 date of the previous year's annual meeting, then the deadline for submission of shareholder proposals for the current year's a is a "reasonable time" before the company begins to print and send its proxy materials for such meeting. Because Roebling to hold an annual meeting within 30 days of the anniversary date of its 2012 annual meeting of shareholders, in the event t does hold a 2013 annual meeting of shareholders, the deadline for submission of shareholder proposals will be disclosed Report on Form 8-K or Form 10-Q filed by Roebling.

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Index to Financial Statements of TF Financial Corporation

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	At		
	September 30, 2012		Decem[ber 31,] 20[11]
	(in thousands)		
ASSETS			
Cash and cash equivalents	$	3,712	$
Investment securities			
Available for sale		106,957	
Held to maturity (fair value of $2,418 and $2,928 as of September 30, 2012 and December 31, 2011, respectively)		2,079	
Loans receivable, net		533,978	
Loans receivable, held for sale		860	
Federal Home Loan Bank ("FHLB") stock—at cost		6,249	
Accrued interest receivable		2,605	
Premises and equipment, net		6,294	
Goodwill		4,324	
Bank owned life insurance		18,962	
Other assets		11,036	
TOTAL ASSETS	$	697,056	$
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	$	533,273	$
Advances from the FHLB		75,156	
Advances from borrowers for taxes and insurance		1,817	
Accrued interest payable		943	
Other liabilities		3,902	
Total liabilities		615,091	
Stockholders' equity			
Preferred stock, no par value; 2,000,000 shares authorized at September 30, 2012 and December 31, 2011, none issued		—	
Common stock, $0.10 par value; 10,000,000 shares authorized, 5,290,000 shares issued, 2,836,946 and 2,831,874 shares outstanding at September 30, 2012 and December 31, 2011, respectively, net of shares in treasury of 2,453,054 and 2,458,126, respectively.		529	
Additional paid-in capital		54,293	
Unearned ESOP shares		(1,004)	
Treasury stock—at cost		(50,928)	
Retained earnings		77,614	
Accumulated other comprehensive income		1,461	
Total stockholders' equity		81,965	

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	697,056	$

The accompanying notes are an integral part of these statements

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	For the nine months ended September 30, 2012	2011
	(in thousands, except per share data)	
Interest income		
Loans, including fees	$ 18,864	$ 19,946
Investment securities		
Fully taxable	1,840	2,648
Exempt from federal taxes	1,280	1,080
Interest-bearing deposits and other	2	1
TOTAL INTEREST INCOME	21,986	23,675
Interest expense		
Deposits	2,795	4,328
Borrowings	1,094	1,537
TOTAL INTEREST EXPENSE	3,889	5,865
NET INTEREST INCOME	18,097	17,810
Provision for loan losses	1,750	2,878
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	16,347	14,932
Non-interest income		
Service fees, charges and other operating income	1,237	1,242
Bank owned life insurance	456	481
Gain on sale of investments	—	210
Gain on sale of loans	920	292
Gain on disposition of premises and equipment	277	—
TOTAL NON-INTEREST INCOME	2,890	2,225
Non-interest expense		
Compensation and benefits	8,222	7,952
Occupancy and equipment	2,068	2,253
Federal deposit insurance premiums	447	526
Professional fees	874	1,065
Marketing and advertising	267	257
Foreclosed real estate expense	705	497
Other operating	1,588	1,702
TOTAL NON-INTEREST EXPENSE	14,171	14,252
INCOME BEFORE INCOME TAXES	5,066	2,905
Income tax expense	1,189	508
NET INCOME	$ 3,877	$ 2,397
Earnings per share—basic	$ 1.42	$ 0.89
Earnings per share—diluted	$ 1.42	$ 0.89
Dividends paid per share	$ 0.15	$ 0.15
Weighted average shares outstanding:		
Basic	2,724	2,701
Diluted	2,727	2,702

The accompanying notes are an integral part of these statements

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the nine months ended September 30, 2012	2011
	(in thousands)	
Net income	$ 3,877	$ 2,397
Other comprehensive income:		
Investment securities available for sale:		
Unrealized holding gains	870	2,884
Tax effect	(296)	(980)
Reclassification adjustment for gains realized in net income	—	(210)
Tax effect	—	71
Net of tax amount	574	1,765
Pension plan benefit adjustment:		
Related to actuarial losses and prior service cost	214	88
Tax effect	(73)	(30)
Net of tax amount	141	58
Total other comprehensive income	715	1,823
Comprehensive income	$ 4,592	$ 4,220

The accompanying notes are an integral part of these statements

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine m ended Septem 2012 (in thousar	
OPERATING ACTIVITIES		
Net income	$ 3,877	$
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and impairment adjustment of mortgage loan servicing rights	304	
Premiums and discounts on investment securities, net	181	
Premiums and discounts on mortgage-backed securities, net	229	
Deferred loan origination costs, net	132	
Provision for loan losses	1,750	
Depreciation of premises and equipment	573	
Increase in value of bank owned life insurance	(456)	
Stock based compensation	366	
Proceeds from sale of loans originated for sale	39,656	
Origination of loans held for sale	(39,512)	
Loss on foreclosed real estate	425	
Gain on :		
Sale of investments	—	
Sale of loans held for sale	(920)	
Disposition of premises and equipment	(277)	
Decrease in:		
Accrued interest receivable	5	
Other assets	644	
(Decrease) increase in:		
Accrued interest payable	(432)	
Other liabilities	944	
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,489	
INVESTING ACTIVITIES		
Loan originations	(110,383)	
Loan principal payments	65,723	
Proceeds from sale of foreclosed real estate	6,736	
Proceeds from disposition of premises and equipment	356	
Principal repayments on mortgage-backed securities held to maturity	506	
Principal repayments on mortgage-backed securities available for sale	20,489	
Proceeds from maturities and redemptions of investments available for sale	5,300	
Proceeds from sale of investment securities available for sale	—	
Purchase of investment securities available for sale	(4,260)	
Purchase of mortgage-backed securities available for sale	(13,520)	
Purchase of premises and equipment	(387)	
Redemption of FHLB stock	1,408	
Proceeds from sale of mortgage backed securities available for sale	—	
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	(28,032)	

The accompanying notes are an integral part of these statements

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine mon September 2012 (in thousan	
FINANCING ACTIVITIES		
Net (decrease)/increase in deposits	(18,015)	
Net increase in short-term FHLB borrowings	14,304	
Proceeds of long-term FHLB borrowings	32,197	
Repayment of long-term FHLB borrowings	(18,253)	
Net decrease in advances from borrowers for taxes and insurance	(505)	
Exercise of stock options	7	
Tax benefit arising from exercise of stock options	(1)	
Common stock dividends paid	(407)	
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	9,327	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,216)	
Cash and cash equivalents at beginning of period	14,928	
Cash and cash equivalents at end of period	$ 3,712	$
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest on deposits and borrowings	$ 4,321	$
Income taxes	$ 375	$
Non-cash transactions:		
Capitalization of mortgage servicing rights	$ 404	$
Transfers from loans to foreclosed real estate	$ 2,925	$

The accompanying notes are an integral part of these statements

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—PRINCIPLES OF CONSOLIDATION

The consolidated financial statements as of September 30, 2012 (unaudited) and December 31, 2011 and for the nine-m ended September 30, 2012 and 2011 (unaudited) include the accounts of TF Financial Corporation (the "Company") and its subsidiaries: 3rd Fed Bank (the "Bank"), Penns Trail Development Corporation, and TF Investments Corporation, which w the Company during 2011. The accompanying consolidated balance sheet at December 31, 2011, has been derived from consolidated balance sheet but does not include all of the information and notes required by accounting principles generall the United States of America ("US GAAP") for complete financial statements. The Company's business is conducted pri the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2—BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements were prepared in accordance with the instructions for For therefore, do not include all of the disclosures or footnotes required by US GAAP. In the opinion of management, all consisting of normal recurring accruals, necessary for fair presentation of the consolidated financial statements have been i results of operations for the period ended September 30, 2012 are not necessarily indicative of the results which may be exp entire fiscal year or any other period. For further information, refer to the consolidated financial statements and footr included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

NOTE 3—CONTINGENCIES

The Company, from time to time, is a party to routine litigation that arises in the normal course of business. In th management, the resolution of this litigation, if any, would not have a material adverse effect on the Company's consolid position or results of operations.

NOTE 4—EARNINGS PER SHARE

The following tables illustrate the reconciliation of the numerators and denominators of the basic and diluted earnin computations (dollars in thousands, except share and per share data):

	For the nine months ende September 30, 2012		
	Income (numerator)	Weighted average shares (denominator)	
Basic earnings per share			
Income available to common stockholders	$ 3,877	2,723,703	$
Effect of dilutive securities			
Stock options and grants	—	3,668	
Diluted earnings per share			
Income available to common stockholders plus effect of dilutive securities	$ 3,877	2,727,371	$

There were 65,337 options to purchase shares of common stock with exercise prices ranging from $23.53 to $32.51 per share outstanding during the nine months ended September 30, 2012 that were not included in the computation of diluted earnings because the options' exercise prices were greater than the average market price of the common shares.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 4—EARNINGS PER SHARE (Continued)

	For the nine months ende September 30, 2011		
	Income (numerator)	Weighted average shares (denominator)	
Basic earnings per share			
Income available to common stockholders	$ 2,397	2,700,845	$
Effect of dilutive securities			
Stock options and grants	—	716	
Diluted earnings per share			
Income available to common stockholders plus effect of dilutive securities	$ 2,397	2,701,561	$

There were 64,407 options to purchase shares of common stock with exercise prices ranging from $24.12 to $32.51 per shar outstanding during the nine months ended September 30, 2011 that were not included in the computation of diluted earni because the options' exercise prices were greater than the average market price of the common shares.

NOTE 5—INVESTMENT SECURITIES

The amortized cost, gross unrealized gains and losses, and fair value of the Company's investment securities are summarized

	At September 30, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
	(in thousands)			
Available for sale				
State and political subdivisions	$ 53,060	$ 4,513	$ —	$
Residential mortgage-backed securities issued by quasi-governmental agencies	43,349	1,696	(1)	
Residential mortgage-backed securities privately issued	4,149	191	—	
Total investment securities available for sale	100,558	6,400	(1)	
Held to maturity				
Residential mortgage-backed securities issued by quasi-governmental agencies	2,079	339	—	
Total investment securities	$ 102,637	$ 6,739	$ (1)	$

	At December 31, 2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
	(in thousands)			
Available for sale				
U.S. Government and federal agencies	$ 2,995	$ 35	$ —	$

State and political subdivisions		51,287		3,804		—	
Residential mortgage-backed securities issued by quasi-governmental agencies		45,969		1,525		—	
Residential mortgage-backed securities privately issued		8,723		195		(30)	
Total investment securities available for sale		108,974		5,559		(30)	
Held to maturity							
Residential mortgage-backed securities issued by quasi-governmental agencies		2,588		340		—	
Total investment securities	$	111,562	$	5,899	$	(30)	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—INVESTMENT SECURITIES (Continued)

There were no sales of investment securities during the nine months ended September 30, 2012. Gross realized gains were
the nine months ended September 30, 2011. These gains resulted from proceeds from the sale of investment and mort
securities of $5.1 million.

The amortized cost and fair value of investment and mortgage-backed securities, by contractual maturity, are shown below.

	At September 30, 2012						
	Available for sale				Held to mat		
	Amortized cost		Fair value		Amortized cost		
	(in thousands)						
Investment securities							
Due in one year or less	$	1,070	$	1,084	$	—	$
Due after one year through five years		7,732		8,139		—	
Due after five years through ten years		24,136		25,880		—	
Due after ten years		20,122		22,470		—	
		53,060		57,573		—	
Mortgage-backed securities		47,498		49,384		2,079	
Total investment and mortgage-backed securities	$	100,558	$	106,957	$	2,079	$

The table below indicates the length of time individual securities have been in a continuous unrealized loss position at S
2012:

Description of Securities	Number of Securities	Less than 12 months				12 months or longer				Total	
		Fair Value		Unrealized Loss		Fair Value		Unrealized Loss		Fair Value	
	(dollars in thousands)										
Residential mortgage-backed securities issued by quasi-governmental agencies	1	$	263	$	(1)	$	—	$	—	$	263
Total temporarily impaired securities	1	$	263	$	(1)	$	—	$	—	$	263

The table below indicates the length of time individual securities have been in a continuous unrealized loss position at Decen
2011:

Description of Securities	Number of Securities	Less than 12 months				12 months or longer				Total	
		Fair Value		Unrealized Loss		Fair Value		Unrealized Loss		Fair Value	
	(dollars in thousands)										
	2	$	3,442	$	(30)	$	—	$	—	$	3,442

Residential mortgage-backed securities privately issued											
Total temporarily impaired securities	2	$	3,442	$	(30)	$	—	$	—	$	3,442

On a quarterly basis, temporarily impaired securities are evaluated to determine whether such impairment is an other-tha
impairment ("OTTI"). The Company has performed this evaluation and has determined that the unrealized losses at Septe
and December 31, 2011, respectively, are not considered other-than-temporary but are the result of changes in interest r
therefore reflected in other comprehensive income.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE

Loans receivable are summarized as follows:

	At			
	September 30, 2012		Decem 20	
	(in thousands)			
Held for investment:				
Residential				
Residential mortgages	$	320,883	$	
Commercial				
Real estate-commercial		109,379		
Real estate-residential		22,502		
Real estate-multi-family		19,433		
Construction loans		19,094		
Commercial and industrial loans		4,316		
Total commercial loans		174,724		
Consumer				
Home equity and second mortgage		41,751		
Other consumer		1,925		
Total consumer loans		43,676		
Total loans		539,283		
Net deferred loan origination costs and unamortized premiums		1,467		
Less allowance for loan losses		(6,772)		
Total loans receivable	$	533,978	$	
Held for sale:				
Residential				
Residential mortgages	$	860	$	

The following table presents the composition of the commercial loan portfolio by credit quality indicators:

Commercial credit exposure-credit risk profile by internally assigned grade

	At September 30, 2012				
	Pass	Special mention	Substandard	Doubtful	
			(in thousands)		
Real estate-commercial	$ 96,008	$ 4,221	$ 9,150	$ —	$
Real estate-residential	19,419	1,023	2,060	—	
Real estate-multi-family	13,526	2,532	3,375	—	
Construction loans	7,360	5,398	6,336	—	
Commercial and industrial loans	4,233	83	—	—	
Total	$ 140,546	$ 13,257	$ 20,921	$ —	$

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

	At December 31, 2011				
	Pass	Special mention	Substandard (in thousands)	Doubtful	
Real estate-commercial	$ 95,719	$ 6,189	$ 8,835	$ —	$
Real estate-residential	21,447	2,891	1,463	—	
Real estate-multi-family	12,753	3,768	3,385	—	
Construction loans	4,452	4,312	7,572	—	
Commercial and industrial loans	4,139	100	175	—	
Total	$ 138,510	$ 17,260	$ 21,430	$ —	$

In order to assess and monitor the credit risk associated with commercial loans, the Company employs a risk rating r whereby each commercial loan is initially assigned a risk grade. At least annually, all risk ratings are reviewed in light of received such as tax returns, rent rolls, cash flow statements, appraisals, and any other information which may affect the the rating, which is adjusted upward or downward as needed. At the end of each quarter the risk ratings are summarized a component of the evaluation of the allowance for loan losses. The Company's risk rating definitions mirror those promulgat regulators and are as follows:

Pass: A good quality loan is characterized by satisfactory liquidity; reasonable debt capacity and coverage; acceptable mana critical positions and normal operating results for its peer group. The Company has grades 1 through 6 within the Pass ca reflect the increasing amount of attention paid to the individual loan because of, among other things, trends in debt servi management weaknesses, or collateral values.

Special mention: A loan that has potential weaknesses that deserves management's close attention. Although the loa protected, if left uncorrected, potential weaknesses may result in the deterioration of the loan's repayment prospects or in future credit position. Potential weaknesses include: weakening financial condition; an unrealistic repayment program sources of funds; lack of adequate collateral; credit information; or documentation. There is currently the capacity to mee principal payments, but further adverse business, financial, or economic conditions may impair the borrower's capacity or pay interest and repay principal.

Substandard: A loan that is inadequately protected by the current sound worth and paying capacity of the obligor or of t pledged. Although no loss of principal or interest is presently apparent, there is the distinct possibility that a partial loss of in principal will be sustained if the deficiencies are not corrected. There is a current identifiable vulnerability to default and th upon favorable business, financial, or economic conditions to meet timely payment of interest and repayment of principal.

Doubtful: A loan which has all the weaknesses inherent in a substandard asset with the added characteristic that the weak collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and imp possibility of loss is extremely high, but because of certain important and reasonable specific pending factors which strengthen the asset, classification as an estimated loss is deferred until a more exact status is determined. Pending fac proposed merger, acquisition, liquidation, capital injection, perfecting liens on additional collateral, and refinancing plans.

Loss: Loans which are considered uncollectible and have been charged off. The Company has charged-off all loans classified

Loans classified as special mention, substandard or doubtful are evaluated for potential impairment. All impaired loans a non-accrual status and are classified as substandard or doubtful.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

The following table presents the composition of the residential mortgage and consumer loan portfolios by credit quality indic

Mortgage and consumer credit exposure-credit risk profile by payment activity

	At September 30, 2012				
		Performing		Non-performing (in thousands)	
Residential mortgages	$	318,761	$	2,122	$
Home equity and second mortgage		41,547		204	
Other consumer		1,925		—	
Total	$	362,233	$	2,326	$

	At December 31, 2011				
		Performing		Non-performing (in thousands)	
Residential mortgages	$	272,322	$	5,502	$
Home equity and second mortgage		43,888		277	
Other consumer		1,970		1	
Total	$	318,180	$	5,780	$

In order to assess and monitor the credit risk associated with residential mortgage loans and consumer loans which in mortgage loans and home equity secured lines of credit, the Company relies upon the payment status of the loan. Residen and other consumer loans 90 days or more past due are placed on non-accrual status and evaluated for impairment.

The following table presents by class non-performing loans including impaired loans and loan balances 90 days or more which the accrual of interest has been discontinued:

	At			
		September 30, 2012 (in thousands)		Decen 20
Residential				
Residential mortgages	$	2,122	$	
Commercial				
Real estate-commercial		1,116		
Real estate-residential		839		
Construction loans		6,119		
Commercial and industrial loans		—		
Consumer				
Home equity and second mortgage		204		
Other consumer		—		
Total non-performing loans	$	10,400	$	
Total loans past due 90 days as to interest or principal and accruing interest	$	—	$	

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

The following tables present loans individually evaluated for impairment by class:

	At September 30, 2012			
	Recorded investment	Unpaid principal balance	Related allowance (in thousands)	Average recorded investment
With an allowance recorded:				
Residential				
Residential mortgages	$ 2,236	$ 2,331	$ 295	$ 2,042
Commercial				
Real estate-commercial	565	1,497	185	734
Real estate-residential	719	838	57	360
Construction loans	3,118	3,815	329	3,321
Commercial and industrial loans	—	—	—	3
	6,638	8,481	866	6,460
With no allowance recorded:				
Residential				
Residential mortgages	—	—	—	1,030
Commercial				
Real estate-commercial	551	551	—	1,089
Real estate-residential	120	121	—	337
Construction loans	3,001	3,258	—	2,399
	3,672	3,930	—	4,855
Total	$ 10,310	$ 12,411	$ 866	$ 11,315

	At December 31, 2011			
	Recorded investment	Unpaid principal balance	Related allowance (in thousands)	Average recorded investment
With an allowance recorded:				
Residential				
Residential mortgages	$ 1,252	$ 1,252	$ 388	$ 751
Commercial				
Real estate-commercial	1,497	1,497	877	3,581
Real estate-residential	—	—	—	497
Construction loans	3,816	3,816	1,035	4,143
Commercial and industrial loans	6	6	3	72
	6,571	6,571	2,303	9,044
With no allowance recorded:				
Residential				
Residential mortgages	2,381	2,381	—	1,497
Commercial				
Real estate-commercial	1,214	1,214	—	1,270

Real estate-residential	—	—	—	459
Construction loans	228	228	—	1,642
Commercial and industrial loans	—	—	—	—
	3,823	3,823	—	4,868
Total	$ 10,394	$ 10,394	$ 2,303	$ 13,912

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

The following tables present the contractual aging of delinquent loans by class:

At September 30, 2012	Current	30-59 Days past due	60-89 Days past due	Loans past due 90 days or more (in thousands)	Total past due	Total loans
Residential						
Residential mortgages	$ 317,534	$ 1,098	$ 129	$ 2,122	$ 3,349	$ 320,883
Commercial						
Real estate-commercial	108,263	—	—	1,116	1,116	109,379
Real estate-residential	21,663	—	—	839	839	22,502
Real estate-multi-family	19,433	—	—	—	—	19,433
Construction loans	12,975	—	—	6,119	6,119	19,094
Commercial and industrial loans	4,309	7	—	—	7	4,316
Consumer						
Home equity and second mortgage	41,321	126	100	204	430	41,751
Other consumer	1,917	—	8	—	8	1,925
Total	$ 527,415	$ 1,231	$ 237	$ 10,400	$ 11,868	$ 539,283

At December 31, 2011	Current	30-59 Days past due	60-89 Days past due	Loans past due 90 days or more (in thousands)	Total past due	Total loans
Residential						
Residential mortgages	$ 273,231	$ 98	$ 153	$ 4,342	$ 4,593	$ 277,824
Commercial						
Real estate-commercial	108,382	—	—	2,361	2,361	110,743
Real estate-residential	25,489	312	—	—	312	25,801
Real estate-multi-family	19,906	—	—	—	—	19,906
Construction loans	9,151	—	3,141	4,044	7,185	16,336
Commercial and industrial loans	4,408	—	—	6	6	4,414
Consumer						

Home equity and second mortgage	43,712	165	11	277	453	44,165
Other consumer	1,956	6	8	1	15	1,971
Total	$ 486,235	$ 581	$ 3,313	$ 11,031	$ 14,925	$ 501,160

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

Activity in the allowance for loan losses for the nine months ended September 30, 2012 is summarized as follows:

	Balance January 1, 2012	Provision	Charge-offs	Recoveries	
			(in thousands)		
Residential					
Residential mortgages	$ 2,194	$ 365	$ (702)	$ 56	$
Commercial					
Real estate-commercial	2,819	108	(932)	—	
Real estate-residential	464	600	(418)	—	
Real estate-multi-family	358	(108)	—	—	
Construction loans	1,260	768	(891)	—	
Commercial and industrial loans	138	106	(156)	17	
Consumer					
Home equity and second mortgage	448	(187)	(32)	—	
Other consumer	22	9	(23)	3	
Unallocated	397	89	—	—	
Total	$ 8,100	$ 1,750	$ (3,154)	$ 76	$

Activity in the allowance for loan losses for the nine months ended September 30, 2011 is summarized as follows:

	Balance January 1, 2011	Provision	Charge-offs	Recoveries	
			(in thousands)		
Residential					
Residential mortgages	$ 1,839	$ (10)	$ (172)	$ 2	$
Commercial					
Real estate-commercial	3,281	783	—	—	
Real estate-residential	534	749	(729)	—	
Real estate-multi-family	399	337	(302)	—	
Construction loans	1,363	775	(155)	1	
Commercial and industrial loans	77	197	(44)	6	
Consumer					
Home equity and second mortgage	607	82	(221)	—	
Other consumer	16	9	(12)	6	
Unallocated	212	(44)	—	—	
Total	$ 8,328	$ 2,878	$ (1,635)	$ 15	$

Despite the above allocation, the allowance for credit losses is general in nature and is available to absorb losses from a segment.

Loans receivable include certain loans that have been modified as Troubled Debt Restructurings ("TDRs"), where econon have been granted to borrowers experiencing financial difficulties. The objective for granting the concessions is to n

recovery of the investment in the loan and may include reductions in the interest rate, payment extensions, forgiveness
principal, forbearance or other actions. TDRs are classified as nonperforming at the time of restructuring and typica
performing status after considering the borrower's positive repayment performance for a reasonable period of time, usually s

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

Loans modified in a TDR are evaluated individually for impairment based on the present value of expected cash flows or the the underlying collateral less selling costs for collateral dependent loans. If the value of the modified loan is less than investment in the loan, impairment is recognized through an increase to the allowance for loan losses. In periods su modification, TDRs are evaluated for possible additional impairment.

	For the nine months ended September 30, 2012		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post Modification Outstanding Recorded Investment
Residential		(in thousands)	
Residential mortgage	1	$ 852	$ 814
Total	1	$ 852	$ 814

For the Bank, restructuring of loans is usually either an extension of the maturity date or a temporary reduction or morat payment terms. No modifications involved any reduction in principal balance.

During the first quarter of 2012, a TDR totaling $167,000 which had been previously identified as in default of its modifi repaid and a $40,000 loss was charged to the allowance for loan losses.

The following tables present the ending balance of the allowance for loan losses and ending loan balance by portfolio and by on impairment method as of September 30, 2012:

	Evaluated for impairment		
Allowance	Individually	Collectively	
		(in thousands)	
Residential			
Residential mortgages	$ 295	$ 1,618	$
Commercial			
Real estate-commercial	185	1,810	
Real estate-residential	57	589	
Real estate-multi-family	—	250	
Construction loans	329	808	
Commercial and industrial loans	—	105	
Consumer			
Home equity and second mortgage	—	229	
Other consumer	—	11	
Unallocated	—	486	
Total	$ 866	$ 5,906	$

	Evaluated for impairment		
Loan balance	Individually	Collectively	
		(in thousands)	
Residential			
Residential mortgages	$ 2,236	$ 318,647	$

Commercial			
Real estate-commercial	1,116	108,263	
Real estate-residential	839	21,663	
Real estate-multi-family	—	19,433	
Construction loans	6,119	12,975	
Commercial and industrial loans	—	4,316	
Consumer			
Home equity and second mortgage	—	41,751	
Other consumer	—	1,925	
Total	$ 10,310	$ 528,973	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

The following tables present the ending balance of the allowance for loan losses and ending loan balance by portfolio and b
on impairment method as of December 31, 2011:

Allowance	Evaluated for impairment Individually	Collectively (in thousands)	
Residential			
Residential mortgages	$ 388	$ 1,806	$
Commercial			
Real estate-commercial	877	1,475	
Real estate-residential	—	369	
Real estate-multi-family	—	350	
Construction loans	1,035	795	
Commercial and industrial loans	3	135	
Consumer			
Home equity and second mortgage	—	448	
Other consumer	—	22	
Unallocated	—	397	
Total	$ 2,303	$ 5,797	$

Loan balance	Evaluated for impairment Individually	Collectively	
	(in thousands)		
Residential			
Residential mortgages	$ 3,633	$ 274,191	$
Commercial			
Real estate-commercial	2,711	108,032	
Real estate-residential	—	25,801	
Real estate-multi-family	—	19,906	
Construction loans	4,044	12,292	
Commercial and industrial loans	6	4,408	
Consumer			
Home equity and second mortgage	—	44,165	
Other consumer	—	1,971	
Total	$ 10,394	$ 490,766	$

NOTE 7—FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present information about the Company's financial instruments measured at fair value as of Septembe
December 31, 2011. Fair value is an exit price, representing the amount that would be received to sell an asset or paid
liability in an orderly transaction between market participants. A fair value measurement hierarchy has been established
valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in activ
identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 mea
Determination of the appropriate level within the fair value hierarchy is based on the lowest level of input that is significa
value measurement for the instrument or security.

The fair value hierarchy levels are summarized below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable and contain assumptions of the party assessing the fair value of the asset or liabi

Assets measured at fair value on a recurring basis, segregated by fair value hierarchy level are summarized below:

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 7—FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair value hierarchy levels			B
	Level 1	Level 2	Level 3	
		(in thousands)		
Assets				
Investment securities available for sale				
State and political subdivisions	$ —	$ 57,573	$ —	$
Residential mortgage-backed securities issued by quasi-governmental agencies	—	45,044	—	
Residential real estate mortgage-backed securities privately issued	—	4,340	—	
Total investment securities available for sale	$ —	$ 106,957	$ —	$
Loans available for sale				
Residential mortgages	$ —	$ 860	$ —	$

	Fair value hierarchy levels			B
	Level 1	Level 2	Level 3	
		(in thousands)		
Assets				
Investment securities available for sale				
U.S. Government and federal agencies	$ —	$ 3,030	$ —	$
State and political subdivisions	—	55,091	—	
Residential mortgage-backed securities issued by quasi-governmental agencies	—	47,494	—	
Residential real estate mortgage-backed securities privately issued	—	8,888	—	
Total investment securities available for sale	$ —	$ 114,503	$ —	$
Loans available for sale				
Residential mortgages	$ —	$ 488	$ —	$

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 7—FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Investment securities available for sale and mortgage-backed securities available for sale are valued primarily by a third
agent. U.S. Government and federal agency and corporate debt securities are primarily priced through a multi-dimensio
model, a Level 2 hierarchy, which incorporates dealer quotes and other market information including, defined sector
benchmark yields, base spread, yield to maturity, and corporate actions. State and political subdivision securities are also v
the Level 2 hierarchy using inputs with a series of matrices that reflect benchmark yields, ratings updates, and spread
Mortgage-backed securities include Government National Mortgage Association (“GNMA”), Federal Home Loan Mortga
(“FHLMC”) and Federal National Mortgage Association (“FNMA”) certificates and privately issued real estate mortgage in
which are valued under a Level 2 hierarchy using a matrix correlation to benchmark yields, spread analysis, and prepayment

Assets measured at fair value on a nonrecurring basis segregated by fair value hierarchy level at September 30, 2012 are sum
below:

	Fair value hierarchy levels			B
	Level 1	Level 2	Level 3	
		(in thousands)		
Assets				
Impaired loans	$ —	$ —	$ 9,444	$
Real estate acquired through foreclosure	—	—	7,619	
Mortgage servicing rights	—	864	—	

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring
which the Bank has utilized Level 3 inputs to determine fair value at September 30, 2012:

Description	Fair value estimate (in thousands)	Valuation technique	Unobservable Input
Impaired loans	$9,444	Appraisal of collateral	Discount rate to reflect current market conditions and ultimate recoverability
Real estate acquired through foreclosure	7,619	Appraisal of collateral	Discount rate to reflect current market conditions and liquidation expenses

The fair value of impaired loans and real estate acquired through foreclosure is generally determined through independent
the underlying collateral, which generally include level 3 inputs which are not identifiable. Appraisals may be adjusted by
for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average o
expenses are presented as a percent of the appraised value.

Assets measured at fair value on a nonrecurring basis segregated by fair value hierarchy level at December 31, 2011 are sum
below:

	Fair value hierarchy levels			B
	Level 1	Level 2	Level 3	

		(in thousands)		
Assets				
Impaired loans	$ —	$ —	$ 8,091	$
Real estate acquired through foreclosure	—	—	11,730	
Mortgage servicing rights	—	763	—	

Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of the recorded investme or fair value. Real estate acquired through foreclosure is initially valued at the lower of the recorded investment in the loan at foreclosure less costs to sell and subsequently adjusted for further decreases in market value, if necessary. Fair value is d using the value of the collateral securing the loans and is therefore classified as a Level 3 hierarchy. The value of the real es impaired loans and real estate acquired through foreclosure is based on appraisals prepared by qualified independent licens contracted by the Company to perform the assessment.

The Company initially recognizes and measures servicing assets based on the fair value of the servicing right at the time the The Company uses the amortized cost method for subsequent measurement of its servicing assets and evaluates the recor impairment quarterly. The Company retains a qualified valuation service to calculate the amortized cost and to determine the the mortgage servicing rights. The valuation service utilizes discounted cash flow analyses, adjusted for prepayment sp discount rates and conditions existing in the secondary servicing market. Hence, the fair value of mortgage servicing rights Level 2 hierarchy. The amortized cost basis of the Company's mortgage servicing rights was $1.2 million and $1.0 million 30, 2012 and December 31, 2011, respectively. The fair value of the mortgage servicing rights was $864,000 and $763,000 30, 2012 and December 31, 2011, respectively, and was included in other assets in the consolidated balance sheets.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 7—FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

In addition to financial instruments recorded at fair value in the Company's financial statements, disclosure of the estimate all of an entity's assets and liabilities considered to be financial instruments is also required. For the Bank, as for m institutions, the majority of its assets and liabilities are considered financial instruments. However, many such instrum available trading market as characterized by a willing buyer and willing seller engaging in an exchange transaction. A Company's general practice and intent to hold its financial instruments to maturity or available for sale and to not engage significant sales activities. For fair value disclosure purposes, the Company substantially utilized the established fair value hierarchy.

Changes in the assumptions or methodologies used to estimate fair values may materially affect the estimated amounts. In a may not be reasonable comparability between entities due to the wide range of permitted assumptions and methodologies i of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial instrument fair va

Fair values have been estimated using data which management considered the best available, as generally provided b methodologies deemed suitable for the pertinent category of financial instrument. The recorded carrying amounts an segregated by fair value hierarchy level at September 30, 2012 are summarized below:

	Carrying value	Fair value	Fair value hierarchy leve	
			Level 1	Level 2
Assets			(in thousands)	
Cash and cash equivalents	$ 3,712	$ 3,712	$ 3,712	$ —$
Investment securities	57,573	57,573	—	57,573
Mortgage-backed securities	51,463	51,802	—	51,802
Loans receivable	534,838	552,583	—	860
Liabilities				
Deposits with stated maturities	$ 152,011	$ 153,834	$ —$	—$
Borrowings with stated maturities	75,156	75,816	—	—
Deposits with no stated maturities	381,262	381,262	381,262	—

The recorded carrying amounts and fair values at December 31, 2011 are summarized below:

	At December 3
	Carrying value
	(in thousar
Assets	
Cash and cash equivalents	$ 14,928 $
Investment securities	58,121
Mortgage-backed securities	58,970
Loans receivable	494,613
Liabilities	
Deposits with stated maturities	$ 181,074 $
Borrowings with stated maturities	46,908
Deposits with no stated maturities	370,214

The fair value of cash and cash equivalents equals historical book value. The fair value of investment and mortgage-backed
described and presented under fair value measurement guidelines as discussed earlier.

The fair value of loans receivable has been estimated using the present value of cash flows, discounted at the approximate c
rates, and giving consideration to estimated prepayment risk but not adjusted for credit risk. Loans receivable also in
receivable held for sale.

The fair value of deposits and borrowings with stated maturities has been estimated using the present value of cash flows,
rates approximating current market rates for similar liabilities. Fair value of deposits and borrowings with floating int
generally presumed to approximate the recorded carrying amounts.

The fair value of deposits with no stated maturities is generally presumed to approximate the carrying amount (the amou
demand). The fair value of deposits with floating interest rates is generally presumed to approximate the recorded carrying a

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 7—FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Bank's remaining assets and liabilities are not considered financial instruments. No disclosure of the relationship valu
depositors or customers is required.

NOTE 8—STOCK-BASED COMPENSATION

The Company has stock benefit plans that allow the Company to grant options and restricted stock to employees and d
awards, which have a term of up to 10 years when issued, vest over a three to five year period. The exercise price of each
the market price of the Company's stock on the date of the grant. At September 30, 2012, there was $29,000 of total
compensation cost, net of estimated forfeitures, related to non-vested awards under the Company's stock option plan
expected to be recognized over a weighted average period of 6.7 months. Option activity under the Company's stock opt
September 30, 2012 was as follows:

	At September 30, 2012			
	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual term (in years)	
Outstanding at January 1, 2012	109,765	$ 24.41		
Options granted	—	—		
Options exercised	(315)	19.67		
Options forfeited	(776)	28.75		
Options expired	(257)	28.25		
Outstanding at September 30, 2012	108,417	$ 24.39	1.85	$
Options exercisable at September 30, 2012	91,177	$ 25.28	1.62	$

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Comp
stock price on the last trading day of the third quarter and the exercise price, multiplied by the number of in-the-money optio

The aggregate intrinsic value and cash receipts of options exercised are as follows:

	For the nine mor September	
	2012	
	(in thousar	
Options Exercised		
Aggregate intrinsic value of options exercised	$ 6	$
Cash receipts from options exercised	7	

In July 2011, the Company issued stock of the Company as payment for director fees as permitted by the 2011 Di
Compensation Plan, the cost associated with these grants is included as a component of stock-based compensation.

The following tables provide information regarding the Company's stock-based compensation expense:

For the nine mor
September

	2012	
	(in thousan	
Stock-based compensation expense		
Director fees	$ 112	$
Stock grant expense	—	
Stock option expense	20	
Employee Stock Ownership Plan ("ESOP") expense	210	
Total stock-based compensation expense	$ 342	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 8—STOCK-BASED COMPENSATION (Continued)

The Bank reports ESOP expense in an amount equal to the fair value of shares released from the ESOP to employees le
received on the allocated shares in the plan used for debt service. Dividends on allocated shares used to reduce ESOP ex
$24,000 and $27,000 for the nine months ended September 30, 2012 and 2011, respectively. Stock-based compensation ex
to stock options resulted in a tax benefit of $7,000 and $9,000 for the nine months ended September 30, 2012 and 2011, resp

NOTE 9—EMPLOYEE BENEFIT PLANS

Net periodic defined benefit pension cost included the following:

	For the nine mon September
	2012
	(in thousar
Components of net periodic benefit cost	
Service cost	$ 552 $
Interest cost	270
Expected return on plan assets	(483)
Amortization of prior service cost	2
Recognized net actuarial loss	212
Net periodic benefit cost	$ 553 $

There were no employer contributions for the nine months ended September 30, 2012 and 2011.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
of TF Financial Corporation

We have audited the accompanying consolidated balance sheets of TF Financial Corporation and subsidiaries (the “Co
December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity and co
income, and cash flows for the years then ended. These financial statements are the responsibility of the Company’s mana
responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United St
standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statemen
material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal
financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing aud
that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Comp
control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test bas
supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and signific
made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide
basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial p
Financial Corporation and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their c
the years then ended, in conformity with U.S. generally accepted accounting principles.

Wexford, Pennsylvania
March 26, 2012

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

		December
		2011
		(in thousan
ASSETS		
Cash and cash equivalents	$	14,928 $
Investment securities		
Available for sale		114,503
Held to maturity (fair value of $2,928 and $3,510 as of December 31, 2011 and 2010, respectively)		2,588
Loans receivable, net		494,125
Loans receivable, held for sale		488
Federal Home Loan Bank stock—at cost		7,657
Accrued interest receivable		2,610
Premises and equipment, net		6,559
Goodwill		4,324
Bank owned life insurance		18,506
Other assets		15,641
TOTAL ASSETS	$	681,929 $
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	$	551,288 $
Advances from the FHLB		46,908
Advances from borrowers for taxes and insurance		2,322
Accrued interest payable		1,375
Other liabilities		2,628
Total liabilities		604,521
Stockholders' equity		
Preferred stock, no par value; 2,000,000 shares authorized at December 31, 2011 and 2010, none issued		-
Common stock, $0.10 par value; 10,000,000 shares authorized, 5,290,000 shares issued, 2,831,874 and 2,822,449 shares outstanding at December 31, 2011 and 2010, respectively, net of shares in treasury: 2011-2,458,126; 2010-2,467,551.		529
Additional paid-in capital		54,118
Unearned ESOP shares		(1,097)
Treasury stock-at cost		(51,032)
Retained earnings		74,144
Accumulated other comprehensive income		746
Total stockholders' equity		77,408
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	681,929 $

The accompanying notes are an integral part of these statements.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

		Year end December 2011 (in thousands, per share d	
Interest income			
Loans, including fees	$	26,373	$
Investment securities			
Fully taxable		3,406	
Exempt from federal taxes		1,506	
Interest-bearing deposits and other		3	
TOTAL INTEREST INCOME		31,288	
Interest expense			
Deposits		5,467	
Borrowings		1,948	
TOTAL INTEREST EXPENSE		7,415	
NET INTEREST INCOME		23,873	
Provision for loan losses		3,728	
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES		20,145	
Non-interest income			
Service fees, charges and other operating income		1,698	
Gain on sale of investment securities		760	
Bank owned life insurance		638	
Gain on sale of loans		524	
TOTAL NON-INTEREST INCOME		3,620	
Non-interest expense			
Compensation and benefits		10,525	
Occupancy and equipment		2,972	
Federal deposit insurance premiums		675	
Professional fees		1,331	
Marketing and advertising		312	
Foreclosed real estate expense		805	
Other operating		2,197	
TOTAL NON-INTEREST EXPENSE		18,817	
INCOME BEFORE INCOME TAXES		4,948	
Income tax expense		1,019	
NET INCOME	$	3,929	$
Earnings per share—basic	$	1.45	$
Earnings per share—diluted	$	1.45	$
Weighted average shares outstanding:			
Basic		2,702,200	
Diluted		2,702,710	

The accompanying notes are an integral part of these statements.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

Years ended December 31, 2011 and 2010

	Common Stock		Additional	Unearned			Accumulated other		
		Par	paid-in	ESOP	Treasury	Retained	comprehensive income		C
	Shares	value	capital	shares	stock	Earnings	(loss)	Total	
				(in thousands, except share data)					
Balance at December 31, 2009	2,539,195	$ 529	$ 54,009	$ (1,334)	$ (54,331)	$ 72,376	$ 625	$ 71,874	
Allocation of ESOP shares	11,712	-	124	117	-	-	-	241	
Cash dividends-common stock ($0.76 per share)	-	-	-	-	-	(2,037)	-	(2,037)	
Compensation expense-restricted shares	-	-	16	-	-	-	-	16	
Exercise of options	14,870	-	(102)	-	309	-	-	207	
Income tax benefit arising from stock compensation	-	-	6	-	-	-	-	6	
Stock option expense	-	-	52	-	-	-	-	52	
Vesting of restricted stock grant	667	-	(14)	-	14	-	-	-	
Unrealized losses on securities, net of tax	-	-	-	-	-	-	(91)	(91)	
Adjustment to record funded status of pension, net of tax	-	-	-	-	-	-	77	77	
Adjustment of deferred tax asset related to expired stock options	-	-	(281)	-	-	-	-	(281)	
5% stock dividend	128,232	-	154	-	2,788	(2,942)	-	-	
Net income for the year ended December 31, 2010	-	-	-	-	-	3,352	-	3,352	
Comprehensive income									
Balance at December 31, 2010	2,694,676	$ 529	$ 53,964	$ (1,217)	$ (51,220)	$ 70,749	$ 611	$ 73,416	

Allocation of ESOP shares	12,018	-	136	120	-	-	-	256
Purchase of treasury stock	(5,439)	-	-	-	(122)	-	-	(122)
Cash dividends-common stock ($0.20 per share)	-	-	-	-	-	(534)	-	(534)
Director compensation	3,248	-	-	-	69	-	-	69
Compensation expense-restricted shares	-	-	13	-	-	-	-	13
Exercise of options	10,916	-	(16)	-	227	-	-	211
Income tax benefit arising from stock compensation	-	-	3	-	-	-	-	3
Stock option expense	-	-	32	-	-	-	-	32
Vesting of restricted stock grant	700	-	(14)	-	14	-	-	-
Unrealized gains on securities, net of tax	-	-	-	-	-	-	1,493	1,493
Adjustment to record funded status of pension, net of tax	-	-	-	-	-	-	(1,358)	(1,358)
Net income for the year ended December 31, 2011	-	-	-	-	-	3,929	-	3,929
Comprehensive income								
Balance at December 31, 2011	2,716,119	$ 529	$ 54,118	$ (1,097)	$ (51,032)	$ 74,144	$ 746	$ 77,408

The accompanying notes are an integral part of this statement

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year end December	
	2011	
	(in thousan	
OPERATING ACTIVITIES		
Net income	$ 3,929	$
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization and impairment adjustment of mortgage loan servicing rights	353	
Premiums and discounts on investment securities, net	135	
Premiums and discounts on mortgage-backed securities, net	166	
Deferred loan origination costs, net	194	
Deferred income taxes	(77)	
Provision for loan losses	3,728	
Depreciation of premises and equipment	853	
Increase in value of bank-owned life insurance	(638)	
Stock based compensation	370	
Proceeds from sale of loans originated for sale	26,453	
Origination of loans held for sale	(26,525)	
Loss on foreclosed real estate	459	
Gain on sale of:		
Investment securities	(760)	
Loans held for sale	(524)	
Decrease in:		
Accrued interest receivable	128	
Other assets	419	
(Decrease) increase in:		
Accrued interest payable	(409)	
Other liabilities	426	
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,680	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

		Year end December 2011 (in thousar	
INVESTING ACTIVITIES			
Loan originations	$	(94,586)	$
Loan principal payments		92,523	
Proceeds from sale of foreclosed real estate		836	
Proceeds from maturities of investment securities available for sale		6,860	
Principal repayments on mortgage-backed securities held to maturity		583	
Principal repayments on mortgage-backed securities available for sale		26,651	
Proceeds from sale of investment securities available for sale		9,206	
Proceeds from sale of mortgage-backed securities available for sale		1,518	
Purchase of investment securities available for sale		(13,051)	
Purchase of mortgage-backed securities available for sale		(18,646)	
Purchase of premises and equipment		(615)	
Redemption of Federal Home Loan Bank stock		1,744	
NET CASH PROVIDED BY INVESTING ACTIVITIES		13,023	
FINANCING ACTIVITIES			
Net increase (decrease) in customer deposits		1,153	
Proceeds of long-term FHLB borrowings		6,573	
Repayment of long-term FHLB borrowings		(21,652)	
Net increase (decrease) in advances from borrowers for taxes and insurance		156	
Treasury stock acquired		(122)	
Exercise of stock options		211	
Tax benefit arising from stock compensation		3	
Common stock dividends paid		(534)	
NET CASH USED BY FINANCING ACTIVITIES		(14,212)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,491	
Cash and cash equivalents at beginning of period		7,437	
Cash and cash equivalents at end of period	$	14,928	$
Supplemental disclosure of cash flow information			
Cash paid for:			
Interest on deposits and borrowings	$	7,824	$
Income taxes	$	1,030	$
Non-cash transactions:			
Capitalization of mortgage servicing rights	$	238	$
Transfers from loans to foreclosed real estate	$	5,544	$

The accompanying notes are an integral part of these statements.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011 and 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TF Financial Corporation (the "Company") is a unitary savings and loan holding company, organized under the laws of the C of Pennsylvania, which conducts its consumer banking operations primarily through its wholly owned subsidiary, 3rd Fed Ba or the ("Bank"). 3rd Fed is a Pennsylvania-chartered stock savings bank insured by the Federal Deposit Insurance Corporati community-oriented savings institution and conducts operations from its main office in Newtown, Pennsylvania, twelve branch offices located in Philadelphia and Bucks Counties, Pennsylvania, and two full-service branch offices located in Me New Jersey. The Bank competes with other banking and financial institutions in its primary market communities, includ institutions with resources substantially greater than its own. Commercial banks, savings banks, savings and loan associ unions and money market funds actively compete for savings and time deposits and loans. Such institutions, as well as cons and insurance companies, may be considered competitors of the Bank with respect to one or more of the services it renders.

