

TF FINANCIAL CORP
Form S-4
February 08, 2013

As filed with the Securities and Exchange Commission on February 8, 2013

Registration No. 333 - _____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

TF Financial Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	6035 (Primary Standard Industrial Classification Code Number)	74-2705050 (I.R.S. Employer Identification Number)
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3 Penns Trail, Newtown, Pennsylvania 18940
(215) 579-4000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
Offices)

Kent C. Lufkin
President and Chief Executive Officer
3 Penns Trail
Newtown, Pennsylvania 18940
(215) 579-4000
(Name, address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:

John J. Spidi, Esq.
Spidi & Fisch, PC
1227 25th Street, NW
Suite 200 West
Washington, D.C. 20037
(202) 434-4670
Facsimile: (202) 434-4661

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and the conditions to the consummation of the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
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(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common Stock, \$.10 par value	323,882	Not Applicable	\$15,108,541	\$2,061

(1) Represents the estimated maximum number of shares of TF Financial Corporation common stock estimated to be issuable upon the consummation of the merger of Roebbling Financial Corp, Inc. with and into TF Financial Corporation and is computed based upon the product of (x) the number of shares of Roebbling Financial Corp, Inc. common stock outstanding (1,686,527 shares) and shares reserved for issuance pursuant to the exercise of stock options as of February 7, 2013 (93,042 shares), (y) an exchange ratio of 0.364, and (z) 50% (the portion of the merger consideration to be issued in the form of TF Financial Corporation common stock). Pursuant to Rule 416, this Registration Statement also covers an indeterminate number of shares of common stock as may become issuable as a result of stock splits, stock dividends or similar transactions.

(2) Pursuant to Rule 457(f) under the Securities Act of 1933, as amended, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is based on the average of the high and low prices of Roebbling Financial Corp, Inc. common stock on February 6, 2013 (\$8.49) and the estimated maximum number of shares of Roebbling Financial Corp, Inc. common stock to be received by TF Financial Corporation in the merger.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to the shares of TF Financial Corporation common stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

SUBJECT TO COMPLETION

PRELIMINARY PROXY STATEMENT/PROSPECTUS
DATED FEBRUARY 8, 2013

[LETTERHEAD OF ROEBLING FINANCIAL CORP, INC.]

To the Shareholders of Roebling Financial Corp, Inc.:

Merger Proposal - Your Vote Is Very Important

You are cordially invited to attend a special meeting of the shareholders of Roebling Financial Corp, Inc. (“Roebling”) to be held on _____, 2013 at _____:_____.m. local time, at _____, _____, New Jersey. At the special meeting, you will be asked to consider and vote upon a proposal to approve an Agreement and Plan of Merger, dated December 28, 2012 (hereinafter referred to as the merger agreement), entered into by TF Financial Corporation (“TF”) and its wholly-owned subsidiary, 3rd Fed Bank, Roebling and Roebling Bank pursuant to which Roebling will merge with and into TF (hereinafter referred to as the merger). You will also be asked to vote on an advisory (non-binding) proposal to approve the compensation that may be paid or become payable to Roebling’s named executive officers in connection with the merger. In addition, you will be asked to approve the adjournment, postponement, or continuation of the special meeting, if necessary, to solicit additional proxies in favor of approval of the merger agreement.

If the merger is completed, each outstanding share of Roebling common stock will be converted into the right to receive either: (1) \$8.60 in cash, without interest, or (2) 0.364 of a share of TF common stock. You will be able to elect to receive cash for all of your shares of Roebling common stock, shares of TF common stock for all of your shares of Roebling common stock or cash for some of your shares of Roebling common stock and TF common stock for the remainder. Regardless of your choice, however, elections will be limited by the requirement that the aggregate amount of cash to be paid by TF (which includes, for this purpose, unallocated shares held by the Roebling Bank Employee Stock Ownership Plan (“ESOP”)) must not exceed \$7,252,066. Therefore, the precise allocations of cash and TF common stock that you will receive will depend on the elections of other Roebling shareholders. The federal income tax consequences of the merger to you will depend on whether you receive cash, stock or a combination of cash and stock in exchange for your shares of Roebling common stock.

Under the terms of the merger agreement, the cash consideration and the exchange ratio for the stock considerations will remain fixed, while the value of the stock consideration will fluctuate with the market price of TF common stock. Based on the closing price of TF common stock on the NASDAQ Global Market on December 27, 2012, the last trading day before public announcement of the merger agreement or \$23.85, the value of the stock consideration represented approximately \$8.68 in value for each share of Roebling common stock. You should obtain current stock price quotations for TF and Roebling common stock. TF common stock trades on the NASDAQ Global Market under the symbol “THRD” and Roebling common stock trades on the OTC Bulletin Board under the symbol “RBLG.”

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Your board of directors has unanimously approved the merger agreement and determined that the merger and the merger agreement are fair to and in the best interests of Roebling and its shareholders and unanimously recommends that you vote "FOR" approval of the merger agreement. The merger cannot be completed unless the proposal to approve the merger agreement is approved by the affirmative vote of the majority of the votes cast by all holders entitled to vote thereon.

Whether or not you plan to attend the special meeting of shareholders, please take the time to vote by completing the enclosed proxy card and mailing it in the enclosed envelope. If you sign, date and

mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote “FOR” approval of the merger agreement and “FOR” the advisory proposal on compensation that may be paid or become payable to Roebbling’s named executive officers and “FOR” the proposal to adjourn the special meeting, if necessary, to solicit additional votes in favor of approval of the merger agreement.

This proxy statement/prospectus provides you with detailed information about the proposed merger. It also contains or references information about TF and Roebbling and related matters. You are encouraged to read this document carefully. In particular, you should read the “Risk Factors” section beginning on page ___ for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.

On behalf of the board of directors, I thank you for your prompt attention to this important matter.

Sincerely yours,

R. Scott Horner
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the TF Financial Corporation common stock in connection with the merger or the other transactions described in this proxy statement/prospectus, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated _____, 2013, and is first being mailed to shareholders of Roebbling Financial Corp, Inc. on or about _____, 2013.

ROEBLING FINANCIAL CORP, INC.

Route 130 South & Delaware Avenue
Roebling, New Jersey 08554
(609) 668-6500

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held On _____, 2013

To the Shareholders of Roebling Financial Corp, Inc.:

NOTICE IS HEREBY GIVEN, that a special meeting of shareholders of Roebling Financial Corp, Inc. will be held at _____, located at _____, _____, New Jersey, on _____, _____, 2013 at _____ .m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated December 28, 2012, by and among TF Financial Corporation (“TF”), 3rd Fed Bank, Roebling Financial Corp, Inc. (“Roebling”) and Roebling Bank, pursuant to which Roebling will merge with and into TF, with TF surviving the merger;
2. To consider and vote on an advisory (non-binding) proposal to approve the compensation that may be paid or become payable to Roebling’s named executive officers in connection with the merger;
3. To consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement; and
4. To transact such other business as may properly come before the special meeting, or any adjournment or postponement thereof.

Shareholders of record at the close of business on _____, 2013 are entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. The enclosed proxy statement/prospectus describes the merger agreement in detail, and a copy of the merger agreement is attached as Annex A to the proxy statement/prospectus, of which this notice is a part, and incorporated by reference therein.

The board of directors of Roebling has unanimously approved the merger agreement and the transactions contemplated therein. Based on Roebling’s reasons for the merger described in the attached proxy statement/prospectus, the Roebling board of directors has determined that the merger is in the best interests of Roebling and its shareholders, and unanimously recommends that shareholders vote “FOR” the proposal to approve the merger agreement, “FOR” the non-binding proposal to approve the compensation that may be paid or become payable to Roebling’s named executive officers in connection with the merger, and “FOR” the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to vote in favor of the merger agreement.

Your vote is very important. Your proxy is being solicited by the board of directors of Roebling. For the merger to be completed, the merger agreement must be approved by the affirmative vote of the majority of the votes cast by all holders entitled to vote thereon.

Whether or not you expect to attend the special meeting, please complete, sign and date the accompanying proxy card and return it in the enclosed postage prepaid envelope. You may revoke your proxy either by written notice to Roebing, by submitting a proxy card dated as of a later date or by voting in person at the special meeting.

By Order of the Board of Directors

Joan K. Geary
Secretary

YOU ARE CORDIALLY INVITED TO ATTEND THE SPECIAL MEETING OF SHAREHOLDERS. HOWEVER, TO ENSURE YOUR REPRESENTATION AT THE SPECIAL MEETING, YOU ARE URGED TO SIGN AND DATE THE ACCOMPANYING PROXY CARD AND MAIL IT AT ONCE IN THE ENCLOSED ENVELOPE. YOUR PROMPT RESPONSE IS HELPFUL AND YOUR COOPERATION IS APPRECIATED.

WHERE YOU CAN FIND MORE INFORMATION

This document, which is sometimes referred to as this “proxy statement/prospectus” constitutes a proxy statement of Roebbling Financial Corp, Inc. (“Roebbling”) with respect to the solicitation of proxies for the Roebbling special meeting and a prospectus of TF Financial Corporation (“TF”) for the shares of common stock that TF will issue to Roebbling’s shareholders in connection with the merger.

TF filed a registration statement on Form S-4 to register with the Securities and Exchange Commission (“SEC”) the shares that TF will issue to Roebbling’s shareholders in connection with the merger. This proxy statement/prospectus constitutes a part of that registration statement on Form S-4. For further information about TF, you should review the registration statement on Form S-4 filed with the SEC.

TF and Roebbling file annual, quarterly and current reports, proxy statements and other information with the SEC required to be filed by them as reporting companies under Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You may read and copy any materials that TF and Roebbling file with the SEC at the SEC’s Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site at www.sec.gov that contains the reports, proxy and information statements, and other information that TF and Roebbling file with the SEC. You will also be able to obtain these documents, free of charge, from TF on its website at www.thirdfedbank.com or from Roebbling on its website at www.roebblingbank.com/investor.htm.

Information contained on TF’s and Roebbling’s website is not incorporated into this proxy statement/prospectus and you should not consider information contained on either website to be part of this proxy statement/prospectus or any supplement thereto.

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ANNEXES

- A. Agreement and Plan of Merger, dated as of December 28, 2012, by and among TF Financial Corporation, 3rd Fed Bank, Roebbling Financial Corp, Inc. and Roebbling Bank
 - B. Opinion of FinPro Capital Advisors, Inc.
 - C. Form of Support Agreement
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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are answers to certain questions that you may have regarding the merger and the special meeting. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the annexes to this proxy statement/prospectus.

Q: Why am I receiving this document?

A: TF and Roebing have agreed to combine under the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A. In order to complete the merger, Roebing shareholders must vote to approve the merger agreement and the merger. Roebing is holding the special meeting of shareholders to obtain this approval. This proxy statement/prospectus contains important information about the merger, the merger agreement, the special meeting, and other related matters, and you should read it carefully.

Q: What will happen to Roebing as a result of the merger?

A: If the merger agreement is approved by shareholders and the merger is completed, Roebing will merge with and into TF and its separate corporate existence will end. In addition, following the merger, Roebing Bank will merge with and into 3rd Fed Bank, which we refer to as the bank merger in this proxy statement/prospectus, with 3rd Fed Bank being the surviving bank.

Q: What type of consideration will Roebing shareholders receive for their shares of Roebing common stock in the merger?

A: If the merger agreement is approved and the merger is subsequently completed, each outstanding share of Roebing common stock will be converted into the right to receive either:

- \$8.60 in cash, without interest; or
- 0.364 of a share of TF common stock,

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

Shareholders may elect to receive all cash, all stock, or cash for some shares and stock for the remainder of the shares they own, subject to adjustment, election and allocation procedures specified in the merger agreement. The ability to receive all cash, all stock or a combination of cash and stock will depend on the elections of other Roebing shareholders. The allocation of the mix of consideration payable to Roebing shareholders in the merger will not be known until TF tallies the results of the cash/stock elections made by Roebing shareholders, which will not occur until near or after the closing of the merger. No guarantee can be made that Roebing shareholders will receive the amounts of cash or stock they elected. See "Proposal No. 1 – Proposal to Approve the Merger Agreement – Consideration to be Received in the Merger" beginning on page ___ and "-- Allocation Procedures" beginning on page ___.

Q: Will Roebing shareholders receive the form of consideration they elect?

A: Not every Roebing shareholder may receive the form of consideration that it elects in the merger. The allocation procedures in the merger agreement are intended to provide that the aggregate amount of cash paid as cash consideration and for unallocated shares held by the Roebing Bank ESOP

does not exceed \$7,252,066 (the “Aggregate Cash Consideration”). Pursuant to this limitation, if the aggregate number of shares with respect to which a valid cash consideration election is made multiplied by \$8.60, together with amounts paid for unallocated shares held by the ESOP is greater than the Aggregate Cash Consideration, a pro rata portion of those shares making a valid cash consideration election will be converted into the right to receive TF common stock such that the amount of cash paid out in the transaction does not exceed \$7,252,066. Similarly, if the number of shares pursuant to which a valid cash consideration election multiplied by \$8.60, together with amounts paid for unallocated shares held by the ESOP is less than the Aggregate Cash Consideration, shares for which no election has been made first and shares for which a valid stock consideration election has been made will be converted, as necessary, such that the amount of cash paid out in the transaction does not exceed \$7,252,066.

Q: How do Roebling shareholders register their election to receive cash, TF common stock or a combination thereof?

A: Each Roebling shareholder should complete and return an election form, along with their Roebling stock certificate(s), according to the instructions included with the election form. The election form will be provided to Roebling shareholders in a mailing separate from the proxy statement/prospectus. The election deadline will be 5:00 p.m., New York City time, on the date specified in the election form. If you own shares of Roebling common stock in “street name” through a bank, broker or other financial institution and you wish to make an election, you should obtain instructions from the financial institution holding your shares concerning how to make your election. If we do not receive your properly completed election form with your stock certificate(s) by the election deadline, you will be treated as though you had not made an election.

Q: What happens if a Roebling shareholder does not make a valid election as to whether to receive cash or stock, or a combination thereof?

A: If a Roebling shareholder does not return a properly completed election form by the election deadline specified in the election form, such shareholder’s shares of Roebling common stock will be considered “non-election shares” and will be converted into the right to receive the stock consideration or the cash consideration according to the allocation procedures specified in the merger agreement.

Q: When will the merger be completed?

A: We expect the merger will be completed when all of the conditions to completion contained in the merger agreement are satisfied or waived, including the receipt of required regulatory approvals, and the approval of the merger agreement by Roebling shareholders at the special meeting. We currently expect to complete the merger during the second or third calendar quarter of 2013. However, because satisfaction of certain of these conditions to completion of the merger are beyond our control, such as the receipt of required regulatory approvals, we cannot be certain when, or if, the conditions to the merger will be satisfied or waived or when or if the merger will be completed.

Q: What happens if the merger is not completed?

A: If the merger is not completed, Roebling shareholders will not receive any consideration for their shares of common stock in connection with the merger. Instead, Roebling will remain an independent public company and its common stock will continue to be quoted on the OTC Bulletin Board. Under specified circumstances, Roebling may be required to pay to TF a fee with respect to the termination of the merger agreement, as described under “Proposal No. 1 – Proposal to Approve the Merger Agreement -- Termination Fee” beginning on page ____.

Q: Who is being asked to approve matters in connection with the merger?

A: Roebing shareholders are being asked to vote to approve the merger agreement and the merger, to approve, on a non-binding basis, the compensation that may be paid or that may become payable to Roebing's named executive officers in connection with the merger, and to approve a proposal to adjourn the special meeting, if necessary, to solicit additional proxies. No approval of TF shareholders is required. Under New Jersey law, the merger cannot be completed unless Roebing shareholders vote to approve the merger agreement and the merger. By this proxy statement/prospectus, Roebing's board of directors is soliciting proxies of Roebing shareholders to provide this approval at the special meeting of Roebing shareholders discussed below.

Q: Should Roebing shareholders send in their stock certificates now?

A: No. Roebing shareholders SHOULD NOT send in any stock certificates now. An election form and transmittal materials, with instructions for their completion, will be provided to Roebing shareholders under separate cover and the stock certificates should be sent at that time.

Q: What are the material United States federal income tax consequences of the merger to Roebing shareholders?

A: TF and Roebing will not be required to complete the merger unless they receive legal opinions from their respective counsel to the effect that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. Provided that the merger qualifies as a reorganization for United States federal income tax purposes, the specific tax consequences of the merger to a Roebing shareholder will depend upon the form of consideration such shareholder will receive in the merger.

The consequences of the merger to any particular shareholder will depend on that shareholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

For a more detailed discussion of the material United States federal income tax consequences of the transaction, see "Proposal No. 1 - Proposal to Approve the Merger Agreement -- Material United States Federal Income Tax Consequences of the Merger" beginning on page ____.

Q: Are Roebing shareholders entitled to appraisal rights?

A: No. Roebing is organized under New Jersey law. As the Roebing shareholders will receive cash or securities traded on a national securities exchange, no dissenters rights are available under New Jersey law.

Q: Are there any risks that I should consider in deciding whether to vote for approval of the merger-related proposals?

A: Yes. You should read and carefully consider the risk factors set forth in the section of this proxy statement/prospectus entitled "Risk Factors" beginning on page ____.

Q: When and where will Roebing shareholders meet?

A: Roebing will hold a special meeting of its shareholders on _____, 2013, at __:__ .m., Eastern Time, at _____, located at _____, _____, New Jersey _____.

Q: What does Roebing's Board of Directors recommend with respect to the proposals?

A: Roebing's board of directors has unanimously approved the merger agreement and determined that the merger agreement and the merger are fair to and in the best interests of Roebing and its shareholders and unanimously recommends that Roebing shareholders vote "FOR" approval of the merger agreement, "FOR" the advisory proposal to approve the compensation that may be paid or become payable to Roebing's named executive officers in connection with the merger and "FOR" the adjournment proposal.

Q: Did the Board of Directors of Roebing receive an opinion from a financial advisor with respect to the merger?

A: Yes. On December 17, 2012, FinPro Capital Advisors, Inc., which we refer to in this proxy statement/prospectus as "FinPro," rendered its opinion to the board of directors of Roebing that, as of such date and based upon and subject to the factors and assumptions described to the Roebing board during its presentation and set forth in the opinion, the consideration in the proposed merger was fair, from a financial point of view, to holders of Roebing common stock. The full text of FinPro's written opinion is attached as Annex B to this proxy statement/prospectus. Roebing shareholders are urged to read the opinion in its entirety.

Q: Who can vote at the special meeting?

A: Holders of record of Roebing common stock at the close of business on _____, 2013, which is the record date for the special meeting, are entitled to vote at the special meeting.

Q: How many votes must be represented in person or by proxy at the special meeting to have a quorum?

A: A majority of the outstanding shares of Roebing common stock entitled to vote, represented in person or by proxy, shall constitute a quorum for the purposes of the special meeting.

Q: What vote by shareholders is required to approve each of the proposals?

A: Approval of the merger agreement will require the affirmative vote of the majority of the votes cast by all holders entitled to vote thereon. Approval of the adjournment proposal will require the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have no effect on voting for or against the merger agreement proposal or the adjournment proposal.

In deciding whether to vote to approve the advisory (non-binding) proposal on compensation that may be paid or become payable to Roebing's named executive officers in connection with the merger, you may vote in favor of the proposal, against the proposal or abstain from voting. To be approved, this proposal requires the affirmative vote of a majority of the votes cast at the special meeting. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the voting on this proposal.

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

Q: How may the Roebbling shareholders vote their shares for the proposals being presented at the special meeting?

A: Roebbling shareholders may vote by completing, signing, dating and returning the proxy card in the enclosed prepaid return envelope as soon as possible. This will allow their shares to be represented and voted at the special meeting.

Q: Will a broker or bank holding shares in "street name" for a Roebbling shareholder automatically vote those shares for a shareholder at the special meeting?

A: No. A broker or bank WILL NOT be able to vote your shares with respect to the Roebbling merger agreement proposal without first receiving instructions from you on how to vote. If your shares are held in "street name," you will receive separate voting instructions with your proxy materials. It is therefore important that you provide timely instruction to your broker or bank to ensure that all shares of Roebbling common stock that you own are voted at the special meeting.

Q: How will shares of participants in the ESOP be voted?

A: If you are a participant in the ESOP, you will receive a voting instruction form that reflects all shares you may vote under the ESOP. Under the terms of the ESOP, all shares held by the ESOP are voted by the ESOP trustees, but each participant in the ESOP may direct the trustees on how to vote the shares of Roebbling common stock allocated to his or her account. Unallocated shares and allocated shares for which no timely voting instructions are received will be voted by the ESOP trustees as directed by the ESOP Committee consisting of the outside directors of the Roebbling board of directors.

Q: Will Roebbling shareholders be able to vote their shares in person at the Special Meeting?

A: Yes. Submitting a proxy will not affect the right of any Roebbling shareholder to vote in person at the special meeting. However, if a Roebbling shareholder holds shares in "street name," the shareholder must first ask its broker or bank how to vote those shares in person at the special meeting and obtain a "legal proxy."

Q: What do Roebbling shareholders need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, Roebbling shareholders are requested to vote by mail, or through the internet or by attending the special meeting and voting in person. If you choose to vote by mail, you should complete, sign, date and promptly return the enclosed proxy card. The proxy card will instruct the persons named on the proxy card to vote your Roebbling shares of common stock at the special meeting as you direct. If you sign and send in a proxy card and it does not indicate how you wish to vote, the proxy will be voted "FOR " the special meeting proposals.

Q: What should a Roebling shareholder do if he or she receives more than one set of voting materials?

A: As a Roebling shareholder, you may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple Roebling proxy cards or voting instruction cards. For example, if you hold your Roebling shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold Roebling shares. If you are a holder of record and your Roebling shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this proxy statement/prospectus in the section entitled "The Special Meeting of Shareholders."

Q: May a Roebling shareholder change his or her vote after revoking a proxy?

A: Yes. If you have not voted through your broker, you can change your vote by:

- providing written notice of revocation to the Corporate Secretary of Roebling, which must be filed with the Corporate Secretary by the time the special meeting begins;
- submitting a new proxy card or voting again on the Internet (any earlier proxies will be revoked automatically); or
- attending the special meeting and voting in person. Any earlier proxy will be revoked. However, simply attending the special meeting without voting will not revoke your proxy.
- If you have instructed a broker to vote your shares, you must follow your broker's directions to change your vote.

Q: What happens if I sell my shares of Roebling common stock before the special meeting?

A: The record date for Roebling shareholders entitled to vote at the special meeting is earlier than both the date of the special meeting and the completion of the merger. If you transfer your Roebling shares of common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares.

Q: Who can help answer my questions?

A: If you have any questions about the merger or the special meeting, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact R. Scott Horner, President and Chief Executive Officer.

SUMMARY

This summary, together with the section of this proxy statement/prospectus entitled “Questions and Answers About the Merger and the Special Meeting” highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully, and for a more complete description of the legal terms of the merger, you should carefully read this entire proxy statement/prospectus, the Annexes attached to this proxy statement/prospectus and the documents which are referred to in this proxy statement/prospectus. The Agreement and Plan of Merger dated as of December 28, 2012 is attached as Annex A to this proxy statement/prospectus. We have included page references in parentheses to direct you to the appropriate place in this proxy statement/prospectus for a more complete description of the topics presented in this summary. The terms “we,” “us” and “our” refer to both TF and Roebing, as the context may require. This summary and the rest of this document contain forward-looking statements about events that are not certain to occur, and you should not place undue reliance on those statements. Please carefully read “Cautionary Statement Regarding Forward-Looking Statements” on page ___ of this document.

The Parties (page ___)

TF Financial Corporation
3 Penns Trail
Newtown, Pennsylvania 18940
(215) 579-4000

TF Financial Corporation is a savings and loan holding company whose principal subsidiary is 3rd Fed Bank, a Pennsylvania-chartered saving bank which operates 14 full service retail and commercial banking offices in Philadelphia and Bucks County, Pennsylvania and in Mercer County, New Jersey.

At September 30, 2012, TF had total assets of \$697.1 million, deposits of \$533.3 million, and stockholders’ equity of \$82.0 million. Additional information on 3rd Fed Bank may be found herein and on its website at www.thirdfedbank.com.

Roebing Financial Corp, Inc.
Route 130 South & Delaware Avenue
Roebing, New Jersey 08554
(609) 668-6500

Roebing Financial Corp, Inc. is a savings and loan holding company whose principal subsidiary is Roebing Bank, a federally chartered savings bank which operates five retail banking offices, two located in Roebing and one located in each of Delran, Westampton and New Egypt, New Jersey.

At September 30, 2012, Roebing had total assets of \$161.8 million, deposits of \$128.9 million, and stockholders’ equity of \$16.9 million. Additional information on Roebing Bank may be found herein and on its website at www.roebingbank.com.

Proposal No. 1 - Proposal to Approve the Merger Agreement (page _____)

The terms and conditions of the merger are contained in the merger agreement, which is attached to this proxy statement/prospectus as Annex A. We encourage you to read this agreement carefully, as it is the legal document that governs the merger.

Under the terms of the merger agreement, Roebing will merge with and into TF with TF as the surviving entity of the merger. Immediately thereafter, Roebing Bank will merge with and into TF's wholly-owned banking subsidiary 3rd Fed Bank, with 3rd Fed Bank as the surviving entity of the bank merger.

Consideration to be Received in the Merger (page _____)

Under the terms of the merger agreement, Roebing shareholders have the opportunity to elect, for each outstanding share of Roebing common stock they own, to receive:

- \$8.60 in cash, without interest, which we refer to as the "cash consideration;" or
- 0.364 of a share of TF common stock, which we refer to as the "stock consideration."

Roebing shareholders may also elect to receive the cash consideration for some of their shares of Roebing common stock and the stock consideration for the remainder. Elections will be subject to the adjustment, election and allocation procedures specified in the merger agreement.

The allocation procedures are intended to provide that the amount of cash TF will expend in the merger is \$7,252,066. Amounts paid for unallocated shares held by the ESOP count towards this amount. Based on the number of unallocated shares held by the ESOP as of the record date, the remaining cash available to pay shareholders who elect the cash consideration is approximately \$7,094,677. We call this number the cash consideration pool. In the event the cash consideration pool is oversubscribed, Roebing shareholders who make a cash election will receive a mix of cash and stock consideration in the merger. In the event the cash consideration pool is undersubscribed, shares for which no election has been made first and shares for which a stock consideration election has been made will be converted, as necessary, such that the amount of cash paid out in the transaction (inclusive of amounts paid for the unallocated shares held by the ESOP) does not exceed \$7,252,066. The allocation of the mix of consideration payable to Roebing shareholders in the merger will not be known until TF tallies the results of the cash/stock elections made by Roebing shareholders, which will not occur until near or after the closing of the merger.

Election Procedures; Surrender of Stock Certificates (page ____)

An election form and transmittal materials, with instructions for their completion, will be provided to Roebing shareholders of record as of _____, 2013 under separate cover. The election form entitles such shareholders to elect to receive cash, TF common stock, or to elect cash for some of their shares and stock for the remainder, or make no election with respect to the merger consideration. To make an effective election, a Roebing shareholder's properly completed election form along with the stock certificate(s) must be received by the exchange agent by the election deadline, which shall be on or before 5:00 p.m., New York City time, on the date specified in the election form. Roebing shareholders are urged to carefully read and follow the instructions for completion of the election form and to submit the form in advance of the election deadline.

Effective Time of the Merger (page ____)

The merger will occur after the satisfaction of all the closing conditions, including the receipt of all regulatory approvals, Roebing shareholders' approval and after the expiration of all regulatory waiting periods. As of the date of this proxy statement/prospectus, the parties expect that the merger will be effective during the second or third calendar quarter of 2013. However, there can be no assurance as to when or if the merger will occur.

Roebbling Special Meeting of Shareholders (page ____)

A special meeting of the shareholders of Roebbling will be held at _____, _____, _____, New Jersey _____, at ____:____.m., Eastern Time, on _____, 2013, for the following purposes:

- to approve the proposal to approve the merger agreement and approve the transactions contemplated by the merger agreement, including the merger;
- to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Roebbling's named executive officers in connection with the merger;
- to approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies; and
- to transact any other business which may properly come before the special meeting or any adjournment or postponement thereof.