The Bank is subject to regulations of certain state and federal agencies and, accordingly, those regulatory authorities con examinations. As a consequence of the extensive regulation of commercial banking activities, the Bank's business i susceptible to being affected by state and federal legislation and regulations.

a. Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Penns Trail Corporation, TF Investments Corporation, which was merged into the Company during 2011 and 3rd Fed, including its w subsidiaries, Third Delaware Corporation and Teragon Financial Corporation, (collectively, the "Company"). All materia balances and transactions have been eliminated in consolidation.

The accounting policies of the Company conform to accounting principles generally accepted in the United States ("US GAAP") and predominant practices within the banking industry. The preparation of financial statements in co US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and li disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues during the reporting period. Actual results could differ from those estimates. The more significant accounting policies are below.

b. Cash and Cash Equivalents

The Company considers cash, due from banks, and interest-bearing deposits in other financial institutions, with original term of less than three months, as cash equivalents for presentation purposes in the consolidated balance sheets and cash flows. T is required to maintain certain cash reserves relating to deposit liabilities. This requirement is ordinarily satisfied by cash on

c. Investment and Mortgage-Backed Securities

The Company classifies its investment and mortgage-backed securities in one of three categories: held to maturity, trading for sale. The Company does not presently engage in security trading activities.

Investment and mortgage-backed securities available for sale are stated at fair value, with net unrealized gains and losses e income and reported in other comprehensive income. See Note 16-Fair Value Measurements which defines the basis for det value. Realized gains and losses on the sale of securities are recognized using the specific identification method.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage-backed securities held to maturity are carried at cost, net of unamortized premiums and discounts, which are r interest income using the interest method.

On a quarterly basis, temporarily impaired securities are evaluated to determine whether such impairment is other-tha impairment ("OTTI"). This evaluation involves consideration of the length of time and the amount by which the fair value than amortized cost, the financial condition and credit rating of the issuer, the changes in fair value in relation to the chan interest rates and other relevant information. In addition, with respect to mortgage-backed securities issued by gov quasi-governmental agencies (i. e. Government National Mortgage Association ("GNMA"), Federal Home Loan Mortga ("FHLMC") and FNMA the Company considers the ultimate payment of principal and interest as an obligation of the Government and thus assured. With respect to mortgage-backed securities issued by private parties, the Company studies d loss rates, loss severity and other information related to the underlying loans in order to form an opinion regarding the po cash flow shortfall. The Company also evaluates its intent to hold, intent to sell or need to sell the securities in light of it strategy, cash flow needs, interest rate risk position, prospects for the issuer and all other relevant factors.

d. Loans Receivable, net

Loans receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff unpaid principal balances less the allowance for loan losses, and net of deferred loan origination fees and direct originatio origination fees and costs on mortgage loans are amortized to income using the interest method over the remaining period t maturity, adjusted for actual prepayments.

The Bank provides valuation allowances for estimated losses from uncollectible loans. The allowance is increased by provis to expense and reduced by net charge-offs. On a quarterly basis, the Bank prepares an allowance for loan losses (ALLL) an analysis, the loan portfolio is segmented into groups of homogeneous loans that share similar risk characteristics: non-re non-owner occupied residential real estate, construction, real estate and non-real estate secured commercial business, one-to residential, and consumer which is predominately real estate secured junior liens and home equity lines of credit as v consumer loans. Each segment is assigned reserve factors based on quantitative and qualitative measurements. In additi reviews its internally classified loans, its loans classified for regulatory purposes, delinquent loans, and other relevant in order to isolate loans for further scrutiny as potentially impaired loans.

Quantitative factors include an actual expected loss factor based on historical loss experience over a relevant look- Quantitative factors also include the Bank's actual risk ratings for the commercial loan segments as determined in accorda review and loan grading policies and procedures, and additional factors as determined by management to be representative risk due to the loan's geographic location, type, and other attributes. These quantitative factors are adjusted if necessary based on actual experience and an evaluation of the qualitative factors.

Qualitative factors are based upon: (1) changes in lending policies and procedures, including but not limited to changes in standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses; (2 international, national, regional, and local economic and business conditions and developments that affect the collecta portfolio, including the condition of various market segments; (3) changes in the nature and volume of the portfolio and in loans; (4) changes in the experience, ability, and depth of lending management and other relevant staff; (5) changes in the severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or g (6) changes in the quality of the loan review system; (7) changes in the value of underlying collateral for collateral depe (8) the existence and effect of any concentration of credit, and changes in the level of such concentrations; and (9) the

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit los
existing loan portfolio.

Potentially impaired loans selected for individual evaluation are reviewed in accordance with US GAAP which governs th
for impaired assets, and consideration of regulatory guidance regarding treatment of troubled, collateral dependent
potentially impaired loan is evaluated using all available information such as recent appraisals, whether the loan is currently
non-accrual status, discounted cash flow analyses, guarantor financial strength, the value of additional collateral, and t
borrower's past performance to determine whether in management's best judgment it is probable that the Bank will be unab
contractual interest and principal in accordance with the loan's terms. Loans deemed impaired are generally assigned a re
from the value of the underlying collateral. Loans deemed not to be impaired are assigned a reserve factor based upon th
which they were selected.

The ALLL needed as a result of the foregoing evaluations is compared with the unadjusted amount, and an adjustment is ma
of a provision charged to expense for loan losses. Recognizing the inherently imprecise nature of the loss estimates and the
of assumptions needed in order to perform the analysis, the required reserve may be less than the actual level of reserves at t
evaluation period, and thus there may be an unallocated portion of the ALLL. Management adjusts the unallocated portion
which management considers reasonable under the circumstances.

The Bank provides an allowance for accrued but uncollected interest when a loan becomes more than ninety days past due o
as impaired. The allowance is established by a charge to interest income equal to all interest previously accrued, ar
subsequently recognized only to the extent that cash payments are received until, in management's judgment, the borrov
make periodic interest and principal payments is no longer impaired, in which case the loan is returned to accrual status.

e. Loans Receivable, Held-for-Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value on
basis. Any resulting loss is included in other operating income. The fair value of the Bank's loans held for sale was value
cost at December 31, 2011 and 2010.

f. Troubled Debt Restructurings

Loans whose terms are modified are classified as Troubled Debt Restructurings ("TDRs") if the Company grants s
concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a t
restructuring may include extending the maturity date of the loan, reducing the interest rate on the loan to a rate which is bel
combination of rate adjustments and maturity extensions, or by other means including covenant modifications, forbeara
concessions. Interest income is not accrued on loans that had been placed on non-accrual prior to the troubled debt restru
they have performed in accordance with their restructured terms for a period of at least six months. The Company evaluat
needed with respect to TDRs under the same policy and guidelines as all other loans, and TDRs are evaluated indi
impairment.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Mortgage Servicing Rights

Mortgage servicing rights ("MSRs") are recognized as separate assets when rights are acquired through purchase or t financial assets. Under the applicable accounting guidance regarding servicing assets and liabilities, servicing rights resul sale of loans originated by the Company are initially measured at fair value at the date of transfer. Fair value is based on mar comparable mortgage servicing rights, when available, or alternatively is based on a valuation model that calculates the pre estimated future net servicing income. The Company subsequently measures each class of servicing asset using the amortiz MSRs are amortized into non-interest expense in proportion to, and over the period of, the estimated future net servicing i underlying financial assets. Servicing assets are evaluated quarterly for impairment based upon the fair value of the rights as amortized cost. Impairment is determined by stratifying rights into tranches based on predominant risk characteristics, su rate, loan type and investor type. Impairment is recognized through a valuation allowance charged to servicing fee in individual tranche, to the extent that fair value is less than the amortized cost for the tranche. If the Company later determine portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an incr operating income. These servicing rights are included in other assets in the consolidated statements of financial cond discussed in Note 16-Fair Value Measurements.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the principal, or a fixed amount per loan, and are recorded as income when earned. The amortization of loan servicing rights is reduction of service fee income.

h. Transfers of Financial Assets

The Company accounts for the transfers of financial assets using the financial –components approach. This approach r financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when cont surrendered and derecognizes liabilities when extinguished. Control over transferred assets is deemed to be surrendered assets have been isolated from the Company (2) the transferee obtains the right (free of conditions that constrain it from taki of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over th assets through an agreement to repurchase them before their maturity.

i. Premises and Equipment

Land is carried at cost. Buildings and furniture, fixtures and equipment are carried at cost less accumulated depreciation. D provided by the straight-line method over the estimated useful lives of the assets. The Company records any impairment assets to be held and used or to be disposed of by sale. The Company had no impaired long-lived assets at December 31, 201

j. Foreclosed Real Estate

Real estate acquired through, or in lieu of, loan foreclosure is carried at the fair value of the property, based on an apprais sell. Revenue and expenses from operations and changes in the valuation allowance (any direct write-down) are included real estate expense. Included in other assets is foreclosed real estate of $11.7 million and $7.5 million at December 31, 20 respectively.

k. Goodwill

Goodwill does not require amortization but is subject to impairment testing. As discussed in Note 2-Recent Accounting Pro new guidance on goodwill impairment testing allows entities to first assess qualitative

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

factors and circumstance to determine whether it is more likely than not that the fair value of the reporting unit is less than its amount. At December 31, 2011, the Company performed an assessment of key factors and determined that impairment of go not likely.

l. Bank Owned Life Insurance

The Company maintains life insurance policies on the lives of executives and officers. The Company is the owner and bene policies. The cash surrender values of the policies were approximately $18.5 million and $17.9 million at December 31, 20 respectively.

m. Benefit Plans

The Company has established an ESOP covering eligible employees with six months of service, as defined by the ESOP. T records compensation expense in the amount equal to the fair value of shares committed to be released from the ESOP to en dividends received on the allocated shares applied to the required debt service of the plan.

The Company has a defined benefit pension plan covering substantially all full-time employees meeting certain requi Company recognizes the overfunded or underfunded status of the defined benefit postretirement plan as an asset or li consolidated balance sheets and recognizes changes in that funded status, including the gains and or losses and prior se credits that were not recognized as components of net periodic benefit cost, in the year in which the changes occur through other comprehensive income. The Company measures the funded status of a plan as of the date of its year-end consolid sheet.

n. Stock-Based Compensation

The Company has stock benefit plans that allow the Company to grant options and stock to employees and directors and wh fully discussed in Note 10—Benefit Plans. The options, which have a term of up to 10 years when issued, vest over a th period. The exercise price of each option equals the market price of the Company's stock on the date of the grant. The Comp compensation cost at the grant date based on the fair value of the award. Compensation is then recognized over the service is usually the vesting period. There were no options granted in 2011 or 2010.

o. Income Taxes

The Company accounts for income taxes under the liability method whereby deferred income taxes are recognize consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differenc financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes due to rates is recognized in income in the period that includes the enactment date.

p. Advertising Costs

The Company expenses marketing and advertising costs as incurred.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Earnings Per Share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average co
outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if secu
contracts to issue common stock were exercised and converted into common stock.

r. Comprehensive Income

Comprehensive income (loss) is the change in equity of a business enterprise during a period from transactions and oth
circumstances from non-owner sources. The components of other comprehensive income (loss) are as follows:

	For the year ended December 31, 2011		
	Before tax amount	Tax (expense) benefit	
	(in thousands)		
Unrealized gains on securities			
Unrealized holding gains arising during period	$ 3,023	$ (1,028)	$
Reclassification adjustment for gains realized in net income	(760)	258	
Pension plan benefit adjustment related to actuarial losses	(2,059)	701	
Other comprehensive income, net	$ 204	$ (69)	$

	For the year ended December 31, 2010		
	Before tax amount	Tax (expense) benefit	
	(in thousands)		
Unrealized gains on securities			
Unrealized holding gains arising during period	$ (118)	$ 40	$
Reclassification adjustment for gains realized in net income	(20)	7	
Pension plan benefit adjustment related to actuarial losses	117	(40)	
Other comprehensive loss, net	$ (21)	$ 7	$

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The components of other comprehensive income, net of tax, were as follows:

	At December 31, 2011	At December 31, 2010
	(in thousands)	
Net unrealized gains on securities available for sale	$ 3,649	$ 2,156
Net unrecognized pension cost	(2,903)	(1,545)
Total accumulated other comprehensive income, net	$ 746	$ 611

s. Segment Reporting

The Company has one reportable segment, "Community Banking." All of the Company's activities are interrelated, and
dependent and assessed based on how each of the activities of the Company supports the others. For example, commerc
dependent upon the ability of the Bank to fund itself with retail deposits and other borrowings and to manage interest rate an
This situation is also similar for consumer and residential mortgage lending. Accordingly, all significant operating decisi
upon analysis of the Company as one operating segment or unit.

t. Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully
Note 17-Fair Value of Financial Instruments. Fair value estimates involve uncertainties and matters of significant judgmen
assumptions or in market conditions could significantly affect the estimates.

NOTE 2—RECENT ACCOUNTING PRONOUNCEMENTS

In April 2011, the Financial Accounting Standards Board ("FASB") issued an amendment to provide additional guidance or
help creditors in determining whether a creditor has granted a concession and whether a debtor is experiencing financial d
purposes of determining whether a restructuring constitutes a troubled debt restructuring. The amendments are effective
interim or annual reporting period beginning on or after June 15, 2011, and should be applied retrospectively to the beg
annual period of adoption. As a result of applying these amendments, an entity may identify receivables that are newl
impaired. For purposes of measuring impairment of those receivables, an entity should apply the amendments prospectivel
interim or annual period beginning on or after June 15, 2011. The Company has adopted the guidance and has included
disclosures in Note 5-Loans Receivable.

In April 2011, the FASB issued an accounting update to improve the accounting for repurchase agreements (repos) and othe
that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The amendments
the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the fi
on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance im
guidance related to that criterion. The amendments apply to all entities, both public and nonpublic. The amendments affe
that enter into agreements to transfer financial assets that both entitle and obligate the transferor to repurchase or redeem
assets before their maturity. The guidance is effective for the first interim or annual period beginning on or after December
should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effectiv
adoption is not permitted. This amendment is not expected to have a significant impact on the Company's financial statem
of operations.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 2—RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In May 2011, the FASB issued, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements and International Financial Reporting Standards ("IFRSs"). The amendments result in common fair value measurement requirements in U.S. GAAP and IFRSs. Consequently, the amendments change the wording used to describe many of the in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments are prospectively. For public entities, the amendments are effective during interim and annual periods beginning after D 2011. Early application by public entities is not permitted. This amendment is not expected to have a significant i Company's financial statements or results of operations.

In June 2011, the FASB issued, "Presentation of Comprehensive Income". The amendments improve the compara consistency, and transparency of financial reporting and increase the prominence of items reported in other comprehensive increase the prominence of items reported in other comprehensive income and to facilitate convergence of U.S. GAAP a option to present components of other comprehensive income as part of the statement of changes in stockholders eliminated. The amendments require that all non-owner changes in stockholders' equity be presented either in a sing statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the fi should present total net income and its components followed consecutively by a second statement that should prese comprehensive income, the components of other comprehensive income, and the total of comprehensive income. All entiti items of comprehensive income, in any period presented, will be affected by the changes. For public entities, the ame effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The amendments shou retrospectively, and early adoption is permitted. This amendment is not expected to have a significant impact on the Compa statements or results of operations.

In September 2011, the FASB issued an accounting update, "Intangibles – Goodwill and Other Topics (Topic 350), Testi Impairment." The objective of this update is to simplify how entities, both public and nonpublic, test goodwill for imp amendments in the update permit an entity to first assess qualitative factors to determine whether it is more likely than no value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percen amendments in this update, an entity is not required to calculate the fair value of a reporting unit unless the entity determ more likely than not that its fair value is less than its carrying amount. The amendments in this update apply to all entities and nonpublic, that have goodwill reported in their financial statements and are effective for interim and annual goodwil tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annua goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The Co adopted the new guidance during 2011 as discussed earlier in Note 1-Summary of Significant Accounting Policies- Goodwi

In December 2011, the FASB issued, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities". T affects the disclosure requirement of all entities that have financial instruments and derivative instruments that are either off to an enforceable master netting arrangement or similar agreement. This information will enable users of an entity's financi to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or pote rights of setoff associated with certain financial instruments and derivative instruments in the scope of this guidance. required to apply the amendment for annual reporting periods beginning on or after January 1, 2013, and interim periods annual periods. An entity should provide the disclosures required by the amendment retrospectively for all compara presented. The amendment is not expected to have a significant impact on the Company's financial statements.

In December 2011, the FASB issued "Comprehensive Income (Topic 220): Deferral of the Effective Date for Amen Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 2—RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

in Accounting Standards Update No. 2011-05". The amendment only defers those changes that relate to the presentation of reclassification adjustments. Entities should continue to report reclassifications out of accumulated other comprehensive inco consistent with requirements in effect before the update issued in June 2011 discussed above. All other requirements of "Pre Comprehensive Income" are not affected by this deferral, including the requirement to report comprehensive income either i continuous financial statement or in two separate but consecutive financial statements. Public entities should apply these req fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities should begin app requirements for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. The amendment is to have a significant impact on the Company's financial statements.

NOTE 3—CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	At December 31, 2011	At December 31, 2010
	(in thousands)	
Cash and due from banks	$ 4,498	$ 3,218
Interest-bearing deposits in other financial institutions	10,430	4,219
	$ 14,928	$ 7,437

NOTE 4—INVESTMENT AND MORTGAGE-BACKED SECURITIES

The amortized cost, gross unrealized gains and losses, and fair value of the Company's investment securities, are summarize

At December 31, 2011	Amortized cost	Gross unrealized gains	Gross unrealized losses	
	(in thousands)			
Available for sale				
U.S. Government and federal agencies	$ 2,995	$ 35	$ -	$
State and political subdivisions	51,287	3,804	-	
Residential mortgage-backed securities issued by quasi-governmental agencies	45,969	1,525	-	
Residential mortgage-backed securities privately issued	8,723	195	(30)	
Total investment securities available for sale	108,974	5,559	(30)	
Held to maturity				
Residential mortgage-backed securities issued by quasi-governmental agencies	2,588	340	-	
Total investment securities	$ 111,562	$ 5,899	$ (30)	$

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 4—INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

	At December 31, 2010			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	
	(in thousands)			
Available for sale				
U.S. Government and federal agencies	$ 6,000	$ 59	$ -	$
Corporate debt securities	3,340	223	-	
State and political subdivisions	47,348	1,120	(260)	
Residential mortgage-backed securities issued by quasi-governmental agencies	50,942	1,950	(6)	
Residential mortgage-backed securities privately issued	13,425	224	(44)	
Total investment securities available for sale	121,055	3,576	(310)	
Held to maturity				
Residential mortgage-backed securities issued by quasi-governmental agencies	3,169	341	-	
Total investment securities	$ 124,224	$ 3,917	$ (310)	$

Gross realized gains were $760,000 and $20,000 for the years ended December 31, 2011 and 2010, respectively. These g
from the sale proceeds of investment and mortgage-backed securities available for sale of $10.7 million and $170,000 for th
December 31, 2011 and 2010, respectively. There were no gross losses resulting from security sales for the years ended D
2011 and 2010.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 4—INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

The amortized cost and fair value of investment securities by contractual maturity and mortgage-backed securities are shown

	At December 31, 2011						
	Available for sale				Held to mat		
	Amortized cost		Fair value		Amortized cost		
	(in thousands)						
Investment securities							
Due in one year or less	$	889	$	906	$	-	$
Due after one year through five years		8,424		8,874		-	
Due after five years through 10 years		24,316		26,116		-	
Due after ten years		20,653		22,225		-	
		54,282		58,121		-	
Mortgage-backed securities		54,692		56,382		2,588	
Total investment and mortgage-backed securities	$	108,974	$	114,503	$	2,588	$

Investment securities having an aggregate amortized cost of approximately $7.1 million and $4.6 million were pledged to
deposits at December 31, 2011 and 2010, respectively.

There were no securities held other than U.S. Government and agencies from a single issuer that represented more
stockholders' equity at year end.

The Company also holds stock in the FHLB totaling $7.7 and $9.4 million as of December 31, 2011 and 2010, respe
Company is required to maintain a minimum amount of FHLB stock as determined by its borrowing levels and amou
assets. At December 31, 2011 the Company was required to hold $3.5 million in FHLB stock. FHLB stock can only be re
the FHLB or sold to another member, and all sales must be at par. The Company holds FHLB stock as a long term investm
the ultimate recoverability of the par value. During the fourth quarter of 2008, the FHLB suspended the repurchase of stock
payments which prompted the Company to give consideration to evaluating the potential impairment of the investment. T
evaluates potential impairment of its investment in FHLB stock quarterly and considers the following: 1) the magnitude an
the change in the net assets of the FHLB as compared to the capital stock amount and the duration of this condition, 2) the
FHLB to make payments required by law or regulation and the level of such payments in relation to the operating perfor
FHLB, 3) the impact of regulatory changes on the FHLB and on its members and 4) the liquidity position of the FHLB. Dur
quarter of 2010, the FHLB resumed limited repurchases of members' excess stock and in 2011 the redemptions totaled $1.7
evaluating these factors the Company has concluded that the par value of its investment in FHLB stock is recoverable and n
has been recorded during the year ended December 31, 2011 or 2010.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 4—INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

The table below indicates the length of time individual securities, both held to maturity and available for sale, have been in
unrealized loss position at December 31, 2011:

Description of Securities	Number of Securities	Less than 12 months Fair Value	Less than 12 months Unrealized Loss	12 months or longer Fair Value	12 months or longer Unrealized Loss	Total Fair Value
				(in thousands)		
Residential mortgage-backed securities privately issued	2	$ 3,442	$ (30)	$ -	$ -	$ 3,442
Total temporarily impaired securities	2	$ 3,442	$ (30)	$ -	$ -	$ 3,442

The table below indicates the length of time individual securities, both held to maturity and available for sale, have been in a
unrealized loss position at December 31, 2010:

Description of Securities	Number of Securities	Less than Fair Value	Less than Unrealized Loss	12 months or longer Fair Value	12 months or longer Unrealized Loss	Tota Fair Value
				(in thousands)		
State and political subdivisions	17	$ 14,210	$ (260)	$ -	$ -	$ 14,210
Residential mortgage-backed securities issued by quasi-governmental agencies	1	3,027	(6)	-	-	3,027
Residential mortgage-backed securities privately issued	3	7,048	(44)	-	-	7,048
Total temporarily impaired securities	21	$ 24,285	$ (310)	$ -	$ -	$ 24,285

The Company evaluates debt securities on a quarterly basis to determine whether OTTI exists. Unrealized losses primaril
interest rate fluctuations and not credit concerns. The Company does not intend to sell these securities and it is not more like
that it will be required to sell these securities. Accordingly, unrealized losses at December 31, 2011 and 2010 are not conside
other-than-temporary and are therefore reflected in other comprehensive income.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE

Loans receivable are summarized as follows:

		At Decembe	
		2011	
		(in thousar	
Held for investment:			
First mortgage loans			
Secured by one-to four-family residences	$	277,824	$
Secured by non-residential properties or non-owner occupied residential properties		140,887	
Construction loans		16,091	
Total first mortgage loans		434,802	
Other loans			
Commercial-business, real estate secured		15,808	
Commercial-business, non-real estate secured		4,414	
Home equity and second mortgage		44,165	
Other consumer		1,971	
Total other loans		66,358	
Total loans		501,160	
Net deferred loan origination costs		1,065	
Less allowance for loan losses		(8,100)	
Total loans receivable	$	494,125	$
Held for sale:			
First mortgage loans			
Secured by one-to four-family residences	$	488	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following tables present the composition of the commercial loan portfolio by credit quality indicator:

Commercial credit exposure-credit risk profile by internally assigned grade

	At December 31, 2011				
	Pass	Special mention	Substandard	Doubtful	
	(in thousands)				
Secured by non-residential properties or non-owner occupied residential properties	$ 121,579	$ 12,804	$ 6,504	$ -	$
Construction loans	5,077	4,312	6,702	-	
Commercial-business, real estate secured	7,446	144	8,218	-	
Commercial-business, non-real estate secured	4,408	-	6	-	
Total	$ 138,510	$ 17,260	$ 21,430	$ -	$

	At December 31, 2010				
	Pass	Special mention	Substandard	Doubtful	
	(in thousands)				
Secured by non-residential properties or non-owner occupied residential properties	$ 108,484	$ 19,299	$ 9,524	$ -	$
Construction loans	3,482	6,269	9,048	-	
Commercial-business, real estate secured	15,778	1,007	9,818	-	
Commercial-business, non-real estate secured	5,531	-	-	44	
Total	$ 133,275	$ 26,575	$ 28,390	$ 44	$

In order to assess and monitor the credit risk associated with commercial loans, the Company employs a risk rating r whereby each commercial loan is initially assigned a risk grade. At least annually, all risk ratings are reviewed in light o received such as tax returns, rent rolls, cash flow statements, appraisals, and any other information which may affect the the rating, which may be adjusted upward or downward as a result of this review. At the end of each quarter the risk ratings are and become a component of the evaluation of the allowance for loan losses. The Company's risk rating definitions promulgated by banking regulators and are as follows:

Pass: Good quality loan characterized by satisfactory liquidity; reasonable debt capacity and coverage; acceptable mana critical positions and normal operating results for its peer group. The Company has grades 1 through 6 within the Pass ca reflect the increasing amount of attention paid to the individual loan because of, among other things, trends in debt servi management weaknesses, or collateral values.

Special mention: A loan that has potential weaknesses that deserves management's close attention. Although the loa protected, if left uncorrected, potential weaknesses may result in deterioration of the loan's repayment prospects or in t

future credit position. Potential weaknesses include: weakening financial condition; an unrealistic repayment program
sources of funds; lack of adequate collateral, credit information, or documentation. There is currently the capacity to mee
principal payments, but further

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

adverse business, financial, or economic conditions may impair capacity or willingness to pay interest and repay principal.

Substandard: A loan that is inadequately protected by the current sound worth and paying capacity of the obligor or of t pledged. Although no loss of principal or interest is presently apparent, there is the distinct possibility that a partial loss of i principal will be sustained if the deficiencies are not corrected. There is a current identifiable vulnerability to default and th upon favorable business, financial, or economic conditions to meet timely payment of interest and repayment of principal.

Doubtful: A loan which has all the weaknesses inherent in a substandard asset with the added characteristic that the weak collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and imp possibility of loss is extremely high, but because of certain important and reasonable specific pending factors which strengthen the asset, classification as an estimated loss if deferred until a more exact status is determined. Pending fac proposed merger, acquisition, liquidation, capital injection, perfecting liens on additional collateral, and refinancing plans.

Loss: Loans which are considered uncollectible and should be charged off. The Company has charged-off all loans classified

Loans classified as special mention, substandard or doubtful are evaluated for potential impairment. All impaired loans a non-accrual status and are classified as substandard or doubtful.

The following tables present the composition of the residential mortgage and consumer loan portfolios by credit quality indic

Mortgage and consumer credit exposure-credit risk profile by payment activity

	At December 31, 2011		
	Performing	Non-performing (in thousands)	
Secured by one-to four-family residences	$ 272,322	$ 5,502	$
Home equity and second mortgage	43,888	277	
Other consumer	1,970	1	
Total	$ 318,180	$ 5,780	$

	At December 31, 2010		
	Performing	Non-performing (in thousands)	
Secured by one-to four-family residences	$ 265,459	$ 3,618	$
Home equity and second mortgage	48,018	1,412	
Other consumer	2,404	3	
Total	$ 315,881	$ 5,033	$

In order to assess and monitor the credit risk associated with one-to four-family residential loans and consumer loans w second mortgage loans and home equity secured lines of credit, the Company relies upon the payment status of the loan. M other consumer loans 90 days or more past due are placed on non-accrual status and evaluated for impairment on a pooled b exception of loans with balances in excess of $1 million and loans that have been modified as TDRs. An individual impair is performed using a recent appraisal or current sales contract for TDRs as well as nonperforming mortgage and consum balances in excess of $1 million.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following table presents non-performing loans including impaired loans and loan balances past due over 90 days f
accrual of interest has been discontinued by class:

		At Decembe	
		2011	
		(in thousar	
Secured by one-to four-family residences	$	5,502	$
Secured by non-residential properties or non-owner occupied residential properties		1,442	
Construction loans		3,317	
Commercial-business, real estate secured		1,996	
Commercial-business, non-real estate secured		6	
Home equity and second mortgage		277	
Other consumer		1	
Total non-performing loans	$	12,541	$
Total loans past due 90 days as to interest or principal and accruing interest	$	-	$

Additional interest income that would have been recorded under the original terms of the loan agreements amounted to $
$768,000, for the years ended December 31, 2011 and 2010, respectively.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following table presents loans individually evaluated for impairment by class at December 31, 2011:

	Impaired loans			
	Recorded investment	Unpaid principal balance	Related allowance (in thousands)	Average recorded investment
With an allowance recorded:				
Secured by one-to four-family residences	$ 1,252	$ 1,252	$ 388	$ 751
Secured by non-residential properties or non-owner occupied residential properties	-	-	-	873
Construction loans	3,317	3,317	1,502	4,865
Commercial-business, real estate secured	1,996	1,996	410	2,483
Commercial-business, non-real estate secured	6	6	3	72
With no allowance recorded:				
Secured by one-to four-family residences	2,381	2,381	-	1,497
Secured by non-residential properties or non-owner occupied residential properties	1,442	1,442	-	1,607
Construction loans	-	-	-	168
Commercial-business, real estate secured	-	-	-	1,596
Total	$ 10,394	$ 10,394	$ 2,303	$ 13,912

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following table presents loans individually evaluated for impairment by class at December 31, 2010:

	Impaired loans			
	Recorded investment	Unpaid principal balance	Related allowance	Average recorded investment
	(in thousands)			
With an allowance recorded:				
Secured by non-residential properties or non-owner occupied residential properties	$ 1,855	$ 1,855	$ 218	$ 925
Construction loans	3,887	3,887	1,627	3,887
Commercial-business, real estate secured	2,605	2,605	373	1,563
Commercial-business, non-real estate secured	44	44	44	18
With no allowance recorded:				
Secured by non-residential properties or non-owner occupied residential properties	2,830	2,830	-	3,479
Construction loans	420	420	-	492
Commercial-business, real estate secured	1,996	1,996	-	4,717
Commercial-business, non-real estate secured	-	-	-	22
Total	$ 13,637	$ 13,637	$ 2,262	$ 15,103

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following table presents the contractual aging of delinquent loans by class at December 31, 2011:

	Current	30-59 Days past due	60-89 Days past due	Loans past due 90 days or more (in thousands)	Total past due	Total loans
Secured by one-to four-family residences	$ 273,231	$ 98	$ 153	$ 4,342	$ 4,593	$ 277,824
Secured by non-residential properties or non-owner occupied residential properties	139,483	312	-	1,092	1,404	140,887
Construction loans	12,774	-	-	3,317	3,317	16,091
Commercial-business, real estate secured	10,671	-	3,141	1,996	5,137	15,808
Commercial-business, non-real estate secured	4,408	-	-	6	6	4,414
Home equity and second mortgage	43,712	165	11	277	453	44,165
Other consumer	1,956	6	8	1	15	1,971
Total	$ 486,235	$ 581	$ 3,313	$ 11,031	$ 14,925	$ 501,160

The following table presents the contractual aging of delinquent loans by class at December 31, 2010:

	Current	30-59 Days past due	60-89 Days past due	Loans past due 90 days or more (in thousands)	Total past due	Total loans
Secured by one-to four-family residences	$ 267,885	$ 424	$ 26	$ 742	$ 1,192	$ 269,077
Secured by non-residential properties or non-owner occupied residential properties	131,566	748	754	4,239	5,741	137,307

Construction loans	14,492	-	-	4,307	4,307	18,799
Commercial-business, real estate secured	18,877	3,125	-	4,601	7,726	26,603
Commercial-business, non-real estate secured	5,531	-	-	44	44	5,575
Home equity and second mortgage	48,285	60	9	1,076	1,145	49,430
Other consumer	2,381	13	10	3	26	2,407
Total	$ 489,017	$ 4,370	$ 799	$ 15,012	$ 20,181	$ 509,198

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following table presents loans classified as TDRs segregated by class for the periods indicated:

	For the Year ended Decemeber 31, 2011		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Mo Ou R In
		(in thousands)	
Secured by one-to four-family residences	2	$ 510	$
Total	2	$ 510	$

The following table presents loans classified as TDRs that subsequently defaulted:

	For the Year ended Decemeber 31, 2011	
	Number of Contracts	Re Inv (in t
Secured by one-to four-family residences	1	$
Total	1	$

The restructuring of the majority of loans was either an extension of the maturity date or temporary reduction or morat payment terms or amounts. No modifications involved any reduction in principal balance for 2011.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

Activity in the allowance for loan losses is summarized as follows:

	Balance at January 1, 2011	Provision charged to income	Charge-offs (in thousands)	Recoveries	Bal Dece 2
Secured by one-to four-family residences	$ 1,839	$ 515	$ (172)	$ 12	$
Secured by non-residential properties or non-owner occupied residential properties	2,124	831	(1,186)	-	
Construction loans	2,479	1,338	(1,521)	1	
Commercial-business, real estate secured	974	716	(855)	-	
Commercial-business, non-real estate secured	77	67	(44)	38	
Home equity and second mortgage	607	62	(221)	-	
Other consumer	16	14	(16)	8	
Unallocated	212	185	-	-	
Total	$ 8,328	$ 3,728	$ (4,015)	$ 59	$

	For the year ended December 31, 2010 (in thousands)
Balance at beginning of year	$ 5,2
Provision charged to income	4,2
(Charge-offs), net of recoveries	(1,1
Balance at end of year	$ 8,3

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following tables present the ending balance of the allowance for loan losses and ending loan balance by class based on i
method as of December 31, 2011:

Allowance	Evaluated for impairment Individually	Collectively (in thousands)	
Secured by one-to four-family residences	$ 388	$ 1,806	$
Secured by non-residential properties or non-owner occupied residential properties	-	1,769	
Construction loans	1,502	795	
Commercial-business, real estate secured	410	425	
Commercial-business, non-real estate secured	3	135	
Home equity and second mortgage	-	448	
Other consumer	-	22	
Unallocated	-	397	
Total	$ 2,303	$ 5,797	$

Loan balance	Evaluated for impairment Individually	Collectively (in thousands)	
Secured by one-to four-family residences	$ 3,633	$ 274,191	$
Secured by non-residential properties or non-owner occupied residential properties	1,442	139,445	
Construction loans	3,317	12,774	
Commercial-business, real estate secured	1,996	13,812	
Commercial-business, non-real estate secured	6	4,408	
Home equity and second mortgage	-	44,165	
Other consumer	-	1,971	
Total	$ 10,394	$ 490,766	$

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE (Continued)

The following tables present the ending balance of the allowance for loan losses and ending loan balance by class based o
method as of December 31, 2010:

Allowance	Evaluated for impairment Individually	Collectively (in thousands)	T
Secured by one-to four-family residences	$ -	$ 1,839	$
Secured by non-residential properties or non-owner occupied residential properties	218	1,906	
Construction loans	1,627	852	
Commercial-business, real estate secured	373	601	
Commercial-business, non-real estate secured	44	33	
Home equity and second mortgage	-	607	
Other consumer	-	16	
Unallocated	-	212	
Total	$ 2,262	$ 6,066	$

Loan balance	Evaluated for impairment Individually	Collectively (in thousands)	To
Secured by one-to four-family residences	$ -	$ 269,077	$
Secured by non-residential properties or non-owner occupied residential properties	4,685	132,622	
Construction loans	4,307	14,492	
Commercial-business, real estate secured	4,601	22,002	
Commercial-business, non-real estate secured	44	5,531	
Home equity and second mortgage	-	49,430	
Other consumer	-	2,407	
Total	$ 13,637	$ 495,561	$

The Bank has no concentration of loans to borrowers engaged in similar activities that exceeded 10% of loans at December
2010. In the ordinary course of business, the Bank has granted loans to certain executive officers, directors and their rela
Related party loans are made on substantially the same terms as those prevailing at the time for comparable transactions w
persons and do not involve more than the normal risk of collectability. The aggregate dollar amount of these loans was ap
$138,000 and $156,000 at December 31, 2011 and 2010, respectively. New loans to related parties of $5,000 were made dur
the year ended December 31, 2011, principal repayments of $23,000 of related party loans were received. Unused lines of cr
were $360,000 at December 31, 2011 and 2010.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOAN SERVICING

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal b
these loans are summarized as follows:

	At December 31,			
	2011		2010	
	(in thousands)			
Mortgage loan servicing portfolios				
FHLMC	$	285	$	342
FNMA		108,275		98,367
Other investors		10,434		14,348
	$	118,994	$	113,057

Custodial balances maintained in connection with the foregoing loan servicing totaled approximately $1,202,000 and $91
included as deposits at December 31, 2011 and 2010, respectively. Net servicing (loss) income on mortgage loans serviced f
$(98,000) and $57,000 for the years ended December 31, 2011 and 2010, respectively.

NOTE 7—PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	Estimated useful lives	At December 31, 2011		20	
		(in thousands)			
Buildings	30 years	$	7,669	$	
Leasehold improvements	5-10 years		3,262		
Furiniture, fixtures and equipment	3-7 years		8,688		
			19,619		
Less accumulated depreciation			14,752		
			4,867		
Land			1,692		
		$	6,559	$	

The Company recognized depreciation expense of $853,000 and $867,000 for the years ended December 31, 2011 and 2010
respectively.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 8—DEPOSITS

Deposits are summarized as follows:

	At December 31, 2011	At December 31, 2010
	(in thousands)	
Deposit Type		
Demand	$ 43,910	$ 40,389
NOW	65,677	56,157
Money market	155,010	149,744
Passbook savings	105,617	99,686
Total demand, transaction and passbook deposits	370,214	345,976
Cetificates of deposit	181,074	204,159
	$ 551,288	$ 550,135

The aggregate amount of certificates of deposit with a minimum denomination of $100,000 was approximately $45.3
$52.3 million at December 31, 2011 and 2010, respectively.

At December 31, 2011, scheduled maturities of certificates of deposit by year are as follows:

Maturity year 2012	2013	2014	2015	2016	Thereafter	Total
(in thousands)						
$ 130,136	$ 22,242	$ 13,641	$ 9,464	$ 5,367	$ 224	$ 181,074

Related party deposits are on substantially the same terms as are comparable transactions with unrelated persons. Related p
certain executive officers, directors and their related interests. The aggregate dollar amount of these deposits was ap
$4.2 million and $4.3 million at December 31, 2011 and 2010, respectively.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 9—ADVANCES FROM THE FHLB

Advances from the FHLB consist of the following:

	At December 31,			
	2011		2010	
Prinicpal payments due during	Amount	Weighted average rate	Amount	av
	(in thousands)			
2011	$ -	-%	$ 21,322	
2012	25,259	3.88%	24,578	
2013	10,187	3.30%	9,492	
2014	3,398	2.52%	2,686	
2015	2,767	2.28%	2,044	
2016	3,969	2.22%	1,658	
Thereafter	1,328	2.16%	207	
	$ 46,908	3.37%	$ 61,987	

The advances are collateralized by certain first mortgage loans totaling approximately $297.4 million and the FHLB sto the Bank which allows for a maximum borrowingcapacity of $220.8 million. Total unused lines of credit at the FHLB were at December 31, 2011. All of the advances from the FHLB are fixed rate, fixed term.

NOTE 10—BENEFIT PLANS

a. Defined Contribution Plan

The Bank maintains a 401(k) profit-sharing plan for eligible employees. Participants may contribute up to 15% of pr compensation. The Bank makes matching discretionary contributions equal to 75% of the initial $1,000 deferral. Matching to the 401(k) plan totaled $78,000 and $72,000 in 2011 and 2010, respectively.

b. Defined Benefit Plan

The Bank has a non-contributory defined benefit pension plan covering substantially all full-time employees meeting cert requirements. The benefits are based on each employee's years of service and an average earnings formula. An employee vested upon completion of five years of qualifying service. It is the policy of the Bank to fund the maximum amount allowa individual aggregate cost method to the extent deductible under existing federal income tax regulations.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 10—BENEFIT PLANS (Continued)

The following tables set forth the projected benefit obligation, the fair value of assets of the plan and funded status of the de
pension plan as reflected in the consolidated balance sheets:

		December
		2011
		(in thousar
Reconciliation of projected benefit obligation		
Benefit obligation at beginning of year	$	5,837 $
Service cost		565
Interest cost		328
Actuarial loss		1,411
Amendments		-
Benefits paid		(96)
Benefits obligation at end of year	$	8,045 $
Reconciliation of fair value of assets		
Fair value of plan assets at beginning of year	$	7,761 $
Actual return on plan assets		(145)
Employer contribution		486
Benefits paid		(96)
Fair value of plan assets at end of year	$	8,006 $
Funded status at end of year	$	(39) $

The accumulated benefit obligation at December 31, 2011 and 2010 was $6.9 million and $5.0 million, respectively.

Employer contributions and benefits paid in the above table include only those amounts contributed directly to, or paid dir
plan assets. The expected employer contribution for 2012 is $200,000.

The following table sets forth the amounts recognized in accumulated other comprehensive income for the years ended:

		At Decembe
		2011
		(in thousar
Net loss	$	(4,372) $
Prior service cost		(28)
Total	$	(4,400) $

The net (loss) gain recognized in accumulated other comprehensive income as an adjustment to the funded status of the pla
million and $0.1 million at December 31, 2011 and 2010, respectively. During 2012, the amounts expected to be am
accumulated other comprehensive income is $285,000 of net actuarial loss and prior service cost.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 10—BENEFIT PLANS (Continued)

	At December
	2011
Weighted-average assumptions used to determine benefit obligations:	
Discount rate	4.50%
Rate of compensation increase	4.00%

	For the year	
	December	
	2011	
	(in thousa	
Components of net periodic benefit cost		
Service cost	$ 565	$
Interest cost	328	
Expected return on plan assets	(619)	
Amortization of prior service cost	2	
Recognized net actuarial loss	115	
Net periodic benefit cost	$ 391	$

	For the year e
	December 3
	2011
Weighted-average assumptions used to determine net benefit costs:	
Discount rate	5.75%
Expected return on plan assets	8.00%
Rate of compensation increase	4.00%

The long-term expected rate of return used for the plan year 2011 was determined by analyzing average rates of return over prior periods on the assets in which the plan is currently invested.

Estimated future benefits payments are as follows:

Year ending December 31,	Amount (in thousands)
2012	$ 107
2013	123
2014	205
2015	229
2016	265
2017-2021	1,622

The financial statements of the Company's defined benefit pension plan are prepared in conformity with US GAAP. Inve plan are stated at fair value. Purchase and sales of securities are recorded on a trade date basis. Interest income is recorded

basis. Dividends are recorded on the ex-dividend date. Fair value of plan assets is determined using the fair value hierarchy
Note 16-Fair Value Measurements. The fair value hierarchy requires the Plan to maximize the use of observable inputs and
use of unobservable inputs when measuring fair value and provides three levels of inputs that may be used to measure fair va

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 10—BENEFIT PLANS (Continued)

The following table sets forth by level, within the fair value hierarchy, the plan’s financial assets at fair value as of Decembe

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	B
		(in thousands)		
Assets				
Collective investment trust funds	$ -	$ 8,006	$ -	$
Total Plan assets at fair value	$ -	$ 8,006	$ -	$

The following table sets forth by level, within the fair value hierarchy, the plan’s financial assets at fair value as of Decembe

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	B
		(in thousands)		
Assets				
Collective investment trust funds	$ -	$ 7,761	$ -	$
Total Plan assets at fair value	$ -	$ 7,761	$ -	$

Collective investment trust funds are valued by the trustee. The trustee follows written procedures for establishing uni periodic basis which incorporate observable market data; however the collective investment trust fund itself is not established market and therefore is categorized as a Level 2 hierarchy.

The plan’s weighted-average asset allocations by asset category are as follows:

	Percentage of plan assets at December 31, 2011	2010
Asset Category		
Mutual funds	100.00%	96.10%
Money funds	-%	3.90%
Total	100.00%	100.00%

Trustees of the plan are responsible for defining and implementing the investment objectives and policies for the plan’s ass invested in accordance with sound investment practices that emphasize long-term investment fundamentals that close demographics of the plan’s participants. The plan’s goal is to earn long-term returns that match or exceed the benefit obl plan, giving consideration to the timing of expected future benefit payments, through a well-diversified portfolio structu

return objectives and risk parameters are managed through a diversified mix of assets. The asset mix and investment
reviewed on a quarterly basis and rebalanced when necessary.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 10—BENEFIT PLANS (Continued)

c. ESOP

The Company has an internally leveraged ESOP for eligible employees who have completed six months of service with the
its subsidiaries. The ESOP borrowed $4.2 million from the Company in 1996 to purchase 423,200 newly issued shares of co
Any dividends received by the ESOP will be used to pay debt service. The Company makes discretionary contributions to
order to service the ESOP's debt if necessary. The ESOP shares are pledged as collateral for its debt. As the debt is repa
released from collateral based on the proportion of debt service paid in the year and allocated to qualifying employees. T
reports compensation expense in the amount equal to the fair value of shares allocated from the ESOP to employees le
received on the allocated shares in the plan used for debt service. The allocated shares are included in outstanding shares for
share computations. ESOP compensation expense included in stock-based compensation totaled $222,000 and $193,000
ended December 31, 2011 and 2010, respectively.

	At December 31, 2011	At December 31, 2010
Allocated shares	177,000	192,000
Unreleased shares	115,000	128,000
Total ESOP shares	292,000	320,000
Fair value of unreleased shares (in thousands)	$ 2,615	$ 2,713

d. Stock-Based Compensation Plans

A summary of the status of the Company's stock option plans as of December 31, 2011 and 2010, and changes for each of th
periods then ended is as follows:

	2011 Number of shares	2011 Weighted average exercise price per share	2010 Number of shares	2010 W a e p
Outstanding at beginning of year	126,257	$ 24.04	285,228	$
Options granted	-	-	-	
Options exercised	(10,916)	19.33	(15,614)	
Options forfeited	(3,370)	26.10	(7,466)	
Options expired	(2,206)	25.44	(135,891)	
Outstanding at end of year	109,765	24.41	126,257	
Options exercisable	92,328	$ 25.31	98,149	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 10—BENEFIT PLANS (Continued)

The following table summarizes information about stock options outstanding at December 31, 2011:

		Options outstanding			Options excercis
Range of exercise prices	Number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number	
$ 19.67 - 28.42	92,485	2.72	$ 22.90	75,048	$
$ 28.43 - 32.51	17,280	1.96	$ 32.51	17,280	$
	109,765	2.60	$ 24.41	92,328	$

The following table reflects information on the aggregate intrinsic value of options as well as cash receipts from option exerc

	For the years ended December 31, 2011	2010
	(in thousands)	
Aggregate intrinsic value of		
Options outstanding	$ 133	$ 90
Options exercisable	$ 80	$ 49
Options exercised	$ 30	$ 88
Cash receipts	$ 211	$ 207

The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company’s closing stoc last trading day of the year and the exercise price, multiplied by the number of exercisable in-the-money options). The Co policy of issuing shares from treasury to satisfy share option exercises.