You can vote at the special meeting of Roebbling shareholders if you owned Roebbling common stock at the close of business on _____, 2013, the record date. You can cast one vote for each share of Roebbling common stock you owned on that date. On the record date, there were 1,686,527 shares of Roebbling common stock outstanding and entitled to vote, approximately 18.5% of which were owned and entitled to be voted by Roebbling directors and executive officers and their affiliates (excluding shares that may be acquired upon the exercise of options). Directors and executive officers of Roebbling were required to enter into support agreements concurrent with the execution of the merger agreement. The support agreements provide that each director or executive officer of Roebbling will vote his or her shares (other than shares held in a fiduciary capacity) in favor of approval of the merger agreement. A form of support agreement is attached as Annex C hereto.

Assuming that a quorum is present at the special meeting, approval of the proposal to approve the merger agreement will require the affirmative vote of the majority of the votes cast by all holders entitled to vote thereon. In voting to approve the advisory (non-binding) proposal on compensation that may be paid or become payable to Roebbling's named executive officers in connection with the merger, you may vote in favor of the proposal, against the proposal or abstain from voting. To be approved, this proposal requires the affirmative vote of a majority of the votes cast at the special meeting. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the voting on this proposal.

Approval of the adjournment proposal will require the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote. Abstentions and broker non-votes will have no effect on voting for or against the merger agreement proposal or the adjournment proposal.

Recommendation of the Roebbling Board of Directors and Reasons for the Merger (page ____)

The Roebbling board of directors has unanimously approved the merger agreement and determined that the merger agreement and the merger are fair to and in the best interests of Roebbling and its shareholders and unanimously recommends that Roebbling shareholders vote "FOR" the approval of the merger agreement.

In determining whether to approve the merger agreement and recommend approval of the merger agreement to the Roebbling shareholders, Roebbling's board considered the factors described under "Reasons for the Merger and the Recommendation of the Roebbling Board of Directors."

Opinion of Roebbling's Financial Advisor (page ___ and Annex B)

On December 17, 2012, FinPro rendered its opinion to the board of directors of Roebbling that, as of such date and based upon and subject to the factors and assumptions described to the Roebbling board during its presentation and set forth in its written opinion, the consideration in the proposed merger was fair, from a financial point of view, to holders of Roebbling common stock. The full text of FinPro's written opinion, which sets forth the assumptions made, matters considered and limits on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated by reference herein. Roebbling shareholders are urged to read the opinion in its entirety. FinPro's written opinion is addressed to the board of directors of Roebbling, is directed only to the consideration in the merger and does not constitute a recommendation as to how any holder of Roebbling common stock should vote with respect to the merger or any other matter.

Interests of Certain Persons in the Merger (page ___)

In considering the recommendation of the board of directors of Roebbling to approve the merger agreement, you should be aware that officers and directors of Roebbling have employment and other compensation agreements or plans that give them interests in the merger that may be different from, or in addition to, their interests as Roebbling shareholders. These interests and agreements include:

- To assure an orderly transition following completion of the merger, 3rd Fed Bank has entered into a Transition Period Retention Agreement with Roebbling's Executive Vice President and Chief Financial Officer, Janice A. Summers, which, as of the effective time of the merger, will supersede and replace her employment agreement with Roebbling Bank. This agreement provides that if Ms. Summers resigns after continuing in employment with 3rd Fed Bank for at least six months, or if her employment is terminated by 3rd Fed Bank at any time without cause, she is entitled to receive a lump-sum payment of \$275,442, subject to Ms. Summers' execution of a release of claims;
- Roebbling Bank sponsors a Directors Consultation and Retirement Plan to provide retirement benefits to non-employee directors, the amount of which is based upon the number of years of service to Roebbling Bank. Upon consummation of a merger, each director is eligible to receive a lump-sum payment equal to the present value of his or her vested retirement benefit under the plan. Pursuant to the terms of the merger agreement, in no event will the benefits payable in accordance with the Directors Consultation and Retirement Plan exceed the accrued liability computed in accordance with US GAAP on the merger date, which is less than the present value of the benefit provided for in the plan. While the total liability cannot be determined until the merger date, it is estimated that it will be approximately \$1 million. No director will receive additional vesting or any increase in his or her benefit under the plan, as a result of the merger;
- Roebbling Bank has existing Directors Deferred Compensation Agreements with John J. Ferry, Mark V. Dimon and George N. Nyikita providing such directors with the voluntary right to defer their directors' fees. Elective deferrals as invested or with specified earnings thereon, are the benefits under the plan which at all times are 100% vested. These benefits will be distributed in a lump sum upon consummation of the merger.

- The ESOP will be terminated upon completion of the merger, and all participants will become fully vested and have a non-forfeitable interest in their accounts under the plan at that time;
- The terms of the merger agreement provide for the appointment of John J. Ferry, Roebbling's Chairman of the Board, to serve as a member of the 3rd Fed Bank board of directors, or another individual selected by the board of directors of TF if Mr. Ferry is unable or unwilling to serve in that role;
- TF and Roebbling have cooperated in entering into a retention bonus plan for certain executives of Roebbling and Roebbling Bank, including President and Chief Executive Officer R. Scott Horner, which provides for a payment equal to two months' salary to specified executives if he or she continues in employment with TF or 3rd Fed Bank following the merger and remains in such employment for no less than 60 days, or if the respective executive is terminated without cause by TF or 3rd Fed Bank prior to that time;
- TF has agreed to indemnify Roebbling and Roebbling Bank directors and officers for six years following the merger, and to provide liability insurance to such directors and officers for three years following the effective time of the merger; and
- TF has agreed that an employee of Roebbling or Roebbling Bank (other than those individuals who are party to employment, severance or similar agreements) who remains employed by Roebbling or Roebbling Bank as of the effective time of the merger and whose employment is terminated by the employer, absent cause, within six months after the effective date of the merger, will be entitled to receive severance benefits equal to two weeks of pay for each year of completed service with a maximum severance benefit of 26 weeks.

These additional interests of Roebbling's executive officers and directors may create potential conflicts of interest and cause these persons to view the proposed transaction differently than you may view it as a shareholder.

Roebbling's board of directors was aware of these interests and took them into account, among other matters, in its decision to approve the merger agreement and transactions contemplated in the agreement, including the merger. Please see the discussion under the caption "Proposal No. 1 - Proposal to Approve the Merger Agreement - Interests of Certain Persons in the Merger" beginning on page [] for more detailed information about these interests.

Regulatory Approvals Required for the Merger (page ___)

Completion of the merger is subject to various regulatory approvals or waivers, including, in connection with the planned merger of Roebbling Bank with and into 3rd Fed Bank following completion of the merger, the approval of the Federal Deposit Insurance Corporation (the "FDIC") and the Pennsylvania Department of Banking. We have also requested a waiver from the Board of Governors of the Federal Reserve System ("Federal Reserve Board") of its application requirements that would apply to the merger. We have completed filing all the required applications and notices with the regulatory authorities. We also have made or will make filings with various other federal and state regulatory agencies and self-regulatory organizations, notifying, or requesting approval from, those agencies and organizations for or in connection with the merger and the bank merger. Although we currently believe we should be able to obtain all required regulatory approvals in a timely manner, we cannot be certain

when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to or have a material adverse effect on TF after the completion of the merger.

Conditions to the Merger (page ___)

Completion of the merger depends on a number of conditions being satisfied or waived, including, but not limited to, the following:

- approval of the merger agreement by the affirmative vote of holders of the majority of the shares of Roebing common stock present, in person or by properly executed proxy, at the Roebing special meeting;
- the receipt of all regulatory approvals of governmental entities necessary to complete the transactions contemplated by the merger agreement, and the expiration of all applicable statutory waiting periods, and absence of any nonstandard condition that imposes a material adverse effect upon TF or 3rd Fed, including, without limitation, any requirement that TF sell or dispose of any significant amount of assets of Roebing or Roebing Bank;
- TF's registration statement of which this proxy statement/prospectus is a part shall have become effective and no stop order suspending its effectiveness is issued and is in effect and no proceeding for that purpose is initiated by the SEC and not withdrawn;
- the receipt of all required "blue sky" approvals;
- the shares of TF common stock to be issued to Roebing shareholders in the merger must have been approved for listing on the NASDAQ Global Market, subject to official notice of issuance;
- the continued accuracy of the representations and warranties made by the parties in the merger agreement, subject to certain qualifications;
- each of TF and Roebing shall have performed in all material respects all obligations required to be performed under the merger agreement at or before the effective time;
- both TF and Roebing must have received a legal opinion from their respective counsels that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to in this proxy statement/prospectus as the "Internal Revenue Code;"
- the absence of any litigation, investigation or proceedings challenging the validity of the merger agreement or the merger; seeking damages in connection with the transactions contemplated by the merger agreement or seeking to restrain the transactions contemplated by the merger agreement;
- the receipt of all required third-party consents;
- the absence of any adverse facts with respect to Roebing that would have a material adverse effect on Roebing or the consummation of the merger;

- Roebbling's non-performing assets and net charge-offs must not exceed certain levels and its adjusted shareholders' equity must be maintained above a specific threshold; and
- Roebbling's Executive Vice President Janice A. Summers shall have entered into the Transition Period Retention Agreement.

Although we anticipate that the closing will occur during the second or third calendar quarter of 2013, because the satisfaction of certain of these conditions is beyond our control, we cannot be certain when, or if, the conditions to the merger will be satisfied or waived or whether or not the merger will be completed.

No Solicitation; Board Recommendation (page ____)

Roebbling has agreed not to initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposals or offers from any third party relating to an acquisition of Roebbling, or enter into, continue or otherwise participate in any discussions or negotiations concerning, or provide any confidential or non-public information or data to any person relating to, any acquisition proposal. Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances prior to shareholder approval of the merger agreement, in response to an unsolicited bona fide written acquisition proposal from a third party if, in the good faith judgment of the Roebbling board of directors (after consultation with its legal counsel and financial advisor) (i) it is legally necessary for the proper discharge of its fiduciary duties to respond to such proposal, (ii) such proposal constitutes a "superior proposal" as compared to the terms of the merger with TF, and (iii) Roebbling gives TF at least two business days prior written notice, Roebbling may furnish any nonpublic information regarding Roebbling and participate in discussions and negotiations with such third party. Roebbling has agreed to submit the merger agreement for approval by its shareholders. The Roebbling board has recommended that its shareholders vote in favor of the merger agreement. The Roebbling board will not withdraw, qualify or adversely modify its recommendation to its shareholders to vote in favor of the merger agreement, except as permitted under the merger agreement in connection with an unsolicited superior acquisition proposal after giving effect to any adjustments that may be offered by TF. If, prior to the receipt of the Roebbling shareholder approval, its board, after consultation with and based on the written advice of outside counsel, determines in good faith that, because of the receipt of an unsolicited superior proposal, it would result in a violation of its fiduciary duties under New Jersey law to continue to recommend approval of the merger agreement, the Roebbling board may submit the merger agreement without its recommendation or make an adverse recommendation.

Termination; Termination Fee (page ____)

TF and Roebbling may mutually agree at any time to terminate the merger agreement without completing the merger, even if the Roebbling shareholders have adopted the merger agreement in connection with the merger. The merger agreement may also be terminated and the merger abandoned at any time prior to the effective time of the merger, as follows:

- by either party, if there has occurred and is continuing a breach by the other party of any representation, warranty or covenant, provided such breach would entitle the non-breaching party not to complete the merger as a result of the failure of a closing condition and such breach cannot be or has not been cured within 30 days after the giving of written notice to the breaching party of such breach;
- by TF, if (1) Roebbling fails to hold the special meeting of shareholders to vote on the merger agreement or (2) Roebbling's board of directors submits the merger agreement to

its shareholders without a recommendation for approval or makes an adverse recommendation (or publicly proposes an adverse recommendation);

- by either party, if the merger has not closed on or prior to September 30, 2013, unless the reason it has not closed is due to a breach of a representation, warranty, covenant or agreement by the party seeking to terminate;
- by either party, if a required governmental approval is denied by final, non-appealable action, unless the party seeking to terminate the merger agreement failed to comply with the merger agreement and such failure caused or materially contributed to such action
- by Roebing prior to obtaining shareholder approval, in order to accept a superior proposal not solicited in breach of the merger agreement provided it has otherwise complied with the provisions of the merger agreement including negotiating with TF to make adjustments in the terms of the merger agreement such that the other proposal no longer constitutes a superior proposal, and the payment by Roebing of the termination fee; or
- by Roebing, if TF's stock price falls below thresholds set forth in the merger agreement and TF does not increase the exchange ratio pursuant to a prescribed formula.

Roebing may be required to pay to TF a termination fee of \$650,000 in certain circumstances described under "Proposal No. 1 - Proposal to Approve the Merger Agreement -- Termination Fee" beginning on page ____.

Material United States Federal Income Tax Consequences of the Merger (page ____)

TF and Roebing will not be required to complete the merger unless they receive legal opinions from their respective counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Provided that the merger qualifies as a reorganization for United States federal income tax purposes, the specific tax consequences of the merger to a Roebing shareholder will depend upon the form of consideration such Roebing shareholder receives in the merger.

- If you receive solely shares of TF common stock, and cash instead of a fractional share of TF common stock, in exchange for your Roebing common stock, then you generally will not recognize any gain or loss, except with respect to any cash received instead of a fractional share of TF common stock.
- If you receive solely cash, then you generally will recognize gain or loss equal to the difference between the amount of cash you receive and your adjusted tax basis in your Roebing common stock. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Roebing common stock.
- If you receive a combination of TF common stock and cash, other than cash instead of a fractional share of TF common stock, in exchange for your Roebing common stock, then you may recognize gain, but you will not recognize loss, upon the exchange of your

shares of Roebing common stock for shares of TF common stock and cash. If the sum of the fair market value of the TF common stock and the amount of cash you receive in exchange for your shares of Roebing common stock exceeds the adjusted tax basis of your shares of Roebing common stock, you will recognize taxable gain equal to the lesser of the amount of such excess or the amount of cash you receive in the exchange. Generally, any gain recognized upon the exchange will be capital gain, and any such capital gain will be long-term capital gain if you have established a holding period of more than one year for your shares of Roebing common stock. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income.

Gain or loss will be determined separately for each block of shares owned (i.e., shares acquired at the same cost in a single transaction). For a more detailed discussion of the material United States federal income tax consequences of the transaction, see “Proposal No. 1 - Proposal to Approve the Merger Agreement -- Material United States Federal Income Tax Consequences of the Merger” beginning on page ____.

The consequences of the merger to any particular shareholder will depend on that shareholder’s particular facts and circumstances. Accordingly, you are strongly urged to consult your tax advisor to determine your tax consequences from the merger.

Stock Market Listing (page ____)

Application will be made by TF to have the shares of TF common stock to be issued in the merger approved for listing on the NASDAQ Global Market which is the principal trading market for existing shares of TF common stock. It is a condition to both parties’ obligation to complete the merger that such approval be obtained, subject to official notice of issuance.

Comparison of Shareholders’ Rights (page __)

The rights of Roebing shareholders who become TF shareholders after the merger will be governed by Pennsylvania law and the articles of incorporation and bylaws of TF rather than by New Jersey law and the certificate of incorporation and bylaws of Roebing. See “Comparison of Shareholder Rights” on page ____.

No Appraisal Rights (page ____)

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

Comparative Market Prices and Share Information (page ____)

TF common stock is traded on the NASDAQ Global Market under the symbol “THRD.” Roebing common stock is quoted on the OTC Bulletin Board the symbol “RBLG.” The following table shows the last closing sale prices of TF common stock as reported on the NASDAQ Global Market and the last closing sales prices of the Roebing common stock as reported on the OTC Bulletin Board, respectively, as of December 27, 2012, the last trading day before we announced the merger, and on _____, 2013, the latest practicable date prior to mailing this proxy statement/prospectus. The table also presents the equivalent value of the merger consideration per share of Roebing common stock on

December 27, 2012 and _____, 2013. The equivalent value per share of Roebing common stock on such dates is calculated by multiplying the closing price of TF common stock on those dates by 0.364, which represents the number of shares of TF common stock that Roebing shareholders electing to receive TF common stock would receive in the merger for each share of Roebing common stock.

	TF Common Stock	Roebing Common Stock	Roebing Equivalent Per Share Value
At December 27, 2012	\$ 23.85	\$ 4.77	\$ 8.68
At _____, 2013	\$	\$	\$

The market price of TF common stock and Roebing common stock will fluctuate prior to the merger. You should obtain current stock price quotations for the shares.

RISK FACTORS

In addition to the other information contained in this proxy statement/prospectus, including the matters addressed under the caption “Cautionary Statement Regarding Forward-Looking Statements,” Roebing shareholders should carefully consider the following risk factors in deciding whether to vote for approval of the merger agreement. You should also consider the other information in this proxy statement/prospectus. See “Where You Can Find More Information” in the forepart of this proxy statement/prospectus.

Risks Related to the Merger

Roebing Shareholders May Not Receive the Form of Merger Consideration They Elect.

The merger agreement contains provisions relating to adjustment, election and allocation of the merger consideration under certain circumstances. The allocation procedures are intended to provide that the aggregate amount of cash paid by TF in the merger will not exceed \$7,252,066, including any cash paid in connection with the shares held by the ESOP which are not allocated to participant accounts.

TF common stock may be issued to Roebing shareholders who make cash elections if the cash consideration pool is oversubscribed, so that aggregate cash consideration payable to Roebing shareholders in the merger does not exceed \$7,252,066. Similarly, cash may be paid to Roebing shareholders who make stock elections if the cash consideration pool is undersubscribed so that the aggregate cash paid in the merger will equal \$7,252,066.

Since the cash consideration will be paid for approximately 50% of the Roebing shares outstanding at the effective time of the merger, it is possible that the cash consideration pool will be oversubscribed and Roebing shareholders who elect to receive the cash consideration will receive a mix of cash and stock consideration in the merger. It is also possible that the cash consideration pool could be undersubscribed and that Roebing shareholders who elect to receive the stock consideration will receive a mix of cash and stock in exchange for their shares. The allocation of the mix of consideration payable to Roebing shareholders in the merger will not be known until TF tallies the results of the cash/stock elections made by Roebing shareholders. Roebing shareholders may not receive the amounts of cash or stock they elected. Accordingly, if there is an oversubscription of cash or an oversubscription of stock, then, a portion of the merger consideration to be received by oversubscribing Roebing shareholders will not be in the form that they elect, which could result in, among other things, tax consequences that differ from those that would have resulted had such shareholders received the form of consideration they elected.

Because the Market Price of TF Common Stock May Fluctuate, Roebing Shareholders Cannot be Sure of the Value of the Stock Consideration They May Receive.

Roebing shareholders may elect to receive cash, stock or mixed consideration in the merger. The exchange ratio of 0.364 of a share of TF common stock per share of Roebing common stock at which TF is issuing its shares as part of the merger consideration is fixed (subject to customary anti-dilution adjustments and potential adjustment in certain circumstances involving a decline in TF's stock price that exceeds a specified index).

Consequently, changes in the price of TF common stock prior to completion of the merger will affect the value of any shares of TF common stock Roebing shareholders may receive upon completion of the merger. The value of the TF stock consideration will vary from the date of the announcement of the merger agreement, the date that this proxy statement/prospectus was mailed, the date of the special meeting and the date the merger is completed and thereafter. At the time that the merger is completed, the value of the stock consideration could be more or less than the value of the cash consideration. Accordingly, at the time of the special meeting, you will not know or be able to determine the value of the TF common stock you may receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the respective businesses, operations and prospects, and regulatory considerations of TF and Roebing. Many of these factors are beyond TF's and Roebing's control.

Roebing Shareholders Who Make Elections May Be Unable to Sell Their Shares in the Market Pending the Merger.

Roebing shareholders may elect to receive cash, stock or mixed consideration in the merger by completing an election form that will be sent under separate cover. Elections will require that shareholders making the election turn in their Roebing stock certificates. This means that during the time between when the election is made and the date the merger is completed, Roebing shareholders will be unable to sell their Roebing common stock. If the merger is unexpectedly delayed, this period could extend for a significant period of time. Roebing shareholders can shorten the period during which they cannot sell their shares by delivering their election shortly before the election deadline. However, elections received after the election deadline will not be accepted or honored.

Roebing Shareholders Will Have a Reduced Ownership and Voting Interest After the Merger and Will Exercise Less Influence Over Management.

Roebing shareholders currently have the right to vote in the election of the board of directors of Roebing and on other matters affecting Roebing. Upon the completion of the merger, each Roebing shareholder who receives shares of TF common stock will become a shareholder of TF with a percentage ownership of TF that is smaller than the shareholder's percentage ownership of Roebing. It is currently expected that the former shareholders of Roebing as a group will receive shares in the merger constituting approximately ___% of the outstanding shares of TF common stock immediately after the merger. Because of this, Roebing shareholders may have less influence on the management and policies of TF than they now have on the management and policies of Roebing.

TF May Fail to Realize the Anticipated Benefits of the Merger.

The success of the merger will depend on, among other things, TF's ability to realize anticipated cost savings and to combine the businesses of 3rd Fed Bank and Roebing Bank in a manner that permits growth opportunities and does not materially disrupt the existing customer relationships of Roebing Bank nor result in decreased revenues due to any loss of customers. If TF is not able to successfully achieve

these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

TF and Roebbling have operated and, until the completion of the merger, will continue to operate, independently. Certain employees of Roebbling may not be employed after the merger. In addition, employees of Roebbling that TF wishes to retain may elect to terminate their employment as a result of the merger, which could delay or disrupt the integration process. It is possible that the integration process could result in the disruption of TF's or Roebbling's ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect the ability of TF or Roebbling to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

Regulatory Approvals May Not Be Received, May Take Longer than Expected to Receive or May Impose Conditions that Are Not Presently Anticipated or Cannot Be Met.

Before the transactions contemplated in the merger agreement, including the merger, may be completed, various approvals must be obtained from bank regulatory and other governmental authorities. These regulatory approvals may not be received, may take longer than expected to be received or may impose conditions on the completion of the merger or require changes to the terms of the merger agreement. Although the parties do not currently expect that any such conditions or changes would be imposed, such conditions or changes may be imposed, and such conditions or changes could have the effect of delaying completion of the transactions contemplated in the merger agreement or imposing additional costs on or limiting TF's revenues, any of which might have a material adverse effect on TF following the merger.

The Merger Agreement May Be Terminated in Accordance with Its Terms and the Merger May Not Be Completed.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include: approval of the merger agreement by Roebbling shareholders, regulatory approvals, absence of orders prohibiting the completion of the merger, effectiveness of the registration statement of which this proxy statement/prospectus is a part, approval of the shares of TF common stock to be issued to Roebbling shareholders for listing on the NASDAQ Global Market, the continued accuracy of 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 their respective tax counsels, Roebbling's non-performing assets and net charge-offs not exceeding certain levels and its adjusted shareholders' equity meeting a specific minimum threshold just prior to the closing of the merger.

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

Termination of the Merger Agreement Could Negatively Impact Roebbling.

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

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

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

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

If the merger agreement is terminated under certain circumstances, Roebbling may be required to pay a termination fee of \$650,000 to TF. See "Proposal No. 1 - Proposal to Approve the Merger Agreement -- Termination Fee" beginning on page ___.

Roebbling 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 Roebbling and consequently on TF. These uncertainties may impair Roebbling's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Roebbling to seek to change existing business relationships with Roebbling. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the business, TF's business following the merger could be negatively impacted. In addition, the merger agreement restricts Roebbling from taking certain actions until the merger occurs without the consent of TF. These restrictions may prevent Roebbling from pursuing attractive business opportunities that may arise prior to the completion of the merger. See "Proposal No. 1 - Proposal to Approve the Merger Agreement -- Conduct of Business Before the Merger" beginning on page ___ for a description of the restrictive covenants to which Roebbling is subject.

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

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

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

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

The interests of some of the directors and executive officers of Roebbling may be different from those of Roebbling shareholders, and directors and officers of Roebbling may be participants in arrangements that are different from, or are in addition to, those of Roebbling shareholders. These interests are described in more detail in the section of this proxy statement/prospectus entitled "Proposal No. 1 - 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 Roebbling Shareholders as a Result of the Merger Will Have Rights Different from the Shares of Roebbling Common Stock.

Upon completion of the merger, the rights of former Roebbling shareholders who become TF shareholders will be governed by the articles of incorporation and bylaws of TF and Pennsylvania corporate law. The rights associated with Roebbling common stock are different from the rights associated with TF common stock. See "Comparison of Shareholder Rights" beginning on page ____ for a discussion of the different rights associated with TF common stock.

The Unaudited Pro Forma Combined Condensed Consolidated Financial Information Included in this Proxy Statement/Prospectus Is 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 presented for illustrative purposes only and is not necessarily indicative of what TF's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The pro forma combined condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to record the Roebbling identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized, if any. The purchase price allocation reflected in this proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Roebbling as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this proxy statement/prospectus. For more information, see "Pro Forma Data" beginning on page ____.

The fairness opinion obtained by Roebbling from its financial advisor will not reflect changes in circumstances subsequent to the date of the fairness opinion.

FinPro, Roebbling's financial advisor in connection with the merger, has delivered to the board of directors of Roebbling its opinion dated as of December 17, 2012. The opinion of Roebbling stated that as of such date, and based upon and subject to the factors and assumptions set forth therein, the merger consideration to be paid to the holders of the outstanding shares of Roebbling common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The opinion does not reflect changes that may occur or may have occurred after the date of the opinion, including changes to the operations and prospects of TF or Roebbling, changes in general 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 alter or affect the 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, national and local conditions. The capital and credit markets have been experiencing volatility and disruption. Since 2008, dramatic declines in the housing market, with decreasing home prices and increasing delinquencies and foreclosures, have negatively impacted the credit performance of mortgage and construction loans and resulted in significant write-downs of assets by many financial institutions across the United States. General downward economic trends, reduced availability of commercial credit and increasing unemployment have negatively impacted the credit performance of commercial and consumer credit, resulting in additional write-downs. Concerns over the stability of the financial markets and the economy have resulted in decreased lending by financial institutions to their customers and to each other. This market turmoil and tightening of credit led to increased commercial and consumer deficiencies, lack of customer confidence, increased market volatility and widespread reduction in general business activity. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on TF and others in the financial institutions industry. In particular, TF could face the 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 associations and other financial entities. Competition for deposits comes primarily from other commercial banks, savings associations, credit unions, money market and mutual funds and other investment alternatives. Competition for loans comes primarily from other commercial banks, savings associations, mortgage banking firms, credit unions and other financial intermediaries. Many of the financial intermediaries operating in TF's market area offer certain services, such as international banking services, which it does not offer. Moreover, banks with a larger capitalization and financial intermediaries not subject to bank regulatory restrictions have larger lending limits and are thereby able to serve the needs of larger customers.

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 strong credit culture, to support continued growth. However, TF's continued growth and profitability depend on the ability of its officers and key employees to manage such growth effectively, to attract and retain skilled employees and to maintain adequate internal controls and a strong credit culture. Accordingly, there can be no assurance that TF will be successful in managing its expansion, and the failure to do 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 being made, the creditworthiness of the borrower over the term of the loan and, in the case of a collateralized loan, the value and marketability of the collateral for the loan. Management of TF maintains an allowance for loan losses based upon, among other things, historical experience, an evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. Based upon such factors, TF makes various assumptions and judgments about the ultimate collectibility of the loan portfolio and provides an allowance for loan losses based upon a percentage of the outstanding balances and for specific loans when their ultimate collectibility is considered questionable. If TF's management's assumptions and judgments prove to be incorrect and the allowance for loan losses is inadequate to absorb future losses, or if bank regulatory authorities require it to increase the allowance for loan losses as a part of their examination process, TF's earnings and 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. At such date, TF had 28 nonperforming loans totaling \$10.4 million and 22 impaired loans totaling \$9.4 million. TF actively manages its nonperforming loans in an effort to minimize credit losses. Although management of TF believes that its allowance for loan losses is adequate, there can be no assurance that the allowance will prove sufficient to cover future loan losses. Further, although management of TF uses the best information available to make determinations with respect to the allowance for loan losses, future adjustments may be necessary if economic conditions differ substantially from the assumptions used or adverse developments arise with respect to its non-performing or performing loans. Material additions to its allowance for loan losses would result in a decrease in its net income and capital, and could have a material adverse effect on its financial condition and results of operations and the value of its common stock.