Stock-based compensation expense related to stock options resulted in a tax benefit of $11,000 and $18,000, for th December 31, 2011 and 2010, respectively. There was $49,000 and $82,000 of total unrecognized compensation cost, net forfeitures, related to non-vested options under the stock option plans at December 31, 2011 and 2010, respectively. That co to be recognized over a weighted average period of 16 months and 21 months at December 31, 2011 and 2010, respectively.

The following table provides information regarding the Company’s stock-based compensation expense:

	For the years December 2011	
	(in thousan	
Stock-based compensation expense		
Director fees	$ 69	$
Stock grant expense	13	
Stock option expense	32	
Total stock-based compensation expense	$ 114	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 10—BENEFIT PLANS (Continued)

The table below summarizes the changes in non-vested restricted stock for the years ended:

	2011			2010	
	Number of shares		Weighted average grant price per share	Number of shares	
Total non-vested restricted stock grants at January 1	700	$	19.67	1,401	$
Restricted stock grant	-		-	-	
Vesting of restricted stock	(700)		19.67	(701)	
Forfeitures of restricted stock	-		-	-	
Total non-vested restricted stock grants at December 31	-	$	19.67	700	$

NOTE 11—INCOME TAXES

The components of income tax expense are summarized as follows:

	Years ended December 31,		
	2011		2010
	(in thousands)		
Federal			
Current	$	1,085	$
Charge in lieu of income tax relation to stock compensation		3	
Deferred		(77)	
		1,011	
Sate and local-current		8	
Income tax provision	$	1,019	$

The Company’s effective income tax rate was different than the statutory federal income tax rate as follows:

	Years ended December 31,	
	2011	20
Statutory federal income tax	34.0%	
Increase (decrease) resulting from		
Tax-exempt income	(14.0)	
State tax, net of federal benefit	0.1	
Other	0.4	
	20.5%	

Deferred taxes are included as other liabilities in the accompanying consolidated balance sheets at December 31, 2011 and estimated future tax effects of differences between the financial statement and federal income tax bases of assets and liabilit to the provisions of currently enacted tax laws. No valuation allowance was established at December 31, 2011 and 2010, i Company’s ability to carry back to taxes paid in previous years and certain tax strategies, coupled with the anticipated income as evidenced

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 11—INCOME TAXES (Continued)

by the Company's earnings potential.

The Company's net deferred tax liability was as follows:

	At Decemb	
	2011	
	(in thousa	
Deferred tax assets		
Deferred compensation	$ 137	$
Allowance for loan losses, net	2,754	
Stock compensation	106	
Adjustment to record funded status of pension plan	1,497	
Non accrual interest	336	
Adjustment for real estate acquired thru foreclosure	182	
Other	34	
	$ 5,046	$
Deferred tax liabilities		
Accrued pension expense	$ 1,444	$
Unrealized gain on securities available for sale	1,880	
Prepaid expenses	180	
Deferred loan costs	831	
Amortization of goodwill	1,470	
Other	296	
	6,101	
Net deferred tax liability	$ (1,055)	$

The Company files consolidated income tax returns on the basis of a calendar year. The Company is subject to income tax federal jurisdiction, and various state and local jurisdictions, with the majority of activity residing in Pennsylvania. T limitations for the federal return has expired on years prior to 2008. The expirations of the statutes of limitations related t state income tax returns that the Company and its subsidiaries file, vary by state, and are expected to expire over the through 2016. There are no material uncertain tax positions at December 31, 2011.

The Bank is not required to recapture approximately $5.7 million of its tax bad debt reserve, attributable to bad debt deduct it prior to 1988, as long as the Bank continues to operate as a bank under federal tax law and does not use the reserve purpose. The Bank has not recorded any deferred tax liability on this portion of its tax bad debt reserve. The tax that would the Bank ultimately required to recapture that portion of the reserve would amount to approximately $1.9 million.

NOTE 12—REGULATORY MATTERS

During 2011, the Bank was subject to minimum regulatory capital standards promulgated by the OTS and OCC. Fa minimum capital requirements can initiate certain mandatory-and possible additional discretionary-actions by regul undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequa and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, ris and other factors. Such minimum capital standards generally require the maintenance of regulatory capital

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 12—REGULATORY MATTERS (Continued)

sufficient to meet each of three tests, hereinafter described as the tangible capital requirement, the core capital require
risk-based capital requirement. The tangible capital requirement provides for minimum tangible capital (defined as stockh
less all intangible assets) equal to 1.5% of adjusted total assets. The core capital requirement provides for minimum core cap
capital plus certain forms of supervisory goodwill and other qualifying intangible assets) equal to 4% of adjusted tota
risk-based capital requirement provides for minimum core capital (tangible capital plus certain forms of supervisory goodv
qualifying intangible assets) adjusted for the general valuation allowances equal to 8% of total assets classified in
risk-weighted categories.

As of December 31, 2011 and 2010, management believes that the Bank met all capital adequacy requirements to which it w

	Regulatory capital December 31, 2011							
	Tangible			Core			Risk-Base	
		Capital	Percent		Capital	Percent		Capital
	(in thousands)							
Capital under generally accepted accounting principles	$	74,214	10.96%	$	74,214	10.96%	$	74,214
Unrealized gain on certain available-for-sale securities		(3,649)	(0.54)%		(3,649)	(0.54)%		(3,649)
Adjustment to record funded status of pension		2,903	0.43%		2,903	0.43%		2,903
Goodwill and other intangible assets		(4,324)	(0.64)%		(4,324)	(0.64)%		(4,324)
Additional capital items General valuation allowances-limited		-	-%		-	-%		5,003
Regulatory capital computed		69,144	10.21%		69,144	10.21%		74,147
Minimum capital requirement		10,154	1.50%		27,078	4.00%		31,953
Regulatory capital-excess	$	58,990	8.71%	$	42,066	6.21%	$	42,194

	Regulatory capital December 31, 2010							
	Tangible			Core			Risk-Base	
		Capital	Percent		Capital	Percent		Capital
	(in thousands)							
Capital under generally accepted accounting principles	$	70,604	10.27%	$	70,604	10.27%	$	70,604

Unrealized gain on certain available-for-sale securities	(2,156)	(0.31)%	(2,156)	(0.31)%	(2,156)
Adjustment to record funded status of pension	1,545	0.23%	1,545	0.23%	1,545
Goodwill and other intangible assets	(4,324)	(0.63)%	(4,324)	(0.63)%	(4,324)
Additional capital items					
General valuation allowances-limited	-	-%	-	-%	5,072
Regulatory capital computed	65,669	9.56%	65,669	9.56%	70,741
Minimum capital requirement	10,308	1.50%	27,487	4.00%	32,397
Regulatory capital-excess	$ 55,361	8.06%	$ 38,182	5.56%	$ 38,344

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 12—REGULATORY MATTERS (Continued)

At December 31, 2011 and 2010, the Bank exceeded all regulatory requirements for classification as a "well-capitalized "well-capitalized" institution must have risk-based capital of 10% and core capital of 5%. There are no conditions or e occurred that management believes have changed the Bank's classification as a "well-capitalized" institution.

The Bank maintains a liquidation account for the benefit of eligible savings account holders who maintained deposit account at the time the Bank converted to a stock form of ownership and who continue as depositors. The Bank may not declare dividend on or repurchase any of its common shares if the effect thereof would cause the Bank's stockholders' equity to be either the amount required for the liquidation account or the regulatory capital requirements for insured institutions.

NOTE 13—FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the fin of its customers. These financial instruments are primarily commitments to extend credit and standby letters of credit. S instruments are recorded in the consolidated balance sheets when they become receivable or payable. Those instrument varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balanc contract or notional amounts of those instruments reflect the extent of the Bank's involvement in particular classe instruments.

The Company's exposure to credit loss in the event of non-performance by the other party to the financial instrument for co extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company u credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Unless noted otherwise, the Company requires collateral to support financial instruments with credit risk.

Financial instruments, the contract amounts of which represent credit risk, are as follows:

	At December 31, 2011	2010
	(in thousands)	
Commitments to extend credit	$ 67,435	$ 56,355
Standby letters of credit	710	951
Loans sold with recourse	52	57
	$ 68,197	$ 57,363

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition estab contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is dee by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held gen residential or commercial real estate.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to cust

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 14—COMMITMENTS AND CONTINGENCIES

The Bank had optional commitments of $5.3 million and $6.5 million to sell mortgage loans to investors at December 31, 20
respectively.

The Bank leases branch facilities and office space for periods ranging up to ten years. These leases are classified as operati
contain options to renew for additional periods. Rental expense was approximately $574,000 and $569,000 for the
December 31, 2011 and 2010, respectively.

The minimum annual rental commitments of the Bank under all non-cancelable leases with terms of one year or more at D
2011 are as follows:

Year ending December 31,		2011 (in thousands)
2012	$	491
2013		467
2014		397
2015		233
2016		168
Thereafter		1,081
Total	$	2,837

The Company has agreements with certain key executives that provide severance pay benefits if there is a change in c
Company. The agreements will continue in effect until terminated or not renewed by the Company or key executives. Upo
control, the Company will make a lump-sum payment or continue to pay the key executives' salaries per the agreements, a
the executive for certain benefits for one year. The contingent liability under the agreements at December 31, 2011 was a
$2.5 million.

From time to time, the Company and its subsidiaries are parties to routine litigation that arises in the normal course of bu
opinion of management, the resolution of these lawsuits would not have a material adverse effect on the Company's consolic
position or results of operations.

NOTE 15—SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Bank is principally engaged in originating and investing in one-to four-family residential real estate and commercial rea
in eastern Pennsylvania and New Jersey. The Bank offers both fixed and adjustable rates of interest on these loans that have
terms ranging to 30 years. The loans are generally originated or purchased on the basis of an 80% or less loan-to-value rat
historically provided the Bank with more than adequate collateral coverage in the event of default. Nevertheless, the Bank
lending institution, is subject to the risk that real estate values in the primary lending area will deteriorate, thereby potentia
underlying collateral values. However, management believes that weakened residential and commercial real estate valu
taken into consideration and that the loan loss allowances have been provided for in amounts commensurate with its current
the foregoing risks in the portfolio.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 16- FAIR VALUE MEASUREMENTS

The following tables present information about the Company's assets and liabilities measured at fair value on a recurri
December 31, 2011 and 2010. Fair value is an exit price, representing the amount that would be received to sell an ass
transfer a liability in an orderly transaction between market participants. A fair value measurement hierarchy has been es
inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted pr
markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 mea

The fair value hierarchy levels are summarized below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable and contain assumptions of the party fair valuing the asset or liability.

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NOTE 16- FAIR VALUE MEASUREMENTS (Continued)

Determination of the appropriate level within the fair value hierarchy is based on the lowest level of input that is significa
value measurement for the instrument or security. Assets and liabilities measured at fair value on a recurring basis segre
value hierarchy level are summarized below:

At December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	B
		(in thousands)		
Assets				
Investment securities available for sale				
U.S. Government and federal agencies	$ -	$ 3,030	$ -	$
State and political subdivisions	-	55,091	-	
Residential mortgage-backed securities issued by quasi-governmental agencies	-	47,494	-	
Residential real estate mortgage-backed securities privately issued	-	8,888	-	
Total investment securities available for sale	$ -	$ 114,503	$ -	$
Liabilities				
Forward loan sales	$ -	$ -	$ 6	$

At December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	B
		(in thousands)		
Assets				
Investment securities available for sale				
U.S. Government and federal agencies	$ -	$ 6,059	$ -	$
Corporate debt securities		3,563	-	
State and political subdivisions	-	48,208	-	
Residential mortgage-backed securities issued by quasi-governmental agencies	-	52,886	-	
Residential real estate mortgage-backed securities privately issued	-	13,605	-	
Total investment securities available for sale	$ -	$ 124,321	$ -	$
Forward loan sales	$ -	$ -	$ 3	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 16- FAIR VALUE MEASUREMENTS (Continued)

Investment and mortgage-backed securities available for sale are valued primarily by a third party pricing agent. U.S. Gov
federal agency and corporate debt securities are primarily priced through a multi-dimensional relational model, a Level
which incorporates dealer quotes and other market information including, defined sector breakdown, benchmark yields,
yield to maturity, and corporate actions. State and political subdivision securities are also valued within the Level 2 hie
inputs with a series of matrices that reflect benchmark yields, ratings updates, and spread adjustments. Mortgage-back
include FHLMC, GNMA, and FNMA certificates and privately issued real estate mortgage investment conduits which are v
Level 2 hierarchy using a matrix correlation to benchmark yields, spread analysis, and prepayment speeds.

The fair value of forward loan sales is determined at the time the underlying loan is identified as held for sale with changes
correlated to the change in secondary market loan pricing. The value is adjusted to reflect the Company's historica
experience which incorporates such factors as changes in market rates, origination channels and loan purpose.

The following table presents additional information about assets measured at fair value on a recurring basis for which the C
utilized Level 3 inputs to determine fair value:

Forward loan sales		2011	
		(in thousa	
Beginning balance, January 1	$	3	$
Total losses- realized/unrealized:			
Included in earnings		(9)	
Included in other comprehensive income		-	
Purchases, issuances, and settlements		-	
Ending balance, December 31	$	(6)	$

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 16- FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a nonrecurring basis segregated by fair value hierarchy level are summarized

At December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	B
		(in thousands)		
Assets				
Impaired loans	$ -	$ -	$ 8,091	$
Real estate acquired through foreclosure	-	-	11,731	
Mortgage servicing rights	-	763	-	

At December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	B
	(in thousands)			
Assets				
Impaired loans	$ -	$ -	$ 11,375	$
Real estate acquired through foreclosure	-	-	7,482	
Mortgage servicing rights	-	878	-	

Impaired loans are evaluated and valued while the loan is identified as impaired, at the lower of the recorded investment i fair value. Real estate acquired through foreclosure is initially valued at the lower of the recorded investment in the loan or foreclosure and subsequently adjusted for further decreases in market value, if necessary. Fair value is determined by using the collateral securing the loans and is therefore classified as a Level 3 hierarchy. The value of the real estate securing in and real estate acquired through foreclosure is based on appraisals prepared by qualified independent licensed appraisers c the Company to perform the assessment.

The Company retains a qualified valuation service to calculate the amortized cost and to determine the fair value of t servicing rights. The valuation service utilizes discounted cash flow analyses adjusted for prepayment speeds, market disco conditions existing in the secondary servicing market. Hence, the fair value of mortgage servicing rights is deemed a Leve The amortized cost basis of the Company's mortgage servicing rights was $1.0 million at December 31, 2011 and 2010. Th the mortgage servicing rights was $763,000 and $878,000 at December 31, 2011 and 2010, respectively.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 17—FAIR VALUE OF FINANCIAL INSTRUMENTS

For the Bank, as for most financial institutions, the majority of its assets and liabilities are considered financial instrumen
many such instruments lack an available trading market as characterized by a willing buyer and willing seller engaging in
transaction. Also, it is the Company's general practice and intent to hold its financial instruments to maturity or available f
not engage in trading or significant sales activities. For fair value disclosure purposes, the Company substantially utilized
measurement criteria as explained in Note 16- Fair Value Measurements. Additionally, the Company used significant est
present value calculations to prepare this disclosure.

Changes in the assumptions or methodologies used to estimate fair values may materially affect the estimated amounts. In a
may not be reasonable comparability between institutions due to the wide range of permitted assumptions and methodo
absence of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial in
values.

Fair values have been estimated using data which management considered the best available, as generally provided b
methodologies deemed suitable for the pertinent category of financial instrument. The estimation methodologies, resulting fa
recorded carrying amounts are as follows:

The fair value of cash and cash equivalents equals historical book value. The fair value of investment and mortgage-backed
described and presented under fair value measurement guidelines.

	At December 31, 2011		At December 3	
	Fair value	Carrying value	Fair value	
		(in thousands)		
Cash and cash equivalents	$ 14,928	$ 14,928	$ 7,437	$
Investment securities	58,121	58,121	57,830	
Mortgage-backed securities	59,310	58,970	70,001	

The fair value of the loans receivable, net has been estimated using the present value of cash flows, discounted at the approx
market rates, and giving consideration to estimated prepayment risk. Loans receivable, net also includes loans receivable hel

	At December 31, 2011		At December 3	
	Fair value	Carrying value	Fair value	
		(in thousands)		
Loans receivable, net	$ 516,359	$ 494,613	$ 510,652	$

The fair value of deposits and borrowings with stated maturities has been estimated using the present value of cash flows,
rates approximating current market rates for similar liabilities. Fair value of deposits and borrowings with floating int
generally presumed to approximate the recorded carrying amounts.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 17—FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	At December 31, 2011		At December 3
	Fair value	Carrying value	Fair value
	(in thousands)		
Deposits with stated maturities	$ 183,306	$ 181,074	$ 206,791 $
Borrowings with stated maturities	48,092	46,908	63,811

The fair value of deposits and borrowings with no stated maturities is generally presumed to approximate the carrying amount payable on demand). Fair value deposits and borrowings with floating interest rates are generally presumed to app recorded carrying amounts.

	At December 31, 2011		At December 3
	Fair value	Carrying value	Fair value
	(in thousands)		
Deposits with no stated maturities	$ 370,214	$ 370,214	$ 345,976 $

The Bank's remaining assets and liabilities are not considered financial instruments. No disclosure of the relationship value depositors or customers is required.

NOTE 18—SERVICE FEES, CHARGES AND OTHER OPERATING INCOME AND OTHER OPERATING EXPENSE

	For the years ended December 31,	
	2011	2010
	(in thousands)	
Service fees, charges and other operating income		
Loan servicing fees, net	$ 25	$
Late charge income	110	
Deposit service charges	666	
Debit card income	512	
Other income	385	
	$ 1,698	$
Other operating expense		
Insurance and surety bond	$ 192	$
Office supplies	164	
Loan expense	310	
Debit card and ATM expense	245	
Postage	231	
Telephone	261	
Supervisory examination fees	169	
Other expenses	625	
	$ 2,197	$

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 19—EARNINGS PER SHARE

The following tables set forth the reconciliation of the numerators and denominators of the basic and diluted earnings per sha computations:

	Year ended December 31, 2			
		Income (numerator)	Weighted average shares (denominator)	
	(dollars in thousands, except per s			
Basic earnings per share				
Income available to common stockholders	$	3,929	2,702,200	$
Effect of dilutive securities				
Stock compensation plans		-	510	
Diluted earnings per share				
Income available to common stockholders plus effect of dilutive securities	$	3,929	2,702,710	$

There were options to purchase 62,057 shares of common stock at a price at a range of $23.53 to $32.51 per share outstanding during 2011 that were not included in the computation of diluted earnings per share because the options' exerci greater than the average market price of the common shares.

	Year ended December 31, 2			
		Income (numerator)	Weighted average shares (denominator)	
	(dollars in thousands, except per s			
Basic earnings per share				
Income available to common stockholders	$	3,352	2,682,135	$
Effect of dilutive securities				
Stock options and grants		-	-	
Diluted earnings per share				
Income available to common stockholders plus effect of dilutive securities	$	3,352	2,682,135	$

There were options to purchase 71,017 shares of common stock at a price at a range of $23.53 to $32.51 per share outstanding during 2010 that were not included in the computation of diluted earnings per share because the options' exerci greater than the average market price of the common shares.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 20—CONDENSED FINANCIAL INFORMATION—PARENT COMPANY ONLY

Condensed financial information for TF Financial Corporation (parent company only) follows:

BALANCE SHEETS

		At December 31,		
		2011		2
		(in thousands)		
ASSETS				
Cash	$	1,414	$	
Investment in 3rd Fed		73,117		
Investment in TF Investments		-		
Investment in Penns Trail Development		1,087		
Notes receivable ESOP		1,352		
Other assets		465		
Total assets	$	77,435	$	
LIABILITIES AND STOCKHOLDERS' EQUITY				
Total liabilities	$	27	$	
Stockholders' equity		77,408		
Total liabilities and stockholders' equity	$	77,435	$	

STATEMENTS OF INCOME

		Years ended December 31,		
		2011		2
		(in thousands)		
INCOME				
Equity in earnings of subsidiaries	$	4,432	$	
Interest and dividend income		6		
Gain on sale of investment		-		
Total income		4,438		
EXPENSES				
Other		509		
Total expenses		509		
NET INCOME	$	3,929	$	

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 20—CONDENSED FINANCIAL INFORMATION—PARENT COMPANY ONLY (Continued)

STATEMENTS OF CASH FLOWS

		Years ended December 31, 2011		2
		(in thousands)		
Cash flows from operating activities				
Net income	$	3,929	$	
Adjustments to reconcile net income to net cash used in operating activities				
Stock compensation plans		114		
Gain on sale of investment securities		-		
Equity in earnings of subsidiaries		(4,432)		
Net change in assets and liabilities		(300)		
Net cash used in operating activities		(689)		
Cash flows from investing activities				
Capital distribution from subsidiaries		1,548		
Proceeds from sale of investment securities		-		
Net cash provided by investing activities		1,548		
Cash flows from financing activities				
Cash dividends paid to stockholders		(534)		
Treasury stock acquired		(122)		
Exercise of stock options		211		
Tax benefit arising from stock compensation		3		
Net cash used in financing activities		(442)		
NET INCREASE (DECREASE) IN CASH		417		
Cash at beginning of year		997		
Cash at end of year	$	1,414	$	

NOTE 21—SUSEQUENT EVENT

In 2011, the Bank elected to convert from an OCC regulated, federally-chartered financial institution to a state-chartered s
The Bank received approval for this conversion from the Commonwealth of Pennsylvania on December 27, 2011 and from
January 20, 2012. The Bank will therefore be regulated by the Pennsylvania Department of Banking and the FDIC. As a res
of the Bank was changed from Third Federal Bank to 3rd Fed Bank. The official charter conversion became effective Januar

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Roebling Financial Corp, Inc. and Subsidiary

We have audited the accompanying consolidated statements of financial condition of Roebling Financial Corp, Inc. and Sub
September 30, 2012 and 2011, and the related consolidated statements of income, comprehensive income, stockholders' eq
flows for the years then ended. These consolidated financial statements are the responsibility of the Company's man
responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United St
standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financi
are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and discl
consolidated financial statements. An audit also includes assessing the accounting principles used and significant estim
management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reason
our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financia
Roebling Financial Corp, Inc. and Subsidiary, at September 30, 2012 and 2011, and the results of their operations and cash
years then ended in conformity with U.S. generally accepted accounting principles.

December 19, 2012

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	September 30, 2012	
Assets		
Cash and due from banks	$760,401	$7
Interest-bearing deposits	4,020,735	3
Total cash and cash equivalents	4,781,136	3
Securities available for sale	44,000,750	4
Securities held to maturity; approximate fair value of $92,000 (2012) and $113,000 (2011), respectively	88,653	1
Loans receivable, net	106,000,965	1
Real estate owned	444,447	1
Accrued interest receivable	470,179	5
Federal Home Loan Bank of New York stock, at cost	879,400	5
Premises and equipment	3,149,706	3
Other assets	1,977,826	2
Total assets	$161,793,062	$1
Liabilities and stockholders' equity		
Liabilities		
Deposits	$128,903,944	$1
Borrowed funds	13,650,000	6
Advances from borrowers for taxes and insurance	603,476	5
Other liabilities	1,740,407	1
Total liabilities	144,897,827	1
Commitments and contingencies	-	-
Stockholders' equity		
Serial preferred stock, par value $.10, authorized 5,000,000 shares, no shares issued	-	-
Common stock; par value $.10; 20,000,000 shares authorized and 1,718,473 shares issued	171,847	1
Additional paid-in-capital	10,277,027	1
Treasury stock, at cost; 31,946 shares	(190,398)	(
Unallocated employee stock ownership plan shares	(155,131)	(
Unallocated restricted stock plan shares	(95,721)	(
Deferred compensation obligation	317,919	2
Stock purchased for deferred compensation plan	(317,919)	(
Retained earnings - substantially restricted	6,067,707	5
Accumulated other comprehensive income (loss):		
Unrealized gain on securities available for sale, net of tax	929,061	8

Defined benefit plan, net of tax	(109,157)	(
Total stockholders' equity	16,895,235	1
Total liabilities and stockholders' equity	$161,793,062	$1

See accompanying notes to consolidated financial statements.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30, 2012
Interest income:	
Loans receivable	$5,206,650
Securities	1,077,581
Other interest-earning assets	28,510
Total interest income	6,312,741
Interest expense:	
Deposits	1,176,853
Borrowed funds	181,828
Total interest expense	1,358,681
Net interest income	4,954,060
Provision for (recovery of) loan losses	350,000
Net interest income after provision for (recovery of) loan losses	4,604,060
Non-interest income:	
Loan fees	79,767
Account servicing and other	404,887
Gain on sale of loans	53,490
Total non-interest income	538,144
Non-interest expense:	
Compensation and benefits	2,346,277
Occupancy and equipment	471,599
Service bureau and data processing	599,987
Federal deposit insurance premiums	211,233
Real estate owned expense, net	345,504
Other	1,001,738
Total non-interest expense	4,976,338
Income before income tax	165,866
Income tax	39,737
Net income	$126,129
Basic and diluted earnings per common share	$0.08

Weighted average shares outstanding - basic and diluted	1,663,651

See accompanying notes to consolidated financial statements.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended September 30, 2012	
Net income	$126,129	$4
Other comprehensive income (loss):		
Unrealized net holding gains (losses) on securities available for sale, net of tax (benefit) of $78,792 and $(1,523), respectively	118,484	(
Adjustment to minimum pension liability, net of tax (benefit) of $(7,680) and $18,535, respectively	(11,550)	2
Comprehensive income	$233,063	$4

See accompanying notes to consolidated financial statements.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Treasury Stock	Unallocated ESOP Shares	Unallocated RSP Shares	Deferred Compensation Obilgation	Common Stock for Deferred Compensation	Retained Earnings	Accumula Other Compreher Income (Loss)
Balance - September 30, 2010	$171,847	$10,348,052	$(190,398)	$(310,261)	$(93,041)	$239,893	$(239,893)	$5,502,021	$687,38
Net income	-	-	-	-	-	-	-	439,557	-
Amortization of ESOP shares	-	(36,171)	-	77,565	-	-	-	-	-
Change in unrealized gain (loss) on securities available for sale, net of tax	-	-	-	-	-	-	-	-	(2,290
Deferred compensation plan	-	-	-	-	-	44,867	-	-	-
Common stock acquired for deferred compensation plan	-	-	-	-	-	-	(44,867)	-	-
Allocation of RSP shares	-	5,520	-	-	5,761	-	-	-	-
Tax expense of stock benefit plans	-	(3,645)	-	-	-	-	-	-	-
Adjustment to minimum pension liability, net of tax	-	-	-	-	-	-	-	-	27,873
Balance - September 30, 2011	171,847	10,313,756	(190,398)	(232,696)	(87,280)	284,760	(284,760)	5,941,578	712,97
Net income	-	-	-	-	-	-	-	126,129	-
	-	(44,001)	-	77,565	-	-	-	-	-

Amortization of ESOP shares									
Change in unrealized gain (loss) on securities available for sale, net of tax	-	-	-	-	-	-	-	-	118,48
Deferred compensation plan	-	-	-	-	-	33,159	-	-	-
Common stock acquired for deferred compensation plan	-	-	-	-	-	-	(33,159)	-	-
Allocation of RSP shares	-	9,779	-	-	(8,441)	-	-	-	-
Tax expense of stock benefit plans	-	(2,507)	-	-	-	-	-	-	-
Adjustment to minimum pension liability, net of tax	-	-	-	-	-	-	-	-	(11,55
Balance - September 30, 2012	$171,847	$10,277,027	$(190,398)	$(155,131)	$(95,721)	$317,919	$(317,919)	$6,067,707	$819,90

See accompanying notes to consolidated financial statements.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30, 2012
Cash flows from operating activities:	
Net income	$126,129
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	122,184
Amortization of premiums and discounts, net	59,262
Amortization of deferred loan fees and costs, net	8,466
Provision for (recovery of) loan losses	350,000
Provision for loss on real estate owned	297,154
Loss on sale of real estate owned	331
Origination of loans held for sale, net of repayments	(5,754,250)
Gain on sale of loans	(53,490)
Proceeds from sale of loans held for sale	5,657,715
(Gain) loss on disposition of premises and equipment	(3,700)
Decrease in other assets	616,878
Decrease (increase) in accrued interest receivable	45,243
Increase in other liabilities	224,910
Amortization/allocation of ESOP and RSP	34,902
Increase in deferred compensation stock obligation	33,159
Net cash provided by operating activities	1,764,893
Cash flows from investing activities:	
Purchase of securities available for sale	(19,037,222)
Proceeds from payments and maturities of securities available for sale	17,992,129
Proceeds from payments and maturities of securities held to maturity	20,535
Proceeds from sale of loans	-
Loan payments (disbursements), net	2,392,542
Proceeds from sale of real estate owned	883,326
(Purchase) redemption of Federal Home Loan Bank Stock	(334,100)
Purchase of premises and equipment	(113,170)
Proceeds from sale of premises and equipment	3,700
Net cash provided by (used in) investing activities	1,807,740

See accompanying notes to consolidated financial statements.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Year Ended September 30, 2012	
Cash flows from financing activities:		
Net (decrease) increase in deposits	(10,314,888)	4
Net increase (decrease) in short-term borrowed funds	8,650,000	(
Repayment of long-term borrowed funds	(1,000,000)	(
Increase in advance payments by borrowers for taxes and insurance	78,176	(
Purchase of common shares for deferred compensation plan	(33,159)	(
Net cash used in financing activities	(2,619,871)	(
Net increase (decrease) in cash and cash equivalents	952,762	(
Cash and cash equivalents - beginning	3,828,374	(
Cash and cash equivalents - ending	$4,781,136	$3
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Interest on deposits and borrowed funds	$1,360,020	$1
Income taxes (refunds), net	$(277,340)	$1
Transfers to real estate owned	$13,907	$2

See accompanying notes to consolidated financial statements.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a description of the more significant accounting policies used in preparation of the accompanying consolid statements of Roebling Financial Corp, Inc. and Subsidiary (the "Company").

Principles of Consolidation

The consolidated financial statements are comprised of the accounts of Roebling Financial Corp, Inc. and its wholly-owne Roebling Bank (the "Bank"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Consolidated Financial Statement Presentation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted States of America. In preparing the consolidated financial statements, management is required to make estimates and assu affect the reported amount of assets and liabilities as of the date of the statement of financial condition and revenues and exp period then ended. Actual results could differ significantly from those estimates. Material estimates that are particularly s significant changes in the near term relate to the determination of the allowance for loan losses, the valuation of foreclosed r the assessment of prepayment risks associated with mortgage-backed securities. Management believes that the allowance fo considers all known and inherent losses, foreclosed real estate is appropriately valued and prepayment risks asso mortgage-backed securities are properly recognized. While management uses available information to recognize losses foreclosed real estate, future additions to the allowance for loan losses or further writedowns of foreclosed real estate may based on changes in economic conditions in the Company's market area. Additionally, assessments of prepayment ris mortgage-backed securities are based upon current market conditions, which are subject to frequent change.

In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company for loan losses and foreclosed real estate. Such agencies may require the Company to recognize additions to the allowa losses or additional writedowns on foreclosed real estate based on their judgments about information available to them at the examination.

Concentration of Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash investment and mortgage-backed securities and loans. Cash and cash equivalents include amounts placed with highly ra institutions. Investment securities include securities backed by the U.S. Government and other highly rated instruments. Th lending activity is concentrated in loans secured by real estate located in the State of New Jersey. The Company's loan predominantly made up of 1-to-4 family residential mortgage and home equity loans, the majority of which are secured located in Burlington County. These loans are secured by lien positions on the respective real estate properties and are s Company's loan underwriting policies. In general, the Company's loan portfolio performance is dependent upon the loc conditions.

Interest-Rate Risk

The Company is principally engaged in the business of attracting deposits from the general public and using these deposits t secured by real estate and, to a lesser extent, consumer and commercial loans and to purchase mortgage-backed and securities. The potential for interest-rate risk exists as a result of the shorter duration of the Company's interest-sensiti compared to the generally longer duration of interest-sensitive assets.

In a rising interest rate environment, liabilities will generally reprice faster than assets, and there may be a reduction in the
of long-term assets and net interest income. For this reason, management regularly monitors the maturity and interest-rat
the Company's assets and liabilities in order to control its level of interest-rate risk and to plan for future volatility.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash and Cash Equivalents

Cash and cash equivalents include cash, amounts due from depository institutions, and interest-bearing accounts with origi
of three months or less.

Investments and Mortgage-backed Securities

Debt securities over which there exists positive intent and ability to hold to maturity are classified as held-to-maturity s reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling the term are classified as trading securities and reported at fair value, with unrealized holding gains and losses included in ea and equity securities not classified as trading securities, nor as held-to-maturity securities, are classified as available-for-s and reported at fair value, with unrealized holding gains or losses, net of deferred income taxes, reported in a separate c stockholders' equity.

An individual security is considered impaired when the fair value of such security is less than its amortized cost. Managem all securities with unrealized losses quarterly to determine if such impairments are temporary or "other-than-temporary" in a applicable accounting guidance. The Company accounts for temporary impairments based upon security classification as ei for sale or held to maturity. Temporary impairments on available-for-sale securities are recognized on a tax-effected basis t comprehensive income, with offsetting entries adjusting the carrying value of the securities and deferred income taxes impairments of held-to-maturity securities are not recognized in the consolidated financial statements. Information co amount and duration of impairments on securities is disclosed in the notes to the consolidated financial statements.

Other-than-temporary impairments on debt securities that the Company has decided to sell, or will more likely than not be re prior to the full recovery of its cost basis are recognized in earnings. Otherwise, the other-than-temporary impairment is b credit-related and non-credit-related components. The credit-related impairment generally represents the amount by whic value of the cash flows expected to be collected on a debt security falls below its amortized cost. The non-credit-relate represents the remaining portion of the impairment not otherwise designated as credit-related. Credit-related other-tha impairments are recognized in earnings while non-credit-related other-than-temporary impairments are recognized, ne income taxes, in other comprehensive income.

Premiums and discounts on all securities are amortized/accreted using the interest method. Interest and dividend income which includes amortization of premiums and accretion of discounts, is recognized in the financial statements when earned. cost basis of an identified security sold or called is used for determining security gains and losses recognized in the statemen

Loans and Allowance for Loan Losses

Loans receivable are stated at unpaid principal balances, less the allowance for loan losses and net deferred loan origina discounts.

Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to in using the interest method over the contractual life of the loans, adjusted for prepayments.

An allowance for loan losses is maintained at a level considered necessary to provide for loan losses based upon the evaluat and inherent losses in the loan portfolio. Management of the Company, in determining the allowance for loan losses, consid risks inherent in its loan portfolio and changes in the nature and volume of its loan activities, along with the general econ estate market conditions. The Company utilizes a two tier approach: (1) identification of impaired loans and establish

allowances on such loans; and (2) establishment of valuation allowances on the remainder of its loan portfolio. The Compa
a loan

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Loans and Allowance for Loan Losses (Cont'd)

review system which provides for a periodic review of its loan portfolio and the early identification of impaired problem system takes into consideration, among other things, delinquency status, size of loans, type of collateral and financial co borrowers. A loan is deemed to be impaired when, based on current information and events, it is probable that the Com unable to collect all amounts due according to the contractual terms of the loan agreement. All loans identified as impaired independently. The Company does not aggregate such loans for evaluation purposes. Loan impairment is measured based o value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loa market price or the fair value of the collateral if the loan is collateral dependent. Valuation allowances on the remaining based upon a combination of factors including, but not limited to, actual loan loss experience, loan type, loan classifica economic conditions and management's judgment.

Regardless of the extent of the analysis of customer performance, portfolio evaluations, trends or risk management processe certain inherent, but undetected losses are probable within the loan portfolio. This is due to several factors including inhe obtaining information regarding a customer's financial condition or changes in condition, the judgmental nature of in evaluations, collateral assessments and the interpretation of economic trends, and the sensitivity of assumptions utilize allocated allowances for homogeneous groups of loans, among other factors. An unallocated allowance is maintained to existence of these exposures. These other credit risk factors are regularly reviewed and revised by management where condi that the estimates initially applied are different from actual results.

The Company accounts for its transfers and servicing of financial assets in accordance with Financial Accounting Sta ("FASB") Accounting Standards Codification ("ASC") Topic 860, Transfers and Servicing. Transfers of financial ass Company has surrendered control of the financial assets are accounted for as sales to the extent that consideration other th interests in the transferred assets is received in exchange. Retained interests in a sale or securitization of financial assets are the date of transfer by allocating the previous carrying amount between the assets transferred and based on their relative e values. The fair values of retained servicing rights and any other retained interests are determined based on the present valu future cash flows associated with those interests and by reference to market prices for similar assets. There were no transfe assets to related or affiliated parties. As of September 30, 2012 and 2011, the Company has not recorded mortgage servicing the immateriality of the amount that would have been capitalized based upon the limited amount of assets serviced by the Co

Uncollected interest on loans that are contractually past due is charged off, or an allowance is established based on m periodic evaluation. The allowance is established by a charge to interest income and income is subsequently recognize extent that cash payments are received until, in management's judgment, the borrower's ability to make periodic interest payments is reestablished, in which case the loan is returned to accrual status. At a minimum, an allowance is generally es all interest payments that are more than 90 days delinquent.

Federal Home Loan Bank of New York Stock

As a member of the Federal Home Loan Bank of New York ("FHLB"), the Bank is required to acquire and hold s stock. The holding requirement varies based on mortgage-related asset holdings and borrowing activity with the FHLB. Th in FHLB stock is carried at cost. The Bank conducts a periodic review and evaluation of FHLB stock to determine if any exists. Management has determined that no other-than-temporary impairment existed as of, and for the years ended, Septem and 2011.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation and amortization. renovations and additions are capitalized. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of and repairs is charged to expense as incurred. The Company computes depreciation on a straight-line basis over the esti lives of the assets.

Real Estate Owned

Real estate properties acquired through, or in lieu of, loan foreclosure are initially recorded at the lower of cost or fa estimated costs to sell at the date of foreclosure. Costs relating to development and improvement of property are capitali costs relating to the holding of property are expensed. Subsequent valuations are periodically performed by manage allowance for losses is established by a charge to operations if the carrying value of a property exceeds its fair value le selling cost. Gains and losses from sale of these properties are recognized as they occur. Income from operating properties operations as earned.

Income Taxes

Federal and state income taxes have been provided on the basis of reported income. Deferred income taxes are provided for in income and expense which enter into the determination of income for financial reporting purposes in different periods tha tax purposes.

Effective October 1, 2007, the Company adopted the provisions of ASC Topic 740, "Income Taxes," concerning accounting in income taxes. The provisions provide clarification on accounting for uncertainty in income taxes recognized in an enterpr statements in accordance with ASC Topic 740. The provisions prescribe a recognition threshold and measurement attr financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also prov on derecognizing, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Compar no adjustment for unrecognized income tax benefits for the years ended September 30, 2012 or 2011. The Company' recognize interest and penalties on unrecognized tax benefits in income tax expense in the consolidated statement of Company did not recognize any interest and penalties for the years ended September 30, 2012 or 2011. The tax yea examination by the taxing authorities are the years ended September 30, 2012, 2011, 2010 and 2009.

Accounting for Stock-Based Compensation

The Company accounts for stock-based compensation under ASC Topic 718, which requires compensation costs related to payments transactions to be recognized in the financial statements over the period the employee provides service in exc reward.

Earnings Per Share

Basic earnings per share is computed by dividing net income for the year by the weighted average number of shares of co outstanding, adjusted for unearned shares of the Employee Stock Ownership Plan ("ESOP"). Diluted earnings per share adjusting the weighted average number of shares of common stock outstanding to include the effect of outstanding stock compensation grants, if dilutive, using the treasury stock method.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Earnings Per Share (Cont'd)

The following is a summary of the Company's earnings per share calculations:

	Year Ended September 30, 2012	
Net income	$126,129	$4
Weighted average common shares outstanding for computation of basic EPS (1)	1,663,651	1
Common-equivalent shares due to the dilutive effect of stock options and RSP awards	-	-
Weighted-average common shares for computation of diluted EPS	1,663,651	1
Earnings per common share:		
Basic	$0.08	$0
Diluted	$0.08	$0

(1) Excludes unallocated ESOP shares

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

Subsequent Events

The Company has considered whether any events or transactions occurring after September 30, 2012 would require re disclosure in the financial statements as of or for the year ended September 30, 2012. The evaluation was conducted thro these financial statements were issued. No such subsequent events were identified.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

2. SECURITIES AVAILABLE FOR SALE

	September 30, 2012			
	Amortized Cost	Gross Unrealized Gains	Losses	
Investment Securities				
U.S. Government and Agency Securities:				
Due within one year	$1,000,000	$2,460	$-	$1
Due after one year through five years	5,000,000	96,260	-	5
Due after five years through ten years	13,881,488	190,592	-	1
Marketable Equity Securities	2,888	-	2,776	1
Mortgage-backed Securities:				
GNMA	2,491,298	124,584	-	2
FHLMC	12,636,853	685,353	-	1
FNMA	7,441,336	450,414	-	7
	$42,453,863	$1,549,663	$2,776	$4

	September 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Losses	
Investment Securities				
U.S. Government and Agency Securities:				
Due after one year through five years	$8,000,000	$120,410	$-	$8
Due after five years through ten years	10,997,704	58,196	930	1
Marketable Equity Securities	2,888	-	2,792	9
Mortgage-backed Securities:				
GNMA	3,364,585	113,185	-	3
FHLMC	11,182,541	652,588	450	1
FNMA	7,920,265	409,406	-	8
	$41,467,983	$1,353,785	$4,172	$4

Securities available for sale with a carrying value of approximately $3,165,000 and $1,962,000, as of September 30, 2012 an respectively, are pledged as security for deposits of governmental entities under the provisions of the Governmental Unit De Protection Act (GUDPA). Securities with a carrying value of approximately $14,974,000 and $16,196,000 are pledged as co Federal Home Loan Bank advances as of September 30, 2012 and 2011, respectively. In addition, securities with a carrying v approximately $1,052,000 and $1,035,000 are pledged as collateral to the Federal Reserve Bank as of September 30, 2012 an respectively.

Provided below is a summary of securities available for sale which were in an unrealized loss position at September 3
2011. Approximately $2,800 or 100% and $2,800 or 67% of the unrealized loss, as of September 30, 2012 and 2011, resp
comprised of securities in a continuous loss position for twelve months or more. The Company has the ability and intent
securities until such time as the value recovers or the securities mature.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

2. SECURITIES AVAILABLE FOR SALE (Cont'd)

	September 30, 2012 Under One Year		One Year or Mor	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	U
Marketable Equity Securities	$-	$-	$112	$2
Total available for sale	$-	$-	$112	$2

	September 30, 2011 Under One Year		One Year or Mor	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	U
U.S. Government and Agency Securities	$999,070	$930	$-	$-
Marketable Equity Securities	-	-	96	2
Mortgage-backed Securities	1,026,552	450	-	-
Total available for sale	$2,025,622	$1,380	$96	$2

3. SECURITIES HELD TO MATURITY

	September 30, 2012 Amortized Cost	Gross Unrealized Gains	Losses	I
Mortgage-backed Securities:				
GNMA	$19,009	$817	$-	$1
FHLMC	38,829	1,488	-	4
FNMA	30,815	605	-	3
	$88,653	$2,910	$-	$9

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

3. SECURITIES HELD TO MATURITY (Cont'd)

	September 30, 2011			
	Amortized	Gross Unrealized		
	Cost	Gains	Losses	
Mortgage-backed Securities:				
GNMA	$20,391	$774	$-	$2
FHLMC	49,426	2,108	-	5
FNMA	39,419	542	-	3
	$109,236	$3,424	$-	$1

Securities held to maturity with a carrying value of approximately $15,000 and $16,000 are pledged as collateral for Federa
Bank advances as of September 30, 2012 and 2011, respectively.

4. LOANS RECEIVABLE, NET

	September 30, 2012	
Mortgage loans:		
One-to-four family residential	$62,831,016	$6
Multi-family residential	2,769,652	2
Commercial real estate	14,257,155	1
Construction and land	357,955	3
	80,215,778	8
Consumer and other loans:		
Home equity	26,555,008	2
Other consumer	161,286	2
Commercial	434,719	5
	27,151,013	2
Total loans	107,366,791	1
Less:		
Loans in process	63,408	2
Net deferred loan origination fees (costs)	(27,786)	(
Allowance for loan losses	1,330,204	1
	1,365,826	1
	$106,000,965	$1

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

The activity with respect to loans to directors, officers and associates of such persons is as follows:

	Year Ended September 30, 2012	
Balance - beginning	$704,203	$6
Loan disbursements	136,436	2
Collection of principal	(151,335)	(
Other changes	161,239	(
Balance - ending	$850,543	$7

Activity in the allowance for loan losses is summarized as follows:

	Year Ended September 30, 2012	
Balance - beginning	$1,304,500	$1
Provision for (recovery of) loan losses	350,000	(
Charge-offs	(337,761)	(
Recoveries	13,465	3
Balance - ending	$1,330,204	$1

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

The Company has segmented its loans into three portfolio segments of residential, commercial purpose and consumer. I
disaggregated these segments into additional classes of loans. The residential portfolio segment includes loans to consumer
one-to-four family residential properties that are generally owner-occupied. This portfolio segment includes two classes, m
and home equity loans. Commercial purpose loans are one segment and one class of receivable. These are loans made to in
businesses for business purposes. They are generally collateralized by commercial real estate, residential properties (o
multifamily), land or business assets, and may be provided for permanent or construction financing. The consumer portf
includes non-mortgage loans to individuals for consumer purposes. They are further categorized into three classes, inclu
loans, unsecured loans and other loans. The following table reflects the aging and accrual status of the Company's loa
portfolio segment and class as of September 30, 2012 and 2011:

	September 30, 2012						
	Past Due					Total	
	30-59 Days	60-89 Days	90+ Days	Total	Current	Loans Receivable	Non-Accrual
	(In thousands)						
Residential:							
Mortgage	$-	$-	$528	$528	$56,084	$56,612	$528
Home equity	-	22	165	187	26,368	26,555	165
Commercial purpose	-	-	1,037	1,037	22,938	23,975	846
Consumer:							
Account loans	-	-	-	-	40	40	-
Unsecured	-	-	-	-	79	79	-
Other	-	-	-	-	42	42	-
	$-	$22	$1,730	$1,752	$105,551	$107,303	$1,539

	September 30, 2011						
	Past Due					Total	
	30-59 Days	60-89 Days	90+ Days	Total	Current	Loans Receivable	Non-Accrual
	(In thousands)						
Residential:							
Mortgage	$36	$-	$209	$245	$55,882	$56,127	$209
Home equity	91	72	140	303	26,620	26,923	140
Commercial purpose	-	-	526	526	26,073	26,599	335
Consumer:							
Account loans	-	-	-	-	47	47	-
Unsecured	-	-	-	-	79	79	-
Other	36	-	-	36	71	107	-
	$163	$72	$875	$1,110	$108,772	$109,882	$684

Additional interest income that would have been recognized on non-accrual loans, had the loans been current and p
accordance with the original terms of their contracts, totaled approximately $68,000 and $222,000 for the years ended S
2012 and 2011, respectively.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

One of the primary methods used by the Company as an indicator of the credit quality of its residential and commer
portfolios is the regulatory classification system. For the consumer portfolio segment, payment performance is the Comp
indicator of credit quality. Under the regulatory classification system, assets are classified as "pass," "special mentio
"doubtful," or "loss." A pass asset is considered of sufficient quality to preclude a special mention or adverse rating. Pas
are well protected by the current net worth and paying capacity of the obligor or by the value of the underlyng as
mention" assets do not expose an institution to sufficient risk to warrant adverse classification, but have potential weakness
management's close attention. An asset is considered substandard if it is inadequately protected by the current equity and pa
of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the "distinct possi
insured institution will sustain "some loss" if the deficiencies are not corrected. Assets classified as doubtful have all of t
inherent in those classified as substandard, with the added characteristic that the weaknesses present make "collection or
full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets class
those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a speci
is not warranted. The following table reflects the credit quality indicators by portfolio segment and class, as of September
2011:

	September 30, 2012		
	Residential		Commercial
	Mortgage (In thousands)	Home Equity	Purpose
Pass	$ 54,636	$ 26,247	$ 15,664
Special Mention	1,448	143	4,790
Substandard	528	145	3,280
Doubtful	-	-	-
Loss	-	20	241
Total	$ 56,612	$ 26,555	$ 23,975

	Consumer		
	Account Loans (In thousands)	Unsecured	Other
Performing	$ 40	$ 79	$ 42
Non-performing	-	-	-
Total	$ 40	$ 79	$ 42

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

	September 30, 2011		
	Residential		Commercial
	Mortgage	Home Equity	Purpose
	(In thousands)		
Pass	$ 54,389	$ 26,590	$ 16,896
Special Mention	1,493	193	4,374
Substandard	245	140	5,116
Doubtful	-	-	-
Loss	-	-	213
Total	$ 56,127	$ 26,923	$ 26,599

	Consumer		
	Account Loans	Unsecured	Other
	(In thousands)		
Performing	$ 47	$ 79	$ 107
Non-performing	-	-	-
Total	$ 47	$ 79	$ 107

Information about impaired loans, by portfolio segment and class as of or for the years ended September 30, 2012 an
follows:

	As of September 30, 2012			For the Year End September 30
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment
			(In thousands)	
With no related allowance:				
Residential				
Mortgage	$-	$-		$64
Home equity	93	93		140
Commercial purpose	1,119	1,119		1,165
	1,212	1,212		1,369
With a related allowance:				
Residential				
Mortgage	-	-	-	-
Home equity	72	72	20	50
Commercial purpose	1,004	1,004	331	578
	1,076	1,076	351	628

Total:					
Residential					
Mortgage	-	-	-	64	
Home equity	165	165	20	190	
Commercial purpose	2,123	2,123	331	1,743	
Total impaired	$2,288	$2,288	$351	$1,997	$

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont’d)

	As of September 30, 2011			For the Year Ende[d] September 3[0]	
	Recorded Investment	Unpaid Principal Balance	Related Allowance (In thousands)	Average Recorded Investment	[illegible]
With no related allowance:					
Residential					
Mortgage	$-	$-		$22	$-
Home equity	140	140		85	-
Commercial purpose	1,441	1,441		1,150	[illegible]
	1,581	1,581		1,257	[illegible]
With a related allowance:					
Residential					
Mortgage	-	-	-	300	-
Home equity	-	-	-	-	-
Commercial purpose	507	507	213	2,700	[illegible]
	507	507	213	3,000	[illegible]
Total:					
Residential					
Mortgage	-	-	-	322	-
Home equity	140	140	-	85	-
Commercial purpose	1,948	1,948	213	3,850	[illegible]
Total impaired	$2,088	$2,088	$213	$4,257	$[illegible]

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

An analysis of the allowance for loan losses and the related loans receivable at or for the years ended September 30, 2012 ar
follows:

	September 30, 2012				
	Residential (In thousands)	Commercial Purpose	Consumer	Unallocated	
Allowance for loan losses:					
Beginning balance	$ 216	$ 982	$ 3	$ 103	$
Provision for loan losses	128	234	(1)	(11)	
Charge-offs	(94)	(244)	-	-	
Recoveries	-	14	-	-	
Ending Balance	$ 250	$ 986	$ 2	$ 92	$
Ending balance, allowance for loan losses:					
Loans individually evaluated for impairment	$ 20	$ 331	$ -	$ -	$
Loans collectively evaluated for impairment	230	655	2	92	
Total	$ 250	$ 986	$ 2	$ 92	$
Related loan receivable balance:					
Loans individually evaluated for impairment	$ 165	$ 2,123	$ -		$
Loans collectively evaluated for impairment	83,002	21,852	161		
Total	$ 83,167	$ 23,975	$ 161		$

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

	September 30, 2011				
	Residential	Commercial Purpose	Consumer (In thousands)	Unallocated	
Allowance for loan losses:					
Beginning balance	$484	$2,664	$18	$42	$3
Provision for loan losses	(161)	(35)	(15)	61	(
Charge-offs	(107)	(1,985)	-	-	(
Recoveries	-	338	-	-	3
Ending Balance	$216	$982	$3	$103	$1
Ending balance, allowance for loan losses:					
Loans individually evaluated for impairment	$-	$213	$-	$-	$2
Loans collectively evaluated for impairment	216	769	3	103	1
Total	$216	$982	$3	$103	$1
Related loan receivable balance:					
Loans individually evaluated for impairment	$140	$1,948	$-		$2
Loans collectively evaluated for impairment	82,910	24,651	233		1
Total	$83,050	$26,599	$233		$1

5. REAL ESTATE OWNED

	September 30, 2012	
Real estate acquired in settlement of loans	$637,200	$2
Allowance for losses	(192,753)	(
	$444,447	$1

Activity in the allowance for losses is summarized as follows:

	Year End
	September 30, 2012

Balance - beginning	$449,207		$3
Provision for losses	297,154		3
Charge-offs	(553,608	)	(
Balance - ending	$192,753		$4

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

5. REAL ESTATE OWNED (Cont'd)

Real estate owned expense is summarized as follows:

	Year End	
	September 30, 2012	
Provision for losses	$297,154	$3
Net loss on sale	331	8
Carrying costs, net of rental income	48,019	4
	$345,504	$3

6. ACCRUED INTEREST RECEIVABLE

	September 30, 2012	
Loans receivable	$330,940	$3
Mortgage-backed securities	63,025	7
Investment securities	76,214	8
	$470,179	$5

7. PREMISES AND EQUIPMENT

	September 30, 2012	
Land	$1,423,262	$1
Buildings and improvements	2,821,492	2
Furniture, fixtures and equipment	1,212,873	1
	5,457,627	5
Less accumulated depreciation	2,307,921	2
	$3,149,706	$3

Useful lives generally used in the calculation of depreciation are as follows:

Buildings	25 to 50 years
Paving and other building related additions	5 to 10 years

Furniture and equipment	3 to 10 years

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

7. PREMISES AND EQUIPMENT (Cont'd)

Future minimum rental payments for the Westampton office, which is leased, are as follows:

	Year Ended September 30, 2012	
2012	$ -	$
2013	81,420	
2014	81,420	
2015	6,785	
	$ 169,625	$

Total rent expense, including property taxes and common area maintenance, amounted to $102,000 for each of the years end
September 30, 2012 and 2011.

8. LOAN SERVICING

Loans serviced for others are not included in the accompanying consolidated statements of financial condition. The unp
balances of these loans are summarized as follows:

	September 30, 2012	
Loan portfolios serviced for:		
FNMA	$17,151,165	$1
Other	1,889,813	2
	$19,040,978	$1

Custodial escrow balances maintained in connection with loan servicing totaled approximately $391,000 and $125,000, at S
2012 and 2011, respectively.

9. DEPOSITS

	September 30, 2012		2011	
	Weighted Average Rate	Amount	Weighted Average Rate	
Non-interest-bearing deposits	0.00%	$23,376,577	0.00%	$2
Interest-bearing checking accounts	0.22%	8,508,914	0.23%	7
Money market accounts	0.35%	21,234,619	0.64%	2
Savings accounts	0.13%	21,028,521	0.13%	1
Certificates of deposits	1.58%	54,755,313	1.91%	6

Total deposits	0.77%	$128,903,944	1.03%	$1

Deposit accounts with balances of $100,000 or more totaled approximately $40,541,000 and $46,589,000 at September
2011, respectively.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

9. DEPOSITS (Cont'd)

Scheduled maturities of certificates of deposit are as follows:

	September 30, 2012 (In thousands)	
1 year or less	$34,578	$3
Over 1 year to 3 years	15,894	1
Over 3 years	4,283	7
	$54,755	$6

Interest expense on deposits is summarized as follows:

	Year Ended September 30, 2012	
Interest-bearing checking accounts	$17,778	$1
Money market accounts	126,975	2
Savings accounts	27,183	3
Certificates of deposit	1,004,917	1
Total	$1,176,853	$1

10. BORROWED FUNDS

The Company has available overnight borrowings with the Federal Home Loan Bank of New York ("FHLB") totaling 30 September 30, 2012 and 2011, subject to the terms and conditions of the lender's overnight advance program. As of Septem the Company had $8,650,000 in overnight advances at a rate of .38%. There were no overnight borrowings as of September

At September 30, 2012 and 2011, fixed rate advances have contractual maturities as follows:

	September 30, 2012 Amount	Weighted Average Rate	September 30, 20 Amount	
Due by September 30,				
2012	$-		$1,000,000	2
2013	3,000,000	3.23%	3,000,000	3
2014	2,000,000	3.57%	2,000,000	3
	$5,000,000	3.37%	$6,000,000	3

At September 30, 2012 and 2011, the FHLB borrowings were secured by pledges of the Company's investment in the capit
FHLB totaling $879,400 and $545,300, respectively, and mortgage-backed and other securities with a carrying value of a
$15.0 million and $16.2 million, respectively.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

11. INCOME TAXES

The Bank qualifies as a savings institution under the provisions of the Internal Revenue Code and was therefore, prior to S
1996, permitted to deduct from taxable income an allowance for bad debts based upon eight percent of taxable income
deduction, less certain adjustments. Retained earnings, at September 30, 2012 and 2011, include approximately $281,00
debt, which, in accordance with ASC Topic 740, Income Taxes, is considered a permanent difference between the book an
basis of loans receivable, and for which income taxes have not been provided. If such amount is used for purposes other
debt losses, including distributions in liquidation, it will be subject to income tax at the then current rate.

The components of income taxes are summarized as follows:

	Year Ended September 30, 2012	
Current tax expense (benefit):		
Federal	$21,444	$(
State	1,935	2
	23,379	(
Deferred tax expense:		
Federal	8,190	3
State	8,168	5
	16,358	3
Total income tax expense	$39,737	$2

The provision for income taxes differs from that computed at the federal statutory rate of 34% as follows:

	Year Ended September 30, 2012	
Tax expense at federal statutory rates	$56,394	$2
Increase in tax expense (benefit) resulting from:		
State taxes, net of federal tax effect	6,668	3
Other items	(23,325)	(
	$39,737	$2

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

11. INCOME TAXES (Cont'd)

The following temporary differences gave rise to deferred tax assets and liabilities:

	September 30, 2012	
Deferred tax assets:		
Allowance for loan and REO losses	$447,208	$5
Net operating loss carryforward	500,565	5
Pension liabilities	380,360	3
Deferred compensation	285,774	2
Uncollected interest	26,507	1
Depreciation	124,722	1
Other, net	10,940	1
Total deferred tax assets	1,776,076	1
Deferred tax liabilities:		
Net unrealized gain on securities available for sale	617,827	5
Deferred loan origination costs	84,439	8
Prepaid expenses	43,258	5
Total deferred tax liabilities	745,524	6
Net deferred tax asset included in other assets	$1,030,552	$1

The realizability of the deferred tax asset is dependent upon a variety of factors, including the generation of future taxable Company believes that it is more likely than not that the Company will realize the benefits of the deferred tax assets. At S 2012, the Company has federal and state net operating loss carryforwards of $1.2 million and $1.7 million, respectively, 2031.

12. COMMITMENTS AND CONTINGENCIES

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the fin of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include com extend credit. Those instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amou in the statements of financial condition. The contract or notional amounts of those instruments reflect the extent of th involvement in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for co extend credit is represented by the contractual notional amount of those instruments. The Company uses the same cred making commitments and conditional obligations as it does for on-balance-sheet instruments.

With the exception of letters of credit, the Company does not require collateral or other security to support financial inst credit risk, unless noted otherwise.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition estab contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessa future cash requirements. The Company has approved lines of credit unused but accessible to borrowers totaling $13.4 milli million, at September 30, 2012 and 2011, respectively.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

12. COMMITMENTS AND CONTINGENCIES (Cont'd)

At September 30, 2012 and 2011, the Company had $2.8 million and $4.0 million in outstanding commitments to fund loan
$700,000 and $1.1 million in outstanding commitments to sell loans at September 30, 2012 and 2011, respectively. T
outstanding commercial letters of credit or commitments to purchase or sell investment securities at September 30, 2012 or 2

The Bank also has, in the normal course of business, commitments for services and supplies. Management does not anticipa
on any of these commitments.

13. REGULATORY CAPITAL

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to m
capital requirements can initiate certain mandatory, and possible additional discretionary, actions by regulators, that if und
have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory fr
prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the B
liabilities, and certain off-balance-sheet items, as calculated under regulatory accounting practices. The Bank's capital
classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts
tangible and core capital (as defined in the regulations) to total assets and of total risk-based capital (as defined) to risk-we
(as defined). In addition, in September, 2012, the Office of the Comptroller of the Currency ("OCC"), the Bank's primary f
notified the Bank that it has established higher Individual Minimum Capital Ratios ("IMCR's) for the Bank tha
regulation. The Bank is now required to maintain (i) Tier 1 Capital at least equal to 8% of adjusted total assets; (ii) Tier 1 C
equal to 14% of risk-weighted assets; and (iii) Total Capital at least equal to 15% of risk-weighted assets. Management b
September 30, 2012, that the Bank meets all capital adequacy requirements to which it is subject, including the IMCRs.

The following table presents a reconciliation of capital per GAAP and regulatory capital at the dates indicated (in thousands)

	September 30, 2012	
GAAP capital	$15,088	$
Add (subtract): Unrealized gain on securities available for sale	(931)	(
Disallowed deferred tax assets	(311)	(
Adjustment to record funded status of pension	109	9
Core and tangible capital	13,955	
Add: Allowable allowance for loan losses	1,158	
Total risk-based capital	$15,113	$

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

13. REGULATORY CAPITAL (Cont’d)

The Bank’s actual capital amounts and ratios are presented in the following table:

	Actual Amount	Ratio	For Capital Adequacy Purposes Amount	Ratio	To be Well-Capitalized Under Prompt Corrective Action Provisions Amount
	(Dollars in thousands)				
As of September 30, 2012					
Tangible capital	$ 13,995	8.73 %	$ 2,399	1.50 %	$ N/A
Tier 1 (core) capital	13,995	8.73 %	6,397	4.00 %	7,997
Risk-based capital:					
Tier 1	13,955	15.10 %	3,697	4.00 %	5,546
Total	15,113	16.35 %	7,395	8.00 %	9,243
As of September 30, 2011					
Tangible capital	$ 13,869	8.55 %	$ 2,434	1.50 %	$ N/A
Tier 1 (core) capital	13,869	8.55 %	6,491	4.00 %	8,113
Risk-based capital:					
Tier 1	13,869	14.40 %	3,852	4.00 %	5,778
Total	14,960	15.53 %	7,704	8.00 %	9,630

As of September 30, 2012, the Bank met all regulatory requirements for classification as a well-capitalized institution.

14. BENEFIT PLANS

Deferred Compensation Plan

The Company maintains a deferred compensation plan for both the directors and employees.

The directors' arrangement is an individual contract between the Company and each participating director and can be term time. Directors may participate at their own discretion. The Company may secure the deferred compensation agreement b an investment grade life insurance contract on each participating director. The Company is the owner and benefic contract. The use of the investment grade insurance contracts as the funding source of the program allows the Com advantage of preferential tax treatment provided to insurance contracts qualified under IRS Sections 101 and 7702. A amounts deferred may be invested in common stock of the Company or credited with an earnings rate of one percent over pr

The employees' arrangement meets the requirements of Sections 401(a) and 401(k) of the Internal Revenue Code. Employ become eligible when they have attained age 21. Each participant may elect to have his compensation reduced by up to t amount allowed by law. The reduction is contributed to the plan. No Company contribution was made in 2012 or 2011. Al become 100% vested upon entering the plan.

Directors Consultation and Retirement Plan

The Company maintains a Directors Consultation and Retirement Plan ("DRP") to provide retirement benefits to dir
Company who are not officers or employees ("Outside Directors"). Any director who has served as an Outside Direct
participant in the DRP, and payments under the DRP commence once the Outside Director retires as a director of the Compa
provides a retirement benefit based on the number of years of service to the Company. Outside Directors who have compl
than 12 years of service shall receive a

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

14. BENEFIT PLANS (Cont'd)

Directors Consultation and Retirement Plan (Cont'd)

benefit equal to (50%) + 2.889% times the number of years of service in excess of 12, multiplied by the average monthly effect at the time of retirement. The maximum benefit shall be 85% of such monthly board fee. Benefits shall be paid for 1 the retired directors, a surviving spouse, or the director's estate. The DRP is an unfunded nonqualified pension plan, anticipated to ever hold assets for investment. Any contributions made to the DRP will be used to immediately pay DRP be come due.

The Company follows the guidance of ASC Topic 715, Compensation - Retirement Benefits. Topic 715 requires an recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its financial position and to recognize changes in that funded status through comprehensive income in the year in which the cha

The following table summarizes changes in the DRP's projected benefit obligation, assets and funded status:

	At or for the Year Ending September 30, 2012		2011	
Change in benefit obligation:				
Benefit obligation at beginning of year	$	856,990	$	820,466
Service cost		19,552		20,224
Interest cost		40,488		41,544
Actuarial (gain) loss		35,298		(25,244)
Benefit obligation at end of year		952,328		856,990
Change in plan assets:				
Market value of assets - beginning		-		-
Employer contributions		-		-
Annuity payments		-		-
		-		-
Market value of assets - ending		-		-
Funded status and accrued plan cost included in other liabilities at end of year	$	(952,328)	$	(856,990)

Amounts recognized in accumulated other comprehensive loss in the statements of financial condition:

	September 30, 2012		2011	
Net loss	$	132,446	$	99,248
Prior service cost		49,300		63,268

	$ 181,746	$ 162,516

Pension benefits expected to be paid for the fiscal years ending September 30 are $17,304 in 2013, $41,995 in 2014, $49
$55,592 in 2016, $61,731 in 2017, and a total of $453,764 in 2018-2022. These amounts are based on the same assump
measure the benefit obligation at September 30, 2012 and include estimated future service.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

14. BENEFIT PLANS (Cont'd)

Directors Consultation and Retirement Plan (Cont'd)

	September 30, 2012	
Components of net periodic benefit cost:		
Service cost	$19,552	$
Interest cost	40,488	
Amortization of unrecognized loss	2,100	
Amortization of unrecognized past service liability	13,968	
Net periodic benefit cost included in compensation and benefits expense	76,108	
Changes in benefit obligation recognized in other comprehensive (income) loss:		
Net (gain) loss	35,298	
Amortization of loss	(2,100)	
Amortization of prior service cost	(13,968)	
Benefit obligation recognized in other comprehensive income	19,230	
Total recognized in net periodic benefit cost and other comprehensive (income) loss	$95,338	$

For the year ended September 30, 2013, $6,184 of net loss and $13,968 of past service liability currently included in other co
loss is expected to be recognized as a component of net periodic pension cost.

A discount rate of 4.75% and 5.125% was assumed in the plan valuation for the years ended September 30, 2012 and 2011,
while a discount rate of 4.00% and 4.75% was used to determine the benefit obligation at September 30, 2012 and 2011,
The rate of increase in future compensation levels was 3.5% for 2012 and 4.50% for 2011.

Stock Option Plan

The Company has stock option plans ("Plans") which authorize the issuance of up to 168,746 shares upon the exercise of sto
may be awarded to officers, directors, key employees, and other persons providing services to the Company. Shares i
exercise of options may be authorized but unissued shares, treasury shares or shares acquired on the open market. The op
under the Plans constitute either Incentive Stock Options or Non-Incentive Stock Options. The options are granted at an e
equal to the fair market value of the Company's common stock on the date of grant and expire not more than 10 years af
grant. At September 30, 2012, there were 26,434 shares remaining for future option awards.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

14. BENEFIT PLANS (Cont'd)

Stock Option Plan (Cont'd)

The following table summarizes activity under the Plans for the years ended September 30, 2012 and 2011:

	Year Ended September 30, 2012		2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	
Outstanding at beginning of period	103,242	$11.283	103,242	$
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(10,200)	12.725	-	-
Outstanding at end of period	93,042	$11.125	103,242	$
Options exercisable at period end	93,042		103,242	

The following table summarizes all stock options outstanding as of September 30, 2012, all of which are exercisable:

Number of Shares	Exercise Price	Weighted Average Remaining Contractual Life
54,642	$ 10.000	3.3 years
38,400	12.725	3.9 years
93,042	$ 11.125	3.6 years

No stock option expense was recorded in fiscal 2012 or 2011 because all options were fully vested.

Restricted Stock Plan

The Company has restricted stock plans ("Plans") which provide for the award of shares of restricted stock to director employees. The Plans provide for the purchase of 67,496 shares of common stock in the open market to fund such award Common Stock to be purchased by the Plans is purchased at the fair market value on the date of purchase. Awards under made in recognition of expected future services to the Company by its directors, officers, and key employees res implementation of the policies adopted by the Company's Board of Directors and as a means of providing a furt incentive. Compensation expense on Plan shares is recognized over the vesting periods based on the market value of the date of grant. Recipients of awards receive compensation payments equal to dividends paid prior to the date of vesting with each dividend payment date. As of September 30, 2012, there were 22,448 shares remaining for future awards. Compensa for the Plans was approximately $2,700 and $14,500 for the years ended September 30, 2012 and 2011, respectively, resu benefit of $1,100 and $5,800, respectively.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

14. BENEFIT PLANS (Cont'd)

Restricted Stock Plan (Cont'd)

The following table summarizes changes in unvested shares:

	Year Ended September 30, 2012			2011		
	Number of Shares		Weighted Average Grant Date Fair Value	Number of Shares		
Unvested share awards at beginning of period	2,796		$6.498	4,912		$7
Granted	-		-	-		-
Vested	(1,195	)	8.553	(2,116	)	8
Forfeited	(1,044	)	5.750	-		-
Unvested share awards at end of period	557		$5.750	2,796		$6

No shares were awarded during the years ended September 30, 2012 or 2011. As of September 30, 2012, there is $800 of u
Plan compensation expense, which will be recognized over a weighted average period of two months.

Employee Stock Ownership Plan

Effective upon the consummation of the Bank's initial stock offering, an Employee Stock Ownership Plan ("ESOP") was es
eligible employees who have completed a twelve-month period of employment with the Bank and at least 1,000 hours of
have attained the age of 21. The ESOP used $156,800 in proceeds from a term loan to purchase 62,149 shares of Bank co
during the stock offering. In fiscal 2004, the ESOP purchased 72,861 shares of common stock in the second-step conver
proceeds of a $776,000 loan from the Company, which has a 10-year term and an interest rate of 4.75%. $47,000 of the p
used to payoff the prior outstanding debt.

Shares purchased with the loan proceeds were initially pledged as collateral for the loans and are held in a suspense accou
allocation among participants. Contributions to the ESOP and shares released from the suspense account are in an amount
to the loan repayment. Shares are allocated among the participants on the basis of compensation, as described by the Plan,
allocation.

The ESOP is accounted for in accordance with ASC Topic 718. The ESOP shares pledged as collateral are reported as unall
shares in the statements of financial condition. As shares are committed to be released from collateral, the Bank reports c
expense equal to the current market price of the shares, and the shares become outstanding for basic net income per co
computations. ESOP compensation expense was approximately $34,000 and $41,000 for the years ended September 30, 20
respectively.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

14. BENEFIT PLANS (Cont'd)

Employee Stock Ownership Plan (Cont'd)

The ESOP shares are as follows:

	Year Ended September 30, 2012	
Allocated shares	87,487	9
Unreleased shares	18,301	2
Total ESOP shares	105,788	1
Fair value of unreleased shares	$433,731	$9

Employment Agreements

The Bank has an employment agreement (the "Agreement") with its Chief Financial Officer for a one-year term subje
extension for an additional year on each anniversary date. Under the Agreement, her employment may be terminated by the
without "just cause" as defined in the Agreement. If the Bank terminates her employment without just cause, she will
continuation of salary from the date of termination through the remaining term of the Agreement, but in no event for a perio
six months thereafter. The Agreement also provides for payments in the event of termination of employment in connection w
in control.

Directors Change in Control Severance Plan

On May 8, 2008 the Company adopted a Directors Change in Control Severance Plan (the "Plan") for non-employee membe
of Directors. The Plan provides for a severance benefit payment to directors upon their termination of service as a directo
change in control.

15. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair Value Measurements

On October 1, 2008, the Company adopted the FASB's guidance on fair value measurements, codified into ASC Topic 820,
fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. T
applies to other accounting pronouncements that require or permit fair value measurements. ASC Topic 820 clarifies that fa
exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market partic
than an entry price that would be paid to acquire an asset or liability. It also establishes a fair value hierarchy that d
between assumptions developed based on market data obtained from independent sources (observable inputs), and
developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarc
summarized as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabiliti markets; or observable market data.

Level 3: Unobservable inputs where there is little, if any, market activity and that are developed based on the best informat under the circumstances.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

15. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

A. Fair Value Measurements (Cont'd)

Determination of the appropriate level within the fair value hierarchy is based on the lowest level input that is significant to
measurement.

Assets and liabilities measured at fair value on a recurring basis, segregated by fair value hierarchy level, are summarized as

	Level 1 (In thousands)	Level 2	Level 3	
September 30, 2012				
Securities available for sale:				
U.S. government and agency securities	$-	$20,171	$-	$2
Mortgage-backed securities	-	23,830	-	2
September 30, 2011				
Securities available for sale:				
U.S. government and agency securities	$-	$19,175	$-	$1
Mortgage-backed securities	-	23,642	-	2

Assets and liabilities measured at fair value on a non-recurring basis, segregated by fair value hierarchy level, are summarize

	Level 1 (In thousands)	Level 2	Level 3	
September 30, 2012				
Impaired loans	$-	$-	$724	$7
Real estate owned	-	-	444	4
September 30, 2011				
Impaired loans	$-	$-	$293	$2
Real estate owned	-	-	1,611	1

A loan is deemed to be impaired when it is probable that the Company will be unable to collect all amounts due acc
contractual terms of the loan agreement. Loan impairment is measured based on discounted cash flows or collateral value.
adjustment is required, a portion of the general valuation allowance is allocated equal to the impairment amount. Impai
reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly.

Real estate owned represents properties that have been acquired in foreclosure or by deed-in-lieu of foreclosure. The asse
down to fair value less estimated costs to sell at the time of foreclosure. Fair value is based on the appraised value, w
adjusted based on management's review and market conditions. Subsequent valuations are periodically performed and if
declined, an allowance would be established with a charge to operations. Additional impairments on REO properties of a
$297,000 and $309,000 were recorded for the years ended September 30, 2012 and 2011, respectively, as a provision for RE

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

15. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

B. Fair Value Disclosures

The following methods and assumptions were used by the Company in estimating fair values of financial instruments at S
2012 and 2011:

Cash and Cash Equivalents and Certificates of Deposit

The carrying amounts of cash and short-term instruments approximate their fair value.

Investment and Mortgage-Backed Securities

Fair values for securities, excluding restricted equity securities, are based on quoted market prices. The carrying values
equity securities approximate fair values.

Loans Receivable

For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying
values for certain mortgage loans and other consumer loans are based on quoted market prices of similar loans sold in con
securitization transactions, adjusted for differences in loan characteristics. Fair values for commercial real estate and com
are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms
of similar credit quality. These are categorized as a level 2 hierarchy. Fair values for impaired loans are estimated using dis
flow analyses or underlying collateral values, where applicable.

Deposit Liabilities

The fair value of demand deposits, savings deposits and money market accounts are the amounts payable on demand. The
certificates of deposit are based on the discounted value of contractual cash flows. The discount rate was estimated u
currently offered for deposits of similar remaining maturities. This is categorized as a level 2 hierarchy.

Short-Term Borrowings

The carrying amounts of federal funds purchased, and other short-term borrowings maturing within 90 days approxim
values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on the Comp
incremental borrowing rates for similar types of borrowing arrangements. This is categorized as a level 2 hierarchy.

Long-Term Debt

The fair value of long-term debt is estimated using discounted cash flow analysis based on the current incremental borrov
similar types of borrowing arrangements. This is categorized as a level 2 hierarchy.

Accrued Interest Receivable

The carrying amounts of accrued interest approximate their fair values.

Federal Home Loan Bank of New York Stock

Federal Home Loan Bank of New York stock is valued at cost.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

15. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

B. Fair Value Disclosures (Cont'd)

Off-Balance-Sheet Instruments

In the ordinary course of business the Company has entered into off-balance-sheet financial instruments consisting of cor extend credit. Such financial instruments are recorded in the financial statements when they are funded. Their fair approximate fees currently charged to enter into similar agreements.

The carrying values and estimated fair values of financial instruments are as follows (in thousands):

	September 30, 2012		September 30, 20
	Carrying Amount	Fair Value	Carrying Amount
Financial Assets			
Cash and cash equivalents	$4,781	$4,781	$3,828
Securities available for sale	44,001	44,001	42,818
Securities held to maturity	89	92	109
Loans receivable	106,001	109,019	108,616
Accrued interest receivable	470	470	515
FHLB stock	879	879	545
Financial Liabilities			
Deposits	128,904	129,498	139,219
Borrowed funds	13,650	13,781	6,000

The fair value estimates are made at a discrete point in time based on relevant market information and information about instruments. Fair value estimates are based on judgments regarding future expected loss experience, current economic co characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve unc matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could signif the estimates. Further, the foregoing estimates may not reflect the actual amount that could be realized if all or substantia financial instruments were offered for sale.

In addition, the fair value estimates were based on existing on-and-off balance sheet financial instruments without attemptin anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other sign and liabilities that are not considered financial assets and liabilities include real estate owned, premises and equipment, a from borrowers for taxes and insurance. In addition, the tax ramifications related to the realization of the unrealized gai have a significant effect on fair value estimates and have not been considered in any of the estimates.

Finally, reasonable comparability between financial institutions may not be likely due to the wide range of permitt techniques and numerous estimates which must be made given the absence of active secondary markets for many of instruments. The lack of uniform valuation methodologies introduces a greater degree of subjectivity to these estimated fair

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

16. SUPERVISORY AGREEMENT

On July 23, 2012, the Bank entered into a formal agreement ("Agreement") with the OCC in response to regulatory concer
Bank's regulatory examination report dated August 1, 2011. The Agreement requires the Board to establish a compliance
monitor and coordinate the Bank's adherence to the provisions of the Agreement. The Agreement requires the Bank, among
to (1) undertake a review of management's capabilities and develop a management succession plan; (2) adopt changes
internal audit program; (3) adopt revisions to its Criticized Asset Reduction Plan to protect the Bank's interests in assets cr
examiners or in internal or external loan reviews; (4) develop a profit plan to improve and sustain the Bank's earnings; (5) n
to its information security program; (6) adopt a written capital plan with specific plans for maintaining capital levels to supp
current size, condition and risk profile; and (7) adopt a revised contingency funding plan.

The Bank has been working on the items called for in the formal agreement over the past year. Management believes that
completed many of the items and has made significant progress in complying with the terms of the agreement. The form
replaces and supersedes the Supervisory Agreement previously entered into with the Office of Thrift Supervision, dated a
2009.

17. RECENT ACCOUNTING PRONOUNCEMENTS

In May, 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Commo
Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in this update result in comm
measurement and disclosure requirements in U.S. Generally Accepted Accounting Principles ("GAAP") and Internati
Reporting Standards ("IFRSs") and change the wording used to describe many of the requirements in U.S. GAAP for meas
and for disclosing information about fair value measurements. For many of the requirements, it is not intended for the an
result in a change in the application of the requirements in Topic 820. Some of the amendments clarify the intent about the a
existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring
for disclosing information about fair value measurements. The amendments are to be applied prospectively and are effe
interim and annual periods beginning after December 15, 2011.

ANNEX A
Execution Copy

AGREEMENT AND PLAN OF MERGER

By and Among

TF FINANCIAL CORPORATION,
3RD FED BANK,
ROEBLING FINANCIAL CORP, INC.
AND
ROEBLING BANK,

Dated as of December 28, 2012

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AGREEMENT AND PLAN OF MERGER

By and Among

TF FINANCIAL CORPORATION,

3RD FED BANK,

ROEBLING FINANCIAL CORP, INC.

AND

ROEBLING BANK

This AGREEMENT AND PLAN OF MERGER, dated as of the 28th day of December, 2012 (this "Agreement"), by
Financial Corporation, a Pennsylvania corporation ("Buyer"), 3rd Fed Bank, a Pennsylvania-chartered savings bank
Roebling Financial Corp, Inc., a New Jersey corporation ("Seller") and Roebling Bank, a federally chartered stock savin
Bank") (each, a "Party" and, collectively, the "Parties").

WITNESSETH THAT:

WHEREAS, the Boards of Directors of Buyer and Seller deem it in the best interests of Buyer and Seller, respectively
respective shareholders, that Buyer and Seller enter into this Agreement pursuant to which Buyer will acquire all of th
outstanding shares of capital stock of Seller through the merger of Seller with and into Buyer (the "Merger");

WHEREAS, Buyer owns all of the issued and outstanding capital stock of Buyer Bank and Seller owns all of the issued an
capital stock of Seller Bank, and it is contemplated that, immediately following the Merger, Seller Bank will be merged
Buyer Bank with Buyer Bank as the surviving entity (the "Bank Merger");

WHEREAS, as an inducement and condition to Buyer's entering into this Agreement, each of the directors and executi
Seller in his or her individual capacity have entered into a Support Agreement with Buyer in the form attached hereto
pursuant to which they have agreed to take certain actions in support and cooperation of this transaction and the surviving
and

NOW, THEREFORE, in consideration of the premises and the mutual covenants, representations, warranties and agree
contained, the Parties agree that all the outstanding shares of common stock of Seller will be acquired by Buyer through t
Seller with and into Buyer and that the terms and conditions of the Merger, the mode of carrying the Merger into effect,
manner of converting the shares of common stock of Seller into cash or shares of the common stock of Buyer, par value $0
(the "Buyer Common Stock"), shall be as hereinafter set forth.

ARTICLE 1

THE MERGER

Section 1.1 Consummation of Merger; Closing Date.

(a) On the terms and subject to the conditions set forth in this Agreement, at the Effective Time of the Merger (as de
Seller shall be merged with and into Buyer in accordance with Chapter 19, Subchapter C of the Pennsylvania Business Cor
of 1988 ("PBCL") and Chapter 10 of the New Jersey Business Corporation Act ("NJBCA") (the "Merger"), with Buy
corporation (hereinafter sometimes called the "Surviving Corporation"). Each share of common stock, par value $0.10 per
("Seller Common Stock") outstanding immediately prior to the Effective Time of the Merger (other than shares held by S
treasury shares, Buyer or any of their respective wholly-owned subsidiaries (in each case, other than in a fiduciary capac
virtue of the Merger and without any further action by the holder thereof, be converted into and represent the right to r
election of the holder and subject to the limitations set forth herein, .0.3640 shares of Buyer Common Stock (as adjuste
Section 2.6) or $8.60 in cash, without interest (the "Merger Consideration") as provided in Section 2.1 hereof and subje
conditions, potential adjustments, limitations and procedures set forth in this Agreement.

(b) The Merger shall be consummated pursuant to the terms and conditions of this Agreement, which has been a
adopted by each of the Boards of Directors of Buyer, Buyer Bank, Seller and Seller Bank.

(c) Subject to the prior satisfaction or waiver of the conditions set forth in Articles 7, 8 and 9 hereof, the Merger
effective as of the date and time that the Articles of Merger are filed with the Pennsylvania Department of State pursuant to
of the PBCL and the Certificate of Merger is filed with the New Jersey Secretary of State pursuant to Sections 10-4.1 an
NJBCA, unless a later date or time is specified as the effective time in the Articles of Merger and the Certificate of Merger
referred to herein as the "Effective Time of the Merger"). Subject to the terms and conditions hereof, unless otherwise
Buyer and Seller, the Effective Time of the Merger shall occur on the tenth (10th) business day following the later to oc
effective date (including expiration of any applicable waiting period) of the last required Consent (as defined herein) of an
Authority (as defined herein) having authority over the transactions contemplated under this Agreement and the satisfactio
other terms and conditions of this Agreement (other than those conditions that by their nature are to be satisfied at the Closin
herein)) and (ii) the date on which the shareholders of Seller approve the transactions contemplated by this Agreement.

(d) The closing of the Merger (the "Closing") shall take place at the principal offices of Buyer at 10:00 a.m. local time
the Effective Time of the Merger occurs, or such other date, time and place as the Parties hereto may agree (the "Closing Da
the provisions of this Agreement, at the Closing there shall be delivered to each of the Parties hereto the opinions, certific
documents and instruments required to be so delivered pursuant to this Agreement.

Section 1.2 Effect of Merger. At the Effective Time of the Merger, Seller shall be merged with and into Buyer and existence of Seller shall cease. The Articles of Incorporation and Bylaws of Buyer, as in effect on the date hereof and amended prior to the Effective Time of the Merger, shall be the Articles of Incorporation and Bylaws of the Surviving Cor further amended as provided therein and in accordance with applicable law. The Surviving Corporation shall have a privileges, immunities and powers and shall be subject to all the duties and liabilities of a Pennsylvania corporation and sh and thereafter possess all other privileges, immunities and franchises of a private, as well as of a public nature, of each of th corporations. The Merger shall have the effects set forth in the PBCL and the NJBCA. All property (real, personal and m debts on whatever account, including subscriptions to shares, and all choses in action, all and every other interest, of or be due to each of the constituent corporations so merged shall be taken and deemed to be transferred to and vested in th Corporation without further act or deed. The title to any real estate, or any interest therein, vested in any of the constituent shall not revert or be in any way impaired by reason of the Merger. The Surviving Corporation shall thenceforth be res liable for all the liabilities and obligations of each of the constituent corporations so merged and any claim existing proceeding pending by or against either of the constituent corporations may be prosecuted as if the Merger had not taken Surviving Corporation may be substituted in its place. Neither the rights of creditors nor any liens upon the property of an corporation shall be impaired by the Merger.

Section 1.3 Further Assurances. If, at any time after the Effective Time of the Merger, Buyer shall reasonably consider that any further deeds, assignments or assurances in law or any other acts are necessary or desirable to (i) vest, perfect o record or otherwise, in Buyer its right, title or interest in, to or under any of the rights, properties or assets of Seller or Selle otherwise carry out the purposes of this Agreement, Seller and its officers and directors shall be deemed to have granted t and directors of Buyer an irrevocable power of attorney to execute and deliver, in such official corporate capacities, al assignments or assurances in law or any other acts as are necessary or desirable to (a) vest, perfect or confirm, of record or Buyer its right, title or interest in, to or under any of the rights, properties or assets of Seller or Seller Bank or (b) otherwise purposes of this Agreement, and the officers and directors of Buyer are authorized in the name of Seller or otherwise to tak such action.

Section 1.4 Directors and Officers. Except as otherwise set forth herein in Section 6.10, from and after the Effective Merger, the directors of the Surviving Corporation and officers of the Surviving Corporation shall be those persons servin and officers of Buyer immediately prior to the Effective Time of the Merger.

ARTICLE 2

CONVERSION OF CONSTITUENTS’ CAPITAL SHARES

Section 2.1 Manner of Conversion of Seller Common Stock. Subject to the provisions hereof, as of the Effective Time o and by virtue of the Merger and without any

further action on the part of Buyer, Seller or the holder of any shares of any of them, the shares of the constituent corpora
converted as follows:

(a) Each share of capital stock of Buyer outstanding immediately prior to the Effective Time of the Merger shall, after
Time of the Merger, remain outstanding and unchanged.

(b) Each share of Seller Common Stock held by Seller or by Buyer (or any of their subsidiaries) other than such sh
fiduciary capacity or as a result of debts previously contracted, shall be canceled and retired and no consideration sh
delivered in exchange therefor.

(c) Except with regard to the shares of Seller Common Stock excluded under Section 2.1(b) above, each issued an
share of Seller Common Stock outstanding immediately prior to the Effective Time of the Merger (whether or not subject
shall be converted into and constitute, as provided in and subject to the limitations set forth in this Agreement, the right to
election of the holder thereof as provided in, and as adjusted pursuant to, Sections 2.2 and 2.7, the following consideration:

(1) for each such share of Seller Common Stock with respect to which an election to receive cash has been effectiv
not revoked or lost pursuant to Section 2.2 (a “Cash Election”), cash in an amount equal to $8.60, without interest, (the “Cas
(collectively, the “Cash Election Shares”); or

(2) for each such share of Seller Common Stock with respect to which an election to receive Buyer Common St
effectively made and not revoked or lost pursuant to Section 2.2 (a “Stock Election”), 0.3640 of a share (the “Exchange
Common Stock (the “Stock Consideration”) (collectively, the “Stock Election Shares”) or

(3) for each such share of Seller Common Stock other than shares as to which a Cash Election, a Stock Electio
Election has been effectively made and not revoked or lost pursuant to Section 2.2 (collectively, the “Non-Election Sha
Consideration or Cash Consideration as is determined in accordance with Section 2.2.

(d) It shall be a condition to Buyer’s obligation to consummate the Merger that the Adjusted Stockholders’ Equity (as
of Seller as of the last day of the month prior to the month in which the Effective Time of the Merger is expected
“Measurement Date”) is not less than $15,250,000. “Adjusted Stockholders’ Equity” shall mean the consolidated stoc
Seller, calculated in accordance with GAAP (as defined herein), which shall be adjusted to give effect to the payment or
legal, financial advisory and other fees and expenses incurred or to be incurred as of or prior to, the Effective Time of th
result of this Agreement and the transactions contemplated herein but disregarding accumulated other comprehensive incom
to unrealized gains or losses on securities available for sale, net of tax. Adjusted Stockholders’ Equity shall be calculated
the close of business on the Measurement Date, using reasonable estimates of

revenues and expenses projected through the Effective Time where actual amounts are not available. Details regarding suc which shall be subject to verification by Buyer, shall be provided by Seller to Buyer at least two business days prior to the C

Section 2.2 Election Procedures.

(a) Holders of shares of Seller Common Stock may elect to receive shares of Buyer Common Stock or cash (in either interest) in exchange for their shares of Seller Common Stock in accordance with the procedures set forth in this Section 2 Seller Common Stock as to which a Cash Election (including, pursuant to a Mixed Election) has been made are referred to h Election Shares." Shares of Seller Common Stock as to which a Stock Election has been made (including, pursuant to a M are referred to as "Stock Election Shares." Shares of Seller Common Stock as to which no election has been made (or Election Form is not returned properly completed) are referred to herein as "Non-Election Shares."

(b) An election form and other appropriate and customary transmittal materials (which shall specify that delivery sha and risk of loss and title to the Certificates shall pass, only upon proper delivery of such Certificates to the Exchange A form as Seller and Buyer shall mutually agree ("Election Form"), shall be mailed on the same date as the Proxy Statemen defined herein) is mailed to shareholders of Seller (the "Mailing Date") to each holder of record of Seller Common Stock el the Seller Stockholders' Meeting (the "Election Form Record Date"). Each Election Form shall permit such holder, subject and election procedures set forth in this Section 2.2, (i) to elect to receive the Cash Consideration for all of the shares of Se Stock held by such holder, in accordance with Section 2.1(c)(1), (ii) to elect to receive the Stock Consideration for all of su accordance with Section 2.1(c)(2), (iii) to elect to receive the Stock Consideration for a certain number of such holder's s Cash Consideration for all other shares of such holder's shares (a "Mixed Election") (all such shares together, the "Mixed or (iv) to indicate that such record holder has no preference as to the receipt of cash or Buyer Common Stock for such sha of record of shares of Seller Common Stock who holds such shares as nominee, trustee or in another representativ "Stockholder Representative") may submit multiple Election Forms, provided that each such Election Form covers all the Common Stock held by such Stockholder Representative for a particular beneficial owner. Any shares of Seller Commo respect to which the holder thereof shall not, as of the Election Deadline (as defined herein), have made an election by sub Exchange Agent of an effective, properly completed Election Form shall be deemed Non-Election Shares.

(c) To be effective, a properly completed Election Form shall be submitted to the Exchange Agent on or before 5: York City time, on the 25th day following the Mailing Date (or such other time and date as Buyer and Seller may mutual "Election Deadline"); provided, however, that the Election Deadline may not occur on or after the Closing Date. Sel reasonable best efforts to make available up to two separate Election Forms, or such additional Election Forms as Buyer m all persons who become holders (or beneficial owners) of Seller Common Stock between the Election Form Record Date an business on the business day prior to the Election Deadline. Seller shall provide to the Exchange Agent all information reasonably necessary for it to perform as specified herein. An electi been properly made only if the Exchange Agent shall have actually received a properly completed Election Form by Deadline. An Election Form shall be deemed properly completed only if accompanied by one or more Certificates (o affidavits and indemnification regarding the loss or destruction of such Certificates or the guaranteed delivery of such representing all shares of Seller Common Stock covered by such Election Form, together with duly executed transmit included with the Election Form. If a Seller stockholder either (i) does not submit a properly completed Election Form fashion or (ii) revokes its Election Form prior to the Election Deadline (without later submitting a properly completed E prior to the Election Deadline), the shares of Seller Common Stock held by such stockholder shall be designated as N Shares. Any Election Form may be revoked or changed by the person submitting such Election Form to the Exchange Age notice to the Exchange Agent only if such notice of revocation or change is actually received by the Exchange Agent at o Election Deadline. Buyer shall cause the Certificate or Certificates relating to any revoked Election Form to be prom without charge to the person submitting the Election Form to the Exchange Agent. Subject to the terms of this Agreeme Election Form, the Exchange Agent shall have discretion to determine when any election, modification or revocation is whether any such election, modification or revocation has been properly made. All Elections (whether Cash, Stock or Mi revoked automatically if the Exchange Agent is notified in writing by Buyer or Seller, upon exercise by Buyer or Seller of or their mutual rights to terminate this Agreement to the extent provided under Article 10, that this Agreement has been t accordance with Article 10.