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

Market developments significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits. As a result, TF may be required to pay significantly higher premiums or additional special assessments or taxes that could adversely affect earnings. TF is generally unable to control the amount of premiums that are required to be paid for FDIC insurance. If there are additional bank or financial institution failures, TF may be required to pay even higher FDIC premiums than the levels currently imposed. Any future increases or required prepayments in FDIC insurance premiums may materially adversely affect its results of 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 of New Jersey, where a large portion of its loans are originated. Accordingly, the local economic conditions in these markets have a significant impact 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 these markets would lower the value of the collateral securing those loans. In addition, continued weakening in general economic conditions such as inflation, recession, unemployment or other factors beyond TF's control could negatively affect demand for loans, the performance of our 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 loans including commercial loans. Commercial loans may expose a lender to greater credit risk than loans secured by residential real estate because the collateral securing these loans may not be sold as easily as residential real estate. In addition, commercial loans may also involve relatively large loan balances to individual borrowers or groups of borrowers. These loans also have greater credit risk than residential 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 the properties securing the loans or revenues from the borrower's business thereby increasing the risk of non-performing loans. The national and local real estate markets generally remain stagnant, with a continued slowdown in the general housing market that is evidenced by reports of reduced levels of new and existing home sales, increasing inventories of houses on the market, stagnant to declining property values and an increase in the length of time houses remain on the market. No assurances can be given that these conditions will improve or will not 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 are intended primarily to protect depositors, the public, the FDIC's Deposit Insurance Fund, and the banking system as a whole, rather than shareholders. The Federal Reserve is the primary federal regulator for TF while the FDIC is the primary federal regulator for 3rd Fed Bank. The banking laws, regulations and policies applicable to TF and 3rd Fed Bank govern matters ranging from the regulation of certain debt obligations, changes in the control of TF and the maintenance of adequate capital to the general business operations conducted by TF, including permissible types, amounts and terms of loans and investments, the amount of reserves held against deposits, 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 interpretation or implementation of them. Regulations affecting banks and other financial institutions in particular are undergoing continuous review and frequently change and the ultimate effect of such changes cannot be predicted. Since TF recently changed regulators, this risk is particularly heightened. Regulations and laws may be modified at any time, and new legislation may be enacted that will affect TF. Any changes in any federal and state law, as well as regulations and governmental policies could affect TF in substantial and unpredictable ways, including ways that may adversely affect TF's business, results of operations, financial condition or prospects. In addition, federal 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 administrative order. Failure to appropriately comply with any such laws, regulations or regulatory policies could result in sanctions by regulatory agencies, civil money penalties or damage to TF's reputation, all of which could adversely affect its business, results of operations, financial condition or prospects.

Recent legislative and regulatory actions may have a significant adverse effect on TF's operations. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") has and will continue to result in sweeping changes in the regulation of financial 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.

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

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

The Federal Reserve regulates the supply of money and credit in the United States. Its policies determine in large part the cost of funds for lending and investing and the return earned on those loans and investments, both of which affect the net interest margin. Its policies also can adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans. Changes in Federal Reserve policies and TF's regulatory environment generally are beyond its control, and TF is unable to predict what changes may occur or the 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 assets and deposit withdrawals that occur in the ordinary course of its business. TF's principle sources of liquidity include customer deposits, Federal Home Loan Bank borrowings, brokered CDs, sales of loans held for sale, repayments to 3rd Fed Bank of loans it makes to borrowers and paydowns and sales of investment securities. If TF's ability to obtain funds from these sources becomes limited or the costs to TF of those funds increases, whether due to factors that affect TF specifically, including financial performance or the imposition of regulatory restrictions, or due to factors that affect the capital markets or other events, including weakening economic conditions or negative views and expectations about the prospects for the financial services industry as a whole, then, TF's ability to meet its obligations or grow our 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 as part of the Dodd-Frank Act. If market conditions warrant TF to begin offering interest on demand deposits to attract new customers or maintain current customers, its interest expense will increase and its net interest margin will decrease, which could have a material adverse effect 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 between the interest yields it receives on loans, securities and other interest-earning assets and the interest rates TF pays on interest-bearing deposits and other liabilities. The net interest margin is affected by changes in market interest rates, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets in a period, an increase in market rates of interest could reduce net interest income. Similarly, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could reduce net interest income. These rates are highly sensitive to many factors beyond TF's control, including competition, general economic conditions and 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 balances of the different types of interest-earning assets and interest-bearing liabilities, but interest rate risk management techniques are not exact. As a result, a rapid increase or decrease in interest rates could have an adverse effect on TF's net interest margin and results of operations. The results of TF's interest rate sensitivity simulation models depend upon a number of assumptions which may prove to be not accurate. There can be no assurance that TF will be able to successfully manage its interest rate risk. Increases in market rates and adverse changes in the local residential real estate market, the general economy or consumer confidence would likely have a significant adverse impact on TF's non-interest income, as a result of reduced demand for residential mortgage loans that TF makes on a pre-sold 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 soundness of other financial institutions. Defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. There is 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. In the future, TF may elect to or need to raise additional capital. TF's ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside its control, and on its financial performance. Accordingly, TF cannot assure you of its ability to

raise additional capital if needed on acceptable terms, or at all. If TF cannot raise additional capital when needed, TF's ability to expand 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 these claims and proceedings to assess the likelihood of unfavorable outcomes and estimates, if possible, the amount of potential losses. TF may establish a reserve, as appropriate, based upon assessments and estimates in accordance with accounting policies. TF bases its assessments, estimates and disclosures on the information available to TF at the time and relies on the judgment of management with respect to those assessments, estimates and disclosures. Actual outcomes or losses may differ materially from assessments and estimates, which could 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 litigation and other potential losses.

The computer systems and network infrastructure TF uses could be vulnerable to unforeseen hardware and cybersecurity issues. TF's operations are dependent upon its ability to protect its computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. Any damage or failure that causes an interruption in its operations could have an adverse effect on TF's financial condition and results of operations. In addition, TF's operations are dependent upon the ability to protect the computer systems and network infrastructure utilized by TF, including its Internet banking activities, against damage from physical break-ins, cybersecurity breaches and other disruptive problems caused by the Internet or other users. Such computer break-ins and other disruptions would jeopardize the security of information stored in and transmitted through its computer systems and network infrastructure, which may result in significant liability to TF, damage TF's reputation and inhibit current and potential customers from our Internet banking services. Each year, TF adds additional security measures to its computer systems and network infrastructure to mitigate the possibility of cybersecurity breaches including firewalls and penetration testing. TF continues to investigate cost effective measures 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 Chief Executive Officer of TF. The unexpected loss of Mr. Lufkin and other key personnel could have a material adverse effect on TF's operations. From time to time, TF also needs to recruit personnel to fill vacant positions for experienced lending officers and branch managers. Competition for qualified personnel in the banking industry is intense, and there can be no assurance that TF will continue to be successful in attracting, recruiting and retaining the necessary skilled managerial, marketing and technical personnel for the successful operation of TF's existing lending, operations, accounting and administrative functions or to support the expansion of the functions necessary for TF's future growth. TF's inability to hire or retain key personnel could have a material adverse effect on its results of 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 the price you receive for your shares.

Although the TF common stock is quoted on the NASDAQ Global Market, there has been limited trading activity in the stock and an active trading market is not expected to develop. This means that there may be limited liquidity for the shares of TF common stock you may receive in the merger, which may make it difficult to buy or sell the TF common stock, may negatively affect the price at which it 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. Future payment of cash dividends, if any, will be at the discretion of the Board of Directors and will be dependent upon TF's financial condition, results of operations, capital requirements and such other factors as the Board may deem relevant and will be subject to applicable federal and state 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 ability to exercise substantial control over its affairs.

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

We may issue additional shares of common or preferred stock, which may dilute the ownership and voting power of our shareholders and 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 outstanding and an additional 306,921 shares are estimated to be issued in the merger (assuming no Roebbling options are exercised prior to closing), and up to 2,000,000 shares of preferred stock of which no shares are outstanding. The board of directors has authority, without action or vote of the shareholders, to issue all or part of the authorized but unissued shares and to establish the terms of any series of preferred stock. These authorized but unissued shares could be issued on terms or in circumstances that could dilute the interests of other shareholders. In addition, a total of 275,000 shares of common stock have been reserved for issuance under the TF Financial Corporation 2012 Stock Option Plan, of which no shares were issued as of September 30, 2012. As of September 30, 2012, options to purchase a total of 59,475 shares were exercisable and had exercise prices ranging from \$19.67 to \$32.51. Any such issuance will dilute the 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 are opposed by the Board of Directors.

TF's articles of incorporation and bylaws include various provisions that may have the effect of deterring a takeover of TF unless first approved by the Board of Directors. These provisions include a classified board of directors in which only one-third of the board stands for election each year, the prohibition on cumulative voting in the election of directors and other provisions limiting the ability of shareholders to nominate directors, propose new business or call meetings of shareholders. In addition, the articles of incorporation include a provision requiring the affirmative vote of 80% of the outstanding shares of voting stock for the approval of any business combination with an interested shareholder (defined as a shareholder owning 10% or more of the outstanding voting shares), unless (i) such business combination is approved by two-thirds of those members of the board of directors who were directors prior to the time when the interested stockholder became an interested stockholder or (ii) certain other requirements are met. In addition, TF's articles of incorporation require a business combination with an interested stockholder to satisfy certain fair price provisions, unless (i) such business combination is approved by two-thirds of those members of the board of directors who were directors prior to the time when the interested stockholder became an interested stockholder or (ii) certain other requirements are met. As a Pennsylvania corporation with a class of securities registered with the Securities and Exchange Commission, TF is also governed by certain provisions of the Pennsylvania Business Corporation Law that, inter alia, permit the disparate treatment of certain shareholders; prohibit calls of special meetings of shareholders; require unanimous written consent for shareholder action in lieu of a meeting; and require shareholder approval 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 statements. These forward-looking statements include, but are not limited to, (i) the financial condition, results of operations and business of TF and Roebling; (ii) statements about the benefits of the merger, including future financial and operating results, cost savings, enhancements to revenue and accretion to reported earnings that may be realized from the merger; (iii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; and (iv) other statements identified by words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," or words of similar meaning. When used in this discussion, the words "believes," "anticipates," "contemplates," "expects," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

In addition, the factors discussed under the heading "Risk Factors," could cause actual results to differ materially from the anticipated 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-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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 quotation for TF is listed on the NASDAQ Global Market published in The Wall Street Journal, The Philadelphia Inquirer, and other leading newspapers under the trading symbol of "THRD." As of January 1, 2013, there were approximately 1,031 shareholders based on transfer agent mailings.

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

Quarter ended	Quoted Market Price		Dividend paid per share
	High	Low	
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 the following 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 time into the future.
3. In light of the fact that the primary source of liquidity with which to pay dividends is dividend payments from its subsidiary bank, the board considers a number of factors specifically applicable to 3rd Fed Bank, such as its expected level of earnings and capital, and the possibility of regulatory restrictions. Among other limitations, 3rd Fed Bank may not declare or pay a cash dividend on any of its stock if the effect thereof would cause 3rd Fed Bank's regulatory capital to be reduced below (1) the amount required for the liquidation account established in connection with 3rd Fed Bank's conversion from mutual to stock 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 appropriate by 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 directors may 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 under the symbol "RBLG." The following table reflects high and low bid quotations for each quarter for the past two fiscal years. The quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not represent actual transactions. There were no 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 475 holders of record. This number does not reflect the number of persons or entities who held stock in nominee or "street" name through various 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 fiscal years and Roebling does not anticipate paying a dividend in the 2013 fiscal year. The payment of future dividends will be subject to the periodic review of the financial condition, results of operations and capital requirements of Roebling and Roebling Bank. In addition, the payment of dividends may be limited pursuant to the terms of the regulatory agreements entered into between Roebling, Roebling Bank 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 companies had been combined for the periods shown, which we refer to as "pro forma" information. The pro forma information is based upon the assumption that the total number of shares of Roebling common stock outstanding immediately prior to the completion of the merger will be 1,686,527 (including unvested shares of restricted stock) and utilizes the exchange ratio of 0.364. It is further assumed that a total of \$157,389 is to be paid for unallocated ESOP shares. Based on these

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

The Roebbling pro forma equivalent per share amounts are calculated by multiplying the TF pro forma combined book value per share, cash dividends per share and basic and diluted net income per share by the exchange ratio of 0.364 so that the per share amounts equate to the respective values for one share of Roebbling common stock. The unaudited pro forma TF per share equivalents are calculated by combining the TF historical share amounts with pro forma amounts from Roebbling, 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 effective on the dates presented, in the case of the book value data, and as if the transactions had become effective on January 1, 2011, in the case of the earnings per share and dividends declared data. The unaudited pro forma data in the tables assume that the merger is accounted for using the acquisition method of accounting and represent a current estimate based on available information of the combined company's results of operations. The pro forma financial adjustments record the assets and liabilities of Roebbling at their estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. See "Pro Forma Data" on page [•]. The information in the following table is based on, and should be read together with, the financial information and consolidated financial statements of Roebbling 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 forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not 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 for Roebbling and TF on a historical basis, on a pro forma combined basis, and on a per equivalent Roebbling share basis, as of or for the nine month 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 the acquisition method of accounting for business combinations and assumes the transaction is completed as contemplated.

	TF Historical	Roebling Historical	Pro Forma TF	Equivalent Pro Forma Roebling(3)
Earnings per share for the nine months ended September 30, 2012:				
Basic	\$1.42	\$0.01	\$1.90	\$0.69
Diluted	\$1.42	\$0.01	\$1.89	\$0.69
Cash dividends per share declared for the nine months ended September 30, 2012 (1)	\$0.15	--	\$0.15	\$0.05
Book value per common share as of September 30, 2012	\$28.89	\$10.02	\$28.96	\$10.54
Tangible Book value per common share as of September 30, 2012	\$27.37	\$10.02	\$27.19	\$9.90
Earnings per share for the twelve months ended December 31, 2011:				
Basic	\$1.45	\$0.27	\$2.08	\$0.76
Diluted	\$1.45	\$0.27	\$2.08	\$0.76
Cash dividends per share declared for the fiscal year ended December 31, 2011 (2)	\$0.20	--	\$0.20	\$0.07
Book value per common share as of December 31, 2011	\$27.33	\$9.86	\$27.57	\$10.04
Tangible Book value per common share as of December 31, 2011	\$25.81	\$9.86	\$25.79	\$9.39

(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.

THE SPECIAL MEETING OF SHAREHOLDERS

Roebbling is mailing this proxy statement/prospectus to you as a Roebbling shareholder on or about _____, 2013. With this proxy statement/prospectus, Roebbling is sending you a notice of the Roebbling special meeting of shareholders and a form of proxy that is solicited by the Roebbling board of directors. The special meeting will be held on _____, 2013 at ____:__ .m., Eastern 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 Roebbling will be merged with and into TF. You also are being asked to vote upon a (non-binding) proposal to approve the compensation that may be paid or become payable to Roebbling's named executive officers in connection with the merger. You are also being asked to vote upon a proposal to adjourn or postpone the special meeting of shareholders. Roebbling could use any adjournment or postponement for the purpose, among others, of allowing additional time to solicit proxies.

Who Can Vote at the Meeting

You are entitled to vote the shares of Roebbling 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 Roebbling common stock were outstanding. Each 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 proxy materials 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 meeting. If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruction form that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting instructions by telephone or by the Internet. Please see the instruction form provided by your broker, bank or other holder of record that accompanies this proxy statement. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Roebbling common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or other nominee who is the record holder of your shares.

Participants in the Roebbling Bank ESOP

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

Quorum and Vote Required

Quorum. A quorum is required to conduct business at the special meeting. A majority of the outstanding shares of Roebbling common 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 votes cast by all holders entitled to vote thereon. Approval of the advisory (non-binding) proposal on compensation that may be paid or become payable to Roebbling's named executive officers in connection with the merger requires the affirmative vote of a majority of the votes cast at the special meeting. Approval of the adjournment proposal will require the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote.

As of the record date for the special meeting, directors and executive officers of Roebbling, together with their affiliates, had sole or shared voting power over approximately 21.6% of the Roebbling common stock outstanding and entitled to vote at the special meeting. Pursuant to the terms of support agreements entered into between the directors and executive officers and TF, these individuals 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 counted for purposes of determining whether there is a quorum even if you withhold your vote or do not vote your shares at the special meeting. Broker non-votes will be counted for purposes of determining the existence of a quorum only. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not have discretionary voting power with respect to the agenda item and has not received voting instructions from the beneficial owner.

Voting by Proxy

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

If any matters not described in this proxy statement/prospectus are properly presented at the special meeting, the persons named in the proxy card will use their own best judgment to determine how to vote your shares. If the special meeting is postponed or adjourned, your Roebbling common stock may be voted by the persons named in the proxy card on the new special meeting date as well, unless you 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 either advise the Corporate Secretary of Roebbling in writing before your shares of Roebbling common stock has been voted at the special meeting, deliver a later dated proxy or attend the meeting and vote your shares in person. Attendance at the special meeting will not in itself constitute 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 directors. In addition to solicitation of proxies by mail, Roebling will request that banks, brokers and other record holders send proxies and proxy materials to the beneficial owners of Roebling common stock and secure their voting instructions. Roebling will reimburse the record holders for their reasonable expenses in taking those actions. Roebling may use its directors, officers and employees, who will not be specially compensated, to solicit proxies from Roebling shareholders, either personally or by telephone, facsimile, letter or other 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 merger agreement, which is attached hereto as Annex A and is incorporated by reference into this proxy statement/prospectus. You should read the merger agreement completely and carefully as it, rather than this description, is the legal document that governs the merger. Factual disclosures about TF and Roebling contained in this proxy statement/prospectus or in the companies' public reports filed with the SEC may supplement, update or modify the factual disclosures about the companies contained in the merger agreement. The representations, warranties and covenants made in the merger agreement by Roebling and TF were qualified and subject to important limitations agreed to by the parties in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the merger agreement may have the right not to close the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to shareholders and reports and documents filed with the SEC and in some cases were qualified by disclosures that were made by each party to the other, which disclosures were not reflected in the merger agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may have changed since the date of the merger agreement and subsequent developments or new information qualifying a representation or warranty may not 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 following the merger, Roebling Bank will merge with and into 3rd Fed Bank, with 3rd Fed Bank as the surviving entity.

Background of the Merger

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

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

In June 2009, Roebing Bank entered into a Supervisory Agreement with the Office of Thrift Supervision ("OTS") as a result of supervisory concerns raised in a regulatory examination. In connection with the Supervisory Agreement, Roebing Bank was restricted on making non-residential loans, commercial loans, construction loans and loans secured by non-owner-occupied residential property or purchasing loan participations, with certain exceptions, without the approval of the OTS, and directed to establish a plan for reducing its concentrations in such loans. In addition, the Supervisory Agreement also prohibited Roebing Bank from taking brokered deposits without prior OTS approval.

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

FinPro, Inc. ("FinPro, Inc."), a full-service management consulting firm specializing in providing advisory services, including appraisal services, to the financial industry, served as Roebing Bank's independent appraiser in connection with its mutual holding company formation and the second step conversion. In addition, FinPro, Inc. has acted as a consultant for Roebing since the mid-1990s. FinPro met with the Chairman and another independent board member of Roebing in late March 2012 to discuss general developments in the financial institutions industry as well as trends in mergers and acquisitions. In connection with the Chairman's and the independent board member's discussion with FinPro and in recognition of certain conditions, including the challenging market, increased consolidation of financial institutions, increased competition among financial institutions, the decrease in small community financial institutions, the increased regulation and costs of being a federally-chartered FDIC insured financial institution, and Roebing Bank's regulatory enforcement action the board of Roebing decided to explore its strategic alternatives.

On April 27, 2012, Roebing and Roebing Bank entered into an engagement letter with FinPro Capital Advisors, Inc. ("FinPro"), FinPro, Inc.'s broker dealer subsidiary, pursuant to which FinPro was engaged to act as financial advisor to Roebing and Roebing Bank. At the beginning of April 2012, Roebing had previously engaged Malizia & Associates, PC ("Malizia") as special legal counsel to advise and 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 Roebing board to review various strategies, including the continued independence of Roebing, a strategic partnership through a

merger of equals, and the sale of Roebing. In particular, representatives of FinPro updated the Roebing Board on the current economic environment and provided a recent historical overview of the market for bank stocks, including the comparative performance of Roebing. FinPro also provided an overview of the current mergers and acquisitions market for banks and discussed the implied valuation of Roebing based on recent transactions. The Roebing board also considered the limited growth prospects within Roebing's market area and Roebing Bank's operating and growth restrictions under the Supervisory Agreement as significant hurdles to the prospects for growing the franchise and enhancing shareholder value as an independent entity. In addition, the Roebing board considered the earnings and operational challenges that Roebing faced as a result of the current interest rate and regulatory environment. A representative of Malizia also reviewed and discussed certain legal considerations in connection with the Roebing board's review and consideration of the proposed strategic plan, including the board's fiduciary duties in the context of considering a potential merger transaction. At this meeting, following discussion and analysis of FinPro's presentation and the legal considerations provided by Malizia, the Roebing board unanimously authorized FinPro to engage in preliminary discussions with other parties interested in a strategic partnership, as well as merger trends and pricing. Malizia presented to the Roebing board a form of confidentiality agreement and reviewed merger and acquisition procedures. The Roebing board authorized FinPro to develop a recommended list of potential partners, a confidential offering memorandum and other documents required to present information on Roebing to interested parties.

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

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

FinPro reported to the Roebing board on June 27, 2012, that FinPro had received three indications of interest, two of which were written, including one from TF, and that one party ("Party B") verbally conveyed its indication of interest and indicated that it would follow shortly with a written proposal. The indication of interest from TF presented a stock and cash offer of \$10.10 per share and Party B had the next 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 stock and the 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 indication of interest was significantly below the other two. The Roebing board authorized FinPro and Malizia to commence due diligence procedures with TF and Party B, subject to written confirmation of Party B's indication of interest.

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

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

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

On August 24, 2012, after the review of the additional credit information on Roebbling, TF responded that its offer remained at \$8.25 per share. TF also indicated that in light of the enforcement action it would not pay the benefits provided for under Roebbling's long outstanding directors' change in control agreements.

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

The Roebbling board frequently met with FinPro, Malizia, and the attorneys from Breyer & Associates PC and Silver, Freedman & Taff, LLC (Malizia, Breyer & Associates PC and Silver, Freedman & Taff, LLC are collectively referred to for purposes of this discussion as "Roebbling'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 Roebbling board that they had contacted the eight additional potential merger partners and that none of the parties contacted were interested in acquiring Roebbling.

After the completion of the period to determine whether a better proposal was available, negotiations with TF resumed. On October 1, 2012 FinPro received and presented to Roebbling Bank a revised proposal from TF with a price of \$8.35 per share (half stock and half cash). The Roebbling board authorized FinPro and Roebbling Counsel to negotiate a definitive merger agreement based on this proposal.

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

In late October 2012, the financial advisor for TF contacted FinPro to convey an alternative offer which increased the price to \$8.60 per share but reduced social benefits to the Roebbling board. On October 27, 2012, the Roebbling Board met with FinPro and Malizia to review the revised offer. After discussion and analysis of the alternative offer from TF, the Roebbling board authorized FinPro and Roebbling's Counsel to negotiate the merger agreement.

On November 6, 2012, TF's counsel provided to FinPro and Roebbling's Counsel an initial draft of the definitive merger agreement. During November 2012, the Roebbling board met repeatedly with FinPro and Roebbling's Counsel to discuss the merger transaction and the negotiation with TF of the merger agreement. Roebbling and Roebbling Bank officers, FinPro and Malizia conducted due diligence

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

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

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

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

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

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

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

- its knowledge of Roebbling's business, operations, financial condition, earnings and prospects and of TF's business, operations, financial condition, earnings and prospects, taking into account the results of Roebbling's due diligence review of TF;
- its knowledge of the current environment in the financial services industry, including national and regional economic conditions, continued consolidation, increased regulatory

burdens, evolving trends in technology and increasing nationwide and global competition, the current financial market conditions and the likely effects of these factors on the companies' potential growth, development, productivity, profitability and strategic 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 expectations relating to the proposed merger with TF;
- the careful review undertaken by Roebling's board of directors and management, with the assistance of Roebling's legal and financial 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 small community bank in the current financial and regulatory climate versus aligning Roebling with a well-capitalized, well-managed, larger organization;
- a review of potential merger opportunities available to Roebling for the foreseeable future based on an assessment of financial institutions operating in Roebling's market area or in contiguous areas that are of appropriate size and liquidity to engage in a transaction with Roebling;
- the enforcement agreements between Roebling Bank and the OCC and Roebling and the Federal Reserve Bank of Philadelphia 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 compared to cash consideration;
- the merger consideration offered by other potential acquirers as part of the confidential bid process leading to TF's acquisition proposal;
- the relative financial strength of TF as a merger partner compared to other potential acquirers based on TF's historical earnings and 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 likely that the 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 institution;
- 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 Roebing and TF businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies' management and operating styles.
- the potential expense-saving and revenue-enhancing opportunities in connection with the merger, the related potential impact on the combined company's earnings and the fact that the nature of the merger consideration would allow former Roebing shareholders to participate as TF shareholders in the benefits of such savings opportunities and the future performance of the combined company generally.
- the anticipated effect of the acquisition on Roebing's employees including the fact that TF anticipates offering employment to the majority of Roebing's employees and the availability of a retention bonus pool for Roebing's employees, following the consummation of the merger;
- the effect on Roebing's customers and the communities served by Roebing;
- the terms of the merger agreement, including the price protection provisions, walk-away provisions, representations and warranties of the parties, the covenants, the consideration, the benefits to Roebing's employees, the circumstances under which the Roebing board of directors may consider a superior proposal and the ability of Roebing to terminate the merger agreement;
- the increased legal lending limit and type of loans available to Roebing customers by reason of the merger;
- the opinion delivered to Roebing by FinPro to the effect that based upon and subject to the assumptions, procedures, considerations, qualifications and limitations set forth in the opinion, the consideration to be received by the Roebing shareholders under the merger agreement was fair, from a financial point of view, to the holders of shares of Roebing common stock;
- the likelihood of obtaining the necessary regulatory approvals within a reasonable time frame and without unusual or burdensome conditions; and
- the long-term and short term interests of Roebing and its shareholders, the interests of the employees, customers, creditors and suppliers of Roebing, and community and societal considerations including those of the communities in which Roebing maintains offices.

Roebing's board of directors also considered potential risks and potentially negative factors concerning the merger in connection with its 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 Roebbling's employees and customers may leave before the closing of the merger which could jeopardize the closing or could be detrimental to Roebbling's business;
- the provisions of the merger agreement restricting Roebbling's solicitation of third-party acquisition proposals, requiring Roebbling 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 Roebbling's expenses related to the merger in certain circumstances, which Roebbling's board of directors understood, while potentially limiting the willingness of a third party to propose a competing business combination transaction with Roebbling, were a condition to TF's willingness to enter into the merger agreement; and

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

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

The foregoing explanation of Roebbling's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Cautionary Statement Concerning Forward-Looking Statements."