(d) Notwithstanding any other provision contained in this Agreement, in no event will the number of Cash Electi converted into the Cash Consideration if this would result in the amount of cash paid exceeding the Aggregate Cash Consi purposes of this Agreement, the term "Aggregate Cash Consideration" means $7,252,066 including all amounts paid in cash Consideration pursuant to Section 2.3(a) if any and for shares held by the ESOP pursuant to Section 6.3(h) which have not b to the accounts of participants. All of the other shares of Seller Common Stock shall be converted into the Stock Considerat

(e) If the number of Cash Election Shares times the Cash Consideration is less than the Aggregate Cash Consideration

(1) all Cash Election Shares shall be converted into the right to receive cash,

(2) Non-Election Shares shall then be deemed to be Cash Election Shares to the extent necessary to have the total nu Election Shares times the Cash Consideration equal the Aggregate Cash Consideration. If less than all of the Non-Electio to be treated as Cash Election Shares, then the Exchange Agent shall select which Non-Election Shares shall be treated as C Shares in such manner as the Exchange Agent shall determine, and all remaining Non-Election Shares shall thereafter be tre Election Shares,

(3) If all of the Non-Election Shares are treated as Cash Election Shares under the preceding subsection and the tot Cash Election Shares times the Cash Consideration is less than the Aggregate Cash Consideration, then the Exchange Agent on a pro rata basis as described below a sufficient number of Stock Election Shares into Cash Election Shares ("Reallocated such that the sum of the number of Cash Election Shares plus the number of Reallocated Cash Shares times the Cash C equals the Aggregate Cash Consideration, and all Reallocated Cash Shares will be converted into the right to rece Consideration, and

(4) the Stock Election Shares which are not Reallocated Cash Shares shall be converted into the right to recei Consideration.

(f) If the number of Cash Election Shares times the Cash Consideration is greater than the Aggregate Cash Considerati

(1) all Stock Election Shares and all Non-Election Shares shall be converted into the right to receive the Stock Conside

(2) the Exchange Agent shall convert on a pro rata basis as described below a sufficient number of Cash Ele ("Reallocated Stock Shares") such that the number of remaining Cash Election Shares times the Cash Consideration equals Cash Consideration, and all Reallocated Stock Shares shall be converted into the right to receive the Stock Consideration, an

(3) the Cash Election Shares which are not Reallocated Stock Shares shall be converted into the right to rece Consideration.

(g) If the number of Cash Election Shares times the Cash Consideration is equal to the Aggregate Cash Consid subparagraphs (d)(i) and (ii) above shall not apply and all Non-Election Shares and all Stock Election Shares will be conv right to receive the Stock Consideration.

(h) In the event that the Exchange Agent is required to convert some Stock Election Shares into Reallocated Cash holder of Stock Election Shares shall be allocated a pro rata portion of the total Reallocated Cash Shares. In the event t Agent is required to convert some Cash Election Shares into Reallocated Stock Shares, each holder of Cash Election Sh allocated a pro rata portion of the total Reallocated Stock Shares.

(i) Notwithstanding any other provision hereof, no fractional shares of Buyer Common Stock and no certificates or s or other evidence of ownership thereof, will be issued in the Merger. Instead, Buyer will pay to each holder of Seller Co who would otherwise be entitled to a fractional share of Buyer Common Stock (after taking into account all Old Certificates such holder) an amount in cash (without interest) determined by multiplying such fraction of a share of Buyer Common average of

the closing sale prices of Buyer Common Stock, as reported on The Nasdaq Stock Market for the twenty consecutive trading
on the day immediately prior to the Closing Date; provided, however, that in the event Buyer Common Stock does not tra
more of the trading days in such period, any such date shall be disregarded in computing the average closing sales price an
shall be based upon the closing sales prices and number of days on which Buyer Common Stock actually traded during such

(j) Within five business days after the Effective Time of the Merger, Buyer shall cause the Exchange Agent to effect t
of the Cash Consideration and the Stock Consideration among holders of Seller Common Stock and to distribute
Consideration as set forth herein.

Section 2.3 Seller Stock Options and Stock Awards. As of and immediately prior to the Effective Time of the Merger, a
respect to shares of Seller Common Stock issuable pursuant to the exercise of stock options ("Seller Options") granted by
Bank under the Seller or Seller Bank equity incentive plans set forth in Schedule 2.3 (the "Seller Equity Plans"), each of w
and described on Schedule 2.3 and which remain outstanding immediately prior to the Effective Time of the Merger and wh
yet been exercised, shall be cancelled by Seller in exchange for a cash payment equal to the positive difference, if any, betw
and (y) the option exercise price (the "Options Consideration"). Schedule 2.3 also sets forth a complete listing of all restricte
outstanding as of the date of this Agreement (the "Stock Awards") including the name of the recipient and the number of sh
such Stock Awards. The cancellation of Seller Options in exchange for the Options Consideration described in this sec
deemed a release of any and all rights the holder had or may have had in respect of such Seller Options although Selle
reasonable best efforts to have each holder of any such Seller Option (including with respect to out-of-the-money Seller Opt
and deliver an Option Cancellation and Release Agreement in the form set forth as Exhibit C hereto. Prior to the Effective
Merger, Seller shall take or cause to be taken all actions required under the Seller Equity Plans to provide for the actions se
Section 2.3. Seller shall cause the termination, effective as of the Effective Time of the Merger, of all Seller Equity Plans.

Section 2.4 Effectuating Conversion.

(a) At the Effective Time of the Merger, Buyer will deliver or cause to be delivered to Buyer's stock transfer agent (
Agent") an amount of cash equal to the aggregate Cash Consideration and due authorization to issue a number of share
aggregate Stock Consideration pursuant to Section 2.1 hereof (the "Exchange Fund"). As promptly as practicable after the
of the Merger, but no later than five business days thereafter, the Exchange Agent shall send or cause to be sent to each hol
of shares of Seller Common Stock as of the Effective Time of the Merger who failed to properly submit an Election For
materials (the "Letter of Transmittal") for use in exchanging their certificates representing shares of Seller Common Stock
Consideration provided for in this Agreement. The Letter of Transmittal will contain instructions with respect to the surre
certificates and the receipt of the Merger Consideration contemplated by this Agreement and will require each such holde
Seller Common Stock to transfer good and marketable title to such shares of Seller Common Stock to Buyer, free and clea
claims and encumbrances.

(b) At the Effective Time of the Merger, the stock transfer books of Seller shall be closed as to holders of shares of Se
Stock immediately prior to the Effective Time of the Merger, no transfer of shares of Seller Common Stock by any such
thereafter be made or recognized and each outstanding certificate formerly representing shares of Seller Common Stock s
any action on the part of any holder thereof, no longer represent shares of Seller Common Stock. If, after the Effective
Merger, certificates are properly presented to the Exchange Agent, such certificates shall be exchanged for the Merger Consi

(c) In the event that any holder of record as of the Effective Time of the Merger of shares of Seller Common Stock
deliver the certificate which represents such holder's shares of Seller Common Stock, Buyer, in the absence of actual n
shares of Seller Common Stock theretofore represented by any such certificate have been acquired by a bona fide purchaser
to such holder the Merger Consideration contemplated by this Agreement to which such holder is entitled in accorda
provisions of this Agreement upon the presentation of all of the following:

(i) An affidavit or other evidence to the reasonable satisfaction of Buyer that any such certificate has been lost, wrong
destroyed;

(ii) Such security or indemnity as may be reasonably requested by Buyer to indemnify and hold Buyer harmless in re
stock certificate(s); and

(iii) Evidence to the reasonable satisfaction of Buyer that such holder is the owner of shares of Seller Common Stoc
represented by each certificate claimed by such holder to be lost, wrongfully taken or destroyed and that such holder is th
would be entitled to present each such certificate for exchange pursuant to this Agreement.

(d) If the delivery of the Merger Consideration contemplated by this Agreement is to be made to a person other than
whose name any certificate representing shares of Seller Common Stock surrendered is registered, such certificate so surrend
properly endorsed (or accompanied by an appropriate instrument of transfer), with the signature(s) appropriately gua
otherwise in proper form for transfer, and the person requesting such delivery shall pay any transfer or other taxes required
the delivery to a person other than the registered holder of such certificate surrendered or establish to the reasonable satisfac
that such tax has been paid or is not applicable.

(e) Except as provided herein, the consideration contemplated by this Agreement shall not be paid to the h
unsurrendered certificate or certificates representing shares of Seller Common Stock, and neither the Exchange Agent nor B
obligated to deliver any of the Merger Consideration contemplated by this Agreement until such holder shall surrender the
certificates representing shares of Seller Common Stock as provided for by the Agreement. Subject to applicable law
surrender of any such certificate or certificates, there shall be paid to the holder of the certificate or certificates

formerly representing shares of Seller Common Stock, without interest at the time of such surrender, the Merger Considerat

(f) At any time following one year after the Effective Time of the Merger, Buyer shall be entitled to require the Excha deliver to it any portion of the Exchange Fund which has not yet been disbursed to former holders of shares of Seller Comm thereafter, such holders shall be entitled to look solely to Buyer (subject to abandoned property and escheat laws) with r Merger Consideration due upon surrender of their certificates formerly representing shares of Seller Common Stock.

(g) Buyer or the Exchange Agent will be entitled to deduct and withhold from the Merger Consideration other pursuant to this Agreement or the transactions contemplated hereby to any holder of shares of Seller Common Stock, suc Buyer (or any Affiliate thereof) or the Exchange Agent is required to deduct and withhold with respect to the making of s under the Code, or any applicable provision of U.S. federal, state, local or non-U.S. tax law. To the extent that such amounts withheld by Buyer or the Exchange Agent, such withheld amounts will be treated for all purposes of this Agreement as havi to the holder of the shares of Seller Common Stock in respect of whom such deduction and withholding were made by Exchange Agent.

Section 2.5 Determination of Alternative Structures. Seller hereby agrees that Buyer may at any time, in consultation change the method of effecting the Merger; provided, however, that no such changes shall (a) alter or change the amount (set forth in Section 2.1(d) of this Agreement) or kind of the Merger Consideration to be paid to holders of the shares of Se Stock, (b) materially impede or delay any Consents of Regulatory Authorities or consummation of the transactions contemp Agreement, or (c) adversely affect the tax treatment of Seller's shareholders as a result of receiving the Merger Considera treatment of any Party pursuant to this Agreement.

Section 2.6 Laws of Escheat. If any of the consideration due or other payments to be paid or delivered to the holders of sh Common Stock is not paid or delivered within the time period specified by any applicable laws concerning abandoned prop or similar laws, and if such failure to pay or deliver such consideration occurs or arises out of the fact that such property is n the proper owner thereof, Buyer or the Exchange Agent shall be entitled to dispose of any such consideration or other accordance with applicable laws concerning abandoned property, escheat or similar laws. Any other provision of thi notwithstanding, none of Seller, Buyer, the Exchange Agent, nor any other Person acting on behalf of any of them shall holder of shares of Seller Common Stock for any amount paid or property delivered in good faith to a public official pursu accordance with any applicable abandoned property, escheat or similar law.

Section 2.7 Anti-Dilution. If Buyer changes, or the Buyer Board of Directors sets a related record date that will occur bef day of the Effective Time of the Merger for a change in, the number or kind of shares of Buyer Common Stock outstanding stock split, stock dividend, recapitalization, reclassification, reorganization or similar transaction, then the Stock Conside adjusted proportionately to account for such change and all references herein to the term Stock Consideration will be deemed Stock Consideration as adjusted.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER AND SELLER BANK

Seller and Seller Bank hereby represent and warrant to Buyer and Buyer Bank as follows as of the date hereof and as of
Time of the Merger (except as otherwise provided in Section 8.1 as of the Effective Time):

Section 3.1 Corporate Organization.

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of New J
has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as such bu
being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business co
or the character or location of the properties and assets leased by it makes such licensing or qualification necessary, exce
failure to be so licensed or qualified (or steps necessary to cure such failure) would not have a Material Adverse Effec
herein) on Seller. Seller is duly registered as a savings and loan holding company pursuant to the Home Owners'
amended. True and correct copies of the Certificate of Incorporation and the Bylaws of Seller, each as amended to the date
been delivered to Buyer and such Certificate of Incorporation and Bylaws are in full force and effect.

(b) Seller has in effect all federal, state, local and foreign governmental, regulatory and other authorizations, permits
legally required for it to own or lease its properties and assets and to carry on its business as now conducted, the absence of
individually or in the aggregate, would have a Material Adverse Effect on Seller.

(c) Seller Bank is a federal stock savings bank, duly organized and validly existing under the laws of the Uni
America. Seller Bank has the corporate power and authority to own or lease all of its properties and assets and to carry on i
such business is now being conducted. Seller Bank is duly licensed or qualified to do business in all places where the
business or the character or location of its properties or assets (owned or leased) makes such qualification necessary, exce
failure to be licensed or qualified (or steps necessary to cure said failure) would not have a Material Adverse Effect on Sel
Bank on a consolidated basis. True and correct copies of the Charter and the Bylaws of Seller Bank, each as amended to th
have been delivered to Buyer and such Charter and Bylaws are in full force and effect.

(d) The respective minute books of Seller and each subsidiary contain complete and accurate records in all material r
meetings and other corporate actions held or taken by its shareholders and Boards of Directors (including all committees the

(e) The only direct and indirect subsidiary of Seller is Seller Bank (the "Seller Subsidiaries").

Section 3.2 Capitalization.

(a) The authorized capital stock of Seller consists of 20,000,000 shares of Seller Common Stock, of which 1,686,5
and outstanding and 31,946 shares are held in the treasury of Seller and 5,000,000 shares of preferred stock of which no sha
and outstanding. All of the issued and outstanding shares of Seller Common Stock have been duly authorized and validly i
such shares are fully paid and nonassessable, and subject to no preemptive rights and were not issued in violation of an
rights. As of the date hereof, there are no outstanding options, warrants, commitments, or other rights or instruments to
acquire any shares of capital stock of Seller, or any securities or rights convertible into or exchangeable for shares of ca
Seller, except for options to purchase 93,042 shares of Seller Common Stock and Stock Awards for 557 shares of Seller Co
each of which are described in more detail in Schedule 3.2. Upon any issuance of any shares of Seller Common Stock i
with the terms of such options, such shares will be duly authorized, validly issued, fully paid and nonassessable and free and
liens. Each Seller stock option (1) was granted in compliance with all applicable laws and all the terms and conditions
Equity Plans pursuant to which it was issued, (2) has an exercise price per share equal to or greater than the fair market va
of Seller Common Stock at the close of business on the date of such grant or the immediately preceding date, (3) has
identical to the date on which the Seller stock option was actually granted, and (4) qualifies for the tax and accounting treat
to such Seller stock option in Seller's tax returns and Seller's financial statements, respectively. As of the date of this Ag
has no contractual obligations to redeem, repurchase or otherwise acquire, or to register with the Securities and Exchange
(the "SEC"), any shares of Seller capital stock.

(b) Seller owns, directly, or indirectly, all of the capital stock of Seller Bank and the other Seller Subsidiaries, free and
liens, security interests, pledges, charges, encumbrances, agreements and restrictions of any kind or nature. All of the equity
each subsidiary held by Seller or the Seller Subsidiaries have been duly authorized and are validly issued and outstanding, f
nonassessable There are no subscriptions, options, commitments, calls or other agreements outstanding with respect to the
of Seller Bank or any other Seller Subsidiary. Except for the Seller Subsidiaries, Seller does not possess, directly or in
material equity interest in any entity, except for equity interests in Seller Bank's investment portfolio as set forth in Schedule

Section 3.3 Financial Statements; Filings.

(a) Seller has previously delivered to Buyer copies of the audited consolidated financial statements of Seller as of and
ended September 30, 2012 and September 30, 2011, including the accompanying notes and report thereon of Fontanella &
December 19, 2012, as included in Seller's Annual Report on Form 10-K for the year ended September 30, 2012 and
consolidated financial statements for the nine months ended June 30, 2012 as included in Seller's Quarterly Report on Form
quarterly period ended June 30, 2012, and Seller shall deliver to Buyer, as soon as reasonably practicable following the p
additional financial statements for each subsequent calendar quarter (or other reporting period) or year of Seller, the additio
statements of Seller as of and for such subsequent calendar quarter (or other reporting period) or year (such financial

statements, unless otherwise indicated, being hereinafter referred to collectively as the "Financial Statements of Seller").

(b) Seller Bank has previously delivered to Buyer copies of the Consolidated Reports of Condition and Income ("Call
as applicable, the Thrift Financial Reports ("TFRs") of Seller Bank as of and for each of the years ended September 30, 2
30, 2011 and September 30, 2010 and for the period ended June 30, 2012, and Seller Bank shall deliver to Buyer, as soon a
practicable following the preparation of additional Call Reports for each subsequent calendar quarter (or other reporting pe
the Call Reports of Seller Bank as of and for such subsequent calendar quarter (or other reporting period) or year (such Cal
TFRs, unless otherwise indicated, being hereinafter referred to collectively as the "Financial Regulatory Reports of Seller Ba

(c) Each of the Financial Statements of Seller and each of the Financial Regulatory Reports of Seller Bank (includi
notes, where applicable) have been or will be prepared in all material respects in accordance with GAAP or regulator
principles, whichever is applicable, which principles have been or will be consistently applied by Seller and Seller Ba
periods involved, except as otherwise noted therein, and the books and records of Seller and Seller Bank have been, are be
be maintained in all material respects in accordance with applicable legal and accounting requirements and reflec
transactions. Each of the Financial Statements of Seller and each of the Financial Regulatory Reports of Seller Bank (i
related notes, where applicable) fairly presents or will fairly present the financial position of Seller or Seller Bank, as applic
respective dates thereof and fairly presents or will fairly present the results of operations of Seller or Seller Bank, as appli
respective periods therein set forth.

(d) To the extent permitted by law, Seller has heretofore delivered or made available, or caused to be delivered or ma
to Buyer all reports and filings made or required to be made by Seller or Seller Bank with the Regulatory Authorities, and w
to time hereafter furnish to Buyer, upon filing or furnishing the same to the Regulatory Authorities, all such material repor
made after the date hereof with the Regulatory Authorities. Each such report (including the financial statements, exhibits a
thereto) complied in all material respects with the applicable statutes, rules, regulations and orders enforced by the Regulat
with which they were filed.

(e) Since September 30, 2011, neither Seller nor any of the Seller Subsidiaries has incurred any obligation or liabilit
or otherwise) that has or might reasonably be expected to have, individually or in the aggregate, a Material Adverse Ef
except obligations and liabilities which are accrued or reserved against in the Financial Statements of Seller or the Financi
Reports of Seller Bank, or reflected in the notes thereto. Except as disclosed on Schedule 3.3(e) hereof, since Septem
neither Seller nor any of the Seller Subsidiaries has incurred or paid any obligation or liability which would be material to S
Bank, except as may have been incurred or paid in the ordinary course of business, consistent with past practices or as dis
Financial Statements of Seller or the Financial Regulatory Reports of Seller Bank.

Section 3.4 Loan Portfolio; Reserves.

(a) All evidences of indebtedness reflected as assets in the Financial Statements of Seller were (or will be, as the case
such dates in all respects (i) evidenced by notes, agreements or other evidences of indebtedness that are true, genuine a
purport to be, (ii) to the extent carried on the books and records as secured loans, have been secured by valid liens whi
perfected, and (iii) be the binding obligations of the respective obligors named therein in accordance with their respective t
not subject to any defenses, setoffs, or counterclaims, except as may be provided by bankruptcy, insolvency or similar laws
principles of equity. Except as set forth in Schedule 3.4, no debtor under any loan has asserted as of the date hereof any cla
with respect to the subject matter thereof, which claim or defense, if determined adversely to Seller, would have a Mate
Effect on Seller. All loans and extensions of credit that have been made by the Seller Subsidiaries comply in all material
applicable regulatory limitations and procedures.

(b) The allowances for possible loan losses shown on the Financial Statements of Seller and the Financial Regulato
Seller Bank were, and the allowance for possible loan losses to be shown on the Financial Statements of Seller and t
Regulatory Reports of Seller Bank as of any date subsequent to the execution of this Agreement will be, as of such dates, ad
GAAP to provide for possible losses, net of recoveries relating to loans previously charged off, in respect of loans outstandi
accrued interest receivable) of Seller and other extensions of credit (including letters of credit or commitments to make lo
credit). Except as described on Schedule 3.4(b), Seller has not been notified by any state or federal bank regulatory ag
current reserves are inadequate or that its current practices and policies used in establishing its allowance and in ac
delinquent and classified assets fail to comply with applicable accounting and regulatory requirements or that regulators o
auditors believe that such reserves are inadequate or inconsistent with the historical loss experience of Seller.

(c) No agreement pursuant to which any loans or other assets have been or shall be sold by Seller or any of the Seller
entitled the buyer of such loans or other assets, unless there is material breach of a representation or covenant by Seller
Subsidiaries, to cause Seller or any of the Seller Subsidiaries to repurchase such loan or other asset or the buyer to pursue a
of recourse against Seller or any of the Seller Subsidiaries. There has been no material breach of a representation or covenan
any of the Seller Subsidiaries in any such agreement.

Section 3.5 Certain Loans and Related Matters. Except as set forth in Schedule 3.5, neither Seller nor any of the Seller Su
party to any written or oral: (i) loan agreement, note or borrowing arrangement under the terms of which the obligor is sixty
days delinquent in payment of principal or interest or in default of any other provision that would entitle Seller or S
accelerate the maturity of all obligations evidenced thereby; (ii) loan agreement, note or borrowing arrangement wh
classified or, in the exercise of reasonable diligence by Seller or any of the Seller Subsidiaries, should have been classi
regulatory or internal) as “substandard,” “doubtful,” “loss,” “other loans especially mentioned,” “other assets especia
mention,” “credit risk assets,” “classified,” “criticized,” “watch list,” “concerned loans” or any comparable

classifications by such persons; (iii) loan agreement, note or borrowing arrangement, including any loan guaranty, with ar executive officer of Seller, any subsidiary or any five percent (5%) shareholder of Seller, or any person, corporation controlling, controlled by or under common control with any of the foregoing; (iv) agreement of any sort related to any classified as "Other Real Estate Owned," or words of similar import (v) loan agreement, note or borrowing arrangemen troubled debt restructuring; or (vi) loan agreement, note or borrowing arrangement in material violation of any law, regu applicable to Seller or any of the Seller Subsidiaries including, but not limited to, those promulgated, interpreted or enf Regulatory Authority. In the case of any loans or other assets listed on Schedule 3.5 hereof, the book value of such loan forth along with the subsection under which such loan or asset is being disclosed. All loans which are classified as "Inside by Regulation O of the Board of Governors of the Federal Reserve System ("Federal Reserve") have been made by Selle Seller Subsidiaries in an arms-length manner made on substantially the same terms, including interest rates and collat prevailing at the time for comparable transactions with other persons and do not involve more than normal risk of collectibil other unfavorable features and have been described in the Financial Statements of Seller. Except as set forth on Schedul Seller has not received any notice of and has no reason to believe that it will be required to repurchase any loans that it ha sold.

Section 3.6 Authority; No Violation.

(a) Seller and Seller Bank have full corporate power and authority to execute and deliver this Agreement and, s approval of the shareholders of Seller and to the receipt of the Consents of the Regulatory Authorities, to consummate the contemplated hereby. The Boards of Directors of Seller and Seller Bank have duly and validly approved this Agreem transactions contemplated hereby including the Bank Merger by a unanimous vote of the Boards of Directors of Seller and have authorized the execution and delivery of this Agreement, have directed that this Agreement and the transactions c hereby be submitted to Seller's shareholders for approval and have resolved to recommend its approval at a meeting of such and, except for the adoption of such Agreement by the shareholders of Seller, no other corporate proceeding on the part of S Bank is necessary to consummate the transactions so contemplated. This Agreement (assuming due authorization, ex delivery by Buyer and Buyer Bank), constitutes the valid and binding obligation of Seller and Seller Bank, and is enforc Seller and Seller Bank in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy reorganization, moratorium, receivership or similar laws affecting the enforcement of creditors' rights generally and e availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court befo proceeding may be brought.

(b) Neither the execution and delivery of this Agreement by Seller or Seller Bank nor the consummation by Seller o of the transactions contemplated hereby including the Bank Merger, nor compliance by Seller or Seller Bank with any of provisions hereof, will (i) violate any provision of the Certificate of Incorporation or Bylaws of Seller or the Charter and Byl Bank or any governing documents of any of the other Seller Subsidiaries, (ii) assuming that the Consents of the Regulator and approvals referred to herein are duly obtained, violate any statute, code, ordinance, rule, regulation,

judgment, order, writ, decree or injunction applicable to Seller or Seller Bank or any of the other Seller Subsidiaries or the
properties or assets, or (iii) violate, conflict with, result in a breach of any provisions of, constitute a default (or an event
notice or lapse of time, or both, would constitute a default) under, result in the termination of, accelerate the performance r
result in the creation of any lien, security interest, charge or other encumbrance upon any of the respective properties or as
or Seller Bank or any of the other Seller Subsidiaries under any of the terms, conditions or provisions of any note, bon
indenture, deed of trust, license, permit, lease, agreement or other instrument or obligation to which Seller, Seller Bank
other Seller Subsidiaries is a party, or by which it or any of their properties or assets may be bound or affected, except i
clauses (ii) and (iii) as would not constitute a Material Adverse Effect on Seller.

Section 3.7 Consents and Approvals. Except for: (i) the approval of the shareholders of Seller; (ii) the Consents of th
Authorities; and (iii) as set forth in Schedule 3.7, no Consents of any person are necessary in connection with the execution
by Seller and Seller Bank of this Agreement, and the consummation of the Merger and the other transactions co
hereby. Notwithstanding the foregoing, Seller has not and will not take any actions related to the Merger and the other
contemplated hereby which are not in compliance with the Rules and Regulations of the Federal Deposit Insurance Corpor
codified at 12 C.F.R. Part 359 (the "Golden Parachute Payments Regulations") and related guidance.

Section 3.8 Broker's Fees. Except for FinPro, Inc., whose engagement letter is set forth in Schedule 3.8, neither Seller
officers or directors has employed any broker or finder or incurred any liability for any broker's fees, commissions or f
connection with any of the transactions contemplated by this Agreement.

Section 3.9 Absence of Certain Changes or Events. Except as set forth in Schedule 3.9, since September 30, 2011, there
(a) any declaration, payment or setting aside of any dividend or distribution (whether in cash, stock or property) in respec
Seller Common Stock or (b) any change or any event involving a prospective change in the financial condition, results c
business or prospects of Seller, or a combination of any such change(s) and any such event(s), which has had, or is reason
have, a Material Adverse Effect on Seller, including, without limitation, any change in the administration or supervisory
rating of Seller or Seller Bank with any Regulatory Authority, and no fact or condition exists as of the date hereof
reasonably be expected to cause any such event or change in the future.

Section 3.10 Legal Proceedings; Etc.

(a) Neither Seller nor any of the Seller Subsidiaries is a party to any, and there are no pending or, to the Knowledge of
of the Seller Subsidiaries, threatened, judicial, administrative, arbitral or other proceedings, claims, actions, causes
governmental investigations against Seller or any of the Seller Subsidiaries challenging the validity of the transactions con
this Agreement. There is no proceeding, claim, action or governmental investigation pending or, to the Knowledge of Seller
Seller Subsidiaries, threatened against Seller or any of the Seller Subsidiaries; no judgment, decree, injunction, rule or order
governmental department, commission, agency,

instrumentality or arbitrator is outstanding against Seller or any of the Seller Subsidiaries which has had, or is reasonably lik
Material Adverse Effect on Seller; there is no default (or an event which, with notice or lapse of time, or both, would constit
by Seller or any of the Seller Subsidiaries under any material contract or agreement to which any of them is a party; and,
forth on Schedule 3.10, neither Seller nor any of the Seller Subsidiaries is a party to any agreement, order or memorandum
or with any Regulatory Authority restricting the operations of Seller or any of the Seller Subsidiaries, and neither Seller n
Seller Subsidiaries has been advised by any Regulatory Authority that any such Regulatory Authority is contemplati
requesting the issuance of any such order or memorandum in the future.

(b) There are no actions, suits, claims, proceedings or investigations of any kind pending or, to Seller's Knowled
against any of the directors or officers of Seller or any of the Seller Subsidiaries in their capacities as such, and no directo
Seller or any of the Seller Subsidiaries currently is receiving indemnification payments or seeking to be indemnified by Se
Bank pursuant to applicable law or their governing documents.

Section 3.11 Taxes and Tax Returns.

(a) Seller has previously delivered or made available to Buyer copies of the federal, state and local income tax returns
the years 2009, 2010 and 2011 and all schedules and exhibits thereto, and Seller has not received any notice that any such
been examined by the Internal Revenue Service (the "IRS") or any other taxing authority. Seller has duly filed in correct f
state and local information returns and tax returns required to be filed by Seller or any of the Seller Subsidiaries on or pri
hereof, unless subject to a validly filed extension of time for filing that has not yet expired and all such tax returns are true
in all material respects, and Seller has duly paid or made adequate provisions for the payment of all taxes and other governm
relating to taxes which are owed by Seller or any of the Seller Subsidiaries to any federal, state or local taxing authorities, w
reflected in such returns (including, without limitation, those owed in respect of the properties, income, business, capital st
franchises, licenses, sales and payrolls of Seller or any of the Seller Subsidiaries), other than taxes and other charges which
delinquent or are being contested in good faith or (ii) have not been finally determined. The amounts set forth as liabilitie
the Financial Statements of Seller and the Financial Regulatory Reports of Seller Bank are sufficient, in the aggregate, to
GAAP as consistently applied during the periods involved, for the payment of all unpaid federal, state and local taxes (i
interest or penalties thereon), whether or not disputed, accrued or applicable, for the periods then ended. Seller is not respo
taxes of any other person (other than Seller Bank) under Treasury Regulation 1.1502-6 or any similar provision of fed
foreign law.

(b) No federal, state or local administrative proceedings or court proceedings, and to the Knowledge of Seller, no fe
local audits, examinations or investigations are presently pending with regard to any taxes or tax returns filed by or on beha
any of the Seller Subsidiaries nor has Seller or any of the Seller Subsidiaries received any notification that any such audit o
of any of its taxes or tax returns is being contemplated. Neither Seller nor any of the Seller Subsidiaries has executed an ext

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waiver of any statute of limitations on the assessment or collection of any federal, state or local taxes due that is currently deferred taxes of Seller have been adequately provided for in the Financial Statements of Seller.

(c) Neither Seller nor any of the Seller Subsidiaries has made any payment, is obligated to make any payment or is a contract, agreement or other arrangement that could obligate it to make any payment that would exceed the amounts that a be a deduction under Section 280G or 162(m) of the Code.

(d) There has not been an ownership change, as defined in Section 382(g) of the Code, of Seller that occurred durin taxable period in which Seller incurred an operating loss that carries over to any taxable period ending after the fiscal y immediately preceding the date of this Agreement.

(e) (i) Proper and accurate amounts have been withheld by Seller and the Seller Subsidiaries from their employees and prior periods in compliance in all material respects with the tax withholding provisions of all applicable federal, state and l regulations, and due diligence steps have been taken consistent with IRS regulations in connection with back-up withholdin state and local returns have been filed by Seller and the Seller Subsidiaries for all periods for which returns were due w withholding, Social Security and unemployment taxes or charges due to any federal, state or local taxing authority; and (iii shown on such returns to be due and payable have been paid in full or adequate provision therefor under GAAP have bee Seller in the Financial Statements of Seller.

(f) None of Seller, Seller Bank or any Seller Subsidiary is required to include in income any adjustment pursuant to S of the Code, no such adjustment has been proposed by the IRS and no pending request for permission to change any accou has been submitted by Seller, Seller Bank or any Seller Subsidiary.

Section 3.12 Employee Benefit Plans.

(a) Schedule 3.12(a) contains a list of all written and unwritten pension, retirement, profit-sharing, thrift, savi compensation, stock option, employee stock ownership, employee stock purchase, restricted stock, severance pay, retenti bonus or other incentive plans, all employment, change in control, consulting, severance and retention agreements, all employee programs, arrangements or agreements, all medical, vision, dental, disability, life insurance, workers' compensat assistance or other health or welfare plans, and all other employee benefit or fringe benefit plans, including "employee b that term is defined in Section 3(3) of ERISA (as defined herein), currently adopted, maintained by, sponsored in whole or contributed to by Seller or any of its ERISA Affiliates (as defined herein) for the benefit of employees, former employ dependents, spouses, directors, former directors or independent contractors of Seller or Seller Bank or other beneficiar which employees, former employees, retirees, dependents, spouses or directors of Seller or Seller Bank or other beneficiarie to participate (collectively, the "Seller Benefit Plans"). Seller has furnished or otherwise made available to Buyer true and c of (i) the plan documents and summary plan descriptions for each written Seller Benefit Plan, (ii) a summary of each unv Benefit

Plan (if applicable), (iii) the annual report (Form 5500 series) for the three (3) most recent years for each Seller Ben applicable), (iv) the actuarial valuation reports with respect to each tax-qualified Seller Benefit Plan that is a defined benefi three (3) most recent years, (v) all related trust agreements, insurance contracts or other funding agreements which implem Benefit Plans (if applicable), (vi) the most recent IRS determination letter with respect to each tax-qualified Seller Benefit P Seller Benefit Plan maintained under a pre-approved prototype or volume submitter plan, the IRS determination le pre-approved plan) and (vii) all substantive correspondence relating to any liability of or non-compliance relating to any S Plan addressed to or received from the IRS, the Department of Labor, the Pension Benefit Guaranty Corporation ("PBGC governmental entity within the past five (5) years.

(b) Schedule 3.12(b) identifies each Seller Benefit Plan that may be subject to Section 409A of the Code ("Seller N Deferred Compensation Plan") and the aggregate amounts deferred, if any, under each such Seller Non-Qualified Deferred Plan as of the date specified therein. Each Seller Non-Qualified Deferred Compensation Plan has been maintained and compliance (substantial compliance on or prior to December 31, 2008) with Section 409A of the Code such that no taxes u 409A of the Code may be imposed on participants in such plans.

(c) All Seller Benefit Plans are in compliance with (and have been managed and administrated in all materia accordance with) the applicable terms of ERISA, the Code and any other applicable laws. Each Seller Benefit Plan govern that is intended to be a qualified retirement plan under Section 401(a) of the Code has either (i) received a favorable determ from the IRS (and Seller is not aware of any circumstances likely to result in revocation of any such favorable determinat timely application has been made therefore, or (ii) is maintained under a prototype plan which has been approved by th entitled to rely upon the IRS National Office opinion letter issued to the prototype plan sponsor. To the Knowledge of Selle no fact which would adversely affect the qualification of any of the Seller Benefit Plans intended to be qualified under Sect the Code, or any threatened or pending claim against any of the Seller Benefit Plans or their fiduciaries by any participant, b governmental entity.

(d) No "defined benefit plan" (as defined in Section 414(j) of the Code) has been maintained at any time by Sell ERISA Affiliates for the benefit of the employees or former employees of Seller or any of the Seller Subsidiaries.

(e) Within the last six (6) years, neither Seller nor any of its ERISA Affiliates maintained or had any obligation to co Seller Benefit Plan which is a "multiemployer plan" within the meaning of Section 3(37) of ERISA, and within the last six (Seller nor any of its ERISA Affiliates has incurred any withdrawal liability within the meaning of Section 4201 of ERISA "multiemployer plan." Neither Seller nor any of its ERISA Affiliates has incurred any unsatisfied liability (other than PBG the PBGC, the IRS or any other individual or entity under Title IV of ERISA or Section 412 of the Code, and no event or co that could reasonably be expected to result in the imposition of any liability on Seller or any of its ERISA Affiliate provisions or that could reasonably be expected to have an adverse effect on Buyer or Buyer Bank.

(f) Seller has complied in all material respects with the notice and continuation requirements of Parts 6 and 7 of Subti
I of ERISA and Section 4980B of the Code (the “Consolidated Omnibus Budget Reconciliation Act or COBRA”), and
thereunder. All reports, statements, returns and other information required to be furnished or filed with respect to Seller
have been timely furnished, filed or both in accordance with Sections 101 through 105 of ERISA and Sections 6057 throug
Code, and they are true, correct and complete in all material respects. Records with respect to Seller Benefit Plans have bee
in compliance with Section 107 of ERISA. Neither Seller nor any other fiduciary (as that term is defined in Section 3(21) of
respect to any of Seller Benefit Plans has any liability for any breach of any fiduciary duties under Sections 404, 405 or 409

(g) Seller has not, with respect to any Seller Benefit Plan, nor, to Seller’s Knowledge, has any administrator other thar
Seller Benefit Plan, the related trusts or any trustee thereof, engaged in any prohibited transaction which would subje
ERISA Affiliate of Seller, or any Seller Benefit Plan to a tax or penalty on prohibited transactions imposed by ERISA or Se
the Code, or to any other liability under ERISA.

(h) Neither Seller nor any Seller Subsidiary has any liability for retiree health and life benefits under any Seller Bene
than any benefits required under COBRA or similar state laws.

(i) Except as set forth on Schedule 3.12(i), neither the execution and delivery of this Agreement nor the consumm
transactions contemplated hereby will (A) result in any payment (including severance) becoming due to any director or any
Seller or any Seller Subsidiary from Seller or any Seller Subsidiary under any Seller Benefit Plan, (B) increase any benef
payable under any Seller Benefit Plan or (C) result in any acceleration of the time of payment or vesting of any such
payment which is or may be made by, from or with respect to any Seller Benefit Plan, either alone or in conjunction w
payment will or could properly be characterized as an “excess parachute payment” under Section 280G of the Code on whic
under Section 4999 of the Code is payable or will or could, either individually or collectively, provide for any payment by
of its ERISA Affiliates that would not be deductible under Code Section 162(m).

(j) The actuarial present value of all accrued Seller Non-Qualified Deferred Compensation Plans (including entitleme
executive compensation, supplemental retirement, or employment agreement) of employees and former employees of Seller
and their respective beneficiaries, other than entitlements accrued pursuant to funded retirement plans subject to the provisio
412 of the Code or Section 302 of ERISA, have been fully reflected on the Financial Statements of Seller to the extent requi
accordance with GAAP. The actuarial present value of all accrued Seller Non-Qualified Deferred Compensation Plar
entitlements under any retirement or supplemental retirement agreement) of directors or former directors of Seller and Sel
their respective beneficiaries, other than entitlements accrued pursuant to funded retirement plans subject to the provisions o
of the Code or Section 302 of ERISA, have been fully reflected on the Financial Statements of Seller to the extent required
accordance with GAAP.

(k) There is not, and has not been, any trust or fund maintained by or contributed to by Seller or its employees to fund
benefit plan which would constitute a Voluntary Employees' Beneficiary Association or a "welfare benefit fund" withi
Section 419(a) of the Code.

(l) No claim, lawsuit, arbitration or other action has been asserted or instituted or, to the Knowledge of Seller, has be
or is anticipated, against any Seller Benefit Plan (other than routine claims for benefits and appeals of such claims), Seller
Subsidiary or any director, officer or employee thereof, or any of the assets of any trust of any Seller Benefit Plan relati
under any Seller Benefit Plan.

(m) None of Seller, any Seller Subsidiary, any Seller Benefit Plan or any employee, administrator or agent thereof, is
material violation of any applicable transaction and code set rules under HIPAA §§ 1172-1174 or the HIPAA privacy r
C.F.R. Part 160 and Subparts A and E of Part 164. No penalties have been imposed on Seller, any Seller Benefit Plan, or a
administrator or agent thereof, under HIPAA § 1176 or § 1177. For purposes of this Agreement, "HIPAA" means the p
Code and ERISA as enacted by the Health Insurance Portability and Accountability Act of 1996.

(n) Seller and the Seller Subsidiaries have obtained the written consent of each employee on whose behalf ban
insurance ("BOLI") has been purchased. Seller Bank has taken all actions necessary to comply with applicable law in con
purchase of BOLI. Schedule 3.12(n) sets forth all BOLI owned by Seller or any Seller Subsidiary, a breakdown of the c
values on each policy, the beneficiaries of such policy and a list of the lives insured thereunder. No employee, former empl
or former director of the Seller or Seller Subsidiaries or any beneficiary named by any such individual has any right t
benefits payable upon the death of such individual pursuant to the BOLI.

(o) Seller and Seller Subsidiaries have not and will not take any actions including actions related to the Merger
transactions contemplated hereby which are not in compliance with the Golden Parachute Payments Regulations and rela
All Seller Benefit Plans have been, and will be, managed and administered in compliance with the Golden Parach
Regulations and related guidance.

Section 3.13 Title and Related Matters.

(a) Seller and the Seller Subsidiaries have good and marketable title, and as to owned real property, have marketa
simple absolute, to all assets and properties, real or personal, tangible or intangible, reflected as owned on the Financial
Seller or the Financial Regulatory Reports of Seller Bank or acquired subsequent thereto (except to the extent that su
properties have been disposed of for fair value in the ordinary course of business since September 30, 2011), free and cle
encumbrances, mortgages, security interests, restrictions, pledges or claims, except for (i) those liens, encumbrances, mortg
interests, restrictions, pledges or claims reflected in the Financial Statements of Seller and the Financial Regulatory Rep
Bank or incurred in the ordinary course of business after September 30, 2011, (ii) statutory liens for amounts not yet delinq
are being contested in good faith, and (iii) liens, encumbrances, mortgages, security interests,

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pledges, claims and title imperfections that are not in the aggregate material to the financial condition, results of operations prospects of Seller.

(b) All Contracts (as defined herein) pursuant to which Seller or any of the Seller Subsidiaries leases, subleases or li material personal properties from others are valid, binding and enforceable in accordance with their respective term enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and si general applicability relating to or affecting creditors' rights or by general equity principles), and, except as set forth on Sch there is not, under any of such leases or licenses, any existing default or event of default, or any event which with notice or or both, would constitute a default or force majeure, or provide the basis for any other claim of excusa nonperformance. Except as set forth on Schedule 3.13(b), Seller or one of the Seller Subsidiaries has all right, title and lessee under the terms of each Contract that is a lease or sublease, free and clear of all liens, claims or encumbrances (rights of the lessor) as of the Effective Time of the Merger, and Buyer or a Buyer Subsidiary shall have the right to assume sublease pursuant to this Agreement and by operation of law.

(c) Except as set forth in Schedule 3.13(c), (i) all of the buildings, structures and fixtures owned, leased or subleased the Seller Subsidiaries are in good operating condition and repair, subject only to ordinary wear and tear and/or minor def not interfere with the continued use thereof in the conduct of normal operations, and (ii) all of the material personal prop leased or subleased by Seller or the Seller Subsidiaries are in good operating condition and repair, subject only to ordinary and/or minor defects which do not interfere with the continued use thereof in the conduct of normal operations.

Section 3.14 Real Estate.

(a) Schedule 3.14(a) identifies each parcel of real estate or interest therein owned, leased or subleased by Seller or any Subsidiaries or in which Seller or any of the Seller Subsidiaries has any ownership or leasehold interest.

(b) Schedule 3.14(b) lists or otherwise describes each and every written or oral lease or sublease, together with the address and telephone number of the landlord or sublandlord and the landlord's property manager (if any), under which S the Seller Subsidiaries is the lessee of any real property and which relates in any manner to the operation of the business any of the Seller Subsidiaries.

(c) None of Seller or any of the Seller Subsidiaries has violated, or is currently in violation of, any law, regulation relating to the ownership or use of the real estate and real estate interests described in Schedules 3.14(a) and 3.14(b) incl limited to any law, regulation or ordinance relating to zoning, building, occupancy, environmental or comparable matter.

(d) As to each parcel of real property currently owned or used by Seller or any of the Seller Subsidiaries, neither S respective Seller Subsidiary has received notice

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of any pending or, to the Knowledge of Seller or the Seller Subsidiary, threatened condemnation proceedings, litigation pr
mechanic's or materialmen's liens.

Section 3.15 Environmental Matters.

(a) Each of Seller, the Seller Subsidiaries, all property owned or used by Seller or the Seller Subsidiaries, the
Facilities (as defined in Section 11.1 of this Agreement), and, to the Knowledge of Seller or any of the Seller Subsidiar
Properties (as defined in Section 11.1 of this Agreement) are, and have been, in material compliance, and there ar
circumstances that would prevent or interfere with the continuation of such material compliance, with all applicable En
Laws.

(b) There is no litigation pending or, to the Knowledge of Seller or any of the Seller Subsidiaries, threatened befo
governmental agency or board or other forum in which Seller, any of the Seller Subsidiaries or any Participation Facility
with respect to threatened litigation, may be, named as defendant (i) for alleged noncompliance (including by any prede
respect to any Environmental Law (as defined below) or (ii) relating to the release into the environment of any Hazardous
defined below), whether or not occurring at, on or involving a site owned, leased or operated by Seller, the Seller Subsid
Participation Facility.

(c) There is no litigation pending or, to the Knowledge of Seller or any of the Seller Subsidiaries, threatened befo
governmental agency or board or other forum in which any Loan Property (or Seller or any of the Seller Subsidiaries in re
Loan Property) has been named as a defendant or potentially responsible party (i) for alleged noncompliance (inclu
predecessor) with any Environmental Law or (ii) relating to the release into the environment of any Hazardous Material, w
occurring at, on or involving a Loan Property.

(d) To the Knowledge of Seller or any of the Seller Subsidiaries, there is no reasonable basis for any litigation of a ty
in Section 3.15(b) and Section 3.15(c) of this Agreement.

(e) During the period of (i) ownership or operation by Seller or any of the Seller Subsidiaries of any of its current prop
participation by Seller or any of the Seller Subsidiaries in the management of any Participation Facility, and to the Knowle
and any of the Seller Subsidiaries, during the period of holding by Seller or any of the Seller Subsidiaries of a security in
Loan Property, there have been no releases of Hazardous Material in, on, under or affecting such properties.

(f) Prior to the period of (i) ownership or operation by Seller or any of the Seller Subsidiaries of any of its current p
participation by Seller or any of the Seller Subsidiaries in the management of any Participation Facility, or (iii) holding by
of the Seller Subsidiaries of a security interest in any Loan Property, to the Knowledge of Seller or any of the Seller Subsi
were no releases of Hazardous Material in, on, under or affecting any such property, Participation Facility or Loan Property.

(g) There are no underground storage tanks on, in or under any properties owned or operated by Seller or any
Subsidiaries or any Participation Facility and, to

the Knowledge of Seller, no underground storage tanks have been closed or removed from any properties owned or operated
any of the Seller Subsidiaries or any Participation Facility except in compliance with Environmental Law.

(h) Except as disclosed on Schedule 3.15(h), neither Seller nor any Seller Subsidiary has conducted or received from
any environmental studies during the past six years (other than Phase I or Phase II studies which did not indicate any cont
the environment by Hazardous Material above reportable levels) with respect to any property owned, lease or operated by
Seller Subsidiary, any Participation Facility or any Loan Property.

Section 3.16 Commitments and Contracts.