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 number of factors, including:

- the complementary geographical locations of Roebling's branch network, which will augment TF's operations;
- the board's understanding of, and the presentations of TF's management and financial advisor regarding, Roebling's business, operations, management, and prospects;
- the board's view that the merger is consistent with TF's expansion strategy and will allow for enhanced opportunities for TF's new 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 acquisition related charges;
- the anticipated operating efficiencies, cost savings and opportunities for revenue enhancements of the combined company following 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 election, subject 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 the termination 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 discussion of the factors considered by TF's board of directors does not list every factor considered by the board but includes all material factors considered by the board. In reaching its determination to approve and adopt the merger agreement, the board did not give relative or specific importance to each of the factors listed above, and individual directors may have given differing importance to different factors. Please note that this explanation of the TF board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking 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 another financial institution. Roebling selected FinPro because of its knowledge of, experience with, and reputation in the financial services industry. FinPro agreed to assist Roebling in analyzing, structuring, negotiating and effecting a possible merger. FinPro is engaged in the

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

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

According to the terms of the merger agreement, each share of Roebbling common stock will be converted into 0.364 shares of TF 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 reference. Roebbling shareholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters 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 Roebbling board of directors and addresses only the fairness, from a financial point of view, of the consideration to be received in the merger. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Roebbling shareholder as to how the shareholder should vote at the Roebbling 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 Roebbling’s and TF’s trading history;
- (iv) trends and changes in the financial condition and results of operations of Roebbling and TF;
- (v) Roebbling Bank’s and 3rd Fed Bank’s 2012 call reports;
- (vi) Roebbling’s and TF’s 2010 and 2011 annual reports;
- (vii) Roebbling’s and TF’s current strategic plans;
- (viii) Roebbling’s and TF’s 2011 and 2012 SEC filings; and
- (ix) the written agreement between Roebbling 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 financial and other information that was available to it from public sources, that was provided to it by Roebbling, TF or their representatives, or that was otherwise reviewed by FinPro and has assumed such accuracy and completeness for purposes of rendering its opinion. FinPro has further relied on the assurances of management of Roebbling that they are not aware of any facts or circumstances not within the actual knowledge of FinPro, as the case may be, that would make any of such information inaccurate or misleading. FinPro has not been asked to and has not undertaken any independent verification of any of such information, and FinPro does not assume any responsibility or liability for the accuracy or completeness thereof. FinPro has not made an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Roebbling, TF or any of its subsidiaries, or the collectibility of any such assets, nor has FinPro been furnished with any such evaluations or appraisals. FinPro has not made any independent evaluation of the adequacy of the allowance for loan losses of Roebbling or TF or its subsidiary nor has FinPro reviewed any individual credit files and 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 Roebbling board of directors on December 17, 2012. The summary is not a complete description of all the

analyses underlying FinPro's opinion. The preparation of a fairness opinion is a complex process involving subjective judgments as to the 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 believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered, without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. The financial analyses summarized below include information presented in a tabular format. In order to understand fully the financial analyses, these tables must be read together with the accompanying text. The tables 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 not limited to: 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 knowledgeable, unrelated buyers and sellers would agree to transfer shares. The market value is frequently used to determine the price of a minority block of stock when both the quantity and the quality of the "comparable" data are deemed sufficient. The market value for a financial institution can be determined by comparison to the median price to earnings and price to tangible book value of publicly-traded financial institutions, adjusting for significant differences in financial performance criteria. The market value in connection with the evaluation of control of a 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 for Roebling (the "Roebling Comparable Trading Group") which was comprised of fully public banks and thrifts with average daily trading volume greater than 1,000 shares for the last year and with assets less than \$500 million located in the Mid-Atlantic region. The banks and thrifts included in the Roebling Comparable Trading Group all had an initial public offering date earlier than December 13, 2011. Any bank or 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 "TF Comparable Trading Group") which was comprised of fully public banks and thrifts located within in Pennsylvania or New Jersey with total assets between \$500 million and \$900 million. The banks and thrifts included in the TF Comparable Trading Group all had an initial public offering date earlier than December 13, 2011. Any bank or holding company known to be a merger target was eliminated from the TF Comparable Trading Group.

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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:				

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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 securities and nonrecurring items and other gains on sale. The assumed tax rate is 35%.

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

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

Market Value – Acquisition. In analyzing the consideration value to be paid for Roebling, FinPro considered the pricing of other recent 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 mutually owned 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 investment securities 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 benefits, usually earnings, cash flow or dividends, which will accrue to the

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

- FinPro relied upon the projections in Roebbling's current business plan for 2013. For 2014-2017, FinPro assumed 2% asset growth and a gradual increase in return on average assets from 0.23% for 2014 to 0.35% for 2017. FinPro assumed Roebbling would resume cash 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 Roebbling's stand-alone projected calendar 2013 and 2014 earnings per share and financial condition as of September 30, 2012. Roebbling's and TF's stand-alone earnings projections were taken from each institution's strategic plan for 2013. FinPro projected each institution's earnings for 2014. Based upon certain assumptions, including those with respect to cost savings and other synergies from the merger and the stand alone earnings projections, the analysis indicated that the merger is projected to be 12% accretive to TF's fiscal 2013 accounting principles generally accepted in the United States ("US GAAP") earnings per share and 313% accretive to Roebbling's equivalent calendar 2013 US GAAP earnings per share. The transaction is

projected to be dilutive to both institutions' tangible book value. The combined entity on a pro forma basis was projected to remain "well capitalized".

These forward looking projections may be affected by many factors beyond the control of Roebing and TF, including the future direction of interest rates, economic conditions in the companies' market place, the actual amount and timing of cost savings achieved through the merger, the actual level of revenue enhancements brought about through the merger, future regulatory changes and various 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 Roebing and TF to the pro forma market capitalization, balance sheet and income statement items of the combined entity, including assets, net loans, deposits, tangible common equity, historical net income and projected 2013 net income.

At or for the twelve months ended September 30, 2012, except as noted	Roebing		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%.

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

FinPro has never provided services to Roebing prior to the engagement referenced above and has never provided services to TF. FinPro's parent, FinPro, Inc., has provided professional consulting services to Roebing. The fees paid to FinPro, Inc. by Roebing for such services are not material relative to FinPro, Inc.'s annual gross revenues. Neither FinPro, Inc. nor FinPro has provided 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 employees of any party to the transaction relative to the consideration to be paid to

Roebbling shareholders in the transaction or with respect to the fairness of any such compensation. The issuance of its opinion was 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 Roebbling common stock outstanding immediately prior to the effective time of the merger and will issue shares of TF common stock for the remaining 50% of such shares. Under the terms of the merger agreement, Roebbling shareholders will be given the opportunity to elect for each outstanding share of Roebbling common stock 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 Roebbling shares owned by such shareholder, the cash consideration, and with respect to all other Roebbling 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 payment to each Roebbling 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, subject to certain customary anti-dilution adjustments and a potential adjustment at TF's option in certain circumstances involving a decline in TF's stock price as described under "— Terminating the Merger Agreement" beginning on page _____. The per share value of the stock consideration, based upon TF's closing stock price on _____, 2013, the most recent practicable trading day before this proxy statement/prospectus was finalized, was \$_____ per share. The market value of the stock consideration will fluctuate with the price of TF common stock. At the time of completion of the merger, the market value of the stock consideration could be greater or less than the value of the cash consideration due to fluctuations in the market price of TF common stock.

Under the terms of the merger agreement, the aggregate consideration payable to Roebbling 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 and 50% in TF common stock. The amount of cash to be paid in the merger is \$7,252,066. Amounts paid for unallocated shares held by the ESOP count towards this amount. Based on the number of unallocated shares held by the ESOP as of the record date, the remaining cash available to pay shareholders who elect the cash consideration is approximately \$7,094,677. We call this number the cash consideration pool.

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

\$7,252,066. See “— Allocation Procedures” below. The allocation of the mix of consideration payable to Roebling shareholders in the merger will not be known until TF tallies the results of the cash/stock elections made by Roebling shareholders, which will not occur 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 separately to all holders of record of Roebling common stock as of the record date for the special meeting. The election form and transmittal materials will allow record holders to elect to receive cash, TF common stock, or cash for some shares and TF common stock for the remainder, or make no election with respect to the merger consideration such shareholders wish to receive. We refer to the shares with respect to which a valid cash consideration election is made as “cash election shares,” the shares with respect to which a valid stock consideration 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 certificates for which an election is made, must be received by the exchange agent by the election deadline, which shall be on or before 5:00 p.m., New York City time, on the date specified in the election form. An election form shall be deemed properly completed only if accompanied by one or more stock certificates (or customary affidavits and indemnification regarding the loss or destruction of such certificates or the guaranteed delivery of such certificates) representing all shares of Roebling common stock covered by such election form, together with 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 receive or obtain instructions from the institution holding your shares concerning how to make your election. Any instructions must be given to your broker or other financial institution sufficiently in advance of the election deadline for record holders in order to allow your broker or other financial institution sufficient time to cause the record holder of your shares to make an election as described above. TF and/or Roebling will publicly announce the deadline for the receipt of election forms from record holders. “Street name” holders may be subject to an election deadline earlier than the deadline applicable to holders of shares in registered form. Therefore, you should carefully read any materials you receive from your broker. If you instruct a broker to submit an election for your shares, you must follow such broker’s 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 or before the election deadline or (ii) revokes its election form prior to the election deadline (without later timely submitting a properly completed election form for receipt by the exchange agent by the election deadline), the shares of Roebling common stock held by such shareholder shall be designated as non-election shares and will be converted into the right to receive the stock consideration or the cash consideration according to the allocation procedures specified in the merger agreement and summarized below. Any election form may be revoked or changed by the person submitting such election form to the exchange agent by written notice to the exchange agent only if such notice of revocation or change is actually received by the exchange agent at or prior to the election deadline. Stock certificates relating to any revoked election form will be promptly returned without charge. The exchange agent will have discretion to determine when any election, modification or revocation is received and whether any such election, modification or revocation has been properly made. All elections (whether cash, stock or mixed) will be revoked automatically if the merger agreement is terminated. Roebling shareholders are urged to carefully read and follow the instructions for

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 described in detail below. Pursuant to such allocation procedures, if the number of cash election shares multiplied by the cash consideration (including amounts paid for unallocated ESOP shares) would exceed \$7,252,066, a pro rata portion of those shares will be converted into the right to receive TF common stock in order to provide for an aggregate cash/stock allocation among all outstanding Roebling shares. Similarly, if the number of cash election shares multiplied by the cash consideration (including amounts paid for unallocated ESOP shares) is less 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 election shares will 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) is less than \$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 cash election shares times the cash consideration (including amounts paid for unallocated ESOP shares) equal \$7,252,066. If less than all of the non-election shares need to be treated as cash election shares, the exchange agent will select the non-election shares to be treated as 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 times the cash consideration (including amounts paid for unallocated ESOP shares) is still less than \$7,252,066, a pro rata portion of each shareholder's stock election shares will be converted into cash election shares so that the total number of cash election shares times the cash consideration (including amounts paid for unallocated ESOP shares) equals \$7,252,066 and the remaining stock election 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 shares) is greater than \$7,252,066, then:

- All stock election shares and all non-election shares will be converted into the right to receive the stock consideration.
- A pro rata portion of each shareholder's cash election shares will be converted into stock election shares so that the remaining number of cash election shares times the cash consideration (including amounts paid for unallocated ESOP shares) equals \$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 unallocated ESOP shares), then all cash election shares will be converted into the right to receive the cash consideration and all stock election shares and non-election shares will be converted into the right to the stock consideration.

Exchange Procedures

An election form and transmittal materials will be mailed under separate cover to Roebbling shareholders who hold shares of Roebbling common stock in registered form. If you wish to make an election with respect to any of your shares, you must submit an election form and transmittal materials and the certificates which represent your election shares to the exchange agent prior to the election deadline. Do not submit your stock certificates with your proxy card. You should only submit your stock certificates which represent your election shares when you have received and properly completed the election form and transmittal materials. See "-- Election 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 \$7,252,066 to allow the exchange agent to make cash consideration payments under the terms of the merger agreement, (2) certificates (or evidence of shares in book entry form) representing shares of TF common stock, which we refer to as the "new certificates," each to be given to the holders of Roebbling common stock in exchange for old certificates representing shares of Roebbling common stock and (3) cash to be paid in lieu of fractional shares. Any such cash or new certificates remaining in the possession of the exchange agent one year after the effective time will be delivered to TF. Any holder of old certificates who has not exchanged his, her or its old certificates by that time 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 entitled upon exchange of such old certificates.

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

Until you surrender your Roebbling stock certificates for exchange, you will accrue, but will not be paid, any dividends or other distributions declared after the effective time of the merger with respect to TF common stock into which any of your shares may have been converted. When you surrender your Roebbling stock certificates, to the extent you receive shares of TF common stock in exchange, TF will pay any unpaid dividends or other distributions, without interest. After the completion of the merger, there will be no transfers on the stock transfer books of Roebbling of any shares of Roebbling common stock.

If a certificate for Roebbling common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly 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 appropriate 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 acquisition method of accounting, the assets and liabilities of Roebing will be recorded by TF at their respective fair values at the time of the completion of the merger. The excess of TF's purchase price over the net fair value of the assets acquired and liabilities assumed will then be allocated to identified intangible assets, with any remaining unallocated cost recorded as goodwill. The value of the shares exchanged will be 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 of Roebing common stock who exchange shares of Roebing common stock for shares of TF common stock, cash, or a combination of shares of TF common stock and cash pursuant to the merger.

For purposes of this discussion, a U.S. holder is a beneficial owner of Roebing common stock who, for United States federal income tax 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 or any state or 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 one or more United States persons to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Treasury 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 purposes) holds Roebing common stock, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Roebing common stock, you should consult your tax advisor.

This discussion addresses only those Roebing shareholders that hold their Roebing common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, and does not address all the United States federal income tax consequences that may be relevant to particular Roebing shareholders in light of their individual circumstances or to Roebing shareholders that are subject to 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 Roebing common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- 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 Roebing common stock through the exercise of a stock option or otherwise as 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 the merger, or 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 thereunder, and published positions, rulings and decisions of the Internal Revenue Service and other applicable authorities, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of this discussion.

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

Roebing shareholders are urged to consult their tax advisors as to the United States federal income tax consequences of the merger, as 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 Roebbling Common Stock. If the merger is treated as a reorganization 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 Roebbling common stock pursuant to the merger equal to the difference between the amount of cash received by a U.S. holder of Roebbling common stock and such holder's adjusted tax basis in such holder's shares of Roebbling common stock;
- no gain or loss will be recognized by those holders receiving solely shares of TF common stock in exchange for shares of Roebbling common stock pursuant to the merger (except with respect to any cash received instead of fractional share interests in TF common stock, as discussed in the section entitled “—Material United States Federal Income Tax Consequences of the Merger – Cash Received 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 for shares of Roebbling common stock pursuant to the merger, in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the TF common stock and cash received by a holder of Roebbling common stock exceeds such holder's adjusted tax basis in its Roebbling common stock, and (2) the amount of cash received by such U.S. holder of Roebbling common stock (except with respect to any cash received instead of fractional share interests in TF common stock, as discussed in the section entitled “—Material United States Federal Income Tax Consequences of the Merger – Cash Received Instead of a Fractional Share of TF 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 Roebbling common stock for which it is exchanged, decreased by the amount of cash received in the merger (except with respect to any cash received instead of fractional share interests in TF common stock), decreased by any basis attributable to fractional share interests in TF common stock for which cash is received, and increased by the amount of gain recognized on the exchange (regardless of whether such gain is classified as capital gain or as ordinary dividend income, as discussed in the section entitled “—Material United States Federal Income Tax Consequences of the Merger – Recharacterization as a Dividend” beginning on page ___, but excluding any gain 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 Roebbling common stock will include the holding period of the Roebbling common stock for which it is exchanged.

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

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

Recharacterization as a Dividend. All or part of the gain that a particular U.S. holder of Roebing common stock recognizes (or all or part of the cash received by a U.S. holder of Roebing common stock, if such holder receives only cash pursuant to the merger) could be treated as dividend income rather than capital gain if (1) such holder is a significant shareholder of TF or (2) such holder’s percentage ownership, taking into account constructive ownership rules, in TF after the merger is not meaningfully reduced from what its percentage ownership would have been if it had received solely shares of TF stock rather than cash or a combination of cash and shares of TF stock in the merger. This recharacterization as dividend income could happen, for example, because of ownership of additional shares of TF stock by such holder of Roebing common stock, ownership of shares of TF stock by a person related to such holder or a share repurchase by TF from other holders of TF stock. The Internal Revenue Service has indicated in rulings that any reduction in the interest of a minority shareholder that owns a small number of shares in a publicly and widely held corporation and that exercises no control over corporate affairs would not result in dividend treatment. Under the constructive ownership rules, a shareholder may be deemed to own stock that is owned by others, such as a family member, trust, corporation or other entity. For an individual who receives dividend income that constitutes qualified dividend income, the dividend income may be subject to reduced rates of taxation if such individual meets certain holding period requirements. Because the possibility of dividend treatment depends primarily upon each holder’s particular circumstances, including the application of the constructive ownership rules, holders of Roebing common stock should consult their tax 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 Roebing common stock who receives cash instead of a fractional share of TF common stock will generally be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by TF. As a result, a holder of Roebing common stock will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest as set forth above. Except as described in the section entitled “— Recharacterization as a Dividend” above, this gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for such 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 Roebing common stock may, under certain circumstances, be subject to information reporting to the Internal Revenue Service and backup withholding, unless the holder provides proof of an applicable exemption satisfactory to TF and the exchange agent, or furnishes its taxpayer identification number and otherwise complies with all applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld from payments to a U.S. holder of Roebing common stock under the backup withholding rules, to the extent that such amounts result in an overpayment of tax, will be allowed as a refund or credit against the holder’s United States federal income tax liability, 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 Roebing as a result of the merger.

The preceding discussion is intended only as a summary of material United States federal income tax consequences of the merger for general information and is not tax advice. It is not a complete analysis or discussion of all potential tax effects that may be important to you. You are strongly encouraged to consult your tax advisor as to the specific tax consequences resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other tax laws and the effect of any proposed 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 Act. In granting its approval under the Bank Merger Act, the FDIC must consider, among other factors, the competitive effect of the merger, the managerial and financial resources and future prospects of the merging banks, the effect of the merger on the convenience and needs of the communities to be served, including the records of performance of the merging banks in meeting the credit needs of the communities under the Community Reinvestment Act, the effectiveness of the merging banks in combating money laundering activities, and the risk that would be posed by the merger to the stability of the United States banking or financial system. Applicable regulations require publication of notice of the application and an opportunity for the public to comment on the application in writing. TF filed the requisite 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 the FDIC may prescribe with the concurrence of the United States Department of Justice, but not less than 15 days), during which time the Department of Justice may challenge the bank merger on antitrust grounds. The commencement of an antitrust action by the Department of Justice would stay the effectiveness of the FDIC approval unless a court specifically orders otherwise. In reviewing the bank merger, the Department of Justice could analyze the merger's effect on competition differently than the FDIC, and it is possible that the Department 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' Loan Act and the Federal Reserve Board's savings and loan holding company regulations, unless the Federal Reserve Board grants a waiver pursuant to a provision of its regulations that allows for such waivers. TF has filed a request for such waiver and believes that the transaction qualifies for the waiver procedure. If a waiver is not received, the Federal Reserve Board will also, in its review of the application to be filed by TF, consider factors such as financial and managerial resources, future prospects, the convenience and needs of the community and competitive factors.

Office of the Comptroller of the Currency. Roebing Bank must give notice to the OCC regarding its proposed merger with and into 3rd Fed Bank. No formal OCC approval is required for the bank merger; however, the OCC must not object to the bank merger. This notice has been given.

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

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

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

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the acquisition from the standpoint of the adequacy of the merger consideration to be received by Roebing shareholders. Furthermore, 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 of Roebing beneficially owned, in the aggregate, 313,177 shares of Roebing common stock (excluding shares that may be acquired upon the exercise of stock options), representing approximately 18.6% of the outstanding shares of Roebing common stock.

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

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

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

Roebing Bank would terminate and be of no further force and effect, and would be superseded and replaced by such transition agreement. The transition agreement provides that Ms. Summers will continue to be employed by 3rd Fed Bank for a period of six (6) months following the merger, after which time Ms. Summers may voluntarily terminate employment as a result of a material diminution in her authority, duties, or responsibilities. If Ms. Summers terminates her employment under such terms, or if her employment is terminated at any time by 3rd Fed Bank without cause, the transition agreement provides that Ms. Summers would be entitled to a single lump-sum payment in the amount of \$275,442, subject to Ms. Summers' execution of a release of claims at such time. However, if Ms. Summers terminates employment with 3rd Fed Bank with or without good reason within six months following the merger, she will not be entitled to any severance payment. The transition agreement further provides that Ms. Summers will be bound by a non-solicitation and non-disparagement clause from the time of the merger through the later of one year thereafter or one year following termination of her employment.

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

	Accrued Liability Retirement Benefit as of September
Director	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 Agreements with John J. Ferry, Mark V. Dimon and George N. Nyikita, which provide that upon a change in control, the director would receive a lump-sum distribution of his deferred compensation account. The completion of the merger will constitute a change in control for the purposes of the Roebling Bank Directors Deferred Compensation Agreements.

Bank Owned Life Insurance Policy. As part of the Directors' Deferred Compensation Agreement, Roebling has implemented a Bank Owned Life Insurance Policy with respect to Mark V. Dimon, which has a cash surrender value of \$149,508 as of September 30, 2012. Upon the completion of the merger, the cash surrender value amount at that time would be paid to Mr. Dimon and the policy would be cancelled.

Equity-Based Awards. Pursuant to Roebling's existing equity plans, all unvested options to purchase shares of Roebling common stock will become vested and exercisable upon consummation of the merger. All options to purchase shares of Roebling common stock are currently vested and exercisable, and no additional options will be granted prior to the merger. At the closing of the merger, all unexercised options will be cancelled and Roebling will pay each holder an amount equal to the positive difference, if any, between the \$8.60 per share cash consideration and the exercise price per share of each option, net of any cash that must be withheld under federal and state income and employment tax requirements. However, as the exercise price per share of all existing stock options are each greater than \$8.60, no payments will be made with respect to cancellation of such options in connection with the merger. There are currently no unvested restricted stock awards with respect to Roebling common stock, and no awards of such restricted stock will be made prior to the 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. All unallocated Roebling shares of common stock remaining after repayment of the outstanding ESOP loan balance will be allocated to the participants, including Ms. Summers, pro rata based on the total value of assets allocated to all participant accounts held in trust as of the date of termination, to the extent allowed under applicable law and the governing documents of the plan. It is not anticipated that there will be any unallocated shares available for allocation as the aggregate merger consideration for such unallocated shares is less than the ESOP acquisition debt with respect to such unallocated shares. Upon termination of the plan, all participants will become fully vested and have 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 to the merger 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 Roebing Director to the 3rd Fed Bank Board of Directors. TF will invite John J. Ferry, Chairman of the Roebing Board of Directors, to serve on the board of directors of 3rd Fed Bank following completion of the merger. See “Management Following the Merger” on Page []. Mr. Ferry will be entitled to compensation received by other members of the 3rd Fed Bank board of directors. See “Management Following the Merger – Director Compensation.” If Mr. Ferry is not able or willing to serve in such capacity, the TF board of 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 has agreed to indemnify and hold harmless the directors and officers of Roebing and Roebing Bank against all liability arising out of actions or omissions occurring at or before the effective time of the merger to the fullest extent that Roebing and/or Roebing Bank would have been permitted. For a period of three years following the effective time of the merger, TF has also agreed to use its best efforts to maintain in effect Roebing’s existing directors’ and officers’ liability insurance coverage or provide a policy with comparable coverage; provided, however, if the cost that is necessary to maintain or procure such insurance coverage exceeds 150% of the amount of annual premiums paid by Roebing as of the date of the merger agreement, TF will use its reasonable efforts to obtain the most advantageous coverage obtainable for a premium equal to such amount.

Retention Bonus Plan. TF and Roebing have cooperated in entering into a retention bonus plan for the benefit of certain executives of Roebing and Roebing Bank, including R. Scott Horner, Marge Young, John Rubinacci and Joel Fellman. Each executive covered by the plan will receive a retention bonus, paid by TF or 3rd Fed Bank in a single lump sum, if he or she continues in employment with TF or 3rd Fed Bank following the merger and remains in such employment for no less than 60 days thereafter. The amount of the retention bonus received, if any, will be in an amount equal to two months’ salary of the respective executive, calculated based on his or her base salary immediately prior to the merger. If such executive is terminated from employment by TF or 3rd Fed Bank without cause prior to 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 executive officer of Roebing would receive that is based on or otherwise related to the merger:

Golden Parachute Compensation (1)

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

-
- (1) This table relates to “golden parachute compensation” for the purposes of Item 402(t) of Regulation S-K, which may differ from how such compensation is defined under the Internal Revenue Code.
 - (2) TF and Roebing have agreed that certain Roebing executives will be entitled to receive a retention bonus in an amount equal to two months’ salary of such executive, payable by TF or 3rd Fed Bank, if such executive continues in the employment of TF or 3rd Fed Bank following the effective time of the merger and remains in such employment for 60 days, or if the executive’s employment is terminated by TF or 3rd Fed Bank prior to the expiration of such 60 day period without cause. The retention bonus that Mr. Horner will be entitled to receive (\$20,833), if any, will be calculated with reference to his base salary of \$125,000. In addition, Mr. Horner is eligible to receive a severance payment of two weeks’ pay (approximately \$4,808), if he is terminated following the merger assuming 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 described above, Ms. Summers will be entitled to a single lump-sum severance payment in the amount of \$275,442 if she resigns from employment with good reason later than six months after the effective time of the merger or if she is terminated from employment by 3rd Fed Bank 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 share price of \$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 or any of their affiliates and any officer or employee of Roebing or any of its subsidiaries or an obligation on the part of TF, 3rd Fed Bank or any of their affiliates to employ any such officers or employees.

In the event that TF terminates any of Roebing’s health and welfare benefit plans, programs, insurance and other policies, all employees of Roebing or Roebing Bank who continue employment with TF or 3rd Fed Bank following the effective time of the merger will become eligible to participate in TF’s or 3rd Fed Bank’s medical, dental, health and disability plans. With respect to each TF or 3rd Fed Bank health plan, TF or 3rd Fed Bank, as applicable shall cause each such plan to (1) waive any pre-existing condition limitations under such plans to the extent such conditions for such participant are covered under the applicable Roebing health plan, and (2) waive any waiting period limitation or evidence of insurability requirement under said plans, unless such employee had not yet satisfied any similar limitation or requirement under the analogous Roebing plan prior to the enrollment date.

Any employee of Roebing or Roebing Bank (other than those employees who are a party to an employment, change of control or other type of agreement with Roebing which provides for severance) who remain employed by Roebing or Roebing Bank as of the effective time of the merger and whose employment is terminated by TF or 3rd Fed Bank, absent termination for cause, within six months after the effective time of the merger, shall receive severance benefits equal to two weeks of pay for each completed year of prior service with a 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 take place on the 10th business day following the later of (1) the effective date (including the expiration of any applicable waiting period) of the last required regulatory approval and (2) the date shareholders of Roebing approve the merger agreement.

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

Conditions to Completing the Merger

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

- approval of the merger agreement by Roebing's shareholders;
- receipt of all required regulatory approvals, the expiration of all statutory waiting periods and the satisfaction of all conditions contained in the approvals;
- there shall be no pending causes of action, investigations or proceedings (1) challenging the validity or legality of the merger agreement or the consummation of the merger, or (2) seeking damages in connection with the merger, or (3) seeking 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 suspending the 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 any part of the transaction, and the absence of any statute, rule or regulation that prohibits, restricts or makes illegal the completion of any part of 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 representations and warranties being true and correct as of the effective date of the merger subject to certain qualifications and receipt of a 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 Roebing or its subsidiaries or the consummation of the transactions contemplated by the merger agreement;

- receipt by Roebing of all consents and approvals from third parties (other than those required from regulatory authorities) required to complete the merger, unless failure to obtain those consents or approvals would not have a material adverse effect on the merger 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, imposes, in the judgment of TF, any material adverse requirement upon TF or any TF subsidiary, including, without limitation, any requirement that TF sell or dispose of any significant amount of assets of Roebing or any Roebing subsidiary;
- Roebing's non-performing assets (defined as non-accrual loans, accruing troubled debt restructurings (within certain agreed-upon exceptions), loans past due 90 days or more and still accruing interest and other real estate owned) must not exceed \$3.75 million as of the last day of the month prior to the month in which the merger is expected to be consummated or have net charge-offs between the date of the merger agreement and the effective time of the merger exceeding \$1.0 million; and
- Roebing's adjusted stockholders' equity (which means consolidated stockholders' equity (in accordance with US GAAP), adjusted for legal, financial advisory and other expenses incurred in connection with the merger, disregarding accumulated other comprehensive income attributable to unrealized gains or losses on securities available for sale, net of tax), must be at least \$15,250,000 as of the last day of the month prior to the month in which the merger is expected to be consummated .

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

Conduct of Business Before the Merger

Roebing 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 principles;
- use its best efforts to maintain and preserve intact its business organization, employees, goodwill with customers and other business 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 Roebing to obtain any consent from any regulatory authority or other approvals required for the consummation of the transactions contemplated by the merger agreement or to perform its respective covenants and agreements under the merger agreement or which would cause a breach of any representation or warranty if made immediately after such action.

Roebbling has agreed that, until completion of the merger, unless required by law or permitted by TF, neither it nor its subsidiaries will:

Indebtedness

- incur any material liabilities or material obligations (other than deposit liabilities and short-term borrowings in the ordinary course of business not to exceed a maturity of one year), whether directly or by way of guaranty, including any obligation for borrowed 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 Roebbling (except for the issuance of Roebbling common stock upon the exercise of outstanding stock options), including any issuance, purchase, redemption, split, combination or reclassification thereof;
- issue or grant any option, warrant, call, commitment, subscription, right or agreement to purchase relating to the capital stock of Roebbling;
- declare, set aside or pay any dividend or other distribution with respect to the outstanding capital stock of Roebbling;

Acquisitions and Dispositions

- sell, transfer, convey or otherwise dispose of any real property (including “other real estate owned”) or interest therein;
- purchase or otherwise acquire, or sell or otherwise dispose of, any assets or incur any liabilities other than in the ordinary course of 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 direct or indirect control of any person or business (except for foreclosures in the ordinary course of business and after consultation with TF);
- enter into any futures contract, option, interest rate caps, interest rate floors, interest rate exchange agreement or other agreement, or take any other action for purposes of hedging the exposure of its interest-earning assets and interest-bearing 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 agency of the 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 or bankcard 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 agreement or indebtedness to which Roebing or any Roebing subsidiary is a party, other than in the ordinary course of business, consistent with past practice;

Loans

- originate, purchase, extend or grant any loan other than loans that are fully secured by owner-occupied residential property and not in excess of \$400,000 or up to \$417,000 if the loan has been originated under a commitment to be sold in the secondary market and conforms to all applicable requirements of Fannie Mae or loans that are unsecured not in excess of \$7,500, except for binding obligations as of the date of the merger agreement;

Employee Matters

- unless previously disclosed by Roebing, 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-competition or 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 paid by TF for similarly-situated employees;
- except for the execution of the merger agreement and the consummation of the merger, take any action that would give rise to a right of payment to any individual under any employment agreement (other than salary earned for prior service) or that would give rise to an acceleration of the right to payment to any individual under any of Roebing's benefit plans;
- terminate any individual that is a party to an employment contract or change of control agreement prior to the effective time of the merger, other than for "cause" as defined in the applicable agreement;

- make any written communication to employees of Roebing or any of its subsidiaries pertaining to compensation or benefit matters affected by the merger or the transactions contemplated by the merger agreement without first providing TF with a copy or 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, arbitration, complaint, criminal prosecution, demand letter, governmental or other examination or investigation, hearing, inquiry or other 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 pursuant to 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 \$25,000;

Branches

- file any applications or make any contract with respect to branching by Roebing Bank (whether de novo, purchase, sale or 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 than pursuant to existing policies;
- make any changes to its existing policies regarding credit, loan loss reserves, loan charge-offs, investments, asset/liability management or other material banking policies, except as required by changes in applicable law or regulations or US GAAP;
- take any action that is intended or may reasonably be expected to result in any of the conditions to the merger not being satisfied; and
- foreclose upon or take a deed or title to any commercial real estate without first conducting a Phase I environmental assessment of the property or if such assessment indicates the presence of an underground storage tank or hazardous material.

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 representatives will: (1) initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any acquisition proposal or offer by a third party; (2) enter into, continue or otherwise participate in discussions or negotiations regarding, or furnish any information with respect to, or otherwise cooperate in any way with, an acquisition proposal; or (3) furnish any non-public information that it is not legally obligated to furnish or negotiate or enter into any agreement or contract with respect to any acquisition transaction. An acquisition transaction 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 TF);
- 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 group to become 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 shareholder approval of the merger agreement with TF, Roebling may generally negotiate or have discussions with, or provide information to, a third party who makes an unsolicited, written, bona fide proposal for an acquisition transaction not solicited in violation of the merger agreement, 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 necessary for the 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 presented by such unsolicited acquisition proposal, taking into account all legal, financial and regulatory aspects of the proposal and the person making the proposal, (1) is more favorable from a financial point of view than the transactions contemplated by the merger agreement with TF (taking into account any changes to the financial terms of the merger agreement proposed by TF in response to the other proposal) and (2) is reasonably capable of being completed, taking into account all financial, legal, regulatory and other 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 person, gives TF written notice of the identity of such person and of Roebling's intention to furnish such non-public information or enter into such discussions.

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

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

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

- Roebbling and its subsidiaries will give TF reasonable access, during normal business hours, to its properties, and shall disclose or make available to TF and its representatives all books, papers and records relating to the assets, stock, properties, operations, obligations and liabilities of Roebbling and its subsidiaries;
- each party shall cause to be prepared and filed all required applications and filings with the regulatory authorities which are 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 Roebbling agreed to cooperate in its preparation;
- each party will use its best efforts to take all actions and do all things necessary, proper or advisable under applicable laws and regulations, or otherwise, to consummate the merger and the other transactions contemplated by the merger agreement;
- Roebbling will make all reasonable efforts to cause Roebbling's and Roebbling Bank's data processing service providers to cooperate with TF in connection with the data processing conversion to occur after the effective time of the merger and will permit its employees to be trained in the new system during normal business hours;
- Roebbling will invite a representative of TF to attend all regular and special meetings of Roebbling's board of directors and committees thereof. Roebbling may request that the representative of TF recuse himself or herself from any meeting (1) if the merger or any other acquisition transaction is the subject of discussion or (2) to preserve attorney-client privilege with respect to any specific matter;
- Roebbling will take all actions necessary to convene a meeting of its shareholders to vote on the merger agreement to be held no later 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 government agencies in 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, shareholders and depositors, and such other matters as may be necessary or advisable in connection with any statement or application made by or on behalf of either party to any governmental body in connection with the transactions, applications or filings contemplated by the merger agreement;

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

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

Roebing and TF have made certain customary representations and warranties to each other in the merger agreement relating to their respective businesses. For information on these representations and warranties, please refer to the merger agreement attached as Annex A. The representations and warranties must be true in all material respects through the completion of the merger. See "-- Conditions to Completing the Merger" on page ____.

The representations and warranties contained in the merger agreement were made only for purposes of the merger agreement and are made as of specific dates, were solely for the benefit of the parties to the merger agreement, and may be subject to limitations agreed to by the contracting parties, including without limitation being qualified by disclosures between the parties. These representations and warranties may have been made for the purpose of allocating risk between the parties to the merger agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable 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 Roebing;
- by either party, if the shareholders of Roebing 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 that time is due to a breach of any of the representations, warranties, covenants or other agreements contained in the merger agreement by the party seeking to terminate the merger agreement;
- by either party, if the other party materially breaches any covenant or agreement contained in the merger agreement, or in the event of an inaccuracy of any representation or warranty of the other party, in either case that has not been cured within 30 days following written notice to such party;

- by TF, if Roebbling fails to hold its shareholder meeting to vote on the merger agreement within the time frame set forth in the merger agreement;
- by TF, if the board of directors of Roebbling does not recommend approval of the merger to the Roebbling shareholders or withdraws or revises its recommendation in a manner adverse to TF or publicly discloses its intent to do so;
- by Roebbling, prior to the approval of the merger agreement by the shareholders of Roebbling, if Roebbling receives a superior proposal from a third party that, in the good faith determination of Roebbling's board of directors, the board is required to accept in order to comply with its fiduciary duties and TF does not make an offer at least as favorable to Roebbling within four days after notice;
- by Roebbling, at any time during a five-day period beginning on the date that all required regulatory approvals have been received (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 preceding the 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 obtained by dividing (i) the average closing prices of the NASDAQ Bank Index for the 20 consecutive trading days immediately preceding the Determination Date by (ii) the NASDAQ Bank Index closing value on December 14, 2012 minus 0.15.

Termination Fee

The merger agreement requires Roebbling to pay TF a fee of \$650,000 if the merger agreement is terminated in certain circumstances. Specifically, Roebbling must pay the termination fee if TF terminates the merger agreement as a result of Roebbling's failure to timely hold a shareholder meeting to vote upon the merger agreement, or if Roebbling's board of directors fails to recommend approval of the merger agreement or modifies, withdraws or changes in any manner adverse to TF its recommendation to approve the merger agreement. In addition, Roebbling is also required to pay the \$650,000 termination fee if Roebbling terminates the merger agreement after having received a superior proposal that, in the good faith determination of Roebbling's board of directors, the board is 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 Roebbling, TF terminates the merger agreement due to the shareholders of Roebbling failing to approve the merger, Roebbling will be required to pay TF a fee of \$275,000, and if Roebbling enters into a transaction with any other party within 15 months of the termination of the merger agreement, Roebbling will be required to pay a fee of \$650,000 to TF, less any amounts previously paid at the time the merger agreement was 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 agreement.

Dissenters' Rights of Appraisal

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

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 from audited consolidated financial statements of TF Financial Corporation. The financial information as of and for the nine months ended September 30, 2012 and 2011 is derived from unaudited financial statements. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the results of operations for the full year or any other interim period. In the opinion of TF's management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with TF's consolidated financial statements and related notes for the two years ended December 31, 2011 and December 31, 2010 and the nine months ended September 30, 2012, beginning on page F-__ of this proxy statement/prospectus.

(In thousands, except per share data)	Nine Months Ended September 30,		Year Ended December 31,		
	2012	2011	2011	2010	2009
	(Unaudited)				
Financial Condition Data:					
Total assets	\$697,056	\$695,168	\$681,929	\$691,757	\$714,090
Investment securities	109,036	120,483	117,091	127,490	122,784
Loans receivable, net	534,838	505,732	494,613	501,658	530,734
Deposits	533,273	551,678	551,288	550,135	552,716
Borrowings	75,156	59,500	46,908	61,987	80,241
Total stockholders' equity	81,965	77,499	77,408	73,416	71,874
Operating Data:					
Interest income	\$21,986	\$23,675	\$31,288	\$33,568	\$36,597
Interest expense	3,889	5,865	7,415	10,208	13,981
Net interest income	18,097	17,810	23,873	23,360	22,616
Provision for loan losses	1,750	2,878	3,728	4,241	2,930
Net interest income after provision for loan losses	16,347	14,932	20,145	19,119	19,686
Non-interest income	2,890	2,225	3,620	3,527	4,073
Non-interest expense	14,171	14,252	18,817	18,245	17,748
Income before taxes	5,066	2,905	4,948	4,401	6,011
Income taxes	1,189	508	1,019	1,049	1,497
Net income	3,877	2,397	3,929	3,352	4,514
Per Share Data:					
Earnings per share, basic	\$1.42	\$0.89	\$1.45	\$1.25	\$1.70
Earnings per share, diluted	1.42	0.89	1.45	1.25	1.70

	Nine Months Ended		Year Ended December 31,					
	September 30,		2011		2010		2009	
	2012	2011	2011	2010	2010	2009	2009	
Performance Ratios (1):								
Return on average assets	0.75	% 0.47	% 0.57	% 0.47	% 0.63			%
Return on average equity	6.50	4.27	5.17	4.55	6.63			
Interest rate spread	3.86	3.76	3.79	3.49	3.25			
Net interest margin	3.90	3.83	3.85	3.58	3.38			
Dividend payout ratio	10.56	16.85	13.79	60.80	44.71			
Efficiency ratio (1)	64.23	68.49	66.60	65.55	68.67			
Average interest-earning assets to average interest-bearing liabilities	106.33	105.31	94.92	94.20	106.19			
Average equity to average assets	12.46	11.75	11.91	11.04	9.93			
Asset Quality Ratios:								
Allowance for loan losses as a percent of total loans	1.25	1.86	1.61	1.63	0.97			
Allowance for loan losses as a percent of nonperforming loans	65.12	56.05	64.59	43.88	62.95			
Non-performing loans as a percent of total loans	1.92	3.32	2.49	3.72	1.55			
Non-performing loans as a percent of total assets	1.49	2.46	1.84	2.74	1.16			

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

SELECTED HISTORICAL FINANCIAL DATA FOR ROEBLING

The following selected financial information for the fiscal years ended September 30, 2012 and 2011 is derived from audited consolidated financial statements of Roebling Financial Corp, Inc. You should read this information in conjunction with Roebling's consolidated financial statements and related notes for the year ended September 30, 2012, beginning on page F-__ of this proxy 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		

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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

PRO FORMA DATA

The following unaudited pro forma condensed combined financial information is based on the historical financial statements of TF and Roebling, and has been prepared to illustrate the financial effect of TF's merger with Roebling. The following unaudited pro forma condensed combined financial information combines the historical consolidated financial position and results of operations of TF and its subsidiaries and of Roebling and its subsidiaries, as an acquisition by TF of Roebling using the acquisition method of accounting and giving effect to the related pro forma adjustments described in the accompanying notes. Under the acquisition method of accounting, the 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 Roebling was consummated on January 1, 2011 for purposes of the unaudited pro forma condensed combined statement of income and September 30, 2012 for purposes of the unaudited pro forma condensed combined balance sheet and gives effect to the merger, for purposes of the 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 preliminary acquisition accounting adjustments. Actual adjustments will be made as of the effective date of the merger and, therefore, may differ 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 purposes only and do not necessarily reflect the financial results of the combined company had the companies actually been combined at the beginning of each period presented. The adjustments included in these unaudited pro forma condensed financial statements are preliminary and may be revised. This information also does not reflect the benefits of the expected cost savings and expense efficiencies, opportunities to earn additional revenue, potential impacts of current market conditions on revenues, or asset dispositions, among other factors, and includes various preliminary estimates and may not necessarily be indicative of the financial position or results of operations that would have occurred if the merger had been consummated on the date or at the beginning of the period indicated or which may be attained in the future. The unaudited pro forma combined condensed consolidated financial information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of TF and Roebling, which are included elsewhere 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	Roebing Financial Corp, Inc.	Pro Forma Adjustments	Pro Forma Combined TF Financial Corporation
	(Dollars in thousands, except shares and per share amounts)			
Assets				
Cash and cash equivalents (1)	\$ 3,712	\$4,781	\$ (1,251)	\$ 7,242
Investment securities				
Available for sale	106,957	44,001	--	150,958
Held to maturity	2,079	89	--	2,168
Net loans (2)(3)(4)(5)	534,838	106,001	1,074	641,913
Goodwill and other intangibles (6)	4,324	--	1,267	5,591
Other assets	45,146	6,921	--	52,067
Total Assets	\$ 697,056	\$ 161,793	\$ 1,090	\$ 859,939
Liabilities and Shareholders' Equity				
Liabilities				
Deposits (7)	\$ 533,273	\$ 128,904	\$ 594	\$ 662,771
Other borrowings (8)(9)	75,156	13,650	8,296	97,102
Other liabilities	6,662	2,344	--	9,006
Total Liabilities	615,091	144,898	8,890	768,879
Total Shareholders' Equity (10)	81,965	16,895	(7,800)	91,060
Total Liabilities and Shareholders' Equity	\$ 697,056	\$ 161,793	\$ 1,090	\$ 859,939
Book value (11)				
Book value (11)	\$ 28.89	\$ 10.02		28.96
Tangible book value (11)	\$ 27.37	\$ 10.02		27.19
Shares outstanding (12)	2,836,946	1,686,527	306,921	3,143,867

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

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	Pro Forma Combined TF Financial Corporation
	(Dollars in thousands, except shares and per share amounts)			
Interest Income				
Loans, including fees (3)(4)	\$ 18,864	\$3,866	\$ (75)	\$ 22,655
Securities and other	3,122	806	--	3,928
Total Interest Income	21,986	4,672	(75)	26,583
Interest Expense				
Deposits (7)	2,795	836	(223)	3,408
Borrowings (8)	1,094	133	(2)	1,225
Total Interest Expense	3,889	969	(225)	4,633
Net Interest Income	18,097	3,703	150	21,950
Provision for loan losses	1,750	350	--	2,100
Net Interest Income After Provision for Loan Losses	16,347	3,353	150	19,850
Other Income (13)	2,890	414	4,007	7,311
Other Expense (6)(14)(15)	14,171	3,767	1,367	19,305
Income before Income taxes	5,066	--	2,791	7,857
Provision for income taxes (benefit) (16)	1,189	(19)	949	2,119
Net Income	\$ 3,877	\$19	\$ 1,842	\$ 5,738
Earnings Per Share				
Basic (17)	\$ 1.42	\$0.01		\$ 1.90
Diluted (17)	\$ 1.42	\$0.01		\$ 1.89
Dividends Paid Per Share	\$ 0.15	\$--		\$ 0.15
Weighted Average Shares Outstanding				
Basic (18)	2,723,703	1,664,795	302,966	3,026,669
Diluted (19)	2,727,371	1,664,795	302,966	3,030,337

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

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	Pro Forma Combined TF Financial Corporation
	(Dollars in thousands, except shares and per share amounts)			
Interest Income				
Loans, including fees (3)(4)	\$ 26,373	\$5,585	\$ (100)	\$ 31,859
Securities and other	4,915	1,307	--	6,222
Total Interest Income	31,288	6,892	(100)	38,081
Interest Expense				
Deposits (7)	5,467	1,554	(297)	6,724
Borrowings (8)	1,948	207	(6)	2,149
Total Interest Expense	7,415	1,761	(303)	8,874
Net Interest Income	23,873	5,131	203	29,207
Provision for (recovery of) loan losses	3,728	(150)	--	3,578
Net Interest Income After Provision for (recovery of) Loan Losses	20,145	5,281	203	25,629
Other Income (13)	3,620	481	4,007	8,108
Other Expense (6)(14)(15)	18,817	5,068	1,367	25,252
Income before Income taxes	4,948	694	2,843	8,485
Provision for income taxes (16)	1,019	254	967	2,240
Net Income Available to Common Shareholders	\$ 3,929	\$440	1,877	6,245
Earnings Per Share				
Basic (17)	\$ 1.45	\$0.27		\$ 2.08
Diluted (17)	\$ 1.45	\$0.27		\$ 2.08
Dividends Paid Per Share	\$ 0.20	\$--		\$ 0.20
Weighted Average Shares Outstanding				
Basic (18)	2,702,200	1,654,501	301,093	3,003,293
Diluted (19)	2,702,710	1,654,501	301,093	3,003,803

See notes to the unaudited pro forma condensed combined financial information

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

The final allocation of the purchase price will be determined after the acquisition is completed and additional analyses are performed to determine the fair values of Roebbling tangible and identifiable intangible assets and liabilities as of the date the acquisition is completed. Changes in the fair value of the net assets of Roebbling as of the date of the acquisition will likely change the amount of purchase price allocable to excess purchase price. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein. The unaudited pro forma financial information has been prepared to include the estimated adjustments necessary to record the assets and liabilities of Roebbling at their respective fair values and represents management's best estimate based upon the information available at this time. These pro forma adjustments included herein are subject to change as additional information becomes available and as additional analyses are performed. Such adjustments, when compared to the information shown in this document, may change the amount of the purchase price allocated to goodwill while changes to other assets and liabilities may impact the statement of income due 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 Unaudited Pro Forma 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 of the merger consideration to be paid to Roebbling shareholders at closing after a \$6.0 million special cash dividend from 3rd Fed Bank to TF.
2. Adjustment of \$1.074 million reflects net adjustments to Roebbling's loan portfolio and is described in notes 3, 4 and 5.
3. A \$3.3 million adjustment was made to reflect the credit risk of Roebbling's loan portfolio. This discount will be accreted on a straight line basis over the expected life of the affected loans and is expected to increase pre-tax interest income by \$605 thousand annually on 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 similar to those in Roebbling's loan portfolio. This adjustment will be amortized over the expected life of the affected loans and is expected to decrease 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 Roebbling's allowance for loan losses.
6. Adjustment for a core deposit intangible. A core deposit intangible arises from a financial institution having a deposit base comprised of stable customer relationships. These deposits are generally at interest rates or on terms that are favorable to the financial institution. TF considered recently completed transactions amid the current market environment and assigned a value of \$1.267 million to Roebbling's core deposit accounts. The core deposit intangible will be amortized over 10 years on a straight-line basis

for US GAAP purposes, and will increase non-interest expense \$127 thousand annually on a pre-tax basis. The core deposit intangible 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 interest rates on interest-bearing deposits similar to Roebbling's interest-bearing deposits. The adjustment will be amortized over the expected life of the affected interest-bearing deposits and is expected to decrease pre-tax interest expense by \$297 thousand on a pro forma basis in the year following consummation.
8. Adjustment of \$131 thousand was made to reflect the fair value of Roebbling's short-term borrowings. The adjustment will be amortized over the expected life of the remaining maturities and is expected to decrease pre-tax interest expense by \$66 thousand on a 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 between Roebbling's stockholders' equity and the pro forma adjustments generated through the transaction. Any borrowings assume an annual interest rate of 1.50% on outstanding balances.
10. Net adjustment from the (i) elimination of \$16.895 million of Roebbling's stockholders' equity as of September 30, 2012, (ii) a \$7.253 million increase in proforma TF stockholders' equity upon the issuance of 306,921 TF shares to Roebbling's shareholders that received TF shares as merger consideration, and (iii) incremental net income of \$1.842 million generated after the application of fair value 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 applied and use the 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 30, 2012 and the number of shares to be issued in connection with the merger, which is calculated by multiplying Roebbling's 1,686,527 shares outstanding as of September 30, 2012 by an exchange ratio of .3640; the product is multiplied by 50.00% to reflect that 50.00% of the total consideration will be in the form of TF stock. Roebbling'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 the purchase price is lower than the fair market value of net assets acquired. The gain on bargain purchase increases non-interest income and is a non-recurring gain.
14. Includes \$1.354 million in transaction expenses to be incurred by TF post-closing of the transaction with Roebbling. These expenses include employee severance, legal and accounting fees and other similar expenses. The \$1.354 million will increase non-interest 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 Roebbling will provide the proforma company with opportunities to realize reduced operating expenses. The adjustments do not reflect the benefits of expected cost savings or opportunities for the pro forma company to earn 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 applied and use the 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 weighted average shares-basic outstanding for the year-to-date ended September 30, 2012 and the number of shares to be issued in connection with the merger, which is calculated by multiplying Roebbling's 1,664,795 weighted average shares-basic outstanding for the fiscal year ended September 30, 2012 by an exchange ratio of .364; the product is multiplied by 50.00% to reflect that 50.00% of the total 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 weighted average shares-diluted outstanding for the year-to-date ended September 30, 2012 and the number of shares to be issued in connection with the merger, which is calculated by multiplying Roebbling's 1,664,795 weighted average shares-diluted outstanding for the fiscal year ended September 30, 2012 by an exchange ratio of .364; the product is multiplied by 50.00% to reflect that 50.00% of the total consideration will be in the form of

TF stock.

COMPARISON OF SHAREHOLDER RIGHTS

General

TF and Roebing are incorporated under the laws of the Commonwealth of Pennsylvania and the State of New Jersey, respectively, and, accordingly, the rights of TF shareholders and Roebing shareholders are governed by the laws of the Commonwealth of Pennsylvania and the State of New Jersey, respectively. As a result of the merger, Roebing shareholders who receive shares of TF common stock will become shareholders of TF. Thus, following the merger, the rights of Roebing shareholders who become TF shareholders in the merger will become governed by the laws of the Commonwealth of Pennsylvania, and will also then be governed by TF’s articles of 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’s articles of incorporation and TF’s bylaws (right column), and the rights of a shareholder under Roebing’s certificate of incorporation and Roebing’s bylaws (left column). The summary set forth below is not intended to provide a comprehensive discussion of each company’s governing documents but rather to highlight certain areas where there are differences. This summary is qualified in its entirety by reference to the full text of TF’s articles of incorporation and TF’s bylaws, and Roebing’s certificate of incorporation and Roebing’s bylaws.

Roebing 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 p e r s h a r e . A s o f _____, 2013, there were 1,686,527 shares of Roebing common stock issued and outstanding, and no shares of preferred stock issued and outstanding.

Preferred Stock. Roebing’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.

10 million shares of common stock, par value \$0.10 per share and 2 million shares of serial preferred stock, par value \$0.10 per share. As of _____, 2013, there were _____ shares of TF common stock issued and outstanding and an additional _____ shares are estimated to be issued in the merger, and no shares of preferred stock issued and outstanding.

Preferred Stock. TF’s articles of incorporation authorize its board of directors, without further shareholder action, to issue up to 2 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.

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 provide that its board of directors shall have not less than 3 nor more than 15 members, as shall be provided in or in accordance with the bylaws. The bylaws currently provide that there shall be nine members of the board. As with Roebling, the TF board of directors is divided into three classes with the members of each class elected 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.

TF's bylaws provide that each director must reside within a 90 mile radius of TF's administrative office located in Newtown Pennsylvania.

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.

TF's bylaws also require each director to own at least 5,000 shares of TF's common stock.

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.

Like Roebling, TF's bylaws further provide that a person who serves as a "management official" of another "depository institution" or "depository holding company" (as those terms are defined in applicable regulations) is not eligible to serve as a director of TF. 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 TF.

Additionally, under Roebbling'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.

Special Meetings of the Board

Special meetings of the Roebbling 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 directors may be called by one-third of the directors then in office or by the chairman of the board or the president.

ACTIONS BY SHAREHOLDERS

Annual Meeting of Shareholders

Roebbling'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 that the annual meeting of shareholders shall be held at such date and time as may be determined by its board of directors.

Special Meetings of Shareholders

Special meetings of the shareholders may only be called by Roebbling'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 shareholders may be called by (i) a majority of the board of directors, or (ii) a duly authorized committee of the board of directors.

Action by Shareholders Without a Meeting

Roebbling'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 provide that no action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

Record Dates

Roebbling'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 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 90 days, and in the case of a meeting of stockholders, not fewer than 10 days prior to the date on which the particular action requiring a record date is to be taken.

Voting Limitation

Roebbling'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 Roebbling common stock.

TF's articles of incorporation also include a provision restricting the voting rights of any beneficial owner owning shares in excess of 10% of the outstanding shares of TF common stock.

Approval of Certain Business Combinations

Roebbling'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 Roebbling 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 Roebbling'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 Corporation Law (the "PBCL"), a business combination must be approved by TF's board of directors and shareholders. TF's articles of incorporation also include a provision requiring the affirmative vote of 80% of the outstanding shares of voting stock for the approval of any business combination with an interested stockholder (defined as a shareholder owning 10% or more of the outstanding voting shares), unless (i) such business combination is approved by two-thirds of those members of the TF board of directors who were directors prior to the time when the interested stockholder became an interested stockholder or (ii) certain other requirements are met. If approved by two-thirds of the board, then the business combination need only receive the approval of shareholders specified by Pennsylvania law.

In addition, TF's articles of incorporation require a business combination with an interested stockholder to satisfy certain fair price provisions, unless (i) such business combination is approved by two-thirds of those members of the TF board of directors who were directors prior to the time when the interested stockholder became an interested stockholder or (ii) certain other requirements are met.

EVALUATION OF OFFERS

Roebbling's certificate of incorporation includes a provision that permits the Roebbling 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

TF's articles of incorporation include a provision similar to Roebbling's, permitting the TF 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.

offer on its customers, employees and communities in which it operates and certain other considerations.

AMENDMENT OF ARTICLES OR CERTIFICATE OF INCORPORATION

Roebbling'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 Roebbling 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 require a supermajority vote (80%) to amend certain of the articles. These articles relate to meetings of stockholders and cumulative voting, notice for nominations and proposals, the board of directors, limitations on voting rights, approval of business combinations, fair price requirements, evaluation of offers, elimination of director liability, indemnification and amendment of the articles of incorporation and bylaws.

Aside from these provisions, all amendments to the articles of incorporation must first be approved by the TF board of directors and then approved by a majority of the shares entitled to vote generally in an election of directors.

AMENDMENT OF BYLAWS

Roebbling's certificate of incorporation permits both the Roebbling 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 permit both its board of directors and shareholders to amend the bylaws. 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.