(a) Except as set forth in Schedule 3.16(a), neither Seller nor any of the Seller Subsidiaries is a party or subject
following (whether written or oral, express or implied):

(i) Any employment, severance or consulting contract or understanding (including any understandings or obligations
to severance or termination pay liabilities or fringe benefits) with any present or former officer, director or employee, inc
such person's capacity as a consultant (other than those which either are terminable at will without any further amount
thereunder or as a result of such termination by Seller or any of the Seller Subsidiaries);

(ii) Any labor contract or agreement with any labor union;

(iii) Any contract with covenants that limit the ability of Seller or any of the Seller Subsidiaries to compete in any lin
or which involve any restriction of the geographical area in which Seller or any of the Seller Subsidiaries may carry on i
(other than as may be required by law or applicable regulatory authorities);

(iv) Any contract that (1) contains a non-compete or client or customer non-solicit requirement or any other provision
the conduct of, or the manner of conducting, any line of business of the Seller or any of the Seller Subsidiaries (or, f
consummation of the transactions contemplated hereby, Buyer or any of the Buyer Subsidiaries), (2) obligates Seller or any
Subsidiaries or its Affiliates (or, following the consummation of the transactions contemplated hereby, Buyer or any
Subsidiaries) to conduct business with any third party on an exclusive or preferential basis, or (3) requires referrals o
requires Seller or any of the Seller Subsidiaries to make available investment opportunities to any person on a priority or exc

(v) Any agreement which by its terms limits the payment of dividends by Seller or any of the Seller Subsidiaries;

(vi) Any lease, license or other agreements or contracts with annual payments aggregating $25,000 or more;

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(vii) Any instrument evidencing or related to borrowed money (other than as lender, deposits, Federal Home Loan B or securities sold under agreement to repurchase) or that contains financial covenants or other restrictions on Seller or Selle than those relating to the payment of principal and interest when due);

(viii) Any contract not terminable without cause within 60 days' notice or less without penalty or that obligates payment of $25,000 or more annually;

(ix) Any other contract, agreement, commitment or understanding (whether or not oral) that is material to the financ results of operations or business of Seller or any of the Seller Subsidiaries, taken as a whole; and

(x) Any other contract or agreement which is required to be disclosed in reports filed by Seller or any Seller Subsic SEC, the Federal Reserve, the Office of the Comptroller of the Currency ("OCC") or the FDIC.

Collectively, those contracts or agreements listed on Schedule 3.16(a) are referred to herein as the "Contracts". True and c Contracts have been provided to Buyer on or before the date hereof, as listed in the respective disclosure schedules and are and effect on the date hereof.

(b) Neither Seller nor any of the Seller Subsidiaries is in default under (and no event has occurred which, with due n of time or both, would constitute a default under) or is in violation of any provision of any Contract and, to the Knowledge other party to any such agreement (excluding any loan or extension of credit made by Seller or any of the Seller Subsidiaries in any respect thereunder.

(c) Except as set forth on Schedule 3.16(c), (i) neither the execution of this Agreement nor the consummation of the contemplated hereby will result in termination of any of the Contracts or modify or accelerate any of the terms of such Cont no consents are required to be obtained and no notices are required to be given in order for the Contracts to remain effective modification or acceleration of any of the terms thereof, following the consummation of the transactions contemp Agreement.

(d) Schedule 3.16(d) lists the deadlines for extensions or terminations of any material leases, agreements or licens specifically data processing agreements) listed on Schedule 3.16(a) to which Seller or any of the Seller Subsidiaries is a party

(e) To the Knowledge of Seller, there are no voting agreements or voting trusts among shareholders of Seller rel ownership of Seller Common Stock.

Section 3.17 Regulatory Matters. Neither Seller nor any of the Seller Subsidiaries has taken or agreed to take any actic Knowledge of any fact or has agreed to any circumstance that would materially impede or delay receipt of any Con Regulatory

Authorities referred to in this Agreement, including matters relating to the Community Reinvestment Act and protests thereu

Section 3.18 Registration Obligations. Seller is not under any obligation, contingent or otherwise, which will survive t register any of its securities under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws.

Section 3.19 Antitakeover Provisions. Neither Seller nor Seller Bank is required to take any action to exempt Seller, Sel Agreement and the Merger from any provisions of an antitakeover nature contained in their organizational documents, and t of any federal or state "antitakeover," "fair price," "moratorium," "control share acquisition" or similar laws or regulati Directors has taken all requisite action to override any supermajority voting requirement contained in Seller's C Incorporation. The vote required to approve this Agreement is the affirmative vote of a majority of the votes cast by holders and outstanding shares of Seller Common Stock.

Section 3.20 Insurance. Seller and the Seller Subsidiaries are presently insured as set forth on Schedule 3.20, and durin past three calendar years have been insured, for such amounts against such risks as companies or institutions engaged business would, in accordance with good business practice, customarily be insured. The policies of fire, theft, liabil insurance maintained with respect to the assets or businesses of Seller and the Seller Subsidiaries provide adequate coverage and the fidelity bonds in effect as to which Seller or any of the Seller Subsidiaries is named an insured are suffici purpose. Such policies of insurance are listed and described in Schedule 3.20.

Section 3.21 Labor.

(a) No work stoppage involving Seller or any of the Seller Subsidiaries is pending as of the date hereof or, to the K Seller or any of the Seller Subsidiaries, threatened. Neither Seller nor any of the Seller Subsidiaries is involved in, or, to th of Seller or any of the Seller Subsidiaries, threatened with or affected by, any proceeding asserting that Seller or any Subsidiaries has committed an unfair labor practice or any labor dispute, arbitration, lawsuit or administrative proceedin represents or, to the Knowledge of Seller or the Seller Subsidiaries, claims to represent any employees of Seller or any Subsidiaries, and, to the Knowledge of Seller and the Seller Subsidiaries, no labor union is attempting to organize employee any of the Seller Subsidiaries.

(b) Seller has made available to Buyer a true and complete list of all employees of Seller and the Seller Subsidiaries hereof, together with the employee position, title, salary and date of hire. Except as set forth on Schedule 3.16(a) hereto, no Seller or any of the Seller Subsidiaries has any contractual right to continued employment by Seller or any of the Seller Subs

(c) Seller and the Seller Subsidiaries are in material compliance with all applicable laws and regulations relating to er the workplace, including, without limitation, provisions relating to wages, hours, collective bargaining, safety and authorization, equal employment opportunity, immigration and the withholding of income taxes, unemployment compensation, workers' compensation, employee privacy and right to know and social security contributions

(d) Except as set forth on Schedule 3.21(d) hereto, during the last three years, there has not been, there is not present existing and, to the Knowledge of Seller or any of the Seller Subsidiaries, there is not threatened any proceeding agains Seller or any of the Seller Subsidiaries relating to the alleged violation of any federal or state law or regulation pertai relations or employment matters, including any charge or complaint filed by an employee or union with the National Lal Board, the Equal Employment Opportunity Commission or any comparable federal or state governmental body or regula organizational activity, or other labor or employment dispute against or affecting Seller or any of the Seller Subsidiaries.

Section 3.22 Compliance with Laws. Seller and the Seller Subsidiaries have materially complied with all applicable fed state and local laws, regulations and orders, and is in material compliance with such laws, regulations and orders. Except a Schedule 3.22, none of Seller or any of the Seller Subsidiaries:

(a) is in violation of any laws, orders or permits applicable to its business or the employees or agents or representative its business (other than where such violation will not, alone or in the aggregate, have a Material Adverse Effect on Seller) o comply with any directives, orders, agreements or memoranda of understanding with any Regulatory Authority;

(b) has received a notification or communication from any agency or department of any federal, state or local g authority or any Regulatory Authority or the staff thereof (i) asserting that it is not in compliance with any laws or order governmental authority or Regulatory Authority enforces (other than where such non-compliance will not, alone or in the ag a Material Adverse Effect on Seller and the Seller Subsidiaries), (ii) threatening to revoke any permit or license other tha permits the revocation of which will not, alone or in the aggregate, have a Material Adverse Effect on Seller, (iii) except a Schedule 3.22(b), requiring it to enter into any cease and desist order, formal agreement, commitment or memorandum of u or to adopt any resolutions or similar undertakings, or (iv) directing, restricting or limiting, or purporting to direct, restrict o material manner, its operations, including, without limitation, any restrictions on the payment of dividends, or that in any m to such entity's capital adequacy, credit policies, management or business (other than regulatory restrictions generally savings banks or their holding companies);

(c) is aware of, has been advised of, or has any reason to believe that any facts or circumstances exist, which would c be deemed to be operating in violation in any material respect of the federal Bank Secrecy Act, as amended, and its i regulations (31 C.F.R. Part 103), the USA PATRIOT Act of 2001, Public Law 107-56 (the "USA PATRIOT Act"), and promulgated thereunder, any order issued with respect to anti-money laundering by the U.S. Department of the Treasu Foreign Assets Control, or any other applicable anti-money laundering statute, rule or regulation; or (ii) to be deemed satisfactory compliance in any material respect with the applicable privacy of customer information requirements con federal and state privacy laws and regulations,

including without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder, a
provisions of the information security program adopted by Seller pursuant to 12 C.F.R. Part 364, Appendix B. Furthermore,
Directors of Seller has adopted and Seller has implemented an anti-money laundering program that contains adequate and
customer identification verification procedures that materially comply with Section 326 of the USA PATRIOT Act and suc
laundering program meets the requirements in all material respects of Section 352 of the USA PATRIOT Act and the
thereunder; or

(d) has any "covered transactions" between Seller Bank and an "affiliate" within the meaning of Sections 23A and 2
Reserve Act and the regulations thereunder that are not in compliance with such provisions.

Section 3.23 Transactions with Management. Except for (a) deposits, all of which are on terms and conditions compar
made available to other customers of Seller at the time such deposits were entered into, (b) the loans listed on Schedule
length loans to employees entered into in the ordinary course of business, (c) compensation arrangements or obligations
Benefit Plans set forth in Schedule 3.12(a), (d) any loans or deposit agreements entered into in the ordinary course with
Seller or Seller Bank and (e) amounts paid for services which have been disclosed in Seller's filings with the SEC, there ar
with or commitments to directors, officers or employees involving the expenditure of more than $10,000 as to any on
including, with respect to any business directly or indirectly controlled by any such person, or $25,000 for all such
commitments in the aggregate for all such individuals.

Section 3.24 Derivative Contracts. None of Seller or any of the Seller Subsidiaries is a party to or has agreed to
exchange-traded or over-the-counter swap, forward, future, option, cap, floor or collar financial contract or agreement,
contract or agreement not included in Financial Statements of Seller which is a financial derivative contract (inclu
combinations thereof) ("Derivative Contracts"), except for those Derivative Contracts set forth in Schedule 3.24. All Deriv
whether entered into for Seller's own account, or for the account of one or more of the Seller Subsidiaries or their respecti
were entered into (1) in accordance with prudent business practices and all applicable laws, rules, regulations and regulatory
(2) with counterparties believed to be financially responsible at the time; and each Derivative Contract constitutes the vali
binding obligation of Seller or one of the Seller Subsidiaries, as the case may be, enforceable in accordance with its term
enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and si
general applicability relating to or affecting creditors' rights or by general equity principles), and are in full force and ef
Seller, the Seller Subsidiaries, nor to their Knowledge any other party thereto, is in breach of any of its obligations under a
Contract. The financial position of Seller and the Seller Subsidiaries on a consolidated basis under or with respect
Derivative Contract has been reflected in the books and records of Seller and such Seller Subsidiary in accordance
consistently applied.

Section 3.25 Deposits. None of the deposits of Seller Bank are "brokered" deposits as such term is defined in the Rules a
of the FDIC or are subject to any encumbrance, legal restraint or other legal process (other than garnishments, pledges, set o

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rights, escrow limitations and similar actions taken in the ordinary course of business), and no portion of such deposits deposit of any Affiliate of Seller's. Except as set forth on Schedule 3.25, there are no formal or informal agreements with an depositor, including, but not limited to agreements regarding terms of renewal, fees or similar matters.

Section 3.26 Controls and Procedures.

(a) Seller has in place "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) of the Secu Act of 1934, as amended (the "Exchange Act") to allow Seller's management to make timely decisions regarding required d make the certifications of the Chief Executive Officer and Chief Financial Officer of Seller required under the Exchange Ac

(b) Seller has designed and maintains a system of internal control over financial reporting (as defined in Rules 1 15d-15(f) under the Exchange Act) sufficient to provide reasonable assurance concerning the reliability of financial repo preparation of financial statements for external purposes in accordance with GAAP as consistently applied by Sell reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations as necessary to permit preparation of financial statements in conformity with GAAP as consistently applied by Seller an asset accountability, (ii) access to assets is permitted only in accordance with management's general or specific authoriza the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is take to any difference.

(c) No personal loan or other extension of credit by Seller or any Seller Subsidiary to any of its or their executiv directors has been made or modified (other than as permitted by Section 13 of the Exchange Act and Section 402 of the Sa Act of 2002).

(d) Since October 1, 2007, (i) neither Seller nor any of the Seller Subsidiaries nor, to the Knowledge of Seller, any dir employee, auditor, accountant or representative of Seller or any of the Seller Subsidiaries has received any written complai assertion, or claim that Seller or any Seller Subsidiary has engaged in improper or illegal accounting or auditing practices improper or inadequate internal accounting controls and (ii) no attorney representing Seller or any Seller Subsidiary, w employed by Seller or any Seller Subsidiary, has reported evidence of a material violation of U.S. federal or state secu material breach of fiduciary duty or similar material violation by Seller, any of the Seller Subsidiaries or any of their respe directors, employees or agents to any officer of Seller, the Board of Directors of Seller or any member or committee thereof.

Section 3.27 SEC Filings. Seller has filed all forms, reports and documents required to be filed by Seller with the SEC sin 2007 (collectively, the "Seller SEC Reports"). The Seller SEC Reports (i) at the time they were filed (or as subsequently a the date hereof), complied in all material respects with the applicable requirements of the Securities Act, and the Exchang case may be, (ii) did not at the time they were filed (or if amended or superseded by filing prior to the date of this Agreemen date of such

filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated in such Seller SE
necessary in order to make statements in the Seller SEC Reports, in light of the circumstances under which they we
misleading.

Section 3.28 Seller Information. None of the information relating to Seller and the Seller Subsidiaries to be provided by
Seller Subsidiaries for use in (i) the Registration Statement on Form S-4 to be filed by Buyer in connection with the issuanc
Buyer Common Stock pursuant to the Merger, as amended or supplemented (or on any successor or other appropriate form
will, at the time the Form S-4 becomes effective, contain any untrue statement of a material fact or omit to state a material f
to make the statements therein, in light of the circumstances under which they were made, not misleading, and (i
statement/prospectus contained in the Form S-4, as amended or supplemented, and to be delivered to stockholders of Seller
with the solicitation of their approval of this Agreement and the transactions contemplated hereby and ther
Statement/Prospectus"), as of the date such Proxy Statement/Prospectus is mailed to stockholders of Seller and up to and
date of the meeting of stockholders to which such Proxy Statement/Prospectus relates, will contain any untrue statement of a
or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they we
misleading, provided that information as of a later date shall be deemed to modify information as of an earlier date.

Section 3.29 Deposit Insurance. The deposit accounts of Seller Bank are insured by the FDIC to the fullest extent per
provisions of the Federal Deposit Insurance Act (the "Act"). Seller has paid all regular premiums, required prepayments o
special assessments and filed all reports required under the Act.

Section 3.30 Intellectual Property. Schedule 3.30 sets forth all (i) trademarks, tradenames, service marks or other trade ri
or not registered, and all pending applications for any such registrations, (ii) copyrights, copyrightable materials or pending
therefore, (iii) trade secrets, (iv) inventions, discoveries, designs and drawings, (v) computer software (excluding a
"shrink-wrap" or "click-through" license agreements and other similar computer software licensed in the ordinary course o
otherwise resident on desktop computers), (vi) patents and patent applications, and (vii) loan workout spread sheets and or o
related thereto owned, licensed or otherwise used by Seller and any of the Seller Subsidiaries (collectively the "Intelle
Rights"). Neither Seller nor any of the Seller Subsidiaries has granted to any Person any license, option or other rights
manner any of the Intellectual Property Rights, whether requiring the payment of royalties or not. Except as set forth on S
the Intellectual Property Rights will not cease to be the rights of Seller, or its successor, or be impaired by reason of perfor
Agreement or the consummation of the transactions contemplated hereby. No other Person (i) has notified Seller or any
Subsidiaries that such Person claims any ownership or right of use of the Intellectual Property Rights or, (ii) to the Knowle
or any of the Seller Subsidiaries, is infringing upon any Intellectual Property Rights of Seller or any of the Seller Subsidi
Knowledge of Seller and the Seller Subsidiaries, the use of the Intellectual Property Rights does not conflict with, infr
otherwise violate the valid rights of any Person. No written notice has been received and not fully resolved and no act
instituted or, to the Knowledge of Seller and the Seller Subsidiaries, threatened against

Seller or any of the Seller Subsidiaries alleging that the use of the Intellectual Property Rights infringes upon or otherwis
rights of any Person.

Section 3.31 Fairness Opinion. Prior to the execution of this Agreement, Seller has received an opinion from FinPro, Inc
that as of the date thereof and based upon and subject to the matters set forth therein, the Exchange Ratio relating
Consideration and the Cash Consideration are fair to the shareholders of Seller from a financial point of view (
Opinion"). Such opinion has not been amended or rescinded as of the date of this Agreement.

Section 3.32 No Trust Powers. Neither Seller nor any of the Seller Subsidiaries exercise trust powers or acts as a fiduc
agent, custodian, personal representative, guardian, conservator or investment advisor with respect to assets held other tha
trustee or custodian with respect to IRA or similar qualified plan accounts related to insured deposits or as trustee or custo
insured deposits held.

Section 3.33 Indemnification. Except as set forth in Schedule 3.33 or the Certificate of Incorporation and Bylaws of Seller
a party to any indemnification agreement with any of its present or future directors, officers, employees, agents or other
serve or served in any other capacity with any other enterprise at the request of Seller (a "Covered Person"), and, excep
Schedule 3.33, to Seller's Knowledge, there are no claims for which any Covered Person would be entitled to indemnifica
Certificate of Incorporation and Bylaws of Seller, or under the governing documents of any of the Seller Subsidiaries, ap
regulation or any indemnification agreement.

Section 3.34 Investment Securities.

(a) Except as set forth on Schedule 3.34, no investment security or mortgage backed security held by Seller or any
Subsidiaries, were it held as a loan, would be classified as "substandard," "doubtful," "loss," "other assets especially mentio
"credit risk assets," or any comparable classifications.

(b) Except for restrictions that exist for securities that are classified as "held to maturity," none of the investment securitie
or any of its Subsidiaries is subject to any restriction (contractual or statutory) that would materially impair the ability
holding such investment freely to dispose of such investment at any time.

Section 3.35 Reorganization Treatment. Neither Seller nor any of the Seller Subsidiaries has any reason to believe that ar
exist that would reasonably be expected to prevent or impede the Merger or the Bank Merger from qualifying as a reorgani
the meaning of Section 368(a) of the Code.

Section 3.36 Untrue Statements and Omissions. No representation or warranty contained in Article 3 of this Agreem
Schedules of Seller contains any untrue statement of a material fact or omits to state a material fact necessary to make th
therein, in light of the circumstances under which they were made, not misleading.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER AND BUYER BANK

Buyer and Buyer Bank hereby represent and warrant to Seller and Seller Bank as follows as of the date hereof and as of Time of the Merger (except as otherwise provided in Section 9.1 as of the Effective Time):

Section 4.1 Organization and Related Matters of Buyer.

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the Comm Pennsylvania. Buyer has the corporate power and authority to own or lease all of its properties and assets and to carry on it now conducted and Buyer is licensed or qualified to do business in each jurisdiction in which the nature of the business c Buyer, or the character or location of the properties and assets owned or leased by Buyer makes such licensing or qualificati except where the failure to be so licensed or qualified (or steps necessary to cure such failure) would not have a Material A on Buyer. Buyer is duly registered as a savings and loan holding company under the Home Owner's Loan Act, as amend correct copies of the Articles of Incorporation of Buyer and the Bylaws of Buyer, each as amended to the date hereof, hav available to Seller and such Articles of Incorporation and Bylaws are in full force and effect.

(b) Buyer Bank is a state-chartered savings bank, duly organized and validly existing under the laws of the Comm Pennsylvania. Buyer Bank has the corporate power and authority to own or lease all of its properties and assets and to business as such business is now being conducted. True and correct copies of the Articles of Incorporation and the Byla Bank, each as amended to the date hereof, have been delivered to Seller.

(c) Each direct and indirect subsidiary of Buyer (other than Buyer Bank) is a corporation, limited liability company o duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization. Ea (including Buyer Bank) has the corporate or requisite power and authority to own or lease all of its properties and assets ar its business as such business is now being conducted, and is duly licensed or qualified to do business in all such places whe of the business being conducted by each subsidiary or the character or location of the properties and assets owned or le subsidiary make such qualification necessary, except where the failure to be so licensed or qualified (or steps necessary failure) would not have a Material Adverse Effect on Buyer.

(d) Buyer has in effect all federal, state, local and foreign governmental, regulatory and other authorizations, permits legally required for it to own or lease its properties and assets and to carry on its business as now conducted, the absence of individually or in the aggregate, would have a Material Adverse Effect on Buyer.

Section 4.2 Capitalization.

(a) The authorized capital stock of Buyer consists of 10,000,000 shares of Buyer Common Stock, of which, as of the 2,838,493 are issued and outstanding and 2,451,507 shares are held in the treasury of Buyer and 2,000,000 shares of prefer par value, of which no shares are issued and outstanding. All of the issued and outstanding shares of Buyer Common Sto duly authorized and validly issued and all such shares are fully paid and nonassessable, and subject to no preemptive rights issued in violation of any preemptive rights. As of the date hereof, there are no outstanding options, warrants, commitme rights or instruments to purchase or acquire any shares of capital stock of Buyer, or any securities or rights conve exchangeable for shares of capital stock of Buyer, except for options to purchase 89,392 shares of Buyer Common Stock.

(b) Buyer owns, directly, or indirectly, all of the capital stock of Buyer Bank and the other Buyer subsidiaries, free and liens, security interests, pledges, charges, encumbrances, agreements and restrictions of any kind or nature. All the equity each subsidiary held by Buyer or its subsidiaries have been duly authorized and are validly issued and outstanding, fu nonassessable There are no subscriptions, options, commitments, calls or other agreements outstanding with respect to the of Buyer Bank or any other subsidiary. Except for the Buyer subsidiaries, Buyer does not possess, directly or indirectly, equity interest in any entity, except for equity interests in Buyer Bank's investment portfolio.

(c) The shares of Buyer Common Stock to be issued in exchange for shares of Seller Common Stock upon consumm Merger in accordance with this Agreement have been duly authorized and, when issued in accordance with the terms of thi will be validly issued, fully paid and nonassessable and subject to no preemptive rights.

Section 4.3 Financial Statements; Filings.

(a) Each of the consolidated financial statements of Buyer as of and for the years ended December 31, 2011 and D 2010 as included in Buyer's Annual Report on Form 10-K for the year ended December 31, 2011 and the unaudited consolic statements for the nine months ended September 30, 2012 as included in Buyer's Quarterly Report on Form 10-Q for the September 30, 2012 (such financial statements, unless otherwise indicated, being hereinafter referred to collectively as Statements of Buyer"), and each of the Call Reports or, as applicable, TFRs of Buyer Bank as of and for each of the December 31, 2011 and December 31, 2010 and for the period ended September 30, 2012 (such Call Reports and TFRs, unl indicated, being hereinafter referred to collectively as the "Financial Regulatory Reports of Buyer Bank"), (including th where applicable) have been prepared in all material respects in accordance with GAAP or regulatory accounting principles, applicable, which principles have been consistently applied by Buyer during the periods involved, except as otherwise noted the books and records of Buyer and Buyer Bank have been, are being, and will be maintained in all material respects in acc applicable legal and accounting requirements and reflect only actual transactions. Each of the Financial Statements of Buye the Financial Regulatory Reports of Buyer Bank (including the related notes, where applicable) fairly presents the financi Buyer or Buyer Bank, as applicable, as of the respective dates thereof and fairly presents the results of operations of Buyer or Buyer Bank, as applicable, for the respective periods therein set forth

(b) Since December 31, 2011, neither Buyer nor any of its subsidiaries has incurred any obligation or liability (c otherwise) that has or might reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on obligations and liabilities which are accrued or reserved against in the Financial Statements of Buyer or the Financial Regul of Buyer Bank, or reflected in the notes thereto. Since December 31, 2011, neither Buyer nor any of its subsidiaries has inc any obligation or liability which would be material to Buyer, except as may have been incurred or paid in the ordinary cours consistent with past practices.

Section 4.4 Authority; No Violation.

(a) Buyer and Buyer Bank have full corporate power and authority to execute and deliver this Agreement and, subject of the Consents of the Regulatory Authorities, to consummate the transactions contemplated hereby. The execution, c performance of this Agreement, and the consummation of the transactions contemplated hereby and in any related agreemen duly authorized by the Boards of Directors of Buyer and Buyer Bank, and no other corporate or other proceedings on the and Buyer Bank are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agr valid and binding obligation of Buyer and Buyer Bank enforceable against them in accordance with its terms, ex enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws a enforcement of creditors rights generally and except that the availability of the equitable remedy of specific performance relief is subject to the discretion of the court before which any proceeding may be brought.

(b) Neither the execution, delivery or performance of this Agreement by Buyer or Buyer Bank nor the consummation Buyer Bank of the transactions contemplated hereby including the Bank Merger, nor compliance by Buyer or Buyer Bank w terms or provisions hereof, will (i) violate any provision of the Articles of Incorporation or Bylaws of Buyer or th Incorporation or Bylaws of Buyer Bank or, (ii) assuming that the Consents of the Regulatory Authorities and approvals refe (including, without limitation the declaration of effectiveness of the Form S-4, compliance with all blue sky laws and Nasda requirements) are duly obtained, violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree applicable to Buyer or Buyer Bank or any of their subsidiaries or their respective properties or assets, or (iii) violate, confli in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constit under, result in the termination of, accelerate the performance required by or result in the creation of any lien, security inter other encumbrance upon any of the respective properties or assets of Buyer or Buyer Bank or any of their subsidiaries und terms, conditions or provisions of any material note, bond, mortgage, indenture, deed of trust, license, permit, lease, agree instrument or obligation to which Buyer, Buyer Bank or any of their subsidiaries is a party, or by which it or any of its subsi of their properties or assets may be bound or affected, or (iv) violate any statute, code, ordinance, rule, regulation, judgmen decree or injunction applicable to Buyer or Buyer Bank or any of their subsidiaries or any of their material properties or assets, except conflicts, breaches or defaults as are set forth in Schedule 4.4; and (Y) with respect to clause (ii) and (iii) above, such as indi the aggregate will not have a Material Adverse Effect on Buyer.

Section 4.5 Consents and Approvals. Except for (i) the Consents of the Regulatory Authorities and (ii) as disclosed in Sch consents or approvals by, or filings or registrations with, any third party or any public body, agency or authority are connection with the execution and delivery by Buyer and Buyer Bank of this Agreement, and the consummation of the M other transactions contemplated hereby.

Section 4.6 Absence of Certain Changes or Events. Since December 31, 2011, there has not been any change or any eve had, or is reasonably likely to have, a Material Adverse Effect on Buyer, or a combination of such changes or events which reasonably likely to have, a Material Adverse Effect on Buyer and no fact or condition exists as of the date hereof reasonably be expected to cause any such change or event in the future.

Section 4.7 Buyer Information. None of the information relating to Buyer and its subsidiaries to be provided by subsidiaries for use in (i) the Form S-4 will, at the time the Form S-4 becomes effective, contain any untrue statement of a or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they we misleading, and (ii) the Proxy Statement/Prospectus as of the date such Proxy Statement/Prospectus is mailed to stockhol and up to and including the date of the meeting of stockholders to which such Proxy Statement/Prospectus relates, will conta statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circums which they were made, not misleading, provided that information as of a later date shall be deemed to modify information as date.

Section 4.8 Regulatory Matters. Neither Buyer nor any of its subsidiaries has agreed to take any action, has any Knowledg or has agreed to any circumstance that would materially impede or delay receipt of any Consent from any Regulatory Auth to in this Agreement, including matters relating to the Community Reinvestment Act and protests thereunder.

Section 4.9 Deposit Insurance. The deposit accounts of Buyer Bank are insured by the FDIC to the fullest extent per Act. Buyer Bank has paid all regular premiums, required prepayments and special assessments and filed all reports requi Act.

Section 4.10 Legal Proceedings; Etc.

(a) Neither Buyer nor any of its subsidiaries is a party to any, and there are no pending or, to the Knowledge of Buyer subsidiaries, threatened, judicial, administrative, arbitral or other proceedings, claims, actions, causes of action or g investigations against Buyer or any of its subsidiaries challenging the validity of the transactions contemplated by this Ag there is no governmental investigation pending or, to the Knowledge of Buyer or any of its subsidiaries, threatened against of its

subsidiaries; no judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, in
or arbitrator is outstanding against Buyer or any of its subsidiaries which has had, or is reasonably likely to have, a Mate
Effect on Buyer; there is no default by Buyer or any of its subsidiaries under any material contract or agreement to which an
party; and, neither Buyer nor any of its subsidiaries is a party to any agreement, order or memorandum in writing by
Regulatory Authority restricting the operations of Buyer or any of its subsidiaries, and neither Buyer nor any of its subsidia
advised by any Regulatory Authority that any such Regulatory Authority is contemplating issuing or requesting the issuanc
order or memorandum in the future.

(b) There are no actions, suits, claims, proceedings or investigations of any kind pending or, to Buyer's Knowled
against any of the directors or officers of Buyer or any of its subsidiaries in their capacities as such, and no director or office
any of its subsidiaries currently is receiving indemnification payments or seeking to be indemnified by Buyer or any of its
pursuant to applicable law or their governing documents.

Section 4.11 Controls and Procedures.

(a) Buyer has in place "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) of the E
allow Buyer's management to make timely decisions regarding required disclosures and to make the certifications of the C
Officer and Chief Financial Officer of Buyer required under the Exchange Act.

(b) Buyer has designed and maintains a system of internal control over financial reporting (as defined in Rules 1
15d-15(f) under the Exchange Act) sufficient to provide reasonable assurance concerning the reliability of financial repo
preparation of financial statements for external purposes in accordance with GAAP as consistently applied by Buy
reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations
as necessary to permit preparation of financial statements in conformity with GAAP as consistently applied by Buyer an
asset accountability, (ii) access to assets is permitted only in accordance with management's general or specific authoriza
the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is take
to any difference.

(c) No personal loan or other extension of credit by Buyer to any of its or their executive officers or directors has
modified (other than as permitted by Section 13 of the Exchange Act and Section 402 of the Sarbanes-Oxley Act).

(d) Since January 1, 2008, (i) neither Buyer nor any of Buyer's subsidiaries nor, to the Knowledge of Buyer, any di
employee, auditor, accountant or representative of Buyer or any of Buyer subsidiaries, has received any written complai
assertion, or claim that Buyer or any Buyer subsidiary has engaged in improper or illegal accounting or auditing practices
improper or inadequate internal accounting controls and (ii) no attorney representing Buyer or any Buyer subsidiary, w
employed by Buyer or any Buyer subsidiary, has reported evidence of a material violation of U.S. federal or state secu
material breach of fiduciary duty or similar material

violation by Buyer, any of Buyer's subsidiaries or any of their respective officers, directors, employees or agents to any off
the Board of Directors of Buyer or any member or committee thereof.

Section 4.12 SEC Filings. Buyer has filed all forms, reports and documents required to be filed by Buyer with the SEC sin
2008 (collectively, the "Buyer SEC Reports"). The Buyer SEC Reports (i) at the time they were filed (or as subsequently ar
the date hereof), complied in all material respects with the applicable requirements of the Securities Act, and the Exchang
case may be, (ii) did not at the time they were filed (or if amended or superseded by filing prior to the date of this Agreemen
date of such filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated in suc
Reports or necessary in order to make statements in the Buyer SEC Reports, in light of the circumstances under which they
not misleading.

Section 4.13 Reorganization Treatment. Neither Buyer nor any of its subsidiaries has any reason to believe that any co
that would reasonably be expected to prevent or impede the Merger or the Bank Merger from qualifying as a reorganizati
meaning of Section 368(a) of the Code.

Section 4.14 Access to Funds. Buyer has, and on the Closing Date will have, access to all funds necessary to consummat
and pay the Aggregate Cash Consideration.

Section 4.15 Compliance with Laws. Buyer and its subsidiaries have materially complied with all applicable federal, fore
local laws, regulations and orders, and is in material compliance with such laws, regulations and orders. Except as
Schedule 4.15, none of Buyer or any of its subsidiaries:

(a) is in violation of any laws, orders or permits applicable to its business or the employees or agents or representative
its business (other than where such violation will not, alone or in the aggregate, have a Material Adverse Effect on Buyer) or
comply with any directives, orders, agreements or memoranda of understanding with any Regulatory Authority;

(b) has received a notification or communication from any agency or department of any federal, state or local g
authority or any Regulatory Authority or the staff thereof (i) asserting that it is not in compliance with any laws or order
governmental authority or Regulatory Authority enforces (other than where such non-compliance will not, alone or in the ag
a Material Adverse Effect on Buyer and its subsidiaries), (ii) threatening to revoke any permit or license other than licenses c
revocation of which will not, alone or in the aggregate, have a Material Adverse Effect on Buyer, (iii) except as set forth
4.15, requiring it to enter into any cease and desist order, formal agreement, commitment or memorandum of understandin
any resolutions or similar undertakings, or (iv) directing, restricting or limiting, or purporting to direct, restrict or limit in
manner, its operations, including, without limitation, any restrictions on the payment of dividends, or that in any manner re
entity's capital adequacy, credit policies, management or business (other than regulatory restrictions generally applicable to
or their holding companies);

(c) is aware of, has been advised of, or has any reason to believe that any facts or circumstances exist, which would c
be deemed to be operating in violation in any material respect of the federal Bank Secrecy Act, as amended, and its in
regulations (31 C.F.R. Part 103), the USA PATRIOT Act, and the regulations promulgated thereunder, any order issued w
anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control, or any other applicab
laundering statute, rule or regulation; or (ii) to be deemed not to be in satisfactory compliance in any material respect with t
privacy of customer information requirements contained in any federal and state privacy laws and regulations, inclu
limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder, as well as the prov
information security program adopted by Buyer pursuant to 12 C.F.R. Part 364, Appendix B. Furthermore, the Board of
Buyer has adopted and Buyer has implemented an anti-money laundering program that contains adequate and appropri
identification verification procedures that materially comply with Section 326 of the USA PATRIOT Act and such
laundering program meets the requirements in all material respects of Section 352 of the USA PATRIOT Act and the
thereunder; or

(d) has any "covered transactions" between Buyer Bank and an "affiliate" within the meaning of Sections 23A and 2
Reserve Act and the regulations thereunder that are not in compliance with such provisions.

Section 4.16 Broker's Fees. Except for The Kafafian Group, Inc., whose engagement letter is set forth in Schedule 4.16,
nor any of its officers or directors has employed any broker or finder or incurred any liability for any broker's fees, co
finder's fees in connection with any of the transactions contemplated by this Agreement.

Section 4.17 Derivative Contracts. None of Buyer or any of the Buyer Subsidiaries is a party to or has agreed to
exchange-traded or over-the-counter swap, forward, future, option, cap, floor or collar financial contract or agreement,
contract or agreement not included in Financial Statements of Buyer which is a financial derivative contract (inclu
combinations thereof) ("Derivative Contracts"), except for those Derivative Contracts set forth in Schedule 4.17. All Deriv
whether entered into for Buyer's own account, or for the account of one or more of the Buyer Subsidiaries or their respecti
were entered into (1) in accordance with prudent business practices and all applicable laws, rules, regulations and regulatory
(2) with counterparties believed to be financially responsible at the time; and each Derivative Contract constitutes the vali
binding obligation of Buyer or one of the Buyer Subsidiaries, as the case may be, enforceable in accordance with its term
enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and si
general applicability relating to or affecting creditors' rights or by general equity principles), and are in full force and ef
Buyer, the Buyer Subsidiaries, nor to their Knowledge any other party thereto, is in breach of any of its obligations under a
Contract. The financial position of Buyer and the Buyer Subsidiaries on a consolidated basis under or with respect
Derivative Contract has been reflected in the books and records of Buyer and such Buyer Subsidiary in accordance
consistently applied.

Section 4.18 Untrue Statements and Omissions. No representation or warranty contained in Article 4 of this Agreem
Schedules of Buyer or Buyer Bank contains any untrue statement of a material fact or omits to state a material fact necessar
statements therein, in light of the circumstances under which they were made, not misleading.

Section 4.19 Certain Loans and Related Matters. Except as set forth in Schedule 4.19, as of the date of this Agreement, n
nor any of the Buyer Subsidiaries is a party to any written or oral: (i) loan agreement, note or borrowing arrangement unde
which the obligor is sixty (60) or more days delinquent in payment of principal or interest or in default of any other provisio
entitle Buyer or Buyer Bank to accelerate the maturity of all obligations evidenced thereby; (ii) loan agreement, note o
arrangement which has been classified or, in the exercise of reasonable diligence by Buyer or any of the Buyer Subsidiaries
been classified (whether regulatory or internal) as "substandard," "doubtful," "loss," "other loans especially mentioned," "
mentioned," "special mention," "credit risk assets," "classified," "criticized," "watch list," "concerned loans" or any compar
persons; (iii) loan agreement, note or borrowing arrangement, including any loan guaranty, with any director or executi
Buyer, any subsidiary or any five percent (5%) shareholder of Buyer, or any person, corporation or enterprise controlling,
or under common control with any of the foregoing; (iv) agreement of any sort related to any asset that is classified as "Oth
Owned," or words of similar import (v) loan agreement, note or borrowing arrangement related to any troubled debt restruc
loan agreement, note or borrowing arrangement in material violation of any law, regulation or rule applicable to Buyer
Buyer Subsidiaries including, but not limited to, those promulgated, interpreted or enforced by any Regulatory Authority.

Section 4.20 Taxes and Tax Returns.

(a) Buyer has duly filed in correct form all federal, state and local information returns and tax returns required to be fi
or any of the Buyer Subsidiaries on or prior to the date hereof, unless subject to a validly filed extension of time for filing th
expired and all such tax returns are true and complete in all material respects, and Buyer has duly paid or made adequate p
the payment of all taxes and other governmental charges relating to taxes which are owed by Buyer or any of the Buyer Su
any federal, state or local taxing authorities, whether or not reflected in such returns (including, without limitation, those ow
of the properties, income, business, capital stock, deposits, franchises, licenses, sales and payrolls of Buyer or any
Subsidiaries), other than taxes and other charges which (i) are not yet delinquent or are being contested in good faith or (ii) h
finally determined. The amounts set forth as liabilities for taxes on the Financial Statements of Buyer and the Financia
Reports of Buyer Bank are sufficient, in the aggregate, to comply with GAAP as consistently applied during the periods inv
payment of all unpaid federal, state and local taxes (including any interest or penalties thereon), whether or not dispute
applicable, for the periods then ended.

(b) No federal, state or local administrative proceedings or court proceedings, and to the Knowledge of Buyer, no fe
local audits, examinations or investigations are presently pending with regard to any taxes or tax returns filed by or on behalf

any of the Buyer Subsidiaries nor has Buyer or any of the Buyer Subsidiaries received any notification that any such audit or
of any of its taxes or tax returns is being contemplated. Neither Buyer nor any of the Buyer Subsidiaries has executed an
waiver of any statute of limitations on the assessment or collection of any federal, state or local taxes due that is currently
deferred taxes of Buyer have been adequately provided for in the Financial Statements of Buyer.

(c) (i) Proper and accurate amounts have been withheld by Buyer and the Buyer Subsidiaries from their employees and
prior periods in compliance in all material respects with the tax withholding provisions of all applicable federal, state and lo
regulations, and due diligence steps have been taken consistent with IRS regulations in connection with back-up withholding
state and local returns have been filed by Buyer and the Buyer Subsidiaries for all periods for which returns were due w
withholding, Social Security and unemployment taxes or charges due to any federal, state or local taxing authority; and (iii)
shown on such returns to be due and payable have been paid in full or adequate provision therefor under GAAP have been
Buyer in the Financial Statements of Buyer.

Section 4.21 Environmental Matters.

(a) Each of Buyer, the Buyer Subsidiaries, all property owned or used by Buyer or the Buyer Subsidiaries, the
Facilities (as defined in Section 11.1 of this Agreement), and, to the Knowledge of Buyer or any of the Buyer Subsidiar
Properties (as defined in Section 11.1 of this Agreement) are, and have been, in material compliance, and there ar
circumstances that would prevent or interfere with the continuation of such material compliance, with all applicable Enviro
except for such circumstances that would not result, individually or in the aggregate, in a Material Adverse Effect on Buyer.

(b) There is no litigation pending or, to the Knowledge of Buyer or any of the Buyer Subsidiaries, threatened befo
governmental agency or board or other forum in which Buyer, any of the Buyer Subsidiaries or any Participation Facility
with respect to threatened litigation, may be, named as defendant (i) for alleged noncompliance (including by any prede
respect to any Environmental Law (as defined below) or (ii) relating to the release into the environment of any Hazardous
defined below), whether or not occurring at, on or involving a site owned, leased or operated by Buyer, the Buyer Subsic
Participation Facility, except for such actions that would not result, individually or in the aggregate, in a Material Adve
Buyer.

(c) There is no litigation pending or, to the Knowledge of Buyer or any of the Buyer Subsidiaries, threatened befo
governmental agency or board or other forum in which any Loan Property (or Buyer or any of the Buyer Subsidiaries in re
Loan Property) has been named as a defendant or potentially responsible party (i) for alleged noncompliance (inclu
predecessor) with any Environmental Law or (ii) relating to the release into the environment of any Hazardous Material, w
occurring at, on or involving a Loan Property, except for such actions that would not result, individually or in the aggregate,
Adverse Effect on Buyer.

ARTICLE 5

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of the Business Pending the Merger.

(a) During the period from the date of this Agreement to the Effective Time of the Merger, each Party shall, and shall its subsidiaries to, conduct its business in the usual, regular and ordinary course consistent with past practice and pru principles and use its best efforts to maintain and preserve intact its business organization, employees, goodwill with custom business relationships and retain the services of its officers and key employees. No Party shall and shall not permit any of it to, except as required by law or regulation, take any action which would adversely affect or delay the ability of Seller or Bu any Consent from any Regulatory Authority or other approvals required for the consummation of the transactions contempla to perform its covenants and agreements under this Agreement or which would cause a breach of any representation or war immediately after such action.

(b) During the period from the date of this Agreement to the Effective Time of the Merger, except as required by law neither Seller nor any of the Seller Subsidiaries shall, without the prior written consent of Buyer, which consent shall not be withheld or delayed under subparts (iv), (vii), (ix) and (xv):

(i) change, delete or add any provision of or to the Certificate of Incorporation or Bylaws or other governing docu such entity;

(ii) except for the issuance of shares of Seller Common Stock upon the exercise of Seller Options prior to the Effectiv Merger, change the number of shares of its authorized, issued or outstanding capital stock, including any issuance, purchase split, combination or reclassification thereof, or issue or grant any option, warrant, call, commitment, subscription, right or purchase relating to its capital stock, or declare, set aside or pay any dividend or other distribution with respect to its outstan

(iii) incur any material liabilities or material obligations (other than deposit liabilities and short-term borrowings in course of business not to exceed a maturity of one year), whether directly or by way of guaranty, including any obligation money, or whether evidenced by any note, bond, debenture, or similar instrument;

(iv) make any capital expenditures individually in excess of $25,000 other than expenditures necessary to maintain e in good repair;

(v) sell, transfer, convey or otherwise dispose of any real property (including “other real estate owned”) or interest ther

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(vi) pay any bonuses to any employee, officer, director or other Person, except bonuses to non-senior officers or e amounts detailed on Schedule 5.1(b)(vi) hereto; enter into any new, or amend in any respect any existing, employment retirement, severance, non-competition or independent contractor agreement with any person; alter the terms of any exist bonus or commission plan; adopt any new or amend in any material respect any existing employee benefit plan except as ma by law; grant any general increase in compensation or pay any bonuses to its employees as a class or to its officers; h employees other than to replace departing employees and at a salary not in excess of the salary paid by the Buyer for simi employees

(vii) enter into or extend any agreement, lease or license relating to real property, personal property, data processing functions that involves an aggregate of $10,000 or more;

(viii) acquire or agree to acquire five percent (5%) or more of the assets or equity securities of any Person or acq indirect control of any Person other than in connection with foreclosures in the ordinary course of business; provided ho shall consult with Buyer with respect to any such foreclosures;

(ix) originate, purchase, extend or grant any loan other than loans that are fully secured by owner-occupied residential not in excess of $400,000 for Seller Bank's portfolio or up to $417,000 if loan has been originated under a commitment to secondary market and fully conforms to all applicable requirements of Fannie Mae or loans that are unsecured not in exce except loans as to which it has a binding obligation to make such loans as of the date hereof, all of which are listed 5.1(b)(ix);

(x) file any applications or make any contract with respect to branching by Seller Bank (whether de novo, purc relocation) or acquire or construct, or enter into any agreement to acquire or construct, any interest in real property;

(xi) form any new subsidiary;

(xii) increase or decrease the rate of interest paid on time deposits or on certificates of deposit, except in a manner an policies consistent with past practices;

(xiii) take any action that is intended or may reasonably be expected to result in any of the conditions to the Merge Article 7 or Article 8 not being satisfied;

(xiv) purchase or sell or otherwise acquire any investment securities other than those issued by the U.S. Treasury or an United States Government with a maximum remaining maturity of three years or less;

(xv) commence any cause of action or proceeding other than in accordance with past practice or settle any action, clai complaint, criminal

prosecution, demand letter, governmental or other examination or investigation, hearing, inquiry or other proceeding
material money damages or material restrictions upon any of their operations;

(xvi) waive, release, grant or transfer any material rights of value or modify or change in any material respect
agreement or indebtedness to which it is a party, other than in the ordinary course of business, consistent with past practice;

(xvii) enter into, renew, extend or modify any other transaction (other than a deposit transaction) with any Affilia
pursuant to existing policies;

(xviii) enter into any futures contract, option, interest rate caps, interest rate floors, interest rate exchange agreem
agreement, or take any other action for purposes of hedging the exposure of its interest-earning assets and interest-bearing
changes in market rates of interest;

(xix) except for the execution of this Agreement, and actions taken or which will be taken in accordance with this Ag
performance thereunder, take any action that would give rise to a right of payment to any individual under any employme
(other than salary earned for prior service);

(xx) make any change in policies in existence on the date of this Agreement with regard to: the extension of c
establishment of reserves with respect to the possible loss thereon or the charge off of losses incurred thereon; investments;
management; or other material banking policies in any material respect except as may be required by changes in appli
regulations or by a Regulatory Authority or changes in GAAP, as advised by Seller's independent public accountants;

(xxi) except for the execution of this Agreement, and the transactions contemplated herein, take any action that woul
an acceleration of the right to payment to any individual under any Seller Benefit Plan;

(xxii) purchase or otherwise acquire, or sell or otherwise dispose of, any assets or incur any liabilities other than in
course of business consistent with past practices and policies;

(xxiii) foreclose upon or take a deed or title to any commercial real estate without first conducting a Phase I en
assessment of the property or if such assessment indicates the presence of Hazardous Material or an underground storage tan

(xxiv) make any written communications to the employees of Seller, Seller Bank or any Seller Subsidiary p
compensation or benefit matters that are affected by the transactions contemplated by this Agreement without first providin
a copy or description of the intended communication, which Buyer shall promptly review and comment on, and Buyer an
cooperate in providing any such mutually agreeable communication; or

(xxv) terminate any individual that is a party to an employment contract or change of control agreement prior to the E of the Merger other than termination for "cause" as such term is defined in the applicable agreement.