STATUTORY ANTI-TAKEOVER PROVISIONS

As a New Jersey corporation, Roebbling is subject to the New Jersey Shareholders' Protection Act (the "NJSPA"). The NJSPA

Under the PBCL, certain anti-takeover provisions apply to Pennsylvania registered corporations (e.g., publicly

limits certain transactions involving an “interested stockholder” and a “resident domestic corporation.” Roebing’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 in New Jersey, such as Roebing. An interested shareholder is one that

traded companies such as TF), including those relating to (i) control share acquisitions, (ii) disgorgement by certain controlling persons, (iii) business combination transactions with interested shareholders, (iv) the rights of shareholders to demand fair value for their stock following a control transaction, and (v) certain other matters. The PBCL allows corporations to opt out of these anti-takeover provisions. TF has

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 items (i) through (iv) above. See “Certain Anti-Takeover Provisions of TF’s Articles of Incorporation and Bylaws -- Business Combination Transactions 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. Roebing’s certificate of incorporation requires a two-thirds vote of the Roebing 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 Roebing board of directors prior to the interested stockholder’s stock acquisition date (Roebing’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 (Roebing’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 preferred stock, par value \$0.10 per share. As of _____, 2013, the most recent practicable trading day before this proxy statement/prospectus was finalized, there were _____ shares of TF common stock issued and outstanding. TF has no outstanding shares of preferred stock. Each share of TF common stock has the same relative rights as, and is identical in all respects with, each other share of common stock.

The common stock of TF represents nonwithdrawable capital, is not an account of an insurable type, and is not insured by the FDIC or 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 directors. The payment of dividends by TF is subject to limitations that are imposed by law and applicable regulation. The holders of common stock of 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 legally

available therefor. If TF issues shares of preferred stock, the holders thereof may have a priority over the holders of the common stock 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 directors and act on other matters as are required to be presented to them under Pennsylvania law, or as are otherwise presented to them by the TF board of directors. Generally, each holder of common stock is entitled to one vote per share and will not have any right to cumulate votes in the election of directors. If TF issues shares of preferred stock, holders of the preferred stock may also possess voting rights. Certain matters 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 3rd Fed Bank's capital stock, would be entitled to receive, after payment or provision for payment of all debts and liabilities of 3rd Fed Bank, including all deposit accounts and accrued interest thereon, and after distribution of the balance in the liquidation account to eligible account holders, all assets of 3rd Fed Bank available for distribution. In the event of liquidation, dissolution or winding up of TF, the holders of its common stock would be entitled to receive, after payment or provision for payment of all its debts and liabilities, all of the assets of TF available for distribution. If preferred stock is issued, the holders thereof may have a priority over the holders of the common stock in 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 shares that may be 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 designations as the TF board of directors may from time to time determine. TF's board of directors may, without shareholder approval, issue shares of preferred stock with voting, dividend, liquidation and conversion rights that could dilute the voting strength of the holders of the common 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 certain other regulatory provisions that may be deemed to have an "anti-takeover" effect. The following description of certain of these provisions is necessarily general and, with respect to provisions contained in TF's articles of incorporation and bylaws, reference should be made in 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 shareholders that might discourage future takeover attempts. As a result, shareholders who might desire to participate in such transactions may not have an opportunity to do so. In addition, these provisions will also render the removal of the board of directors or management of TF more difficult.

The following description is a summary of the provisions of the articles of incorporation and bylaws. See "Where You Can Find More 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 of three years and only one class of directors will be elected annually. Thus, it would take at least two annual elections to replace a majority of TF's board of directors. Further, the bylaws impose notice and information requirements in connection with the nomination by shareholders of candidates for election to the TF board of directors or the proposal by shareholders of business to be acted upon at an annual meeting 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 for cause, and then only by the affirmative vote of at least 80% of the outstanding shares of capital stock entitled to vote generally in the election of directors. In addition, directors may be removed (i) by the TF board of directors upon judicial declaration that such director is of unsound mind or if such director has been convicted of certain crimes, and (ii) by a court, upon application of any shareholder or director, 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 incorporation authorize 2,000,000 shares of serial preferred stock. TF is authorized to issue preferred stock from time to time in one or more series subject to applicable provisions of law, and the TF board of directors is authorized to fix the designations, and relative preferences, limitations, voting rights, if any, including, without limitation. In the event of a proposed merger, tender offer or other attempt to gain control of TF that the TF board of directors does not approve, it might be possible for the TF board of directors to authorize the issuance of a series of preferred stock with rights and preferences that would impede the completion of the transaction. An effect of the possible issuance of preferred stock, therefore, may be to deter a future attempt to gain control of TF. TF's board of directors has no present plan or understanding to issue any preferred stock.

Amendments to Articles of Incorporation and Bylaws. Amendments to the articles of incorporation must be approved by TF's board of directors and also by a majority of the outstanding shares of TF's voting stock; provided, however, that approval by at least 80% of the 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-takeover provisions applicable to registered corporations, such as TF, unless the entity opts out from one or more of the provisions. TF has not opted out of Subchapters 25B-25D of the PBCL. Subchapter 25B provides that a registered corporation is not required to provide a copy of dissenters' rights statutes to stockholders when seeking approval of a transaction that gives stockholders the right to demand dissenters' rights and authorizes the Board of Directors to create voting or ownership limitations with respect to the outstanding shares. Subchapter 25C contains a number of provisions that restrict stockholders' rights to call a special meeting or take action other than by a meeting. Subchapter 25D prohibits stockholders from amending the articles of incorporation and also includes a supermajority vote requirement for business combinations with interested stockholders. However, TF's articles of incorporation expressly opt out of the 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 anyone who acquires 20% or more of the outstanding voting power of the corporation;
- Subchapter 25F, which imposes certain financial requirements and restrictions on business combinations with interested shareholders of the corporation;
- Subchapter 25G, which, with certain exceptions, limits the voting rights of persons who have acquired 20% or more of the outstanding voting power of the corporation;
- Subchapter 25H, which requires disgorgement of certain profits made by controlling shareholders following their attempts to gain control of the corporation;
- Subchapter 25I, relating to severance compensation for employees terminated following certain control-share acquisitions; and
- Subchapter 25J, relating generally to the continuation of labor contracts following business combination transactions.

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 Bank as part of 3rd Fed Bank's mutual-to-stock conversion. TF was originally incorporated under Delaware law in March 1994 and subsequently reorganized as a Pennsylvania corporation in May 2011. In 2011, 3rd Fed Bank elected to convert from a federally-regulated and chartered financial institution to a state-chartered savings bank and submitted an election to remain a savings association for purposes of holding company regulation following the conversion. 3rd Fed Bank received approval for this conversion from the State of Pennsylvania on December 21, 2011. The official charter conversion became effective January 30, 2012. As a result, the name of 3rd Fed 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 Federal Reserve Board and the SEC. TF does not transact any material business other than through its direct and indirect subsidiaries: 3rd Fed Bank, Teragon Financial Corporation, Penns Trail Development Corporation, and Third Delaware Corporation. TF Investments Corporation 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 \$82.0 million.

3rd Fed Bank is a community-oriented Pennsylvania stock savings bank offering a variety of financial services to meet the needs of 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, Pennsylvania and in Mercer County, New Jersey.

3rd Fed Bank attracts deposits from the general public and uses such deposits, together with borrowings and other funds primarily to originate or purchase loans secured by first mortgages on owner-occupied, one-to-four family residences in its market area and to invest in mortgage-backed and investment securities. At September 30, 2012, one-to-four family residential mortgage loans totaled \$321.7 million or 60% of 3rd Fed Bank's total loan portfolio. At that same date, 3rd Fed Bank had approximately \$51.5 million or 7% of total assets invested in mortgage-backed securities and \$57.6 million or 8% of total assets in investment securities. 3rd Fed Bank also 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 holding and managing mortgage-backed securities and investment securities for 3rd Fed Bank, and Teragon Financial Corporation which holds a 75% limited partnership interest in a captive title insurance agency, Third Fed Abstract, L. P. During 2007, Teragon Financial Corporation was 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 in Bucks and Philadelphia Counties in Pennsylvania, and Mercer County in New Jersey. Five of the branch offices are located in Bucks County, the third wealthiest county in Pennsylvania. Bucks County is a growing region offering opportunity for growth for 3rd Fed Bank. Seven branches are located in the northeast section of Philadelphia where 3rd Fed Bank was founded. Although Philadelphia County is experiencing population decline, 3rd Fed Bank's branches in this section of Philadelphia represent a deposit stronghold. The remaining two branches are in Mercer County, New Jersey, which has an expanding population and represents another growth area for 3rd Fed Bank.

Competition

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

Lending Activities

General. 3rd Fed Bank's loan portfolio composition consists primarily of adjustable-rate ("ARM") and fixed-rate first mortgage loans secured by one-to-four family residences. 3rd Fed Bank also makes commercial real estate and multi-family loans, construction loans and consumer and other loans. At September 30, 2012, 3rd Fed Bank's mortgage loans outstanding were \$491.2 million, of which \$321.7 million were secured by first mortgages on one-to-four-family residential property. Of the one-to-four family residential mortgage loans outstanding at that date, 18% were ARM's and 82% were fixed-rate loans. At that same date, commercial real estate, multi-family residential and other real estate secured loans totaled \$151.3 million, and construction loans totaled \$19.1 million. The construction loans 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, 2012, of which \$41.8 million consisted of home equity and second mortgage loans. At that same date commercial business loans totaled \$4.3 million or 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 securities portfolios in 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	Percent of Total
Loans receivable:						
Mortgage loans:						
One-to four-family	\$ 320,883	59.50 %	\$ 277,824	55.44%	\$ 269,077	52.84%
Commercial-real estate secured	151,314	28.06 %	156,450	31.22%	163,910	32.19%
Construction	19,094	3.54 %	16,336	3.26%	18,799	3.69%
Total mortgage loans	491,291	91.10 %	450,610	89.91%	451,786	88.73%
Consumer loans:						
Home equity and second mortgage	41,751	7.74 %	44,165	8.81%	49,430	9.71%
Other consumer	1,925	0.36 %	1,971	0.39%	2,407	0.47%
Total consumer and other loans	43,676	8.10 %	46,136	9.20%	51,837	10.18%
Commercial loans:						
Commercial and industrial loans	4,316	0.80%	4,414	0.88%	5,575	1.10%
Total commercial-business loans	4,316	0.80%	4,414	0.88%	5,575	1.10%
Total loans	539,283	100.00%	501,160	100.00%	509,198	100.00%
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	100.00%
Total loans held for sale	\$ 860	100.00%	\$ 488	100.00%	\$ 130	100.00%
Mortgage-backed securities held-to-maturity:						
Federal Home Loan Mortgage Corporation ("FHLMC")	\$ 353	16.98%	\$ 449	17.35%	\$ 566	17.86%
Federal National Mortgage Association ("FNMA")	969	46.61%	1,242	47.99%	1,489	46.99%
Government National Mortgage Association ("GNMA")	757	36.41%	897	34.66%	1,114	35.15%
Total mortgage-backed and related securities held-to-maturity	\$ 2,079	100.00%	\$ 2,588	100.00%	\$ 3,169	100.00%

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Mortgage-backed securities available-for sale :							
FHLMC	\$	2,543	5.15%	\$	3,586	6.36%	\$ 2,355 3.54%
FNMA		32,570	65.95%		23,454	41.60%	9,734 14.64%
GNMA		803	1.63%		1,140	2.02%	1,637 2.46%
Real estate investment mortgage conduit ("REMICs")		13,468	27.27%		28,202	50.02%	52,765 79.36%
Total mortgage-backed and related securities available-for-sale	\$	49,384	100.00%	\$	56,382	100.00%	\$ 66,491 100.00%

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	At December 31, 2009		2008		2007	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Loans receivable:						
Mortgage loans:						
One-to four-family	\$ 271,651	50.85%	\$ 281,870	51.48%	\$ 272,840	52.55%
Commercial-real estate secured	168,098	31.46%	168,231	30.73%	151,213	29.12%
Construction	29,671	5.55%	30,633	5.60%	35,507	6.84%
Total mortgage loans	469,420	87.86%	480,734	87.81%	459,560	88.51%
Consumer loans:						
Home equity and second mortgage	54,811	10.26%	56,233	10.27%	52,013	10.02%
Other consumer	2,565	0.48%	2,287	0.42%	2,244	0.43%
Total consumer and other loans	57,376	10.74%	58,520	10.69%	54,257	10.45%
Commercial loans:						
Commercial and industrial loans	7,462	1.40%	8,227	1.50%	5,377	1.03%
Total commercial-business loans	7,462	1.40%	8,227	1.50%	5,377	1.03%
Total loans	534,258	100.00%	547,481	100.00%	519,194	100.00%
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	100.00%
Total loans held for sale	\$ 1,082	100.00%	\$ 1,659	100.00%	\$ 1,040	100.00%
Mortgage-backed securities held-to-maturity:						
Federal Home Loan Mortgage Corporation (“FHLMC”)	\$ 754	20.20%	\$ 1,100	23.04%	\$ 1,657	26.90%
Federal National Mortgage Association (“FNMA”)	1,698	45.49%	2,141	44.85%	2,634	42.76%
Government National Mortgage Association (“GNMA”)	1,281	34.31%	1,533	32.11%	1,869	30.34%
Total mortgage-backed and related securities held-to-maturity	\$ 3,733	100.00%	\$ 4,774	100.00%	\$ 6,160	100.00%
Mortgage-backed securities available-for sale :						
FHLMC	\$ 3,440	4.40%	\$ 4,504	4.20%	\$ 5,434	5.54%
FNMA	9,146	11.70%	12,320	11.49%	11,183	11.39%

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GNMA Real estate investment mortgage conduit ("REMICs")	1,886	2.41%	-	-%	-	-%		
Total mortgage-backed and related securities available-for-sale	63,726	81.49%	90,393	84.31%	81,561	83.07%		
\$	78,198	100.00%	\$	107,217	100.00%	\$	98,178	100.00%

The following table sets forth certain information at December 31, 2011, regarding the dollar amount of loans maturing in 3rd Fed Bank's loan portfolio based on their maturity date. Demand loans, loans having no stated schedule of repayments and no stated maturity, overdrafts and delinquent loans maturing prior to December 31, 2011 are reported as due in one year or less. The table does not include 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 interest rates and which have floating or adjustable interest rates. Loans which have rate adjustments after ten years are considered to have predetermined rates.

	Predetermined Rates	Floating or Adjustable Rate (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	\$ 49,298
Commercial – real estate secured	14,882	131,032
Consumer and other	23,500	22,534
Commercial and industrial loans	3,341	223
Total loans receivable	\$ 270,183	\$ 203,087

One-to Four-Family Mortgage Lending. 3rd Fed Bank offers first mortgage loans secured by one-to-four family residences in 3rd Fed Bank's lending area. Typically, such residences are single-family homes that serve as the primary residence of the owner. 3rd Fed Bank generally originates and invests in one-to-four family residential mortgage loans in amounts up to 80% of the lesser of the appraised value or selling price of the mortgaged property. Loans originated in amounts over 80% of the lesser of the appraised value or selling 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 from established builders and realtors within 3rd Fed Bank's lending area using direct advertising in local newspapers, branch signage and promotions, and word of mouth referrals. 3rd Fed Bank also has a mortgage lending department

that is separate as to its sales efforts from the consumer

lending area of 3rd Fed Bank. This department employs a lending manager and several commissioned loan officers. The mortgage loan officers support 3rd Fed Bank's branches and customers, and additionally engage in calling efforts directed toward realtors, builders, other 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, seven and ten 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 rates charged on fixed-rate mortgage loans are competitively priced based on market conditions. The origination fees for fixed-rate loans range from 0% to 3% depending on the underlying loan coupon. Generally, 3rd Fed Bank's standard underwriting guidelines for fixed-rate mortgage 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 while retaining the servicing rights on these loans. As of September 30, 2012, 3rd Fed Bank's portfolio of loans serviced for FHLMC or FNMA totaled approximately \$123.2 million. 3rd Fed Bank also brokers a small portion of its loan closings to correspondents on a servicing released 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-owner occupied residential, multi-family dwelling units, professional office buildings and hotels/motels. 3rd Fed Bank generally originates commercial real estate and multi-family loans up to 75% of the appraised value of the property securing the loan. Currently, it is 3rd Fed Bank's practice to originate commercial real estate and multi-family loans primarily on properties in its general market area. The commercial real estate and multi-family loans in 3rd Fed Bank's portfolio consist of fixed-rate, ARM and balloon loans originated at prevailing market rates for terms of up to 25 years and typically either have a scheduled interest rate reset or are callable by 3rd Fed Bank, after a 5 to 10 year period.

Loans secured by commercial and multi-family real estate are generally larger and involve a greater degree of risk than one-to-four family residential mortgage loans. Of primary concern in commercial and multi-family real estate lending is the feasibility and cash flow potential of the project and the borrower's creditworthiness. Loans secured by income properties are generally larger and involve greater risks than residential mortgage loans because payments on loans secured by income properties are often dependent on successful operation or management of the properties. As a result, repayment of such loans may be impacted by a greater extent to adverse conditions in the real estate market or the economy than residential real estate loans. In order to monitor cash flows on income properties, 3rd Fed Bank requires borrowers and loan guarantors, if any, to provide annual financial statements and rent rolls on multi-family loans. Similarly, on commercial office buildings and hotel properties, 3rd Fed Bank requires minimum debt service coverage and obtains operating statements of such properties. At September 30, 2012, the five largest commercial loans totaled \$26.2 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 loans were \$19.1 million or 4% of 3rd Fed Bank's total loan portfolio. Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction or development and the estimated cost (including interest) of construction. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to

be inaccurate, 3rd Fed Bank may be required to advance funds beyond the amount originally committed to permit completion of the construction. If the estimate of value proves to be inaccurate, 3rd Fed Bank may be confronted, at or prior to the maturity of the loan, with a project having a value which is insufficient to assure full repayment. Land acquisition lending is susceptible to the risks of obtaining necessary approvals and permits, and the feasibility of the project once such approvals are obtained. At September 30, 2012, 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 mortgage loans (referred to hereinafter collectively as “second mortgage loans”), automobile loans and student loans. These loans totaled \$43.7 million or 8% of 3rd Fed Bank’s total loan portfolio at September 30, 2012. 3rd Fed Bank originates consumer loans through its retail banking channel and mortgage loan department.

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

Consumer loans tend to be originated at higher interest rates than conventional residential mortgage loans and for shorter terms, thus facilitating 3rd Fed Bank’s interest rate risk management. Consumer loans can have a higher risk of default than residential mortgage loans. However, at September 30, 2012, \$204,000 or 1% of 3rd Fed Bank’s consumer loans were delinquent more than 90 days, 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 home equity loans totaled \$41.8 million, or 8% of 3rd Fed Bank’s total loan portfolio. Second mortgage loans are offered as fixed-rate loans for a term not to exceed 15 years or prime-rate-based floating rate loans with amortization periods up to 15 years and in some cases, an interest-only period of up to the first 60 months of the loan term. Such loans are only made on owner-occupied one-to-four family residences and are subject to a 90% combined loan to value ratio. The underwriting standards for second mortgage loans are the same as 3rd Fed Bank’s 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 guaranteed basis. The terms of these loans generally do not exceed five years. These loans can have floating interest rates which adjust with changes in market interest rates, usually the prime rate, or have a fixed rate related to their term to maturity. 3rd Fed Bank’s commercial business loans primarily consist of short-term loans for equipment, working capital, business expansion interim financing for the purchase of 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 the financial statements and income tax returns of the guarantors. At September 30, 2012, 3rd Fed Bank had approximately \$4.3 million outstanding in commercial business loans, which represented approximately 1% of its total loan portfolio. At September 30, 2012, the five largest 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 based on the amount, type of loan (i.e., secured or unsecured) and total exposure to the borrower. Where there are one or more existing loans to a borrower, the level of approval

required is governed by the proposed total exposure including the new loan. The Board has approved loan authority and limits for certain of 3rd Fed Bank's lending personnel and senior officers, including the president of 3rd Fed Bank. Individual approval authority ranges from \$125,000 to \$750,000 for secured loans, and \$25,000 to \$100,000 for unsecured loans. Members of an in-house loan committee including four senior members of management can approve in certain combinations all loans over \$750,000 up to \$2.0 million. The committee has the authority to approve secured loans up to \$2.0 million and unsecured loans up to \$200,000. Secured loans greater than \$2.0 million through \$5.0 million and unsecured loans greater than \$200,000 through \$5.0 million require the approval of the Director's Board Loan Committee composed of four members of the Board of Directors of 3rd Fed Bank. All loans over \$5.0 million or loans that 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 originated by 3rd Fed Bank, upon receipt of a completed loan application from a prospective borrower, a credit report is obtained, income and certain other information is verified and, if necessary, additional financial information may be required. 3rd Fed Bank does not engage in sub-prime, stated income or "no-doc" style portfolio lending. An appraisal of the real estate intended to secure the proposed loan is required and is performed by an independent appraiser designated and approved by 3rd Fed Bank. 3rd Fed Bank makes construction/permanent loans on individual properties. Funds advanced during the construction phase are held in a loan-in-process account and disbursed based upon various stages of completion. An independent appraiser or loan officer determines the stage of completion based upon a physical inspection of the construction and funds are advanced only for work in place. It is 3rd Fed Bank's policy to obtain title insurance or a title opinion on all real estate first mortgage loans in excess of \$500,000. Borrowers must also obtain hazard or flood insurance (for loans on 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 exemptions, a lending limit to one borrower in an amount equal to 15% of 3rd Fed Bank's capital account. In addition, 3rd Fed Bank may extend credit to a single borrower secured by federal and state securities and other specified collateral in an amount up to 15% of its capital account. A Pennsylvania bank's capital account includes the aggregate of all capital, surplus, undivided profits, capital securities, and general reserves for loan losses. 3rd Fed Bank's maximum loan-to-one borrower limit was approximately \$11.9 million as of September 30, 2012 and 3rd Fed Bank's five largest aggregate lending relationships pursuant to the loans to one borrower regulations had balances ranging 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 securities are classified as available for sale. In addition, they serve as collateral for borrowings and, through repayments, are a source of liquidity.

The mortgage-backed securities portfolio as of September 30, 2012, consisted of pass-through certificates issued by the FHLMC (\$2.9 million), GNMA, (\$1.6 million), FNMA (\$33.5 million), and REMICs formed from pass-through certificates issued by these same agencies (\$9.1 million), and issued by private issuers (\$4.3 million).

At September 30, 2012, the amortized cost of mortgage-backed securities totaled \$102.6 million, or 15% of total assets, and the fair value 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 single-family or multi-family mortgages, the principal and interest payments on which are passed through intermediaries (generally quasi-governmental agencies) to investors such as 3rd Fed Bank. Such quasi-governmental agencies, which guarantee the payment of principal and interest to investors, include FHLMC, FNMA and GNMA. The REMIC securities are composed of the same loan types as the pass-through certificates, but offer differing characteristics as to their expected cash flows depending on the class of such securities purchased. 3rd Fed Bank's REMICs are primarily "planned amortization classes" ("PAC") and "very accurately defined maturity" ("VADM") classes that, when 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 mortgage-backed securities held in portfolio at the dates indicated.

	At September 30, 2012	2011	At December 31, 2010	2009
	(In thousands)			
Held to maturity:				
GNMA-fixed rate	\$757	\$897	\$1,114	\$1,281
FHLMC ARMs	5	9	14	16
FHLMC-fixed rate	348	440	552	738
FNMA-fixed rate	969	1,242	1,489	1,698
Total mortgage-backed securities held to maturity	\$2,079	\$2,588	\$3,169	\$3,733
Available-for-sale:				
GNMA-fixed rate	\$803	\$1,140	\$1,637	\$1,886
FHLMC-fixed rate	2,543	3,586	2,355	3,440
FNMA-fixed rate	32,570	23,454	9,734	9,146
REMICs-fixed rate	13,468	28,202	52,765	63,726
Total mortgage-backed securities available-for-sale	\$49,384	\$56,382	\$66,491	\$78,198

Mortgage-Backed Securities Maturity. The following table sets forth the maturity and the weighted average coupon ("WAC") of 3rd Fed Bank's mortgage-backed securities portfolio at September 30, 2012. The table does not include estimated prepayments. Adjustable-rate mortgage-backed securities are shown as maturing based on contractual maturities.

Contractually Due	Held to Maturity	WAC	Available -for-Sale	WAC
(Dollars in thousands)				
Less than 1 year	\$ --	--%	\$ 360	4.95%
1 to 3 years	--	--%	2,558	5.02%
3 to 5 years	21	6.79%	263	6.00%
5 to 10 years	232	4.96%	11,680	3.80%
10 to 20 years	1,711	6.41%	24,549	3.42%
Over 20 years	115	5.41%	9,974	4.48%
Total mortgage-backed securities	\$ 2,079	6.19%	\$ 49,384	3.83%

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 steps to have the borrower cure the delinquency and restore the loan to current status. In the case of residential mortgage loans and consumer loans, 3rd Fed Bank generally sends the borrower a written notice of non-payment after the loan is 15 days past due. In the event payment is not then received, additional letters and phone calls are made. If the loan is still not brought current and it becomes necessary for 3rd Fed Bank to take legal action, which typically occurs after a loan is delinquent more than 90 days, 3rd Fed Bank will commence foreclosure proceedings against any real property that secures the loan and attempt to repossess any personal property that secures a consumer loan. If a foreclosure action is instituted and the loan is not brought current, paid in full, or refinanced before the foreclosure sale, the 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 to contact the borrower by telephone after any loan payment is ten days past due and a senior loan officer reviews all collection efforts made if payment is not received after the loan is 30 days past due. Decisions as to when to commence foreclosure actions for commercial real estate and multi-family loans and construction loans are made on a case by case basis. 3rd Fed Bank may consider loan work-out arrangements 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 90 days; these loans are included in the table of nonaccrual loans below. Loans also are placed on a nonaccrual status when, in the judgment of management, the probability of collection of interest is deemed to be insufficient to warrant further accrual. When a loan is placed on nonaccrual status, previously accrued but unpaid interest is deducted from interest income and the further accrual of interest ceases unless the underlying facts that prompted a nonaccrual determination are deemed to have improved significantly.

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

	At September 30, 2012	2011	2010	At December 31, 2009	2008	2007
	(Dollars in thousands)					
Loans accounted for on a non-accrual basis:						
One-to four-family	\$ 2,122	\$ 5,502	\$ 3,618	\$ 1,117	\$ 780	\$ 165
Commercial – real estate secured	1,955	2,711	9,594	2,506	1,356	1,729
Construction	6,119	4,044	4,307	4,554	3,017	3,280
Consumer and other	204	278	1,415	107	126	34
Commercial-and industrial loans	--	6	44	--	--	150
Total non-accrual loans	10,400	12,541	18,978	8,284	5,279	5,358
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	\$ 5,358
Total non-accrual loans to loans	1.93 %	2.49%	3.72%	1.55%	0.96%	1.03%
Total non-accrual loans to total assets	1.49 %	1.84%	2.74%	1.16%	0.72%	0.76%
Total non-performing assets to total assets	2.59 %	3.56%	3.82%	1.34%	0.72%	0.76%

At September 30, 2012, construction loans include a loan with a balance of \$1.5 million secured by two contiguous parcels of commercial real estate and a lien on the guarantor's personal residence. 3rd Fed Bank has recorded a partial charge-off of \$932,000 from the allowance for loan losses, equal to the difference between the loan balance and the fair value based upon a recent appraisal. 3rd Fed Bank has initiated foreclosure proceedings and the borrower has filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code.

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

Nonperforming construction loans also include two loans, with a combined balance of \$2.0 million secured by a parcel of land. 3rd Fed Bank has recorded a partial charge-off of \$202,000 equal to the difference between the recorded investment and a recent appraisal. The borrower is attempting to sell the property and intends to apply the sale proceeds to the outstanding loan balance. 3rd Fed Bank has 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 balance due to 3rd Fed Bank of \$3.1 million. 3rd Fed Bank has recorded a partial charge-off of \$198,000 from the allowance for loan losses equal to the 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 individual situations.

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

At September 30, 2012, 3rd Fed Bank had no foreign loans and no loan concentrations exceeding 10% of total loans. "Loan concentrations" are considered to exist when there are amounts loaned to a multiple number of borrowers engaged in similar activities that 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 foreclosure is classified as real estate owned ("REO") until it is sold. When property is acquired it is recorded at the lower of fair value, minus estimated cost to sell, or the recorded investment in the loan. If the property subsequently decreases in estimated value from the initial recorded amount, 3rd Fed Bank will provide a valuation allowance, through a charge to earnings, if the decrease is judged by management to be temporary. If the decrease is judged to be permanent, 3rd Fed Bank will reduce the recorded amount, through a charge to earnings, to the new estimated value.

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

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 review of recent financial information, or other facts regarding the credit, pose a higher than normal amount of perceived risk of collection. In addition, an 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 losses from any class of the loan portfolio. At September 30, 2012, management believes that the allowance for loan losses is at an acceptable level.

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

	For the Nine Months Ended September 30,		For the Years Ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
	(Dollars in thousands)						
Balance at beginning of period	\$ 8,100	\$ 8,328	\$ 8,328	\$ 5,215	\$ 3,855	\$ 2,842	\$ 2,865
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)	(27)
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)	(69)
Commercial and industrial loans	(156)	(44)	(44)	(146)	(9)	(160)	(1)
Recoveries:							
One-to four-family	56	2	12	-	-	-	-
Construction	-	1	1	-	5	-	-
Consumer and other	3	6	8	9	13	19	13
Commercial and industrial loans	17	6	38	1	28	68	61
Balance at end of year	\$ 6,772	\$ 9,586	\$ 8,100	\$ 8,328	\$ 5,215	\$ 3,855	\$ 2,842
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%	0.00%
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%	53.00%
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%	0.55%

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

	At September 30, 2012		At December 31, 2011		2010		2009		2008		2007	
	% of Loans to Total Amount Loans		% of Loans to Total Amount Loans		% of Loans to Total Amount Loans		% of Loans to Total Amount Loans		% of Loans to Total Amount Loans		% of Loans to Total Amount Loans	
(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	52.6 %
Commercial real estate secured	2,891	28.1 %	3,071	31.2 %	3,099	32.2 %	2,031	31.5 %	1,108	30.7 %	1,034	29.1 %
Construction	1,137	3.5 %	1,830	3.2 %	2,479	3.7 %	1,736	5.5 %	953	5.6 %	1,018	6.8 %
Consumer and other loans	240	8.1 %	470	9.2 %	623	10.2 %	317	10.7 %	259	10.7 %	246	10.5 %
Commercial and industrial loans	105	0.8 %	138	0.9 %	76	1.1 %	169	1.4 %	74	1.5 %	40	1.0 %
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%	\$2,842	100.0%

Investment Securities

The purchase of investment securities is designed primarily to provide and maintain liquidity, to generate a favorable return on investments without incurring undue interest rate and credit risk, and to complement 3rd Fed Bank's lending activities. In establishing its investment strategies, 3rd Fed Bank considers its business and growth plans, the economic environment, the types of securities to be held and other factors. Pennsylvania chartered savings banks have the authority to invest in various types of assets, including U.S. Treasury obligations, securities of various federal and state agencies, certain certificates of deposit of insured depository institutions, certain 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 investment securities at the dates indicated.

	At September 30, 2012		2011		At December 31, 2010		2009	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)							
Interest earning deposits	\$ 755	\$ 755	\$ 10,430	\$ 10,430	\$ 4,219	\$ 4,219	\$ 9,971	\$ 9,971
Securities available-for-sale:								
U.S. government and agency obligations	-	-	2,995	3,030	6,000	6,059	3,000	2,945
State and political subdivisions	53,060	57,573	51,287	55,091	47,348	48,208	33,180	34,241
Corporate debt securities	-	-	-	-	3,340	3,563	3,340	3,517
Equities	-	-	-	-	-	-	150	150
Total	\$ 53,815	\$ 58,328	\$ 54,282	\$ 58,121	\$ 56,688	\$ 57,830	\$ 39,670	\$ 40,853

Investment Portfolio Maturities

The following table sets forth certain information regarding the amortized cost, weighted average yields and maturities of 3rd Fed Bank's investment securities portfolio, exclusive of equities and interest-earning deposits, at September 30, 2012. Yields on tax exempt 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 Securities	Fair					
	Amortized	Average	Amortized	Average	Amortized	Average					
	Cost	Yield	Cost	Yield	Cost	Yield					
	(Dollars in thousands)						Value				
State and political subdivisions	\$ 1,070	5.35%	\$ 7,732	5.26%	\$ 24,136	5.24%	\$ 20,122	4.97%	\$ 53,060	5.14%	\$ 57,573
Total	\$ 1,070	5.35%	\$ 7,732	5.26%	\$ 24,136	5.24%	\$ 20,122	4.97%	\$ 53,060	5.14%	\$ 57,573

Sources of Funds

General. Deposits, borrowings, loan repayments and cash flows generated from operations are the primary sources of 3rd Fed Bank's 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 deposits consist of regular savings, non-interest bearing checking, NOW checking, money market, and certificate accounts. Of the deposit accounts, \$37.7 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 interest rates and competition. 3rd Fed Bank's deposits are primarily obtained from areas surrounding its offices, and 3rd Fed Bank relies primarily on customer service and long-standing relationships with customers to attract and retain these deposits. 3rd Fed Bank has historically maintained a high level of core deposits consisting of regular savings, money market, non-interest-bearing checking, and NOW checking, 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 average nominal interest rates on each category of deposits presented. 3rd Fed Bank does not have a significant amount of deposits from outside its market area. Management does not believe that the use of year end balances instead of average balances resulted in any material difference in the information presented.

	At September 30, 2012			At December 31, 2011			2010			Amount
	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	
(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%	\$ 52,9
Money market accounts	153,351	28.76%	0.51%	155,010	28.12%	0.62%	149,744	27.22%	0.80%	141,2
Non-interest-bearing checking accounts	50,421	9.46%	-	43,910	7.96%	-	40,389	7.34%	-	37,2
Total transaction accounts	274,569	51.49%	0.34%	264,597	47.99%	0.45%	246,290	44.77%	0.56%	231,5
Passbook accounts	106,693	20.01%	0.23%	105,617	19.16%	0.39%	99,686	18.12%	0.46%	96,0
Certificates of deposit	152,011	28.51%	1.06%	181,074	32.85%	1.56%	204,159	37.11%	2.08%	225,0
Total deposits	\$ 533,273	100.00%	0.54%	\$ 551,288	100.00%	0.79%	\$ 550,135	100.00%	1.10%	\$ 552,7

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

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 purposes. 3rd Fed Bank may obtain advances from the Federal Home Loan Bank ("FHLB") of Pittsburgh to supplement its supply of lendable funds. Advances from the FHLB are typically secured by a pledge of 3rd Fed Bank's stock in the FHLB and a portion of 3rd Fed Bank's first mortgage loans. 3rd Fed Bank may also access the Federal Reserve Board discount window. The following tables set forth the maximum month-end balance, period ending balance, and weighted average balance of outstanding FHLB advances at the dates and for the periods indicated, together with the applicable weighted average interest rates.

	At September 30, 2012	2011 (Dollars in thousands)	At December 31, 2010	2009
FHLB advances	\$ 75,156	\$ 46,908	\$ 61,987	\$ 80,241
Weighted average interest rate	1.75 %	3.37 %	3.73 %	4.21 %

	Nine Months Ended September 30,		Years Ended December 31,		
	2012	2011	2011	2010	2009
	(Dollars in thousands)				
Maximum balance of FHLB advances	\$83,238	\$65,001	\$65,001	\$82,299	\$172,249
Weighted average balance of FHLB advances	53,685	57,688	55,274	75,406	120,631
Weighted average interest rate of FHLB advances	2.72 %	3.56 %	3.52 %	3.98 %	3.67 %

Subsidiary Activity

At September 30, 2012, 3rd Fed Bank had two wholly-owned operating subsidiaries, Third Delaware Corporation and Teragon Financial Corporation. Third Delaware Corporation was formed in 1998 for the purpose of investing in securities. At September 30, 2012, 3rd Fed Bank had \$155.9 million invested in Third Delaware Corporation. During

2004, Teragon Financial Corporation (“Teragon”) invested \$7,500 in a limited partnership entitled Third Fed Abstract, L. P., whose purpose is to operate a title insurance agency, primarily to capture certain title insurance premiums generated by 3rd Fed Bank’s lending activities. At September 30, 2012, 3rd Fed Bank had an investment of \$171,000 in Teragon.

During 2007, Teragon was granted approval by the Commonwealth of Pennsylvania to conduct business as an insurance agency, and 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 by a collective 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 operated from its administrative offices and fourteen branch offices located in Philadelphia and Bucks Counties, Pennsylvania and Mercer County, New Jersey. 3rd Fed Bank also owns one parcel of land and another parcel with a building behind its Doylestown branch office. The parcel 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 Fed Bank and tenants. The net book value of the two lots was \$10,000. In addition, a subsidiary of TF, Penns Trail Development Corporation, owns 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	Owned

Orthodox & Almond Streets
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 routine legal matters occurring in the ordinary course of business that in the aggregate involve amounts which are believed by management to be 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 and TF. The 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 Act will likely result in dramatic changes across the financial regulatory system, some of which became effective immediately and some of which will not become effective until various future dates. Implementation of the Dodd-Frank Act will require many new rules to be made by various federal regulatory agencies over the next several years, including our current and future regulatory agencies, and the effect of 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:

- 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.
- 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.
- 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.
- Increases the maximum amount of deposit insurance for banks, savings institutions and credit unions to \$250,000 per depositor.
- Adopts changes to corporate governance requirements, including requiring shareholder votes on executive compensation and proxy access by shareholders that apply to all public companies.
- Repeals various banking law provisions prohibiting the payment of interest on demand deposits.
- 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 the activities in which TF chooses to engage. At a minimum, TF expects that the Dodd-Frank Act will increase our operating and compliance costs. The specific impact of the Dodd-Frank Act on our current activities or new financial activities will be considered in the future, and our financial performance and the markets in which TF operates will depend on the manner in which the

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relevant agencies develop and implement the required rules and the reaction of market participants to these regulatory developments. Many aspects of the Dodd-Frank Act are subject to rulemaking and will take effect over several years, making it difficult to anticipate the 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. As such, TF is required to register and file reports with the Federal Reserve Board and is subject to regulation and examination by the Federal Reserve Board. In addition, the Federal Reserve Board has enforcement authority over TF and its non-savings association subsidiaries, which also permits the Federal Reserve Board to restrict or prohibit activities that are determined to be a serious risk to the subsidiary institution. This regulation and oversight is intended primarily for the protection of the depositors of 3rd Fed Bank and not for the benefit of stockholders of TF.

TF must obtain the prior approval of the Federal Reserve before it may acquire control of another bank or savings institution, merge or consolidate with another bank holding company or savings and loan holding company or acquire all or substantially all of the assets of another bank, savings institution or depository institution holding company. TF must also obtain prior Federal Reserve approval before it may acquire ownership or control of any voting shares of any bank, savings institution or depository institution holding company if, after such acquisition, TF would directly or indirectly own or control more than 5% of such shares. TF is also required to file certain reports 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 address corporate and accounting fraud and improve public company reporting. The SEC has promulgated new regulations pursuant to the Act and may continue to propose additional implementing or clarifying regulations as necessary in furtherance of the Act. The passage of the Act by Congress and the implementation of new regulations by the SEC subject publicly-traded companies to additional and more cumbersome 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 financial holding companies and thereby affiliate with securities firms and insurance companies and engage in other activities that are financial in nature. GLB defines “financial in nature” to include securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; merchant banking activities; and activities that the Federal Reserve Board has determined to be closely related to banking. A qualifying bank also may engage, subject to limitations on investment, in activities that are financial in nature, other than insurance underwriting, insurance company portfolio investment, real estate development, and real estate 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 nonfinancial 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 restrictions, provided 3rd Fed Bank satisfies the QTL test. See “Bank Regulation — Qualified Thrift Lender Test.” If TF acquires control of another savings association as a separate subsidiary, it would become a multiple savings and loan holding company, and the activities of TF and any of its 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 savings and loan holding companies, which expresses the Federal Reserve's view that a holding company should pay cash dividends only to the extent that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The Federal Reserve also indicated that it would be inappropriate for a holding company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the federal prompt corrective action regulations, the Federal Reserve may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized."

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

This Management's Discussion and Analysis and related financial data are presented to assist in the understanding and evaluation of the financial condition and results of operations for TF and its subsidiary, 3rd Fed Bank, as of September 30, 2012 and for the nine months ended September 30, 2012 and 2011 and as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010. This section should be read in conjunction with the consolidated financial statements and related footnotes included elsewhere in this proxy 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, representing an increase of \$15.2 million during the nine-month period. Loans receivable, net increased by \$39.9 million during the first nine months of 2012. Originations of consumer and single-family residential mortgage loans totaling \$98.2 million and originations of commercial loans totaling \$12.1 million were partially offset by principal repayments of \$65.7 million. TF increased the allowance for loan losses through a provision during the nine months ended September 30, 2012 of \$1.8 million and transferred \$2.9 million from loans to real estate acquired through foreclosure. Loans receivable held for sale increased \$400,000 primarily because originations of loans for sale in the secondary market of \$39.7 million exceeded proceeds of \$39.5 million from loan sales. Investment securities decreased by \$8.1 million due to principal repayments and maturities received of \$26.3 million and net premium amortization of \$361,000 which were offset by security purchases of \$17.8 million and an increase in the fair market value of available for sale securities of \$870,000. Largely as a result of the increase in the loan portfolio, cash and cash equivalents decreased by \$11.2 million during the first nine months of 2012. The 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 \$28.2 million, the result of new long term fixed rate advances of \$32.2 million and an increase in the outstanding balance of the line of credit of \$14.3 million, offset by scheduled amortization and maturities of \$18.3 million. Deposit balances decreased \$18.0 million during the period with checking and savings accounts increasing by \$12.7 million while money market accounts decreased \$1.7 million. Retail certificates of deposit ("CDs") decreased \$29.1 million during the first nine months of 2012, largely due to the maturity of CDs which had been originated during periods of higher market interest rates, and were converted into other non-CD products or were withdrawn from 3rd Fed Bank.

Total consolidated stockholders' equity of TF was \$82.0 million or 11.8% of total assets at September 30, 2012. At September 30, 2012, 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-performing loans. Non-performing loans include loan balances 90 days past due and impaired loans for which the accrual of interest has been discontinued. The following table sets forth information regarding TF's non-performing assets:

Non-Performing Assets	At		
	September 30, 2012	December 31, 2011	September 30, 2011
	(Dollars in thousands)		
Loans receivable, net:			
Residential			
Residential mortgages	\$ 2,122	\$ 5,502	\$ 5,144
Commercial			
Real estate-commercial	1,116	2,711	5,317
Real estate-residential	839	—	—
Construction loans	6,119	4,044	6,205
Commercial and industrial loans	—	6	160
Consumer			
Home equity and second mortgage	204	277	277
Other consumer	—	1	—
Total non-performing loans	10,400	12,541	17,103
Real estate owned	7,619	11,730	8,909
Total non-performing assets	\$ 18,019	\$ 24,271	\$ 26,012
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%	3.32%
Ratio of non-performing loans to total assets	1.49%	1.84%	2.46%
Ratio of total non-performing assets to total assets	2.59%	3.56%	3.74%

Non-performing commercial real estate loans include a loan with an unpaid principal balance of \$1.5 million secured by two contiguous parcels of commercial real estate and a lien on the guarantor's personal residence. 3rd Fed Bank has recorded a partial charge-off of \$932,000 from the allowance for loan losses, equal to the difference between the loan balance and the fair value based upon a recent appraisal. 3rd Fed Bank has initiated foreclosure proceedings and the borrower has filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. Additionally, \$185,000 of the allowance for loan losses has been allocated to this loan for potential 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 contiguous lots approved for construction of commercial and residential buildings. 3rd Fed Bank recorded a partial charge-off of \$432,000 from the allowance for loan losses equal to the difference between the loan balance and a recent appraisal. In addition, \$300,000 of the allowance for loan losses has been allocated to this loan for potential acquisition or selling costs related to the properties. The borrower is 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 land. 3rd Fed Bank has recorded a partial charge-off of \$202,000 from the

allowance for loan losses equal to the difference between the recorded investment and a recent appraisal. The borrower is attempting to sell the property and intends to apply the sale proceeds to the outstanding loan balance. Additionally, \$29,000 of the allowance for loan 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 balance due to 3rd Fed Bank of \$3.1 million. 3rd Fed Bank has recorded a partial charge-off of \$198,000 from the allowance for loan losses equal to the 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 value of \$7.6 million. During the first nine months of 2012, 3rd Fed Bank foreclosed on six mortgages secured by a residential property valued at \$2.9 million in the aggregate which resulted in a charge to the allowance of \$163,000. Also, 3rd Fed Bank sold 43 properties acquired through foreclosure with an aggregate book value of \$7.0 million. All foreclosed properties are listed or are in the process of being listed with real estate agents for sale in a timely manner. Foreclosed real estate is included in other assets in the Consolidated Balance Sheet of TF.

Allowance for Loan Losses

3rd Fed Bank provides valuation allowances for estimated losses from uncollectible loans. The allowance is increased by provisions charged to expense and reduced by net charge-offs. On a quarterly basis, TF prepares an allowance for loan losses (ALLL) analysis. In the analysis, the loan portfolio is segmented into groups of homogeneous loans that share similar risk characteristics: commercial loans secured by non-residential or non-owner occupied residential real estate, construction, commercial and industrial loans, single family residential, and consumer which is predominately real estate secured junior liens and home equity lines of credit. Each segment is assigned reserve factors based on quantitative and qualitative measurements. In addition, 3rd Fed Bank reviews its internally classified loans, its loans classified for regulatory purposes, delinquent loans, and other relevant information 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-back period. Quantitative factors also include 3rd Fed Bank's actual risk ratings for the commercial loan segments as determined in accordance with loan review and loan grading policies and procedures, and additional factors as determined by management to be representative of additional risk due to the loan's geographic location, type, and other attributes. These quantitative factors are adjusted if necessary, up or 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 underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses; (2) changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments; (3) changes in the nature and volume of the portfolio and in the terms of loans; (4) changes in the experience, ability, and depth of lending management and other relevant staff; (5) changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans; (6) changes in the quality of the loan review system; (7) changes in the value of underlying collateral for collateral dependent loans; (8) the existence and effect of any concentration of credit, and changes in the level of such concentrations; and (9) the effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing loan portfolio.

Potentially impaired loans selected for individual evaluation are reviewed in accordance with US GAAP which governs the accounting for impaired assets, as well as regulatory guidance regarding treatment of troubled, collateral-dependent loans. Each potentially impaired loan is evaluated using all available information such as recent appraisals, whether the loan is currently on accrual or non-accrual status, discounted cash flow analyses, guarantor financial strength, the value of additional collateral, and the loan's and borrower's past performance to determine whether in management's best judgment it is probable that 3rd Fed Bank will be unable to collect all contractual interest and principal in accordance with the loan's terms. Loans deemed not to be impaired are assigned a reserve factor 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 will be allocated to the deficiency. Troubled collateral-dependent real estate secured loans are valued using the appraised value of the collateral, and a portion of the ALLL will be allocated to these loans based on the difference between the loan amount and the appraised value. If such amounts are judged by management to be permanent, they will be charged-off. In addition, if foreclosure is probable, a portion of the ALLL will be allocated to the estimated additional costs to acquire and the estimated costs to sell. Upon completion of the foreclosure 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 made by means of a provision to the allowance for loan losses. Recognizing the inherently imprecise nature of the loss estimates and the large number of assumptions needed in order to perform the analysis, the required reserve may be less than the actual level of reserves at the end of any evaluation period, and thus there may be an unallocated portion of the ALLL. Management adjusts the unallocated portion to an amount 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 30, 2012 as 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 average yield on assets and average cost of liabilities for the periods indicated. Yields and costs are computed by dividing income or expense by the average daily balance of interest-earning assets or interest-bearing liabilities, respectively, for the nine-month periods indicated.

	Nine Months Ended September 30,					
	2012			2011		
	Average balance	Interest	Average yld/cost	Average balance	Interest	Average yld/cost
ASSETS						
Interest-earning assets:						
Loans receivable(1)	\$ 507,521	\$ 18,864	4.96%	\$ 501,052	\$ 19,946	5.32%
Mortgage-backed securities	59,776	1,556	3.48%	65,541	2,068	4.22%
Investment securities(2)	66,498	2,154	4.33%	67,714	2,155	4.25%
Other interest-earning assets(3)	5,676	2	0.05%	4,970	1	0.03%
Total interest-earning assets	639,471	22,576	4.72%	639,277	24,170	5.05%
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	1.05%
Borrowings from the FHLB	53,685	1,094	2.72%	57,688	1,537	3.56%
Total interest-bearing liabilities	601,385	3,889	0.86%	607,052	5,865	1.29%
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%			3.76%
Net yield on interest-earning assets(5)-tax equivalent basis			3.90%			3.83%
Ratio of average interest-earning assets to average interest-bearing liabilities			106.33%			105.31%
Less: tax-equivalent interest adjustments		(590)			(495)	
Net interest income		\$ 18,097			\$ 17,810	

Interest rate spread(4)	3.73%	3.66%
Net yield on interest-earning assets(5)	3.78%	3.72%

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- (1) Non-performing loans have been included in the appropriate average loan balance category, but interest on non-performing loans 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 months ended September 30, 2012 and 2011, 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 average cost of interest-bearing liabilities.
Net yield on interest-earning assets represents net interest income as a percentage of average interest-earning
 - (5) assets.

Rate/Volume Analysis

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

	For the nine months ended September 30, 2012 vs 2011		
	Volume	Rate	Net
Interest income:			
Loans receivable, net	\$ 403	\$ (1,485)	\$ (1,082)
Mortgage-backed securities	(171)	(341)	(512)
Investment securities (1)	(51)	50	(1)
Other interest-earning assets	—	1	1
Total interest-earning assets	181	(1,775)	(1,594)
Interest expense:			
Deposits	(13)	(1,520)	(1,533)
Borrowings from the FHLB	(101)	(342)	(443)
Total interest-bearing liabilities	(114)	(1,862)	(1,976)
Net change in net interest income	\$ 295	\$ 87	\$ 382

(1) Tax equivalent adjustments to interest on investment securities were \$590,000 and \$495,000 for the nine months ended September 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 million for the nine months ended September 30, 2012 compared with the first nine months of 2011. Interest income from loans receivable decreased by \$1.1 million, the result of a decrease in the average yield on loans of 36 basis points. The decrease in the yield was caused by the combined effect of a large number of higher rate loans which prepaid, and new loans added to the portfolio with a lower yield than the existing portfolio loans that matured or refinanced. Interest income from mortgage-backed securities was lower in the first nine months of 2012 in comparison to the same period of 2011 mainly because the yield associated with repayments was higher than the yield on newly purchased mortgage-backed securities as well as an increase in principal repayments as compared to purchases during the intervening period.

Total Interest Expense. Total interest expense decreased by \$2.0 million to \$3.9 million during the nine-month period ended September 30, 2012 as compared with the same period in 2011. The average interest rates paid on 3rd Fed Bank's deposits were 37 basis points lower in 2012 due to the maturity of certificates of deposit with higher interest rates than current market rates offered on the products into which the maturing CDs were renewed or reinvested, and a favorable change in the deposit mix and pricing. Interest expense associated with borrowings from the FHLB decreased \$443,000 between the first nine months of 2012 and the first nine months of 2011. During the intervening period, 3rd Fed Bank reduced its average outstanding borrowings by \$4.0 million, as a result of the maturity of higher rate 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 million for the 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 higher level of residential loan sales activity in the period. The disposition of a branch property to a local municipality resulted in a gain of \$264,000 in 2012. The 2011 period had included a gain on the sale of investment securities of \$210,000 and there were no such sales in 2012.

Non-Interest Expense. Total non-interest expense decreased by \$81,000 to \$14.2 million for the nine months ended September 30, 2012 compared to the same period in 2011. Foreclosed real estate expense increased \$208,000 in 2012 mainly due to valuation adjustments to the book value of real estate acquired through foreclosure and net losses from the sale of such assets of \$425,000. During 2011, valuation adjustments to the book value of real estate acquired through foreclosure net of gains from the sale of such assets totaled \$254,000. Employee compensation increased by \$270,000, the combined result of annual salary increases and the increased costs associated with the defined benefit plans which increased \$261,000 between the two periods. In contrast, professional fees decreased \$191,000 between the two periods as legal and professional costs were incurred during 2011 in connection with TF's reincorporation in Pennsylvania, the cost of distributing a 5% stock dividend in the first quarter of 2011 and the implementation of TF's director's stock compensation plan. In addition, TF's legal costs associated with non performing loans and foreclosures were higher in 2011. Occupancy and equipment costs decreased \$185,000, which was mainly the result of a substantial reduction of costs associated with facility snow removal during 2012. FDIC insurance premiums decreased by \$79,000 between the two periods due to a change in the method of premium assessment. During the first quarter of 2011, premium assessments were based solely on deposit balances whereas under the new rules, the deposit insurance 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% for the nine months ended September 30, 2011. These effective tax rates are lower than TF's marginal tax rate of 34% largely due to the tax-exempt 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, security sales of \$10.0 million, security maturities of \$6.9 million and net premium amortization of \$0.3 million that were partially offset by security 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 December 31, 2010. The decrease was the combined result of loan repayments and transfers to real estate acquired through foreclosure exceeding demand for new loans during the year. Principal repayments of loans receivable totaled \$92.5 million during the year ended December 31, 2011 and TF transferred \$5.5 million from loans to real estate acquired through foreclosure. The allowance for loan losses was increased by a provision of \$3.7 million during the year. Originations of consumer and single-family residential mortgage loans totaled \$66.2 million and originations of commercial loans were \$28.4 million. During 2011, loans originated for sale and proceeds from the sale of loans in the secondary market approximated \$26.5 million. TF sold the majority of its fixed rate, 30 year term loan originations to the Federal National Mortgage Association ("FNMA") and retained the loan servicing.

As a result of TF's cash-related activities, cash and cash equivalents increased \$7.5 million during the year ended December 31, 2011.

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

Liabilities. Advances from the FHLB and other borrowings decreased by \$15.1 million, the result of scheduled amortization and 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 interest-bearing assets, not funded by deposits, with longer term advances from the FHLB. The Bank may also fund its day-to-day cash needs and shorter term interest-bearing assets not otherwise funded with deposits using draws on its line of credit with the FHLB. The Bank's line of credit 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 million from December 31, 2010 to December 31, 2011. This increase was offset by a decrease of \$23.1 million in certificates of deposit during 2011.

Stockholders' Equity. Total consolidated stockholders' equity increased by \$4.0 million to \$77.4 million at December 31, 2011. The increase is largely the result of the retention of \$3.9 million in net income less cash dividends paid to TF's common stockholders of \$500,000. Accumulated other comprehensive income increased by \$1.5 million net of tax due to the fair value adjustment for unrealized gains on available for sale securities and a decrease of \$1.4 million, net of tax related to the funded status of the pension plan, a \$300,000 increase due to the allocation of 12,000 shares to participants in TF's employee stock ownership plan, and an increase of \$200,000 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 balance sheet and reflects the average yield on assets and average cost of liabilities for the periods indicated. The yields and costs are computed by dividing income or expense by the average balance of interest earning assets or interest-bearing liabilities, respectively for the periods indicated.

	Year Ended December 31,					
	2011			2010		
	Average balance	Interest	Average yld/cost	Average balance	Interest	Average yld/cost
ASSETS						
Interest-earning assets:						
Loans receivable, net (1)	\$ 500,095	\$ 26,373	5.27%	\$ 521,272	\$ 28,205	5.41%
Mortgage-backed securities	64,416	2,718	4.22%	78,401	3,595	4.59%
Investment securities (2)	67,747	2,885	4.26%	58,204	2,328	4.00%
Other interest-earning assets (3)	5,406	3	0.06%	9,534	6	0.06%
Total interest-earning assets	637,664	31,979	5.02%	667,411	34,134	5.11%
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	1.30%
Advances from the FHLB	55,274	1,948	3.52%	75,406	2,998	3.98%
Total interest-bearing liabilities	605,293	7,415	1.23%	628,713	10,208	1.62%
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%			3.49%
Net yield on interest-earning assets (5)—tax equivalent basis			3.85%			3.58%
Ratio of average interest-earning assets to average interest-bearing liabilities			105.35%			106.16%
Less: tax—equivalent interest adjustment		(691)			(566)	
Net interest income		\$ 23,873			\$ 23,360	
Interest rate spread (4)			3.68%			3.41%
			3.74%			3.50%

Net yield on
interest-earning assets (5)

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- (1) Nonaccrual loans have been included in the appropriate average loan balance category, but interest on nonaccrual loans has not been 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 December 31, 2011 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 average cost of 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 attributed to (i) changes in volume (changes in the weighted average balance of the total interest-earning asset and interest-bearing liability portfolios multiplied by the prior year rate), and (ii) changes in rate (changes in rate multiplied by prior year volume). Changes attributable to the combined impact of volume and rate have been allocated proportionately based on the absolute value of changes due to volume and changes due to rate.