Section 5.2 Current Information.

(a) Seller. During the period from the date of this Agreement to the Effective Time of the Merger or the time of te abandonment of this Agreement, Seller will cause one or more of its designated representatives to confer on a regular and f with representatives of Buyer and to report the general status of the ongoing operations of Seller. Seller will promptly no any material change in the normal course of business or the operations or the properties of Seller, any governmental investigations or hearings (or communications indicating that the same may be contemplated) affecting Seller, the institution of material litigation, claims, threats or causes of action involving Seller, and will keep Buyer fully informed of such event provide Buyer with copies of all loan and deposit rate sheets and notify Buyer of any deviations therefrom. Seller will furn promptly after the preparation and/or receipt by Seller thereof, copies of its unaudited monthly and quarterly periodic financi and Call Reports for the applicable periods then ended, and such financial statements and Call Reports shall, upon delivery treated, for purposes of Section 3.3 hereof, as among the Financial Statements of Seller and the Financial Regulatory Rep Bank, as applicable.

(b) Buyer. Buyer will promptly notify Seller of any material change in the normal course of business or the o properties of Buyer, any governmental complaints, investigations or hearings (or communications indicating that the s contemplated) affecting Buyer, the institution or threat of material litigation, claims, threats or causes of action involving B keep Seller fully informed of such events.

Section 5.3 Access to Properties; Personnel and Records; Systems Integration.

(a) During the period from the date of this Agreement to the Effective Time of the Merger or the time of te abandonment of this Agreement, Seller and the Seller Subsidiaries shall permit Buyer or its agents reasonable access, d business hours, to their properties, and shall disclose and make available (together with the right to copy) to Buyer and t auditors, loan review officers, attorneys, accountants and other representatives, all books, papers and records relating to the properties, operations, obligations and liabilities of Seller and the Seller Subsidiaries, including all books of account (i general ledger), tax records, minute books of directors' and shareholders' meetings, organizational documents, bylaws agreements, filings with any regulatory agency, examination reports, correspondence with regulatory or taxing authoritie relating to assets, titles, abstracts, appraisals, consultant's reports, plans affecting employees, securities transfer records an lists, and any other assets, business activities or prospects in which Buyer may have a reasonable interest, and Sell Subsidiaries shall use their reasonable best efforts to provide to Buyer and its representatives access to the work auditors. During the period from the date of this Agreement to the Effective Time of the Merger or the time of te abandonment of this Agreement, Seller shall provide to Buyer with as much notice as possible of all special and regular m Seller Board of Directors and committees thereof and Seller will invite a Buyer representative to attend all such meetings

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and provide Buyer with a copy of the board packages in advance of such meetings and a copy of the minutes of such m
redacted to delete any content for which recusal applied) promptly thereafter; provided, however, that any such Buyer re
shall, at the request of the Seller Board of Directors or any committee thereof, as the case may be, recuse himself or hers
such meeting in the event that this Agreement or any Acquisition Transaction is the subject of discussion or if counsel to S
that such recusal is required to preserve the attorney-client privilege with respect to any specific matter. Seller shall provid
not less than bi-weekly regarding the business activities and operations of Seller and all Parties will establish procedures for
and monitoring of transition activities. Seller shall not be required to provide access to or to disclose information where s
disclosure would contravene any law, rule, regulation, order or judgment or would violate any confidentiality agreement en
Seller prior to the date hereof; provided that Seller shall cooperate with Buyer in seeking to obtain Consents from appro
under whose rights or authority access is otherwise restricted. The foregoing rights granted shall not, whether or not and reg
extent to which the same are exercised, affect the representations and warranties made in this Agreement.

(b) All information furnished by the Parties hereto pursuant to this Agreement, whether furnished before or after th
Agreement, shall be treated as the sole property of the Party providing such information until the consummation o
contemplated hereby and, if such transaction shall not occur, the Party receiving the information shall return to the Party wh
such information, all documents or other materials containing, reflecting or referring to such information, shall use its best e
confidential all such information, and shall not directly or indirectly use such information for any competitive or other
purposes. The obligation to keep such information confidential shall continue for two (2) years from the date the proposed
are abandoned but shall not apply to (i) any information which (A) the Party receiving the information was already in posse
to disclosure thereof by the Party furnishing the information, (B) was then available to the public, or (C) became available
through no fault of the Party receiving the information; or (ii) disclosures pursuant to a legal requirement or in accordance
of a court of competent jurisdiction or regulatory agency; provided, however, the Party which is the subject of any such lega
or order shall use its best efforts to give the other Party at least ten (10) business days prior notice thereof. Each
acknowledges and agrees that a breach of any of their respective obligations under this Section 5.3(b) would cause the oth
harm for which there is no adequate remedy at law, and that, accordingly, each is entitled to injunctive and other equitable
enforcement thereof in addition to damages or any other relief available at law. Without the consent of the other Party,
shall use information furnished to such Party other than for the purposes of the transactions contemplated hereby.

(c) From and after the date hereof, Seller shall, and shall cause its directors, officers and employees to, and sh
reasonable efforts to cause Seller's and Seller Bank's data processing service providers to, cooperate and assist Buyer in c
an electronic and systematic conversion of all applicable data regarding Seller and Seller Bank to Buyer Bank's system of e
processing. In furtherance of, and not in limitation of, the foregoing, Seller shall make reasonable arrangements during nor
hours to permit personnel and representatives of Buyer Bank to train Seller's and Seller Bank's employees (at Buyer's exp
Bank's system of electronic data processing as may be deemed necessary by Buyer.

Seller and Seller Bank shall permit Buyer to train the Seller and Seller Bank employees during the one-month perio
anticipated Effective Time of the Merger with regard to Buyer's operations, policies and procedures at Buyer's
expense. This training may take place at either Seller Bank's branch offices or at Buyer's offices at such times to be
cooperation with Seller and shall be conducted in a manner so as to not interfere with the business operations of Seller or Se

Section 5.4 Registration Statement/Approval of Shareholders.

(a) Buyer agrees to prepare and file, as soon as practicable, but not later than 75 days after the date hereof, the Form
SEC in connection with the issuance of Buyer Common Stock in the Merger including the Proxy Statement/Prospectus an
solicitation materials of Seller constituting a part thereof and all related documents. Seller shall prepare and furnish to
information relating to it and its directors, officers and shareholders as may be reasonably required in connection wi
referenced documents based on its knowledge of and access to the information required for said documents, and Seller,
financial and accounting advisors, shall have the right to review in advance such Form S-4 prior to its filing. Seller agrees
with Buyer and Buyer's counsel and accountants in requesting and obtaining appropriate opinions, consents and letters fro
advisor and independent auditor in connection with the Form S-4 and the Proxy Statement/Prospectus. Each of Seller and Bu
use its commercially reasonable efforts to cause the Form S-4 to be declared effective under the Securities Act as promptly
practicable after the filing thereof. Buyer also agrees to use its reasonable best efforts to obtain all necessary state securitie
Sky" permits and approvals required to carry out the transactions this Agreement contemplates. After the SEC has declared
effective under the Securities Act, Seller shall promptly mail at its expense the Proxy Statement/Prospectus to its shareholde

(b) Each of Seller and Buyer agree that none of the respective information supplied or to be supplied by it for
incorporation by reference in the Form S-4 shall, at the time the Form S-4 and each amendment or supplement thereto, if
effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact require
therein or necessary to make the statements therein not misleading. Each of Seller and Buyer agree that none of th
information supplied or to be supplied by it for inclusion or incorporation by reference in the Proxy Statement/Prospe
amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact r
stated therein or necessary to make the statements therein not misleading. Each of Seller and Buyer further agree that if su
become aware prior to the Effective Time of the Merger of any information furnished by such party that would caus
statements in the Form S-4 or the Proxy Statement/Prospectus to be false or misleading with respect to any material fact,
state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other partie
an appropriate amendment or supplement describing such information shall be filed promptly with the SEC and, to the exte
law, disseminated to the shareholders of Seller.

(c) Buyer agrees to advise Seller, promptly after Buyer receives notice thereof, of the time when the Form S-4
effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qu
Buyer Common Stock for offering or sale in any jurisdiction, of the initiation or, to the extent Buyer is aware thereof,
proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the Form S-4 or f
information.

(d) Seller will take all steps necessary under applicable laws to call, give notice of, convene and hold a meeting of its
at such time as may be mutually agreed to by the Parties for the purpose of approving this Agreement and the transactions
hereby and for such other purposes consistent with the complete performance of this Agreement as may be necessary or
“Seller Shareholders’ Meeting”), at such time as may be mutually agreed to by the parties (but in no event later than 60 day
S-4 has been declared effective). The Board of Directors of Seller will unanimously recommend in the Proxy Statement/Pr
all other communications to its shareholders the approval of this Agreement and the transactions contemplated hereby and S
commercially reasonable best efforts to obtain the necessary approvals by its shareholders of this Agreement and the
contemplated hereby. Notwithstanding the foregoing, if (x) Seller has complied in all material respects with its obligations u
5.5, (y) Seller (1) has received a bona fide written proposal for an Acquisition Transaction not solicited in violation of Secti
from a third party that Seller’s Board of Directors concludes in good faith after consultation with legal counsel constitu
Proposal (as defined herein) after giving effect to all of the adjustments that may be offered by Buyer pursuant to clause (
has notified Buyer, at least five business days in advance, of its intention to withdraw, amend or modify, or propose
withdraw, amend or modify, the recommendation of Seller’s Board of Directors that Seller’s stockholders vote in favor of a
Agreement or make any statement in connection with the Seller Shareholders’ Meeting inconsistent with such reco
(collectively, a “Change in Recommendation”), specifying the material terms and conditions of any such Superior Proposal
to Buyer a copy of the relevant proposed transaction documents, if such exist, with the person making such Superior Pro
during the period of not less than five business days following Seller’s delivery of the notice referred to in clause (2) abov
effecting such Change in Recommendation, has negotiated, and has used reasonable best efforts to cause its financial and l
to negotiate, with Buyer in good faith (to the extent that Buyer desires to negotiate) to make such adjustments in the terms a
of this Agreement so that such proposal for an Acquisition Transaction ceases to constitute a Superior Proposal and (z) Sel
Directors, after consultation with and based on the written advice of counsel, determines in good faith that it would result in
its fiduciary duties under applicable law to recommend this Agreement, then in submitting the Agreement to stockholders
Shareholders’ Meeting it may submit the Agreement without recommendation, or following submission of the Agreement to
it may withdraw, amend or modify its recommendation, in which case the Board of Directors may communicate the basis fo
recommendation, or the withdrawal, amendment or modification of its recommendation, to the stockholders i
Statement/Prospectus or an appropriate amendment or supplement thereto to the extent required by law. Nothing in th
Section 5.5 shall impose an obligation on Seller to submit the Proxy Statement/Prospectus to its stockholders or ho
Shareholders’ Meeting if Seller terminates this Agreement pursuant to Section 10.1(h).

Section 5.5 No Other Bids. Except with respect to this Agreement and the transactions contemplated hereby, Seller shall not permit or authorize any Affiliate (as defined herein) thereof, nor any investment banker, attorney, accountant or other r (collectively, "representative") retained by Seller to directly or indirectly (i) initiate, solicit, encourage or otherwise facilita or the making of any proposal or offer that constitutes, or may reasonably be expected to lead to, any Acquisition Transactio below) by any other party, (ii) enter into, continue or otherwise participate in any discussions or negotiations regarding, o information with respect to, or otherwise cooperate in any way with, any Acquisition Transaction, or (iii) furnish an information that it is not legally obligated to furnish or negotiate or enter into any agreement or contract with respect to an Transaction, and shall direct and use its reasonable efforts to cause its Affiliates or representatives not to engage i foregoing. Seller shall promptly notify Buyer orally and in writing in the event that it receives any inquiry or proposal re such Acquisition Transaction. Seller shall immediately cease and cause to be terminated as of the date of this Agreement activities, discussions or negotiations with any other parties conducted heretofore with respect to any of the foregoing. Not the foregoing provisions of this Section 5.5, in the event that, prior to obtaining shareholder approval of the Merger, Selle unsolicited bona fide written proposal for an Acquisition Transaction not solicited in violation of this Agreement, and the concludes in good faith (after consultation with its outside counsel and financial advisor) (i) it is legally necessary fo discharge of its fiduciary duties to respond to such Acquisition Transaction (ii) such Acquisition Transaction constitute Proposal (as defined below) and (iii) at least two business days prior to furnishing any nonpublic information to, or discussions with, such Person, Seller gives Buyer written notice of the identity of such Person and of Seller's intent nonpublic information to, or enter into discussions with, such Person, Seller may furnish or cause to be furnished information or data to the third party making such proposal and participate in negotiations or discussions, provided that prior (or causing to be provided) any confidential information or data permitted to be provided pursuant to this sentence, Sell entered into a confidentiality agreement with such third party on terms no more favorable to that Person than the co agreement with Buyer, and provided further that Seller also shall provide to Buyer a copy of any such confidential informa data that it is providing to any third party pursuant to this Section 5.5 to the extent not previously provided or made Buyer. Seller shall promptly (within 24 hours) advise Buyer orally and in writing of any Acquisition Transaction, the mater conditions of any such Acquisition Transaction (including any changes thereto) and the identity of the Person mak Acquisition Transaction. Seller shall (i) keep Buyer fully informed in all material respects of the status and details (includin to the terms thereof) of any Acquisition Transaction, (ii) provide to Buyer as soon as practicable after receipt or delivery the all correspondence and other written material sent or provided to Seller or any Seller Subsidiary from any Person that des the terms or conditions of any Acquisition Transaction (including any draft acquisition agreement) and (iii) keep Buyer fully the status and details of any determination by Seller's Board of Directors with respect to any such Acquisition Transactio upon any such determination.

The term "Acquisition Transaction" shall, with respect to Seller, mean any proposal for any of the following: (a) a merger o or any similar transaction (other than the Merger) of any Person with Seller, (b) a purchase, lease or other acquisition of all o

substantially all the assets of Seller, (c) a purchase or other acquisition of "beneficial ownership" by any "person" or "group
defined in Section 13(d)(3) of the Exchange Act) (including by way of merger, consolidation, share exchange, or otherwise)
cause such person or group to become the beneficial owner of securities representing 25% or more of the voting power of S
tender or exchange offer to acquire securities representing 25% or more of the voting power of Seller. The term "Superior P
an Acquisition Transaction which the Board of Directors of Seller reasonably determines (after consultation with its financ
another financial advisor of nationally recognized reputation and legal counsel) to be (i) more favorable to the shareholders c
a financial point of view than the Merger (taking into account all the terms and conditions of such proposal and thi
(including any changes to the financial terms of this Agreement proposed by Buyer in response to such offer or oth
(ii) reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such prop

Section 5.6 Maintenance of Properties; Certain Remediation and Capital Improvements. Seller and the Seller Subsidi
commercially reasonable efforts to maintain their respective properties and assets in satisfactory condition and repair for the
which they are intended, ordinary wear and tear excepted.

Section 5.7 Environmental Audits. Upon the written request of Buyer, which request shall occur within forty (40) day
hereof, Seller will, at Buyer's expense, with respect to each parcel of real property that Seller or any Seller Subsidiary own
deliver to Buyer, an environmental audit, which audit shall be conducted by a firm reasonably acceptable to Buyer.

Section 5.8 Title Insurance. Upon the written request of Buyer, which request shall occur within forty (40) days of the
Seller will, at Buyer's expense, with respect to each parcel of real property that Seller or any Seller Subsidiary owns, procu
to Buyer, at least forty (40) days prior to the Effective Time of the Merger, a commitment to issue owner's title insuranc
regular rates by a title insurance company licensed to do business in the State of New Jersey and the Commonwealth of Pen
by such insurance company reasonably acceptable to Buyer, which policy shall be free of all title defects that may materi
with the use of the property as a banking office.

Section 5.9 Surveys. Upon the written request of Buyer, which request shall occur within forty (40) days of the date
respect to each parcel of real property as to which a title insurance policy is to be procured pursuant to Section 5.8, Sell
expense, will procure and deliver to Buyer at least thirty (30) days prior to the Effective Time of the Merger, a survey
property, which survey shall be reasonably acceptable to, and shall be prepared by a licensed surveyor reasonably acceptal
disclosing the locations of all improvements, easements, sidewalks, roadways, utility lines and other matters customarily sh
surveys and showing access affirmatively to public streets and roads and providing the legal description of the property in a
for recording and insuring the title thereof (the "Survey"). The Survey shall not disclose any survey defect or encroachme
such real property that will materially limit or impede the continued operation of the facility for its intended use.

Section 5.10 Consents to Assign and Use Leased Premises. With respect to the leases disclosed in Schedule 3.14(b), Selle
commercially reasonable efforts to obtain all Consents necessary to transfer and assign all right, title and interest of Seller
Subsidiary to Buyer Bank and to permit the use and operation of the leased premises by Buyer Bank as of the Closing.

Section 5.11 Compliance Matters. Prior to the Effective Time of the Merger, Seller shall take, or cause to be taken, all step
requested by Buyer to address any deficiencies in regulatory compliance by Seller or the Seller Subsidiaries; provided, how
Buyer nor Buyer Bank shall be responsible for discovering, nor shall Buyer have any liability resulting from, such de
attempts to address them.

Section 5.12 Conforming Accounting and Reserve Policies. Upon written confirmation from Buyer that all conditions t
forth in Articles 8 and 9 have been satisfied or waived, at the request of Buyer, Seller and Seller Bank, as applicable, shall
prior to Closing establish and take such reserves and accruals as Buyer reasonably shall request to conform Seller's and Selle
accrual, reserve and other accounting policies to the policies of Buyer Bank, to the extent permitted by GAAP, applicable
regulations and guidance of applicable Regulatory Authorities.

Section 5.13 Support Agreements. Seller shall deliver to Buyer as of the date of the Agreement, a Support Agreement
substance as set forth at Exhibit A, executed by each director and executive officer of Seller and Seller Bank.

Section 5.14 Disclosure Controls.

(a) Between the date of this Agreement and the Effective Time of the Merger, (i) Seller shall maintain disclosure
procedures that are effective to ensure that material information relating to Seller and the Seller Subsidiaries is made k
President and Chief Executive Officer and Chief Financial Officer of Seller to permit Seller to record, process, summari
financial data in a timely and accurate manner; (ii) such officers shall promptly disclose to Seller's auditors and audit c
significant deficiencies in the design or operation of internal controls which could adversely affect Seller's ability to re
summarize and report financial data, any material weaknesses identified in internal controls, and any fraud, whether or not
involves management or other employees who have a significant role in Seller's internal controls; and (iii) Seller shall tak
corrective actions to address any such significant deficiencies or material weaknesses identified in the internal controls.

(b) Between the date of this Agreement and the Effective Time of the Merger, Seller shall, upon reasonable notice d
business hours, permit Buyer (a) to meet with the officers of Seller and any Seller Subsidiary responsible for the financial
Seller and each Seller Subsidiary and the internal control over financial reporting of Seller and each Seller Subsidiary to
matters as Buyer may deem reasonably necessary or appropriate concerning Buyer's obligations under Sections 302 a
Sarbanes-Oxley Act; and (b) to meet with officers of Seller and any Seller Subsidiary to discuss the integration of appropria
controls and procedures and

internal control over financial reporting relating to Seller and each Seller Subsidiary's operations with the controls and p
internal control over financial reporting of Buyer for purposes of assisting Buyer in compliance with the applicable prov
Sarbanes-Oxley Act following the Effective Time of the Merger. Seller shall, and shall cause its and each Seller Subsidiar
employees and accountants to, fully cooperate with Buyer in the preparation, documentation, review, testing and all other a
deems reasonably necessary to satisfy the internal control certification requirements of Section 404 of the Sarbanes-Oxley A

Section 5.15 Bank Merger Agreement. Prior to the Effective Time of the Merger, Buyer Bank and Seller Bank shall have
delivered the Bank Plan of Merger substantially in the form annexed hereto as Exhibit B.

Section 5.16 Classified and Nonperforming Assets. Within ten (10) business days of the end of each calendar month
provide Buyer with an updated list of loans described in Section 3.5.

Section 5.17 Stockholder Litigation. Seller shall give Buyer the opportunity to participate in the defense or settle
stockholder litigation against Seller and/or its directors relating to the transactions contemplated by this Agreement,
settlement shall be agreed to without Buyer's prior written consent (such consent not to be unreasonably withheld or delayed

Section 5.18 Antitakeover Provisions. Seller and the Seller Subsidiaries shall take all steps required by any relevant federa
or regulation or under any relevant agreement or other document to exempt or continue to exempt Buyer, the Agreement, t
of Merger, the Merger and the Bank Merger from any provisions of an antitakeover nature in Seller's or the Seller Subsidiar
of Incorporation, Charter and Bylaws, or similar organizational documents, and the provisions of any federal or state antitake

Section 5.19 Section 16 Matters. Prior to the Effective Time of the Merger, the Parties will each take such steps as may b
necessary or appropriate to cause any disposition of shares of Seller Common Stock or conversion of any derivative securit
of shares of Seller Common Stock in connection with the consummation of the transactions contemplated by this Agr
exempt under Rule 16b-3 promulgated under the Exchange Act.

ARTICLE 6

ADDITIONAL COVENANTS AND AGREEMENTS

Section 6.1 Best Efforts; Cooperation. Subject to the terms and conditions herein provided, each of the Parties hereto agr
best efforts promptly to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper
under applicable laws and regulations, or otherwise, including attempting to obtain all necessary Consents, to consumma
effective, as soon as practicable, the transactions contemplated by this Agreement.

Section 6.2 Regulatory Matters.

(a) As promptly as practicable following the execution and delivery of this Agreement, Buyer and Seller shall cause to
and filed all required applications and filings with the Regulatory Authorities which are necessary or contemplated for the
the Consents of the Regulatory Authorities or consummation of the Merger and the Bank Merger. Such applications and fi
in such form as may be prescribed by the respective government agencies and shall contain such information as they may
Parties hereto will cooperate with each other and use their best efforts to prepare and execute all necessary documentation
necessary or contemplated filings and to obtain all necessary or contemplated permits, consents, approvals, rulings and auth
government agencies and third parties which are necessary or contemplated to consummate the transactions contemp
Agreement, including, without limitation, those required or contemplated from the Regulatory Authorities, and the sha
Seller. Each of the Parties shall have the right to review any filing made with, or written material submitted to, any governm
in connection with the transactions contemplated by this Agreement.

(b) Each Party hereto will furnish the other Party with all information concerning itself, its subsidiaries, directors, trus
shareholders and depositors, as applicable, and such other matters as may be necessary or advisable in connection with any
application made by or on behalf of any such Party to any governmental body in connection with the transactions, applicati
contemplated by this Agreement. The Parties hereto will promptly furnish each other with copies of written communication
them or their respective subsidiaries, if any, from, or delivered by any of the foregoing to, any governmental body in r
transactions contemplated hereby.

Section 6.3 Employment and Employee Benefits Matters.

(a) The Parties acknowledge that nothing in this Agreement shall be construed as constituting an employment agreem
Buyer or any of its Affiliates and any officer or employee of Seller or an obligation on the part of Buyer or any of its Affilia
any such officers or employees.

(b) Buyer will honor the employment agreement entered into between Seller and the Seller Subsidiaries and Janice Su
forth at Seller's Schedule 6.3(b), subject to Janice Summers entering into a transition period retention agreement in the for
Buyer's Schedule 6.3(b) ("Transition Period Retention Agreement") which provides, in pertinent part, that she will not b
severance if she voluntarily terminates employment with or without good reason within six months following the Effective
Merger. Buyer acknowledges that Janice Summers will experience a change in circumstances that would permit her to t
employment, after giving not less than 60 days notice, for "good reason", as such term is defined in such employment agreem
the Effective Time of the Merger.

(c) If requested by Buyer, Seller shall terminate Seller's 401(k) plan or merge it into Buyer's 401(k) plan as of or imm
to the Effective Time of the Merger.

(d) After the Merger, Buyer shall continue, except to the extent not consistent with law, Seller's health and welfare
programs, insurance and other policies unless

and until such time as Buyer elects to take alternative action. It is the Buyer's intention to transition the Seller's plans and p later of 6 months after the Effective Time or the beginning of the next program plan year. Seller will assist Buyer before Time of the Merger in reviewing such benefit plans and programs and will take such actions that may be requested by Buyer to such plans to take effect not sooner than the Effective Time of the Merger, unless otherwise consented to by Seller. In the elects to terminate any of Seller's health and welfare benefit plans, programs, insurance and other policies, Seller and employees that continue as employees of Buyer or Buyer Bank after the Effective Time of the Merger ("Continuing En become eligible to participate in the medical, dental, health and disability plans maintained by Buyer or Buyer Bank. Bu Bank, as applicable, shall cause each such plan that shall be implemented as a replacement plan to such Seller plan that is t waive any preexisting condition limitations to the extent such conditions for such participant are covered under the appl medical, health, dental or disability plans and waive any waiting period limitation or evidence of insurability requirement otherwise be applicable to such employee on or after the plan enrollment date, unless such employee had not yet satisfie limitation or requirement under the analogous Seller Benefit Plan prior to the enrollment date. Notwithstanding any of th prior service with Seller or Seller Bank shall not be recognized by Buyer or Buyer Bank for purposes of eligibility, vesti accrual under Buyer's defined benefit pension plan or Buyer's Employee Stock Ownership Plan. Prior service credit will for purposes of eligibility to participate and vesting under Buyer Bank's 401(k) plan and for eligibility to participat entitlement under Buyer Bank's vacation policies.

(e) Until the Effective Time of the Merger, Seller shall be liable for all obligations for continued health coverag COBRA with respect to each Seller or Seller Bank qualified beneficiary (as defined in COBRA) who incurs a qualify defined in COBRA) before the Effective Time of the Merger. Buyer shall be liable for (i) all obligations for continued he under COBRA with respect to each Seller or Seller Subsidiary qualified beneficiary (as defined in COBRA) who incurs event (as defined in COBRA) from and after the Effective Time of the Merger, and (ii) for continued health coverage ur from and after the Effective Time of the Merger for each Seller or Seller Subsidiary qualified beneficiary who incurs a qua before the Effective Time of the Merger.

(f) Employees of Seller (other than those who are parties to an employment, change of control or other type of ag Seller which provides for severance) and of Seller Bank as of the date of this Agreement who remain employed by Seller o as of the Effective Time of the Merger and whose employment is terminated by Buyer or Buyer Bank (absent termination determined by the employer) within six months after the Effective Time of the Merger shall receive severance pay equal to base weekly pay for each completed year of employment service commencing with any such employee's most recent hire da or any of the Seller Subsidiaries or any Person acquired by Seller or any of the Seller Subsidiaries and ending with suc termination date with Buyer or Buyer Bank, with a maximum payment equal to 26 weeks of base pay. Such severance pay at regular payroll intervals. Such severance payments will be in lieu of any severance pay plans that may be in effect at Selle Effective Time of the Merger. If termination of any such employee's employment occurs after six months after the Effective

Merger, then such employee shall be entitled to receive the severance pay under any severance pay plans that may be in e
time at Buyer or Buyer Bank, provided, that any such employee shall receive credit under any such plan for such employee'
to the Effective Time of the Merger with Seller or any of the Seller Subsidiaries.

(g) Buyer and Seller will cooperate in establishing a retention bonus plan, the terms of which are set forth on Bu
6.3(g) hereto, for certain employees of Seller and Seller Bank who remain employed at Buyer or Buyer Bank after the Effe
the Merger. Prior to the Effective Time of the Merger, Seller and Buyer shall mutually agree as to the proposed recip
retention bonuses, the amounts of any bonuses to be received by such recipients and the timing of such payments.

(h) Subject to the occurrence of the Effective Time of the Merger, the Seller Bank Employee Stock Ownership Pla
shall be terminated and all shares which have been allocated to participant accounts and held by the ESOP shall be conv
right to receive the Merger Consideration. All shares held by the ESOP which are unallocated as of the Effective Time o
shall be converted into the right to receive the Cash Consideration. Any outstanding ESOP indebtedness shall be repaid f
Consideration received in exchange for the unallocated ESOP assets to the extent possible, and the balance remaining
suspense account after repayment of the ESOP indebtedness, if any, shall be allocated as earnings of the ESOP to pa
accordance with the terms of the ESOP. Upon the termination of the ESOP, all ESOP participants shall fully ves
nonforfeitable interest in their accounts under the ESOP determined in accordance with the terms of the ESOP. From and
of this Agreement, in anticipation of such termination and distribution, Seller and its representatives before the Effective
Merger, and Buyer and its representatives after the Effective Time of the Merger, shall use their best efforts to apply for a
favorable determination letter from the IRS on the tax-qualified status of the ESOP under Code Section 401(a) (the "Final
Letter"). As soon as practicable after the receipt of the favorable Final Determination Letter, distributions of the benefits u
shall be made to the ESOP participants. If Seller and its representatives, before the Effective Time of the Merger, and
representatives after the Effective Time of the Merger, reasonably determine that the ESOP cannot obtain a fav
Determination Letter, or that the amounts held therein cannot be applied, allocated or distributed as described above withou
ESOP to lose its tax-qualified status, Seller before the Effective Time of the Merger, and Buyer after the Effective Time o
shall take such action as they may reasonably determine with respect to the distribution of benefits to the ESOP participa
that the assets of the ESOP shall be held or paid only for the benefit of the ESOP participants, as determined as of the Effe
the Merger, and provided further that in no event shall any portion of the amounts held in the ESOP revert, directly or indire
or to Buyer or any Affiliate thereof.

(i) No payment of benefits shall be made by the Seller or the Buyer in accordance with the Seller Bank's Directors Co
Retirement Plan except in compliance with the Golden Parachute Payments Regulations. No benefits obligations under su
include any acceleration of benefits vesting or increase in the financial reporting expense accruals as a result of the Merge
days of the date hereof, Seller shall make a filing with the FDIC and/or the OCC relating to such plan being exempt fro
Parachute Regulations by virtue of being a bona fide deferred compensation plan or arrangement

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and requesting non-objection to payment of the vested accrued liability thereunder computed in accordance with GAAP prior to the Effective Time of the Merger. Notwithstanding the foregoing, in no event shall benefits payable in accordan plan exceed the individual or aggregate benefits set forth at Schedule 6.3(i).

(j) The Directors' Change in Control Severance Plan shall be terminated by Seller and the Seller Subsidiaries no business days prior to the Closing and no payments shall be due or payable thereunder with respect to the Merger.

(k) Seller shall use its best efforts to deliver executed Option Cancellation and Release Agreements from all hol Options at or prior to the Closing.

Section 6.4 Indemnification.

(a) For a period of six (6) years after the Effective Time of the Merger, Buyer shall indemnify, defend and hold h person entitled to indemnification from Seller and/or Seller Bank (each an "Indemnified Party") against all liability arising o omissions occurring at or prior to the Effective Time of the Merger (including, without limitation, transactions contemp Agreement) to the fullest extent which Seller and/or Seller Bank would have been permitted under any applicable law and i of Incorporation, Charter and Bylaws (and Buyer shall also advance expenses, including, but not limited to, fees and disb legal counsel as incurred).

(b) After the Effective Time of the Merger, directors, officers and employees of Seller and Seller Bank, ex indemnification rights provided for in Section 6.4(a) above, shall have indemnification rights having prospective application prospective indemnification rights shall consist of such rights to which directors, officers and employees of Buyer an Subsidiaries would be entitled under the Articles of Incorporation and Bylaws of Buyer or the particular subsidiary for w serving as officers, directors or employees and under such directors' and officers' liability insurance policy as Buyer or i may then make available to officers, directors and employees of Buyer and its subsidiaries.

(c) Buyer shall use its best efforts (and Seller shall cooperate prior to the Effective Time of the Merger) to maintain i period of three (3) years after the Effective Time of the Merger, Seller's existing directors' and officers' liability insurance p that Buyer may substitute therefor (i) policies with comparable coverage and amounts containing terms and conditio substantially no less advantageous or (ii) with the consent of Seller (given prior to the Effective Time of the Merger) any with respect to claims arising from facts or events which occurred prior to the Effective Time of the Merger and covering are currently covered by such insurance) provided, that Buyer shall not be obligated to make premium payments for such t period in respect of such policy (or coverage replacing such policy) which exceed, for the portion related to Seller's director 150% of the annual premium payments on Seller's current policy, as in effect as of the date of this Agreement (th Amount"). If the amount of premium that is necessary to maintain or procure such insurance coverage exceeds the Maxi Buyer shall use its reasonable efforts to maintain the most advantageous policies of director's and officer's liability insura for a premium equal to the Maximum Amount.

Section 6.5 Transaction Expenses of Seller.

(a) Schedule 6.5(a) contains Seller's estimated budget of transaction-related expenses reasonably anticipated to be pay
in connection with this Agreement and the transactions contemplated thereunder, including any payments to be made in acc
any employment agreements or bonus arrangements between any officer and Seller to be made before or after the Effectiv
Merger, based on facts and circumstances then currently known, the fees and expenses of counsel, accountants, investmen
other professionals relating to this Agreement and the transactions contemplated herein. Seller shall use its best effort
expenses within the budget.

(b) Promptly after the execution of this Agreement, Seller shall ask all of its attorneys and other professionals to rende
correct invoices for all unbilled time and disbursements within thirty (30) days relating to this Agreement and the
contemplated herein. Seller shall review these invoices and track such expenses against the budget referenced above, an
advise Buyer of such matters.

(c) Seller shall cause its professionals to render monthly invoices within thirty (30) days after the end of each month
advise Buyer monthly of such invoices for professional services, disbursements and reimbursable expenses which Seller ha
connection with this Agreement, and Seller shall track such expenses against the budget referenced above.

(d) Not later than two business days prior to the Closing Date, Seller shall provide Buyer with an accounting of al
related expenses incurred by it through the Closing Date, including a good faith estimate of such expenses incurred or t
through the Closing Date but as to which invoices have not yet been submitted or payments have not been made. Seller sh
variance of such transaction expenses to the budget set forth in Seller Schedule 6.5(a).

Section 6.6 Press Releases. Buyer and Seller agree that they will not issue any press release or other public disclosure r
Agreement or the transactions contemplated hereby, without first consulting with the other Party as to the form and subs
disclosures which may relate to the transactions contemplated by this Agreement, provided, however, that nothing containe
prohibit either Party, following notification to the other Party, from making any disclosure which is required by law or regul

Section 6.7 Prior Notice and Approval Before Payments To Be Made. No payments shall be made by Seller or Seller
director, officer or employee in accordance with any agreement, contract, plan or arrangement (including, but not li
employment agreement, severance arrangement, stock option, deferred compensation plan, bonus, vacation or leave
compensation or benefits program), including payments upon the termination of such agreement, contract, plan or arrange
the termination of employment or service of such recipient with Seller or Seller Bank, except to the extent that such intend
(i) have been set forth in the Seller Schedules furnished to Buyer at the date of this Agreement, (ii) are made with prior wri
Buyer of such intended payment, (iii) are made contemporaneous with the delivery of a written acknowledgement and rele
by the recipient and Seller or Seller Bank reasonably satisfactory to Buyer in form and substance

relating to such payment, (iv) are subject to a written non-objection under, or exemption from, the Golden Parachu
Regulations that has been obtained and is reasonably satisfactory, and furnished, to the Buyer, and (v) do not exceed the
limitations under Section 162(m) of the Code, and/or are not excess parachute payments under Section 280G of the Code. P
or Seller Bank making any such payments to any officer or director (or former officer or former director), Seller, with the ass
tax accountants, shall determine that no such payments, if made, shall constitute an "excess parachute payment" in accordan
280G of the Code, that such payment shall not exceed the deductibility limitations under Section 162(m) of the Code an
Seller Bank shall furnish Buyer with a detailed schedule and documentation related to such determination at least two busine
to making any such payments.

Section 6.8 Notification of Certain Matters. Each Party shall give prompt notice to the others of (a) any event, condi
occurrence, act or omission which causes any of its representations hereunder to cease to be true in all material respects (or
to any such representation which is qualified as to materiality, causes such representation to cease to be true in all respects)
event, condition, change, occurrence, act or omission which individually or in the aggregate has, or which, so far as reaso
foreseen at the time of its occurrence, is reasonably likely to have, a Material Adverse Effect on such Party. Each of Sell
shall give prompt notice to the other Party of any notice or other communication from any third party alleging that the co
third party is or may be required in connection with the transactions contemplated by this Agreement.

Section 6.9 Disclosure Supplements. From time to time prior to the Effective Time of the Merger, each Party will promptl
or amend their respective Schedules delivered in connection herewith with respect to any matter hereafter arising tha
occurring or known at the date of this Agreement, would have been required to be set forth or described in such Schedu
necessary to correct any information in such Schedules that has been rendered materially inaccurate thereby. No su
amendment to such Schedules shall have any effect for the purpose of determining satisfaction of the conditions set forth
and 9 and shall be for informational purposes only.

Section 6.10 Board of Directors. As soon as practicable after the Effective Time of the Merger, the Board of Directors o
will be increased by one member with the new directorship to be filled by John Ferry or, if he is not able or willing to serv
individual selected by the Board of Directors of Buyer.

Section 6.11 Tax Representation Letters/Tax Treatment. Officers of Seller and Buyer shall execute and deliver to Spidi
special counsel to Buyer, and to Silver, Freedman & Taff, LLP, special counsel to Seller, tax representation letters in the fo
by such law firms at such time or times as may be reasonably requested by such law firms including in connection with the
Form S-4 and counsels' delivery of the tax opinions required by Section 7.6 hereto. None of the parties hereto will take a
could prevent the Merger or the Bank Merger from qualifying as a reorganization within the meaning of Section 368(a) of th

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ARTICLE 7

MUTUAL CONDITIONS TO CLOSING

The obligations of Buyer, on the one hand, and Seller, on the other hand, to consummate the transactions provided for he
subject to the satisfaction of the following conditions, unless waived as hereinafter provided for:

Section 7.1 Shareholder Approval. The Merger shall have been approved by the requisite vote of the shareholders of Seller

Section 7.2 Regulatory Approvals. All necessary Consents of the Regulatory Authorities shall have been obtained and sh
full force and effect and all notice and waiting periods required by law or the terms of any Consent to pass after receipt of s
shall have passed, and all conditions to consummation of the Merger set forth in such Consents shall have been satisfied.

Section 7.3 Litigation. There shall be no pending causes of action, investigations or proceedings (i) challenging the validi
of this Agreement or the consummation of the transactions contemplated by this Agreement, or (ii) seeking damages in co
the transactions contemplated by this Agreement, or (iii) seeking to restrain or invalidate the transactions contemp
Agreement. No judgment, order, injunction or decree (whether temporary, preliminary or permanent) issued by any court
competent jurisdiction or other legal restraints or prohibition preventing the consummation of Merger or any of the other
contemplated by this Agreement shall be in effect. No statute, rule, regulation, order, injunction or decree (whethe
preliminary or permanent) shall have been enacted, entered, promulgated or enforced by any Regulatory Authority th
restricts, or makes illegal the consummation of the Merger.

Section 7.4 Registration Statement. The Form S-4 shall have become effective under the Securities Act and no stop orde
the effectiveness of the Form S-4 shall have been issued and be in effect and no proceedings for that purpose shall have bee
the SEC and not withdrawn and Buyer shall have received all required approvals of state securities or "blue sky" authorities.

Section 7.5 Listing. The shares of Buyer Common Stock to be issued in the Merger shall have been approved for l
NASDAQ, subject to official notice of issuance.

Section 7.6 Tax Opinions. Buyer and Seller shall have received opinions of Spidi & Fisch, PC and Silver, Freedman
respectively, dated as of the date of filing of the Form S-4 and as of the Closing Date, in form and substance customary in tr
the type contemplated hereby, and reasonably satisfactory to Seller and Buyer, as the case may be, substantially to the effe
basis of the facts, representations and assumptions set forth in such opinions which are consistent with the state of facts e
Effective Time of the Merger, (i) the Merger will be treated for federal income tax purposes as a reorganization within th
Section 368(a) of the Code and (ii) Buyer and Seller will each be a party to that reorganization within the meaning of Sect
the Code. Such opinions may rely on and require, in addition to the review of such matters of fact and law as counsel conside

appropriate, representations contained in certificates of officers of Buyer and Seller reasonably satisfactory in form and
request by such counsel.

ARTICLE 8

CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligation of Buyer to consummate the Merger is subject to the fulfillment of each of the following conditions, unle
hereinafter provided for:

Section 8.1 Representations and Warranties. The representations and warranties of Seller and Seller Bank contained in th
or in any certificate or document delivered pursuant to the provisions hereof will be true and correct, in all material respe
any statement in a representation or warranty expressly contains a standard of materiality, such statement shall be true and
respects taking into consideration the standard of materiality contained therein), as of the Effective Time of the Merger (as
on and as of the Effective Time of the Merger), except to the extent such representations and warranties are by their expre
made as of a specified date and except for changes therein contemplated by this Agreement unless the failure of such repres
warranties to be true and correct (other than (i) the representations and warranties contained in Sections 3.2(a) and 3.9(b) w
true in all respects, and (ii) the representations and warranties contained in Section 3.6(a) which shall be true in all mate
either individually or in the aggregate and without giving effect to any qualification as to materiality or Material Adverse E
in such representations and warranties, will not have or is not reasonably likely to have a Material Adverse Effect on Seller a
Subsidiaries taken as a whole.

Section 8.2 Performance of Obligations. Seller and Seller Bank shall have performed all covenants, obligations and
required to be performed by it in all material respects under this Agreement at or prior to the Effective Time of the Merger.

Section 8.3 Certificate Representing Satisfaction of Conditions. Seller shall have delivered to Buyer a certificate of the Ch
Officer and Chief Financial Officer of Seller and Seller Bank dated as of the Closing Date as to the satisfaction of the matt
in Section 8.1 and Section 8.2 hereof, and such certificate shall be deemed to constitute additional representations, warrantie
and agreements of Seller under Article 3 of this Agreement.

Section 8.4 Absence of Adverse Facts. No fact, event or condition exists or has occurred (regardless of whether or not su
changes are inconsistent with the representations and warranties given herein) with respect to Seller and or Seller Subsidiari
have a Material Adverse Effect on Seller or any of the Seller Subsidiaries or the consummation of the transactions contemp
Agreement.

Section 8.5 Consents Under Agreements. Seller shall have obtained the consent or approval of each Person (other than the
the Regulatory Authorities) whose consent or approval shall be required to consummate the transactions contemplated by th
or in order to permit the succession by the Surviving Corporation to any obligation, right or interest of Seller under any l
agreement, note, mortgage, indenture, lease, license, or other

agreement or instrument, except those for which failure to obtain such consents and approvals would not in the good fai
Buyer, individually or in the aggregate, have a Material Adverse Effect on the Surviving Corporation or upon the consumi
transactions contemplated by this Agreement.

Section 8.6 Material Condition. There shall not be any action taken, or any statute, rule, regulation or order enacted, ente
or deemed applicable to the Merger by any Regulatory Authority which, in connection with the grant of any Consent by an
Authority, imposes, in the judgment of Buyer, any non-standard condition that imposes a material adverse requirement u
any Buyer subsidiary, including, without limitation, any requirement that Buyer sell or dispose of any significant amount of
Seller or any Seller Subsidiary.

Section 8.7 Certification of Claims. Seller shall have delivered a certificate to Buyer that other than as set forth in suc
Seller is not aware of any pending or threatened claim under the directors' and officers' insurance policy or the fidelity bo
Seller.

Section 8.8 Nonperforming Assets. Seller shall not have total non-performing assets (defined as non-accrual loans, accru
debt restructurings ("TDRs"), loans past due 90 days or more and still accruing, and other real estate owned) exceeding $3.
the Measurement Date or have net charge-offs during the period from the date of this Agreement to the Effective Time o
exceeding an aggregate of $1,000,000; provided that those TDRs set forth on Schedule 8.8 hereof which are still perform
terms of the TDRs' forbearance agreement as of the Measurement Date shall be excluded from the definition of non-perf
hereunder.

Section 8.9 Adjusted Stockholders' Equity. Adjusted Stockholders' Equity shall be not less than $15,250,000 as of the Eff
the Merger.

Section 8.10 Transition Period Retention Agreement. Janice Summers shall, if she is living, execute and deliver the Tran
Retention Agreement to the Buyer.

ARTICLE 9

CONDITIONS TO OBLIGATIONS OF SELLER

The obligation of Seller to consummate the Merger as contemplated herein is subject to each of the following conditions, u
as hereinafter provided for:

Section 9.1 Representations and Warranties. The representations and warranties of Buyer and Buyer Bank contained in th
or in any certificate or document delivered pursuant to the provisions hereof will be true and correct, in all material respe
any statement in a representation or warranty expressly contains a standard of materiality, such statement shall be true and
respects taking into consideration the standard of materiality contained therein), as of the Effective Time of the Merger (as
on and as of the Effective Time of the Merger), except to the extent such representations and warranties are by their expre
made as of a specified date and except for changes therein

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contemplated by this Agreement unless the failure of such representations and warranties to be true and correct (ot
representations and warranties contained in Section 4.2(a) which shall be true and correct in all material respects and the re
and warranties contained in Section 4.6 which shall be true and correct in all respects) either individually or in the aggregate
giving effect to any qualification as to materiality or Material Adverse Effect set forth in such representations and warran
have or is not reasonably likely to have a Material Adverse Effect on Buyer and its subsidiaries taken as a whole.

Section 9.2 Performance of Obligations. Buyer and Buyer Bank shall have performed in all material respects all covenant
and agreements required to be performed by them and under this Agreement at or prior to the Effective Time of the Merger.

Section 9.3 Certificate Representing Satisfaction of Conditions. Buyer shall have delivered to Seller a certificate executed
Buyer by its Chief Executive Officer and Chief Financial Officer dated as of the Effective Time of the Merger as to the satis
matters described in Section 9.1 and Section 9.2 hereof, and such certificate shall be deemed to constitute additional rep
warranties, covenants, and agreements of Buyer under Article 4 of this Agreement.

ARTICLE 10

TERMINATION, WAIVER AND AMENDMENT

Section 10.1 Termination.

This Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time of the Merger:

(a) by the mutual consent in writing of the Boards of Directors of Buyer and Seller; or

(b) by the Board of Directors of Buyer or Seller if the Merger shall not have occurred on or prior to September 30, 20
that the failure to consummate the Merger on or before such date is not caused by any breach of any of the representation
covenants or other agreements contained herein by the Party electing to terminate pursuant to this Section 10.1(b); or

(c) by the Board of Directors of Buyer or Seller (provided that the terminating Party is not then in breach of any repr
warranty contained in this Agreement under the applicable standard set forth in Section 8.1 of this Agreement in the case
Section 9.1 of this Agreement in the case of Buyer or in breach of any covenant or agreement contained in this Agreement
of an inaccuracy of any representation or warranty of the other Party contained in this Agreement which cannot be or has n
within thirty (30) days after the giving of written notice to the breaching Party of such inaccuracy and which inaccuracy w
the terminating Party the ability to refuse to consummate the Merger under the applicable standard set forth in Sectio
Agreement in the case of Seller and Section 9.1 of this Agreement in the case of Buyer; or

(d) by the Board of Directors of Buyer or Seller (provided that the terminating Party is not then in breach of any repr
warranty contained in this Agreement under

the applicable standard set forth in Section 8.1 of this Agreement in the case of Seller and Section 9.1 of this Agreement i
Buyer or in breach of any covenant or other agreement contained in this Agreement) in the event of a material breach by th
of any covenant or agreement contained in this Agreement which cannot be or has not been cured within thirty (30) days af
of written notice to the breaching Party of such breach; or

(e) by the Board of Directors of Buyer or Seller in the event (i) any Consent of any Regulatory Authority
consummation of the Merger and the other transactions contemplated hereby shall have been denied by final nonappeala
such authority or if any action taken by such authority is not appealed within the time limit for appeal, or (ii) the sharehold
fail to vote to approve this Agreement and the Merger and the transactions contemplated hereby as required by applicab
Seller Shareholders' Meeting where the transactions were presented to Seller's shareholders for approval and voted up
however, that Seller will only be entitled to terminate this Agreement pursuant to this clause if it has complied in all mate
with its obligations under Section 5.5; or

(f) by the Board of Directors of Buyer or Seller (provided that the terminating Party is not then in breach of any repr
warranty contained in this Agreement under the applicable standard set forth in Section 8.1 of this Agreement in this case
Section 9.1 of this Agreement in the case of Buyer or in breach of any covenant or agreement contained in this Agreement) u
of written notice of termination at the time that it is determined that any of the conditions precedent to the obligations of
consummate the Merger (other than as contemplated by Section 10.1(e) of this Agreement) cannot be satisfied or fulfille
specified in Section 10.1(b) of this Agreement; or

(g) by the Board of Directors of Buyer, (i) if Seller fails to hold the Seller Shareholders' Meeting to vote on the Agre
the time frame set forth in Section 5.4 hereof, or (ii) if Seller's Board of Directors either (A) fails to recommend, or fails t
recommendation, that the shareholders of Seller vote in favor of the adoption of this Agreement, or (B) modifies, withdraw
in any manner adverse to Buyer its recommendation that the shareholders of Seller vote in favor of the adoption of this A
publicly discloses its intent to do so; or

(h) by the Board of Directors of Seller prior to obtaining shareholder approval of the Merger, in the event that, after it
a Superior Proposal in compliance with Section 5.5 hereof and otherwise complied with its obligations under Section 5
makes the determination in good faith after receipt of the advice of legal counsel that such action of accepting such Superio
required in order for the Board to comply with its fiduciary duties under applicable law, and, provided that Seller is not in
provisions of this Agreement, including, but not limited to Section 5.5 hereof, in the exercise of its fiduciary duty, to te
Agreement and accept a Superior Proposal (as defined in Section 5.5) provided, however, that this Agreement may be te
Seller pursuant to this Section 10.1(h) only after the fourth calendar day following Buyer's receipt of written notice from S
Buyer that Seller is prepared to enter into an acquisition agreement with respect to such Superior Proposal, and only if, (i
four-calendar day period, Seller has caused its financial and legal advisors to negotiate with Buyer in good faith (to the ex
willing to do so) to make such adjustments in the terms and conditions of this Agreement such that that such Superior Propo
longer constitute a Superior Proposal, (ii) Seller's Board of

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Directors has considered such adjustments in the terms and conditions of this Agreement resulting from such negotiat concluded in good faith, based upon consultation with legal and financial advisors that such Superior Proposal remain Proposal even after giving effect to the adjustments proposed by Buyer, and (iii) Seller has paid the Termination Fee set for 10.2; or

(i) by the Board of Directors of Seller, if the Seller Board of Directors so determines by a majority vote of the me entire Seller Board of Directors, at any time during the five-day period commencing on the Determination Date (as defined termination to be effective on the 30th day following such Determination Date, if and only if both of the following co satisfied:

(1) the Buyer Market Value (as defined herein) on the Determination Date is less than 85% of the Initial Buyer Mar defined herein); and

(2) the number obtained by dividing the Buyer Market Value on the Determination Date by the Initial Buyer Market V less than the number obtained by dividing (x) the Final Index Price by (y) the Initial Index Price minus 0.15;

subject, however, to the following three sentences. If Seller elects to exercise its termination right pursuant to this Section 1 give prompt written notice thereof to Buyer. During the five business day period commencing with its receipt of such notice have the option, at its sole discretion, of paying additional Merger Consideration by increasing the Stock Consideration to eq of: (A) the quotient the numerator of which is equal to the product of the Initial Buyer Market Value, the Exchange Rat effect), and the Index Ratio minus 0.15, and the denominator of which is the Buyer Market Value on the Determination D quotient obtained by dividing the Initial Buyer Market Value by the Buyer Market Value on the Determination Date and m quotient by the product of the Stock Consideration (as then in effect) and 0.85. If within such five business day period, B written notice to Seller that it intends to proceed with the Merger by paying such additional consideration as contemp preceding sentence, then no termination shall have occurred pursuant to this Section 10.1(i), and this Agreement shall remai and effect in accordance with its terms (except that the Stock Consideration shall have been so modified).

For purposes of this Section 10.1(i) only, the following terms shall have the meanings indicated below:

"Determination Date" means the first date on which all Consents of Regulatory Authorities (and waivers, if applicable consummation of the Merger and the Bank Merger have been received (disregarding any waiting period).

"Index" means the NASDAQ Bank Index or, if such Index is not available, such substitute or similar index as substantiall NASDAQ Bank Index.

"Index Ratio" means the quotient obtained by dividing the Final Index Price divided by the Initial Index Price.

"Initial Buyer Market Value" means $23.87, adjusted as indicated in the last sentence of this Section 10.1(i).

"Initial Index Price" means the closing value of the Index as of December 14, 2012.

"Final Index Price" means the average of the daily closing values of the Index for the twenty consecutive trading day preceding the Determination Date.

"Buyer Market Value" means, as of any specified date, the average of the daily closing sales prices of a share of Buyer Co reported on the Nasdaq Stock Market for the twenty consecutive trading days immediately preceding such specified date.

If Buyer or any company belonging to the Index declares or effects a stock dividend, reclassification, recapitalizati combination, exchange of shares or similar transaction between the date of this Agreement and the Determination Date, the common stock of such company shall be appropriately adjusted for the purposes of applying this Section 10.1(i).

Section 10.2 Effect of Termination; Termination Fee.

(a) In the event of the termination and abandonment of this Agreement pursuant to Section 10.1, this Agreement sh and have no effect, except as otherwise provided herein and except that the provisions of this Section 10.2, Section 10.5 and this Agreement shall survive any such termination and abandonment.

(b) If, after the date of this Agreement, Buyer terminates this Agreement in accordance with Section 10.1(g) or Sell this Agreement pursuant to Section 10.1(h), Seller shall be obligated to pay Buyer a fee of $650,000 as an agreed-upon term immediately available funds within one (1) business day of such termination (the "Termination Fee"). In addition, if, afte an Acquisition Transaction has been publicly announced by any person or entity, Buyer terminates this Agreement pursua 10.1(e)(ii), Seller shall be obligated to pay Buyer a fee of $275,000 in immediately available funds within one business notice of termination as reimbursement for its time and expenses associated with negotiating this Agreement, and if an Transaction is consummated or a definitive agreement is entered into by Seller relating to an Acquisition Transaction, in within fifteen (15) months of the termination of this Agreement pursuant to Section 10.1(e)(ii), Seller shall be obligated to p Termination Fee, less any amounts previously paid at the time this Agreement was terminated.

(c) Seller and Buyer agree that the Termination Fee is fair and reasonable in the circumstances. If a court of competen shall nonetheless, by a final, nonappealable judgment, determine that the amount of any such Termination Fee exceeds t amount permitted by law, then the amount of such Termination Fee shall be reduced to the maximum amount permitted circumstances, as determined by such court of competent jurisdiction.

(d) Except as otherwise provided in Section 10.5, the Termination Fee shall be Buyer and Buyer Bank's sole and exclu
and relief against Seller and Seller Bank.

Section 10.3 Amendments. To the extent permitted by law, this Agreement may be amended by a subsequent writing sign
Buyer, Buyer Bank, Seller and Seller Bank.

Section 10.4 Waivers. Subject to Section 11.11 hereof, prior to or at the Effective Time of the Merger, Buyer, on the o
Seller, on the other hand, shall have the right to waive any default in the performance of any term of this Agreement by
waive or extend the time for the compliance or fulfillment by the other of any and all of the other's obligations under this A
to waive any or all of the conditions to its obligations under this Agreement, except any condition, which, if not satisfied, w
the violation of any law or any applicable governmental regulation.

Section 10.5 Non-Survival of Representations, Warranties and Covenants.

(a) The representations, warranties, covenants or agreements in this Agreement or in any instrument delivered by Bu
shall not survive the Effective Time of Merger, except that Section 5.3(b), Section 6.3, Section 6.4 and Section 10.2 sha
Effective Time of the Merger, and any representation, warranty or agreement in any agreement, contract, report, opinion, u
other document or instrument delivered hereunder in whole or in part by any person other than Buyer or Seller (or director
thereof in their capacities as such) shall survive the Effective Time of Merger; provided that no representation or warrant
Seller contained herein shall be deemed to be terminated or extinguished so as to deprive Buyer, on the one hand, and Seller
hand, of any defense at law or in equity which any of them otherwise would have to any claim against them by any perso
without limitation, any shareholder or former shareholder of either Party. No representation or warranty in this Agreer
affected or deemed waived by reason of the fact that Buyer or Seller and/or its representatives knew or should have known
representation or warranty was, is, might be or might have been inaccurate in any respect.

(b) Except as provide in Section 10.2, if this Agreement is terminated pursuant to Section 10.1, no Party shall be e
relief from any other Party, except where this Agreement is terminated due to a willful and material breach, in wh
non-breaching Parties shall be entitled to all remedies available at law or in equity against the breaching Parties.

(c) The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreem
performed in accordance with their specific terms. It is accordingly agreed that the Parties shall be entitled to specific perfo
terms hereof, without the necessity of demonstrating irreparable harm or posting of any bond or security, in addition
remedies to which they are entitled at law or equity. Time is of the essence for performance of the agreements, covenants an
of the Parties hereto.

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ARTICLE 11

MISCELLANEOUS

Section 11.1 Definitions. Except as otherwise provided herein, the capitalized terms set forth below (in their singular and as applicable) shall have the following meanings:

"Affiliate" of a person shall mean (i) any other person directly or indirectly through one or more intermediaries controlling, under common control of such person, (ii) any officer, director, partner, employer or direct or indirect beneficial owner o greater equity or voting interest of such person or (iii) any other persons for which a person described in clause (ii) act capacity.

"Consent" shall mean a consent, approval or authorization, waiver, clearance, exemption or similar affirmation by any per any lease, contract, permit, law, regulation or order.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Environmental Law" means any federal, state or local law, common law, statute, ordinance, rule, regulation, code, l authorization, approval, consent, order, judgment, decree, opinion, agency requirement or injunction relating to (i) th preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, d supply, surface soil, subsurface soil, plant and animal life or any other natural resource), (ii) the handling, exposure to, recycling, treatment, generation, transportation, processing, handling, labeling, production, release, threatened release, e disposal of any Hazardous Material, or (iii) noise, odor, wetlands, indoor air, pollution, contamination or any injury or threa persons or property involving any Hazardous Material.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean, with respect to any Person, any other Person that, together with such Person, would be tre employer under Section 414 of the Code or Section 4001 of ERISA.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time.

"Hazardous Material" means any substance (whether solid, liquid or gas) in any concentration that is: (1) listed, classifi pursuant to any Environmental Law; (2) any petroleum or coal product or by-product, friable asbestos-containing m formaldehyde foam insulation, lead-containing paint, polychlorinated biphenyls, microbial matter which emits mycoto harmful to human health, radioactive materials or radon; or (3) any other substance that may be the subject of regulatory governmental authority or a source of liability pursuant to any Environmental Law.

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"Knowledge" as used with respect to a Party (including references to such Party being aware of a particular matter) shall m
that are known by the executive officers and directors of such Party and its subsidiaries and includes any facts, matters or c
set forth in any written notice from any bank regulatory agencies or any other material written notice received by tha
subsidiaries.

"Loan Property" means any property in which Seller or any of the Seller Subsidiaries holds a security interest, and, where
context, includes the owner or operator of such property, but only with respect to such property.

"Material Adverse Effect," with respect to any Party, shall mean any event, change or occurrence which, together with a
change or occurrence, has a material adverse impact on (i) the financial position, business or results of operation, financial
or prospects of such Party and their respective subsidiaries, if any, taken as a whole, or (ii) the ability of such Party t
obligations under this Agreement or to consummate the Merger and the other transactions contemplated by this Agreeme
however, that "Material Adverse Effect" shall not be deemed to include changes, effects, events, occurrences or state of f
(with respect to (B), (C) and (D), to the extent the effect of a change on such Party is not substantially disproportionate to
comparable U.S. banking organizations) (A) the direct effects of complying with the terms of this Agreement including
incurring and paying reasonable expenses in connection with negotiating, entering into, performing and consummating the
contemplated by this Agreement, (B) changes in applicable laws or the interpretation thereof after the date hereof and the tal
in compliance therewith, (C) changes in GAAP or the interpretation thereof after the date hereof, (D) changes in the econom
markets, including changes in market interest rates, and (E) any action taken by Buyer or Seller at the written request of the o

"Participation Facility" means any facility in which Seller or any subsidiary has engaged in Participation in the Manag
facility, and, where required by the context, includes the owner or operator of such facility, but only with respect to such faci

"Participation in the Management" of a facility has the meaning set forth in 40 C.F.R. § 300.1100(c).

"Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organ
entity.

"Regulatory Authorities" shall mean, collectively, the Federal Trade Commission, the United States Department of Justi
Reserve, the OCC, the Pennsylvania Department of Banking and all other state regulatory agencies having jurisdiction ove
the Financial Institution Regulatory Authority, all national securities exchanges and the SEC.

Section 11.2 Entire Agreement. This Agreement and the documents referred to herein contain the entire agreement a
Buyer Bank, Seller and Seller Bank with respect to the transactions contemplated hereunder and this Agreement supers
arrangements or understandings with respect thereto, whether written or oral with the exception of the Confidentiality Agr
June 5, 2012 between Buyer and Seller which will survive the

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execution and delivery of this Agreement. The terms and conditions of this Agreement shall inure to the benefit of and be
the Parties hereto and their respective permitted successors. Except as expressly set forth in Sections 6.3 and 6.4 of this
nothing in this Agreement, expressed or implied, is intended to confer upon any Person, other than the Parties hereto and th
successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 11.3 Notices. All notices or other communications which are required or permitted hereunder shall be in writing a
if delivered personally, sent by a nationally recognized overnight delivery service or sent by first class or registered or c
postage prepaid, telegram or telex or other facsimile transmission addressed as follows:

If to Seller:

Roebling Financial Corp, Inc.
Route 130 South and Delaware Avenue
Roebling, New Jersey 08554
Attention: Scott Horner
Fax Number: (609) 518-5490

If to Buyer, then to:

TF Financial Corporation
3 Penns Trail
Newtown, Pennsylvania 18940
Attention: Kent Lufkin, President and CEO
Fax Number: (215) 579-4848

With a copy to:

Spidi & Fisch, PC
1227 25th Street, NW
Suite 200 West
Washington, DC 20037
Attention: John J. Spidi, Esq.
Fax Number: (202) 434-4661

All such notices or other communications shall be deemed to have been delivered (i) upon receipt when delivery is made by
the business day after being deposited with a nationally recognized overnight delivery service, (iii) on the third (3rd) busin
deposit in the United States mail when delivery is made by first class, registered or certified mail, and (iv) upon transmissio
by facsimile transmission if evidenced by a sender transmission completed confirmation.

Section 11.4 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court
jurisdiction or other competent authority to be invalid, void or unenforceable or against public or regulatory policy, the rem
terms,

provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and in no way shal
impaired or invalidated, if, but only if, pursuant to such remaining terms, provisions, covenants and restrictions the Me
consummated in substantially the same manner as set forth in this Agreement as of the later of the date this Agreement wa
last amended. Upon such a determination, the parties hereto will negotiate in good faith in an effort to agree upon a
equitable substitute provision to effect the original intent of the parties hereto.

Section 11.5 Costs and Expenses. Except as otherwise set forth herein, expenses incurred by Seller on the one hand and
other hand, in connection with or related to the authorization, preparation and execution of this Agreement, the solicitation o
approval and all other matters related to the closing of the transactions contemplated hereby, including all fees and expens
representatives, counsel and accountants employed by either such Party or its Affiliates, shall be borne solely and entirely
which has incurred same.

Section 11.6 Captions. The captions as to contents of particular articles, sections or paragraphs contained in this Agree
table of contents hereto are inserted only for convenience and are not to be construed as part of this Agreement or as a lim
scope of the particular articles, sections or paragraphs to which they refer.

Section 11.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deeme
but all of which together shall constitute one and the same document with the same force and effect as though all Parties had
same document. A facsimile or other electronic copy of a signature page shall be deemed to be an original signature page.

Section 11.8 Persons Bound; No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the P
and their respective successors, distributees, and assigns, but notwithstanding the foregoing, this Agreement may not be ass
Party hereto unless the prior written consent of the other Parties is first obtained (other than by Buyer to a subsidiary of Bu
that Buyer remains primarily liable for all of its obligations under the Agreement).

Section 11.9 Governing Law. This Agreement is made and shall be governed by and construed in accordance with th
Commonwealth of Pennsylvania (without respect to its conflicts of laws principles) except to the extent federal law may app

Section 11.10 Exhibits and Schedules. Each of the exhibits and schedules attached hereto is an integral part of this Agreem
be applicable as if set forth in full at the point in the Agreement where reference to it is made.

Section 11.11 Waiver. The waiver by any Party of the performance of any agreement, covenant, condition or warranty con
shall not invalidate this Agreement, nor shall it be considered a waiver of any other agreement, covenant, condition or warra
in this Agreement. A waiver by any Party of the time for performing any act shall not be deemed a waiver of the time for pe
other act or an act required to be performed at a later time. The exercise of any remedy provided by law, equity or other
provisions in this

Agreement for any remedy shall not exclude any other remedy unless it is expressly excluded. The waiver of any prov
Agreement must be signed by the Party or Parties against whom enforcement of the waiver is sought. This Agreement and
memorandum or schedule hereto or delivered in connection herewith may be amended only by a writing signed on behalf
hereto.

Section 11.12 Construction of Terms. Whenever used in this Agreement, the singular number shall include the plural and
singular. Pronouns of one gender shall include all genders. Accounting terms used and not otherwise defined in this Agreem
meanings determined by, and all calculations with respect to accounting or financial matters unless otherwise provided for
be computed in accordance with generally accepted accounting principles, consistently applied. References herein to artic
paragraphs, subparagraphs or the like shall refer to the corresponding articles, sections, paragraphs, subparagraphs or th
Agreement. The words "hereof", "herein", and terms of similar import shall refer to this entire Agreement. Unless th
requires otherwise, the use of the terms "including", "included", "such as", or terms of similar meaning, shall not be con
exclusion of any other particular elements. The recitals hereto constitute an integral part of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered, and their res hereunto affixed, by their officers thereunto duly authorized, and have caused this Agreement to be dated as of the date a above written.

TF FINANCIAL CORPORATION

By: /s/ Kent C. Lufkin
Name: Kent C. Lufkin
Title: President and Chief Executive Off

ATTEST:
/s/ Lorraine A. Wolf
Name: Lorraine A. Wolf
Its Secretary

3RD FED BANK

By: /s/ Kent C. Lufkin
Name: Kent C. Lufkin
Title: President and Chief Executive Off

ATTEST:
/s/ Lorraine A. Wolf
Name: Lorraine A. Wolf
Its Secretary

ROEBLING FINANCIAL CORP, INC.

By: /s/ John J. Ferry
Name: John J. Ferry
Title: Chairman

ATTEST:
/s/ Joan K. Geary
Name: Joan K. Geary
Its Secretary

ROEBLING BANK

By: /s/ John J. Ferry
Name: John J. Ferry
Title: Chairman

ATTEST:
/s/ Joan K. Geary
Name: Joan K. Geary
Its Secretary

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ANNEX B

December 17, 2012

Board of Directors
Roebling Financial Corp, Inc.
Roebling Bank
Route 130 South & Delaware Avenue
Roebling, NJ 08554

Dear Board Members:

You have requested our written opinion, as an independent financial advisor to Roebling Financial Corp, Inc. ("RBLG") as t from a financial point of view to RBLG and its stockholders, of the consideration as proposed in the Agreement and Plan of and among TF Financial Corporation ("THRD") and RBLG (the "Agreement"), pursuant to which RBLG will merge with T Roebling Bank will merge with 3rd Fed Bank.

Pursuant to the Agreement, RBLG stockholders shall receive 0.3640 shares of THRD's stock or $8.60 per share in cash for e RBLG outstanding. The consideration mix is 50% stock and 50% cash. Each shareholder of RBLG can elect to receive stoc some combination of stock and cash, subject to the overall consideration mix being 50% stock and 50% cash. Based upon T closing price of $24.07 per share on December 13, 2012, the aggregate deal value is $14.6 million.

FinPro Capital Advisors, Inc. ("FCA") provides valuation and merger advisory services to the bank and thrift industry, inclu and valuations of bank and thrift institutions and their securities in connection with mergers, acquisitions and other securities transactions. FCA has knowledge of and experience with the Mid Atlantic bank and thrift market and financial institutions o this market. RBLG's Board chose FCA because of its expertise, experience and familiarity with the bank and thrift industry

RBLG retained FCA to advise the Board of Directors of RBLG in connection with its merger and acquisition activities and F paid a fee for rendering its fairness opinion. FCA acted as financial advisor to RBLG in connection with the merger and wil total advisory fees equal to 1.0% of the Aggregate Sale Price or approximately $150 thousand, a large portion of which is co upon the consummation of the merger. Additionally, RBLG has agreed to reimburse FCA for its out-of-pocket expenses and to indemnify FCA and certain related persons against certain liabilities possibly incurred in connection with the services perf

FCA has never provided services to RBLG prior to the engagement referenced above and has never provided services to TH parent FinPro, Inc. has provided professional consulting services to RBLG. The fees paid to FinPro, Inc. by RBLG for such not material relative to FinPro, Inc.'s annual gross revenues. FinPro, Inc. has not provided provides professional services to the past two years.

In connection with its opinion, FCA reviewed and considered, among other things:

- the Agreement and the exhibits thereto;
- historic changes in the market for bank and thrift stocks;
- both RBLG's and THRD's trading history;

20 Church Street P.O. Box 323 Liberty Corner, NJ 07938-0323 Tel: 908.604.9336 Fax: 908.604.5951
FinPro Capital Advisors, Inc. (Member FINRA/SIPC) is a wholly owned subsidiary of FinPro, Inc.

- the Agreement and the exhibits thereto;
- historic changes in the market for bank and thrift stocks;
- both RBLG's and THRD's trading history;
- trends and changes in the financial condition and results from operations of RBLG and THRD;
- Roebling Bank's and 3rd Fed Bank's 2012 CALL reports;
- RBLG's and THRD's 2010 and 2011 annual reports;
- RBLG's and THRD's current strategic plans;
- RBLG's and THRD's 2011 and 2012 SEC filings; and
- the written agreement between Roebling Bank and the Office of the Comptroller of the Currency.

We had discussions with the management of RBLG and THRD regarding their financial results and have analyzed the most c
financial data available for RBLG and THRD. We considered financial studies, analyses and investigations and economic an
information that we deemed relevant. We also considered the potential pro forma financial impact of the acquisition. In add
analyzed the trading values of RBLG and THRD relative to comparable financial institutions.

We considered certain financial data of RBLG and compared that data to other banks, thrifts and their holding companies tha
recently merged or acquired. Furthermore, we considered the financial terms of these business combinations involving these
and their holding companies. We considered a range of potential investment values for RBLG's shares on a present basis as
successful execution of its strategic plan.

FCA did not independently verify the financial data provided by or on behalf of RBLG or THRD, but instead relied upon and
the accuracy and completeness of the data provided.

FCA expresses no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees
to the transaction relative to the consideration to be paid to RBLG shareholders in the transaction or with respect to the fairne
such compensation. The issuance of this opinion has been approved by our Fairness Opinion Committee.

In reaching our opinion, we took into consideration the financial benefits of the proposed transaction to RBLG stockholders.
all factors deemed relevant and assuming the accuracy and completeness of the information and data provided by RBLG and
FCA's opinion, as of this date, that the merger consideration being offered by THRD is fair from a financial point of view to
its stockholders.

Respectfully Submitted,

FinPro Capital Advisors, Inc.
Liberty Corner, New Jersey

20 Church Street P.O. Box 323 Liberty Corner, NJ 07938-0323 Tel: 908.604.9336 Fax: 908.604.5951
FinPro Capital Advisors, Inc. (Member FINRA/SIPC) is a wholly owned subsidiary of FinPro, Inc.

ANNEX C

FORM OF SUPPORT AGREEMENT

SUPPORT AGREEMENT (this "Agreement"), dated as of December ___, 2012, by and between TF FINANCIAL COR
Pennsylvania corporation ("Buyer"), ROEBLING FINANCIAL CORP, INC., a New Jersey Corporation ("Seller") and
holder (the "Shareholder") of shares of common stock, $0.10 par value of Seller (the "Seller Shares").

WHEREAS, concurrently with the execution of this Agreement, Buyer, Buyer Bank, Seller and Seller Bank have en
Agreement and Plan of Merger (as such agreement may be subsequently amended or modified, the "Merger Agreement")
among other things, the merger of Seller with and into Buyer (the "Merger");

WHEREAS, as of the date of this Agreement, the Shareholder beneficially owns and has sole or shared voting power with
number of shares of Seller Shares, and holds stock options or other rights to acquire the number of shares of Seller Shares,
Schedule 1 attached hereto;

WHEREAS, as used herein, the term "Shares" means all shares of Seller Shares held by the Shareholder on the date of this
all shares of Seller Shares that the Shareholder purchases, acquires the right to vote or acquires beneficial ownership of (
Rule 13d-3 of the Exchange Act) prior to the Expiration Date (as defined in Section 2 below), whether by the exercise
options or otherwise;

WHEREAS, it is a condition to the willingness of Buyer to enter into the Merger Agreement that the Shareholder execute an
Agreement; and

WHEREAS, all capitalized terms used in this Agreement without definition herein shall have the meanings ascribed to
Merger Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements contained herein, an
and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally boun
Shareholder and Buyer agree as follows:

1. Agreement to Vote Shares. The Shareholder agrees that, prior to the Expiration Date (as defined in Section 2 hereof), at
of the shareholders of Seller, or any adjournment or postponement thereof, or in connection with any written consent of the
of Seller, with respect to the Merger, the Merger Agreement or any Acquisition Transaction (as such term is defined i
Agreement), the Shareholder shall:

(a) appear at such meeting or otherwise cause the Shares to be counted as present thereat for purposes of calculating a quor

(b) vote (or cause to be voted), or execute and deliver a written consent (or cause a written consent to be executed an
covering, all of the Shares that such Shareholder shall be entitled to so vote (i) in favor of adoption and approval o
Agreement and the transactions contemplated thereby, including the Merger, and any action that could reasonably be
facilitate the Merger;

(ii) against any action, proposal, transaction or agreement that could reasonably be expected to result in a breach of a representation or warranty, or any other obligation or agreement, of Seller contained in the Merger Agreement or of the contained in this Agreement, or that could reasonably be expected to impede, interfere with, delay, discourage, adversely or preclude the timely consummation of the Merger or the fulfillment of a condition under the Merger Agreement to Seller respective obligations to consummate the Merger or change in any manner the voting rights of any class of shares of Sell any amendments to Seller's articles of incorporation or bylaws); and (iii) against any Acquisition Transaction, or any transaction that is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adv the consummation of the Merger or any of the transactions contemplated by the Merger Agreement.

Any such vote shall be cast or consent shall be given in accordance with such procedures relating thereto so as to ensure counted for purposes of determining that a quorum is present and for purposes of recording the results of such vote or conser

2. Expiration Date. As used in this Agreement, the term "Expiration Date" shall mean the earliest to occur of (a) the E (b) the date the Merger Agreement is terminated pursuant to Article Ten thereof, or (c) written notice by Buyer to Share termination of this Agreement. Upon termination or expiration of this Agreement, no party shall have any further o liabilities under this Agreement; provided, however, that such termination or expiration shall not relieve any party from lia willful breach of this Agreement prior to the termination or expiration hereof.

3. Agreement to Retain Shares; No Voting Trusts.

(a) Until the Expiration Date, the Shareholder shall not, except as contemplated by this Agreement or the Merge directly or indirectly, sell, assign, transfer, offer, exchange, pledge or otherwise dispose of or encumber (including, without the creation of a Lien, as defined in Section 4(c) below) (each, a "Transfer"), or enter into any contract, option, comm arrangement or understanding with respect to, or consent to, any Transfer of, any Shares beneficially owned by the Share Shareholder's voting or economic interest therein. Notwithstanding the foregoing, the Shareholder may make Transfers (i) operation of law, in which case this Agreement shall bind the transferee, (ii) in connection with estate and charitable plann including Transfers to relatives, trusts and charitable organizations, subject to the transferee's agreement in writing, in form reasonably satisfactory to Buyer, to be bound by the terms of, and perform the obligations of the Shareholder under, this A (iii) with Buyer's prior written consent, such consent to be granted or withheld in Buyer's sole discretion; provided that t shall notify the Buyer in writing prior to any such Transfer in accordance with (i) – (iii) of this paragraph.

(b) The Shareholder agrees that the Shareholder shall not, and shall not permit any entity under the Shareholde deposit any of the Shares in a voting trust, grant any

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proxies with respect to the Shares or subject any of the Shares to any arrangement with respect to the voting of the Shar
agreements entered into with the Buyer.

4. Representations and Warranties of Shareholder. The Shareholder hereby represents and warrants to Buyer as follows:

(a) the Shareholder has the complete and unrestricted power and the unqualified right to enter into, execute, deliver an obligations under this Agreement, and no consent, approval, authorization or filing on the part of the Shareholder i connection therewith, and if the Shareholder is married, no consent of the Shareholder's spouse is necessary under ar property" or other laws in order for the Shareholder to enter into and perform its obligations under this Agreement;

(b) this Agreement has been duly and validly executed and delivered by the Shareholder and, assuming this Agreement valid and binding agreement of Buyer, is a valid and legally binding agreement of the Shareholder, enforceabl Shareholder in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting credito general equity principles);

(c) the Shareholder beneficially owns the number of Shares indicated on Schedule 1 (the "Original Shares"), free and cle claims, charges or other encumbrances or restrictions of any kind whatsoever ("Liens");

(d) except pursuant to this Agreement, the Shareholder has sole, and otherwise unrestricted, voting and investment power w the Original Shares, and there are no options, warrants or other rights, agreements, arrangements or commitments of an which the Shareholder is a party relating to the pledge, disposition or voting of any of the Original Shares and there trusts or voting agreements with respect to the Original Shares;

(e) the Shareholder does not beneficially own any shares of Seller Shares other than (i) the Original Shares and (ii) any opti or other rights to acquire any additional shares of Seller Shares or any security exercisable for or convertible into sh Shares indicated on Schedule 1; and

(f) the execution and delivery of this Agreement by the Shareholder does not, and the performance by the Shareholder of obligations hereunder and the consummation by the Shareholder of the transactions contemplated hereby will not, viol with, or constitute a breach of or default (with or without notice or lapse of time or both) under, any agreement, instru or other obligation or any order, arbitration award, judgment or decree to which the Shareholder is a party or b Shareholder is bound, or any statute, rule or regulation to which the Shareholder or the Shareholder's property or assets i

subject or, in the event that the Shareholder is a corporation, partnership, trust or other entity, any by
organizational document of the Shareholder.

5. No Solicitation. From and after the date hereof until the Expiration Date, the Shareholder, solely in his, her or its shareholder of Seller, shall not, nor shall such Shareholder authorize any partner, officer, director, advisor or representa Shareholder or any of his, her or its affiliates to (and, to the extent applicable to the Shareholder, such Shareholder shall u best efforts to prohibit any of his, her or its representatives or affiliates to), (a) initiate, solicit, induce or knowingly encou any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected Acquisition Transaction, (b) participate in any discussions or negotiations regarding any Acquisition Transaction, or furnish, afford access, to any person (other than Buyer) any information or data with respect to Seller or any Seller Subsidiary relating to an Acquisition Transaction, (c) enter into any agreement, agreement in principle or letter of intent with Acquisition Transaction, (d) solicit proxies or become a “participant” in a “solicitation” (as such terms are defined in Regu the Exchange Act) with respect to an Acquisition Transaction (other than the Merger Agreement) or otherwise encourage party in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhib consummation of the Merger in accordance with the terms of the Merger Agreement, (e) initiate a shareholders’ vote or acti of Seller’s shareholders with respect to an Acquisition Transaction, or (f) except by reason of this Agreement, become a “group” (as such term is used in Section 13(d) of the Exchange Act) with respect to any voting securities of Seller that tak support of an Acquisition Transaction. The provisions hereof shall not apply to action taken by the Shareholder in his or her director or officer of Seller or Seller Bank.

6. Specific Enforcement. The Shareholder has signed this Agreement intending to be legally bound thereby. The parties that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the and the Shareholder expressly agrees that this Agreement shall be specifically enforceable in any court of competent ju accordance with its terms against the Shareholder, in addition to any other remedy that Buyer may have at law or in equit covenants and agreements contained in this Agreement shall be binding upon, and inure to the benefit of, the respective pa permitted successors, assigns, heirs, executors, administrators and other legal representatives, as the case may be, b otherwise specifically provided herein, neither this Agreement nor any of the rights, interests or obligations of the Shareho may be assigned without the prior written consent of Buyer.

7. No Waivers. No waivers of any breach of this Agreement extended by Buyer to the Shareholder shall be construed as a rights or remedies of Buyer with respect to any other shareholder of Seller who has executed an agreement substantially i this Agreement with respect to Seller Shares beneficially owned by such shareholder or with respect to any subsequent b Shareholder or any other such shareholder of Seller. No waiver of any provisions hereof by either party shall be deemed a other provisions hereof by any such party, nor shall any such waiver be deemed a continuing waiver of any provision he party.

8. No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in Buyer any direct or indirect
incidence of ownership of or with respect to any of the Shares. All rights, ownership and economic benefits of and relating
shall remain vested in and belong to the Shareholder, and Buyer shall have no authority to direct the Shareholder in
disposition of any of the Shares, except as otherwise provided in this Agreement.

9. Capacity as Shareholder. Except for the provisions of Section 17 hereto, the Shareholder is signing this Agreement
Shareholder's capacity as a shareholder of Seller, and not in the Shareholder's capacity as a director, officer or employee
of its Subsidiaries or in the Shareholder's capacity as a trustee or fiduciary of any employee benefit plan or trust. No
anything herein to the contrary, nothing herein shall in any way (a) restrict a director and/or officer of Seller or Selle
exercise of his or her fiduciary duties, consistent with the terms of the Merger Agreement, as a director and/or officer of Se
Bank or in his or her capacity as a trustee or fiduciary of any employee benefit plan or trust, or (b) prevent any obligation
any director and/or officer of Seller or Seller Bank or any trustee or fiduciary of any employee benefit plan or trust fro
action or omitting to take any action in such capacity, or be construed to create any such obligation.

10. Entire Agreement; Amendments. This Agreement supersedes all prior agreements, written or oral, between the partie
respect to the subject matter hereof and contains the entire agreement between the parties with respect to the subject matter
Agreement may not be amended, supplemented or modified, and no provisions hereof may be modified or waived,
instrument in writing signed by each party hereto.

11. Further Assurances. From time to time and without additional consideration, the Shareholder shall execute and delive
be executed and delivered, such additional transfers, assignments, endorsements, proxies, consents and other instruments,
such further actions, as Buyer may request for the purpose of carrying out and furthering the purpose and intent of this Agre

12. Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of bein
any rule of law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force
long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially a
party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the partie
negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible
acceptable manner in order that the transactions contemplated hereby are fulfilled to the greatest extent possible.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an origi
which together shall constitute one and the same instrument.

14. Public Disclosure. The Shareholder shall not issue or cause the publication of any press release or other public announc
extent not previously issued or made in

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accordance with the Merger Agreement) with respect to this Agreement, the Merger Agreement or the transactions contem
Merger Agreement, without the prior consent of Buyer. The Shareholder hereby permits Buyer to publish and disclose in a
and/or schedule filed by Buyer with the SEC and in any press release or other disclosure document the Shareholder's
ownership of Shares and the nature of the Shareholder's commitments and obligations pursuant to this Agreement.

15. Governing Law; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the Comm
Pennsylvania, without giving effect to the conflicts of laws principles thereof that would cause the application of the laws
jurisdiction.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JU
LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONT
HEREBY.

16. No Agreement Until Executed. Irrespective of negotiations among the parties or the exchanging of drafts of this Ag
Agreement shall not constitute or be deemed to evidence a contract, agreement, arrangement or understanding between the
unless and until (a) the Board of Directors of Seller has approved, for purposes of any applicable anti-takeover laws and re
any applicable provision of Seller's articles of incorporation or bylaws, the Merger pursuant to the Merger Agreement, (
Agreement is executed by all parties thereto, and (c) this Agreement is executed by all parties hereto.

17. Other Agreements.

(a) Shareholder hereby acknowledges that he or she has been notified by the Seller and Seller Bank that the Sell
Bank Directors' Change in Control Severance Plan will be terminated prior to the Effective Time of the Merger. The Share
acknowledges and agrees that, as a result of such plan termination, he or she shall not have any right to receive any benefits,
benefits, under such plan as a result of any service as a director of Seller or Seller Bank with respect to the Merger betwe
Seller or Buyer Bank and Seller Bank.

(b) Shareholder hereby acknowledges that he or she has been notified by the Seller and Seller Bank that the Merge
requires Seller and/or Seller Bank to make a filing with the Federal Reserve Board ("FRB"), OCC and/or FDIC relating to
Seller Bank Directors' Retirement and Consultation Plan and the benefits payable under such plan being exempt from the l
restrictions of FDIC regulations codified at 12 CFR Part 359. The Shareholder further acknowledges that the benefits pa
Shareholder or related beneficiaries as a result of any service as a director of Seller or Seller Bank under such Directors' R
Consultation Plan will not exceed the accrued liability of his or her individual benefit, calculated in accordance with gener
accounting principles, on the financial books and records of the Seller an/or Seller Bank, with the amount thereof as of S
2012 being set forth on Schedule 6.3(i) to the Merger Agreement (and provided

that the amount payable shall included additional accruals made in the ordinary course and in accordance with GAAP Effective Time), and that payment thereof is subject to receipt by Seller and/or Seller Bank of non-objection from the FRB FDIC

(c) Notwithstanding anything herein to the contrary, the provisions of this Section 17 shall survive the expi Agreement as a result of the consummation of the Merger of Seller and Buyer or between Seller Bank and Buyer Bank.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have caused this Support Agreement to be duly executed as of the day and yea
above.

SHAREHOLDER

Name:

TF FINANCIAL CORPORATION

By:
Name:
Title:

ROEBLING FINANCIAL CORP, INC.

By:
Name:
Title:

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 20. Indemnification of Officers and Directors

The Registrant has authority under the Pennsylvania Business Corporation Law to indemnify its directors and officers
provided in such statute. The Registrant's Articles of Incorporation provide that the Registrant shall indemnify its executiv
directors to the fullest extent permitted by law either now or hereafter. In general, Pennsylvania law permits a Pennsylvani
to indemnify its directors, officers, employees and agents, and persons serving at the corporation's request in such capaciti
enterprise against liabilities arising from conduct that such persons reasonably believed to be in, or not opposed to, the be
the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was

The provisions of the Pennsylvania Business Corporation Law that authorize indemnification do not eliminate the duty
director and, in appropriate circumstances, equitable remedies such as injunctive or other forms of nonmonetary relie
available under Pennsylvania law. In addition, each director will continue to be subject to liability for (a) violations of the
unless the director had reasonable cause to believe his conduct was lawful or had no reasonable cause to believe his
unlawful, (b) deriving an improper personal benefit from a transaction, (c) voting for or assenting to an unlawful distribu
willful misconduct or a conscious disregard for the best interests of the Registrant in a proceeding by or in the right of the
procure a judgment in its favor or in a proceeding by or in the right of a shareholder. The statute does not affec
responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

At present, there is no pending litigation or proceeding involving a director or officer of the Registrant as to which inde
being sought from the Registrant, nor is the Registrant aware of any threatened litigation that may result in claims for ind
from the Registrant by any officer or director.

Further, the Registrant may purchase and maintain insurance on behalf of any person who is or was a director, officer, empl
of the Registrant or is or was serving at the request of the Registrant as a director, officer, employee or agent of another
partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any su
arising out of his status as such, whether or not the Registrant would have the power to indemnify him against such liabi
provisions of the Articles.

Item 21. Exhibits

The following exhibits are filed with or incorporated by reference into this registration statement:

2.1	Agreement and Plan of Merger, dated December 28, 2012, by and among TF Financial Corporation, Roebl Corp, Inc., 3rd Fed Bank and Roebling Bank†
2.2	Form of Support Agreement††
3.1	Amended and Restated Articles of Incorporation of TF Financial Corporation (1)
3.2	Bylaws of TF Financial Corporation (1)
4.0	Stock Certificate of TF Financial Corporation (2)
5.1	Opinion of Spidi & Fisch, PC as to legality
8.1	Form of Opinion of Spidi & Fisch, PC as to tax consequences
8.2	Form of Opinion of Silver, Freedman & Taff, LLP as to tax consequences

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10.1	Third Federal Savings and Loan Association Management Stock Bonus Plan (2)
10.2	Third Federal Savings Bank Directors Consultation and Retirement Plan (3)
10.3	Severance Agreement with Kent C. Lufkin (4)
10.4	Severance Agreement with Dennis R. Stewart (5)
10.5	TF Financial Corporation 1997 Stock Option Plan (6)
10.6	Severance Agreement with Robert N. Dusek (7)
10.7	TF Financial Corporation 1996 Directors Stock Option Plan (8)
10.8	TF Financial Corporation Incentive Compensation Plan (9)
10.9	TF Financial Corporation 2005 Stock-Based Incentive Plan (10)
10.10	Severance Agreement with Elizabeth Kaspern (11)
10.11	TF Financial Corporation 2011 Directors Stock Compensation Plan (13)
10.12	Agreement by and among TF Financial Corporation, Dennis Pollack, Lawrence B. Seidman, 2514 Multi-Strate Broad Park Investors, LLC, CBPS, LLC, LSBK06-08, LLC, Seidman and Associates, LLC, Seidman Partnership, LP and Seidman Investment Partnership II, LP (14)
23.1	Consent of S.R. Snodgrass, A.C, independent registered public accounting firm
23.2	Consent of Fontanella and Babbits, Certified Public Accountants, an independent registered public accounting fi
23.3	Consent of Spidi & Fisch, PC (contained in their opinions filed as Exhibits 5.1 and 8.1)
23.4	Consent of Silver, Freedman & Taff, LLP (contained in their opinion filed as Exhibit 8.2)
23.5	Consent of FinPro Capital Advisors, Inc.
24.1	Power of Attorney (contained in the signature page of the registration statement)
99.1	Form of Proxy Card

† Included as Annex A to this proxy statement/prospectus (the schedules and exhibits have been omitted pursuant to It of Regulation S-K)

†† Included as Annex C to this proxy statement/prospectus

(1) Incorporated herein by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission on

(2) Incorporated herein by reference to the Exhibits to Form S-1, Registration Statement, File No. 33-76960.

(3) Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December

(4) Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December

(5) Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December

(6) Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December

(7) Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December

(8) Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December

(9) Incorporated herein by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission o
2004.

(10) Incorporated herein by reference to the Registrant's Form S-8 filed with the Securities and Exchange Commissio
2005.

(11) Incorporated herein by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December

(12) Incorporated herein by reference to the Registrant's Form S-8 filed with the Securities and Exchange Commissio
2011.

(13) Incorporated herein by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission on
2011.

Item 22. Undertakings

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration s

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or th post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the informatio the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if th value of securities offered would not exceed that which was registered) and any deviation from the low or high end of t maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424 aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering p in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amend deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered v unsold at the termination of the offering.

(b)(1) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securiti hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is dee underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the infor for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in ad information called for by the other items of the applicable form.

(2) The registrant undertakes that every prospectus: (i) that is filed pursuant to paragraph (1) immediately precedin purports to meet the requirements of Section 10(a)(3) of the Act and is used in connection with an offering of securities su 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effect for purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be de new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advis opinion of the Securities and

Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(d) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TF FINANCIAL CORPORATION

Dated: February 8, 2013

By: /s/ Kent C. Lufkin
Kent C. Lufkin
President and Chief Executive Officer
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by t persons on behalf of the Registrant and in the capacities indicated as of February 8, 2013.

POWER OF ATTORNEY

Each person whose signature appears below appoints Kent C. Lufkin, as his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any Registration Statement (including any amendment thereto) for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or would do in person, hereby ratifying and confirming all that said attorney-in fact and agent may lawfully do or cause to be done by virtue hereof.

By: /s/ Kent C. Lufkin
Kent C. Lufkin
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Dennis R. Stewart
Dennis R. Stewart
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

By: /s/ Robert N. Dusek
Robert N. Dusek
Chairman of the Board

By: /s/ Carl F. Gregory
Carl F. Gregory
Director

By: /s/ Joseph F. Slabinski, III
Joseph F. Slabinski, III
Director

By: /s/ James B. Wood
James B. Wood
Director

By: /s/ Kenneth A. Swanstrom
Kenneth A. Swanstrom
Director

By: /s/ Albert M. Tantala, Sr.
Albert M. Tantala, Sr.
Director

By: /s/ Dennis Pollack
Dennis Pollack

Director