	Year Ended December 31, 2011 vs 2010		
	Increase (decrease) due to		
	Volume	Rate	Net
	(in thousands)		
Interest income:			
Loans receivable, net	\$ (1,128)	\$ (704)	\$ (1,832)
Mortgage-backed securities	(606)	(271)	(877)
Investment securities (1)	399	158	557
Other interest-earning assets	(3)	-	(3)
Total interest-earning assets	(1,338)	(817)	(2,155)
Interest expense:			
Deposits	(43)	(1,700)	(1,743)
Advances from the FHLB	(737)	(313)	(1,050)
Total interest-bearing liabilities	(780)	(2,013)	(2,793)
Net change in net interest income	\$ (558)	\$ 1,196	\$ 638

(1) Tax equivalent adjustments to interest on investment securities were \$691,000 and \$566,000 for the years ended December 31, 2011 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 million for the year ended December 31, 2010.

Total Interest Income. For the year ended December 31, 2011, total interest income, on a taxable equivalent basis, decreased by \$2.2 million to \$32.0 million. Interest income from loans receivable decreased by \$1.8 million and the average yield on loans decreased 14 basis points. The decrease in interest income is attributable to the result of a high level of mortgage loan refinancing due to the historically low level of mortgage loan rates during the year. Interest income from mortgage-backed securities was lower in 2011 mainly because repayments and proceeds from sales of \$28.7 million exceeded purchases of \$18.6 million during the year. In addition, the yield associated with repayments was higher than the yield on newly purchased mortgage-backed securities. Interest income from investment securities was higher as a result of higher average balances in 2011 associated with municipal and federal agency bond purchases in 2011 of \$13.1 million combined with 2010 year-end purchases of \$9.2 million exceeding sales and maturities of \$16.1 million of municipal 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 deposits outstanding only decreased \$3.3 million during the year; however the interest rate paid on the deposits was 31 basis points lower. The migration of maturing high-rate certificates of deposit into lower cost core accounts was the underlying cause of the decrease in the average cost of deposits during the year. Interest on advances from the FHLB and other borrowings decreased by \$1.1 million during 2011 versus 2010 as a result of a \$20.1 million decrease in the average balance of

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

Allowance for Loan Losses. The allowance for loan losses was \$8.1 million and \$8.3 million at December 31, 2011 and 2010, respectively. The provision for loan losses was \$3.7 million during 2011 compared with \$4.2 million the previous year. Net loan charge-offs were \$4.0 million during 2011 compared to \$1.1 million during 2010. The provision for loan loss reflects TF's analysis and review of its loan portfolio and assessment of the underlying risks associated with delinquent loans as well as loans classified for regulatory purposes. The provision was greatly influenced by continued weaknesses in commercial real estate values in TF's lending 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 on the sale of investment and mortgage-backed securities during 2011 was \$760,000 compared with a \$20,000 net gain in 2010. Total service fees, charges and other operating income decreased by \$260,000 in 2011 compared with 2010. Within this line item, loan service fees were lower by \$210,000 due to amortization and fair value adjustments to mortgage servicing rights that reduced loan servicing income. During 2011, the gain on sale of loans decreased by \$347,000 as a result of the high level of residential loan sales activity which occurred throughout 2010.

Non-Interest Expense. Total non-interest expense increased by \$572,000 to \$18.8 million for 2011 compared to \$18.2 million in 2010. Employee compensation and benefits increased \$320,000 as various bonus and incentive compensation programs resumed in 2011 that were suspended in 2010. Professional fees increased \$268,000 between the two periods as legal and professional costs were incurred in connection with TF's reincorporation in Pennsylvania, the distribution of a 5% stock dividend in the first quarter of 2011, the implementation of the director's stock compensation plan as well as legal fees associated with securing Company interests in an eminent domain matter. Losses resulting from foreclosed real estate expense including valuation adjustments and disposition of real estate acquired through foreclosure were \$431,000 greater in 2011 versus 2010. FDIC insurance premiums decreased by \$240,000 between the two periods because of a change in the method of premium assessment. Prior to the second quarter of 2011, premium assessment was based solely on deposit balances whereas beginning in the second quarter of 2011 under the new rules, the deposit insurance assessment base will be a bank's average total assets less its average tangible equity, with adjustments for brokered deposits and unsecured debt. Marketing and advertising expenses decreased \$171,000 between the two periods as marketing-related activities were streamlined during 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 are lower than TF's marginal tax rate of 34% largely due to the tax-exempt income associated with TF's investments in municipal bonds and bank-owned 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 in an efficient, cost-effective manner. 3rd Fed Bank's short-term sources of liquidity include maturities, repayment and sales of assets, excess cash and cash equivalents, new deposits, brokered deposits, other borrowings, and new borrowings from the Federal Home Loan Bank and the Federal Reserve Bank. There has been no material adverse change during the nine-month period ended September 30, 2012 in the ability 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 originate loans of \$29.7 million, and commitments to fund undisbursed balances of closed loans and unused lines of

credit of \$46.8 million. At September 30, 2012, 3rd Fed Bank had \$3.3 million in outstanding commitments to sell loans. There has been no material change during the nine months ended September 30, 2012 in any of 3rd Fed Bank's other contractual obligations or commitments to make future payments.

TF's primary sources of liquidity are dividends from 3rd Fed Bank, principal and interest payments received from a loan made to 3rd Fed Bank's ESOP, and tax benefits arising from the use of TF's tax deductions by other members of its consolidated group pursuant to a tax sharing agreement. TF is dependent upon these sources and cash on hand which totaled approximately \$2.3 million at September 30, 2012 in order to fund its operations and pay the dividend to its shareholders. There has been no material adverse change in the ability of 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 preparation of the consolidated financial statements and related data of TF. These accounting estimates require management to make assumptions about matters that are highly uncertain at the time the accounting estimate is made. Management believes that the most critical accounting policy requiring the use of accounting estimates and judgment is the determination of the allowance for loan losses. If the financial position of a significant number of debtors or the value of the collateral securing the loans should deteriorate more than TF has estimated, the present allowance for loan losses may be insufficient and additional provisions for loan losses may be required. The allowance for 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 measurement of financial position and operating results in terms of historical dollars, without consideration for changes in the relative purchasing power of money over time caused by inflation. Unlike industrial companies, nearly all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution's performance than general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the price of goods and services, since such goods and services are affected by inflation. In the current interest rate environment, liquidity and the maturity 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 the purpose of monitoring and managing market risk, which is defined as the risk of loss of net interest income or economic value arising from changes 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 simulating the hypothetical change in the economic value of 3rd Fed Bank that would occur under specific changes in interest rates. Substantially all of 3rd Fed Bank's interest-bearing assets and liabilities are exposed to interest rate risk. Change in economic value is measured using reports generated by 3rd Fed Bank's regulators, using input from 3rd Fed Bank, wherein the current net portfolio value of 3rd Fed Bank's interest-sensitive assets and liabilities is measured at different hypothetical interest rate levels centered on the current term structure of interest rates. 3rd Fed Bank's exposure to interest rate risk results from, among other things, the difference in maturities in interest-earning assets and interest-bearing liabilities. Since 3rd Fed Bank's assets currently have a longer maturity than its liabilities, 3rd Fed Bank's earnings could be negatively impacted during a period of rising interest rates. Alternatively, in periods of falling interest rates 3rd Fed Bank's mortgage loans will repay at an increasing rate and cause 3rd Fed Bank to reinvest these cash flows in periods of low interest rates, also negatively affecting 3rd Fed Bank's earnings. The relationship between the interest rate sensitivity of 3rd Fed Bank's assets and 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. Volumes of such loans and deposits at various maturity and repricing horizons will vary according to customer preferences as influenced by the term structure of market interest rates. 3rd Fed Bank utilizes its investment and mortgage-backed security portfolios available for sale to generate additional interest income, to manage its liquidity, and to manage its interest rate risk. These securities provide 3rd Fed Bank with a cash flow stream to fund asset growth or liability maturities. In addition, if management determines that it is advisable to do so, 3rd Fed Bank can lengthen or shorten the average maturity of all interest-bearing assets through the selection of fixed rate or variable rate securities, respectively.

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

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

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

Change in Interest Rates	NPV Amount (In Thousands)	% Change	Policy Limitation
+400 Basis Points	\$93,811	-24%	-50%
+300 Basis Points	\$99,440	-19%	-45%
+200 Basis Points	\$107,506	-13%	-35%
+100 Basis Points	\$116,079	-6%	-25%
Flat Rates	\$123,135	0%	0%
-100 Basis Points	\$120,958	-2%	-20%

Management believes that the assumptions utilized in evaluating the vulnerability of the Company's net portfolio value to changes in interest rates are reasonable; however, the interest rate sensitivity of the Bank's assets and liabilities as well as the estimated effect of changes in interest rates on NPV could vary substantially if different assumptions are used or actual experience differs from the 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, Roebing Financial Corp., MHC (the "MHC") completed its reorganization into stock form and Roebing succeeded to the business of the MHC's former federal mid-tier holding company subsidiary. Each outstanding share of common stock of the former mid-tier holding company (other than shares held by the MHC which were cancelled) was converted into 3.9636 shares of common stock of Roebing. As part of the transaction, Roebing sold a total of 910,764 shares to the public at \$10 per share, including 72,861 shares purchased by Roebing's employee stock ownership plan with funds borrowed from Roebing. Roebing's business is conducted primarily through its wholly-owned subsidiary, Roebing Bank, a federally chartered stock savings bank.

Formal Agreement

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

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

In addition, On November 16, 2012, the Federal Reserve Bank recommended that Roebing adopt a resolution containing provisions necessary to address the Federal Reserve Bank's concerns based primarily on Roebing Bank's 2011 examination by the OCC. The areas of concern included board

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

Market Area and Competition

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

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

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

Lending Activities

Roebing's principal lending activity is the origination of loans secured by real property in Southern New Jersey. At September 30, 2012, Roebing Bank's loan portfolio included \$62.8 million in loans secured by liens on one-to-four family properties, \$26.6 million in home equity loans, \$14.3 million in loans secured by commercial real estate, \$358,000 in loans secured by land or properties under construction and \$2.8 million in loans secured by multi-family properties. Roebing Bank's loan portfolio also includes commercial and consumer loans. The majority of Roebing Bank's borrowers are located in Southern New Jersey and could be expected to be similarly affected by economic and other conditions in this area. Roebing does not believe that there are any other concentrations of loans or borrowers in its portfolio.

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

	2012		At September 30, 2011		2010	
	\$	%	\$	%	\$	%
	(Dollars in thousands)					
Real estate loans:						
One-to-four family (1)	\$ 62,831	58.52%	\$ 63,232	57.43%	\$ 61,113	53.04%
Multi-family	2,770	2.58	2,880	2.61	2,994	2.60
Construction and land	358	0.33	370	0.34	2,814	2.44
Commercial real estate	14,257	13.28	15,926	14.46	18,936	16.44
Total real estate loans	80,216	74.71	82,408	74.84	85,857	74.52
Consumer and other loans:						
Home equity	26,555	24.73	26,923	24.45	28,250	24.52
Commercial	435	0.41	546	0.50	743	0.65
Other consumer	161	0.15	233	0.21	357	0.31
Total consumer and other loans	27,151	25.29	27,702	25.16	29,350	25.48
Total loans	107,367	100.00%	110,110	100.00%	115,207	100.00%
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	

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

Loan Maturity Table. The following table sets forth the contractual maturities of Roebbling's loan portfolio at September 30, 2012. The table does not reflect anticipated prepayments or scheduled principal repayments. All mortgage loans are shown as maturing based on contractual maturities. Demand loans, loans having no stated schedule of payments and no stated maturity and overdrafts are shown as 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	Total
(In thousands)				
Real estate loans:				
One-to-four family	\$626	\$682	\$61,523	\$62,831
Multi-family	—	—	2,770	2,770
Construction and land	254	—	41	295
Commercial real estate	1,027	2,048	11,182	14,257
Consumer and other loans:				
Home equity	150	2,642	23,763	26,555
Commercial	176	120	139	435
Other consumer	7	76	78	161
Total	\$2,240	\$5,568	\$99,496	\$107,304

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

	Fixed Rates	Floating or Adjustable Rates	Total
(In thousands)			
Real estate loans:			
One-to-four family	\$31,698	\$30,507	\$62,205
Multi-family	—	2,770	2,770
Construction and land	—	41	41
Commercial real estate	2,837	10,393	13,230
Consumer and other loans:			
Home equity	15,911	10,494	26,405
Commercial	120	139	259
Other consumer	117	37	154
Total	\$50,683	\$54,381	\$105,064

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

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

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

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

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

Construction lending is generally considered to involve a higher level of risk as compared to single-family residential lending, due to the concentration of principal in a limited number of loans and borrowers and the effects of general economic conditions on developers and builders. Moreover, a construction loan can involve additional risks because of the inherent difficulty in estimating both a property's value at completion of the project and the estimated cost (including interest) of the project. The nature of these loans is such that they are 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, Roebbling requires the involvement of an experienced builder and generally requires personal guarantees from the principals of the borrower. Roebbling seeks to further mitigate the risk of construction lending by only disbursing funds on a pre-approved draw schedule. Advances are only made after scheduled work has been completed as confirmed

by an independent inspection. In addition, all construction properties are appraised on both an “as is” and an “as completed” basis to ensure that unadvanced funds will be sufficient to complete the project. Roebbling attempts to address the risks of land lending by requiring a loan-to-value ratio no greater than 50%. In addition, Roebbling 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 permanent loans secured by improved property such as office buildings, churches, small business facilities and other non-residential buildings primarily in Roebbling’s primary market area. Multi-family residential loans are permanent loans secured by residential buildings containing five or more units. Interest rates on commercial and multi-family loans are generally slightly higher than those offered on residential loans. Commercial and multi-family real estate loans are generally originated in amounts of up to 80% of the appraised value or purchase price of the mortgaged property (whichever is lower). The commercial and multi-family real estate loans in Roebbling’s portfolio generally consist of balloon or adjustable-rate loans which were originated at prevailing market rates.

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

Roebbling’s commercial business lending policy emphasizes (1) credit file documentation, (2) analysis of the borrower’s character, (3) analysis of the borrower’s capacity to repay the loan (including review of annual financial statements), (4) adequacy of the borrower’s capital and collateral, and (5) evaluation of the industry conditions affecting the borrower. Analysis of the borrower’s past, present and future cash flows is also an important aspect of Roebbling’s credit analysis. Roebbling requests annual financial statements of the borrower on all commercial loans.

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

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

Roebbling’s portfolio also includes high loan-to-value fixed-rate and non-owner occupied fixed-rate equity loans. Such loans are generally subject to loan to value limitations of 90% and 70%, respectively, including any other outstanding mortgages or liens. These loans are for terms of one to seven years. Roebbling 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 involves more credit 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 be adversely affected by job loss, divorce, illness and personal bankruptcy. Generally, collateral for consumer loans depreciates rapidly and often does not provide an adequate source of repayment of the outstanding loan balance. Roebing attempts to limit its exposure in consumer 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 amount greater than the higher of \$500,000 or 15% of its unimpaired capital and surplus. At September 30, 2012, our legal loans-to-one-borrower limit was approximately \$2.3 million. During 2009, Roebing reduced our internal loans-to-one-borrower limit to \$1,000,000 going forward.

At September 30, 2012, our largest lending relationship was \$1.6 million and consisted of two loans. One of the loans has a \$1.5 million balance and is secured by an owner-occupied, single-family residence. The other loan, with a \$56,000 balance, is secured by business assets. Our next largest lending relationship was \$1.4 million and consisted of a participation in a commercial real estate loan secured by a motel. All such loans are current.

Loan Originations and Approval Authority. Loan originations are generally obtained from existing customers, members of the local community, and referrals from real estate brokers, lawyers, accountants, and current and past customers within Roebing's lending area.

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

Loan applicants are promptly notified of the decision of Roebing, setting forth the terms and conditions of the decision. If approved, these terms and conditions include the amount of the loan, interest rate and basis, amortization term, a brief description of the real estate to be mortgaged or the collateral to be pledged and the notice requirement of insurance coverage to be maintained to protect Roebing's interest. Roebing requires title insurance or a title opinion on first mortgage loans and fire and casualty insurance on all properties securing loans, which insurance must be maintained during the entire term of the loan. Roebing also requires flood insurance, if appropriate, in order to protect Roebing's interest in the security property. Mortgage loans originated and purchased by Roebing in its portfolio generally include due-on-sale clauses that provide Roebing with the contractual right to deem the loan immediately due and payable in the event that the borrower transfers ownership of the property without Roebing's consent.

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

Roebing generally underwrites fixed-rate, one-to-four family mortgage loans pursuant to Fannie Mae guidelines to facilitate sale in the secondary market. Fixed-rate mortgage loans may be sold with servicing retained. Non-conforming, fixed-rate loans may be sold in the secondary market to private entities, and the servicing of such loans may be sold. Commercial purpose loans or participations may be sold, generally to stay within loan-to-one-borrower limits and generally with servicing retained. During the year ended September 30, 2012, Roebing sold \$5.6 million of loans. Roebing had \$150,000 in loans held-for-sale at September 30, 2012. Roebing recognized loan servicing fees of \$44,000 for the year ended September 30, 2012. As of September 30, 2012, loans serviced for others totaled \$19.0 million.

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

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

Non-Performing and Problem Assets

Loan Delinquencies. Roebing’s collection procedures provide that when a loan is 15 days past due, a delinquent notice is sent to the borrower and a late charge is imposed in accordance with the loan documents. If the payment is still delinquent after approximately 60 days, the borrower will receive a notice of default establishing a date by which the borrower must bring the account current or foreclosure proceedings will be instituted. Written notices are supplemented with telephone calls to the borrower. If the loan continues in a delinquent status for 90 days and no repayment plan is in effect, the account is turned over to an attorney for collection or foreclosure 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 management’s periodic evaluation. The allowance is established by a charge to interest income and income is subsequently recognized only to the extent that cash payments are received until, in management’s judgment, the borrower’s ability to make periodic interest and principal payments is reestablished, in which case the loan is returned to accrual status. At a minimum, an allowance is generally established for all interest 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, as of the dates indicated.

	2012	At September 30,		2010
		2011		
	(Dollars in thousands)			
Loans accounted for on a non-accrual basis:				
Mortgage loans:				
One-to-four family residential real estate	\$581	\$209		\$1,549
Multi-family	656	—		—
Construction and land	—	—		2,286
Commercial real estate	137	335		688
Consumer and other loans:				
Home equity	165	140		127
Other consumer	—	—		—
Total non-accrual loans	1,539	684		4,650
Accruing loans contractually past due 90 days or more:				
Mortgage loans:				
One-to-four family residential real estate	191	191		261
Consumer and other loans:				
Home equity	—	—		—
Other consumer	—	—		—
Total accruing loans contractually past due 90 days or more	191	191		261
Total non-performing loans	1,730	875		4,911
Real estate owned	444	1,611		749
Total non-performing assets	\$2,174	\$2,486		\$5,660
Total non-performing loans to total loans, net	1.61	% 0.80	%	4.26 %
Total non-performing loans to total assets	1.07	% 0.53	%	2.95 %
Total non-performing assets to total assets	1.34	% 1.52	%	3.39 %

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

For non-accrual loans outstanding at September 30, 2012 Roebing would have recorded \$81,000 in interest income for the year then ended, had the loans been current in accordance with their original terms. Interest income of \$24,000 on these loans was included in net income for the fiscal year. Not included in the above table as of September 30, 2012, 2011 and 2010 are \$1.4 million, \$1.6 million and \$1.2 million, respectively, in loans that were restructured in troubled debt restructurings and are performing in accordance with the modified terms. At September 30, 2012, Roebing had no other loans which are not disclosed in the non-performing or classified asset tables as to which known information about possible credit problems of borrowers caused management to have serious doubts about the ability of such borrowers to comply with present loan repayment terms. Approximately \$380,000 of the allowance for loan losses related to non-performing loans at September 30, 2012.

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

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

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

	2012	At September 30,	
		2011	2010
		(In thousands)	
Special Mention	\$6,291	\$6,060	\$6,293
Substandard	4,397	7,112	5,050
Doubtful	—	—	1,895
Loss	—	—	—
Total	\$10,688	\$13,172	\$13,238

At September 30, 2012, substandard assets included \$444,000 in real estate owned and \$4.0 million in loans. \$2.5 million of the substandard loans were performing. The special mention assets of \$6.3 million, all of which were performing, included a total of 23 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 losses that may be incurred in Roebbling’s loan portfolio. Such evaluation, which includes a review of all loans of which full collectibility of interest and principal may not be reasonably assured, considers Roebbling’s past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral, any existing guarantees, past performance of the loan, available documentation for the loan, legal impediments to collection, financial condition of the borrower, 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 for loans that are determined to be impaired. A loan is considered to be impaired when it is probable that Roebbling will be unable to collect all amounts due according to the contractual terms of the loan agreement. For such loans, an allowance is allocated when the present value of expected future cash flows or the fair value of the collateral, adjusted for selling expenses, is less than the carrying value of the loan. The remaining allowance is determined by segregating the unimpaired loans into groups and applying a loss factor to each group. Loans are grouped by type, purpose and adverse classification. The loss factor is based on inherent and historical losses associated with each type of lending group, as well as economic and real estate market conditions and trends. For example, losses on one-to-four family residential loans are generally lower than consumer or commercial loans. Roebbling also looks at the level of our allowance in proportion to non-performing loans and total loans. Roebbling has established an overall ratio range that Roebbling has determined is prudent based on historical

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

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

Roebing has used the same methodology in analyzing its allowance in each of the periods presented. In fiscal 2011 Roebing adjusted and expanded our loan groups to improve the stratification based on risk and loss experience. The allowance for loan losses was 1.24%, 1.19% and 2.79% of total loans outstanding at September 30, 2012, 2011 and 2010, respectively.

Roebing charges off loans when collectibility is sufficiently questionable such that Roebing can no longer justify showing the loan as an asset on the balance sheet. To determine if a loan should be charged off, all possible sources of repayment are analyzed. Possible sources of repayment include the value of the underlying collateral, the strength of co-makers or guarantors and the potential for future cash flow. If management determines that a loan should be charged off, a recommendation is presented to the board of directors. Collection efforts 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 loss provisions may be deemed necessary. While Roebing believes that it uses the best information available to perform its loan loss allowance analysis, adjustments to the allowance in the future may be necessary. Changes in underlying estimates could result in the requirement for additional provisions for loan losses. For example, a rise in delinquency rates may cause Roebing to increase the reserve percentages it applies to loan groups for purposes of calculating general allocations, or may require additional allocations for impaired loans. In addition, actual loan losses may be significantly more than the reserves Roebing has established. Each of these scenarios would require 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 Roebbling's allowance for loan losses for the periods indicated:

	Year Ended September 30,		
	2012	2011	2010
	(Dollars in thousands)		
Total loans outstanding(1)	\$107,331	\$109,920	\$115,175
Average loans outstanding	\$109,057	\$111,042	\$115,304
Allowance balances (at beginning of period)	\$1,305	\$3,208	\$2,920
Provision for loan losses	350	(150)	1,100
Charge-offs:			
One-to-four family	—	(958)	(475)
Construction and land	(16)	(1,063)	(171)
Commercial real estate	(228)	(66)	(162)
Commercial	—	(5)	—
Home equity	(94)	—	—
Consumer	—	—	(4)
Total charge-offs	(338)	(2,092)	(812)
Recoveries	13	339	—
Net charge-offs	(325)	(1,753)	(812)
Allowance balance (at end of period)	\$1,330	\$1,305	\$3,208
Allowance for loan losses as a percent of total loans outstanding	1.24 %	1.19 %	2.79 %
Net charge-offs as a percentage of average loans outstanding	0.30 %	1.58 %	0.70 %

(1) Excludes allowance for loan losses.

Allocation of the Allowance for Loan Losses. The following table sets forth the allocation of the allowance by category, which management believes can be allocated only on an approximate basis. The allocation of the allowance to each category is not necessarily indicative of future loss and does not restrict the use of the allowance to absorb losses in any category.

	2012		At September 30,		2011		2010	
	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)							
One-to-four family (1)	\$771	83.30 %	\$695	82.05 %	\$1,273	77.61 %		
Multi-family	246	2.58	30	2.62	82	2.60		
Construction and land	3	0.27	6	0.13	973	2.39		
Commercial real estate	206	13.29	451	14.49	800	16.44		
Commercial	10	0.41	17	0.50	20	0.65		
Consumer	2	0.15	3	0.21	18	0.31		
Unallocated	92	—	103	—	42	—		
Total	\$1,330	100.00 %	\$1,305	100.00 %	\$3,208	100.00 %		

(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. The amount of the allowance was determined in accordance with Roebing Bank's methodology and reflects a still high, but lower, level of classified loans and a higher level of impaired and non-performing loans. The allowance increased slightly through a provision for loan losses of \$350,000 and recoveries of \$13,000, which offset charge-offs of \$338,000 during the year. The charge-offs were primarily on two loans; one resulted from the short sale of a commercial real estate property and the other was the charge-off of a junior-lien home equity loan 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 September 30, 2010. The amount of the allowance was determined in accordance with Roebing Bank's methodology and reflects a large amount of charge-offs in fiscal 2011 and a continued high level of classified loans, but a significant decrease in impaired and non-performing loans. The allowance decreased as a result of \$2.1 million in charge-offs for the year and a reversal of loan loss provisions of \$150,000, partially offset by \$339,000 in recoveries. The charge-offs of \$2.1 million in fiscal 2011 were recorded upon the writedown to fair value, less estimated costs to sell, of properties acquired through foreclosure or by deed in lieu of foreclosure and the charge-off of other balances deemed uncollectible. \$1.8 million of the charge-offs relates to two large non-performing loans that were resolved. One loan 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 REO. Another loan, with a balance of \$800,000 was sold, with charge-off of \$700,000. The general valuation allowance decreased by \$205,000 in fiscal 2011, while the specific allowance decreased by \$1.7 million.

Investment Activities

Roebing Bank is required to maintain a sufficient level of liquid assets (including specified short-term securities and certain other investments), as determined by management and defined and reviewed for adequacy by the federal banking regulators during their regular examinations. The OCC, however, does not prescribe by regulation a minimum amount or percentage of liquid assets. The level of liquid assets varies depending upon several factors, including: (i) the yields on investment alternatives, (ii) management's judgment as to the attractiveness of the yields then available in relation to other opportunities, (iii) expectation of future yield levels, and (iv) management's projections as to the short-term demand for funds to be used in loan origination and other activities. Investment securities, including mortgage-backed securities, are classified at the time of purchase, based upon management's intentions and abilities, as securities held to maturity or securities available for sale. Debt securities acquired with the intent and ability to hold to maturity are classified as held to maturity and are stated at cost and adjusted for amortization of premiums and accretion of discounts, which are computed using the level yield method and recognized as adjustments of interest income. All other debt securities are classified as available for sale to serve principally as a source of liquidity. At September 30, 2012, Roebing had no securities of a single issuer, 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) require us to categorize securities as "held to maturity," "available for sale" or "trading." As of September 30, 2012, Roebing had securities classified as "held to maturity" and "available-for-sale" in the amount of \$89,000 and \$44.0 million, respectively, and had no securities classified as "trading." Securities classified as "available for sale" are reported for financial reporting purposes at the fair market value with net changes in the market value from period to period included as a separate component of stockholders' equity, net of income taxes. At September 30, 2012, our securities available for sale had an amortized cost of \$42.5 million and market value of \$44.0 million. The changes in market value in our available-for-sale portfolio reflect normal market conditions and vary, either positively or negatively, based primarily 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 income nor does it affect Roebing Bank's regulatory capital requirements or its loan-to-one borrower limit.

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

As a source of liquidity and to supplement Roebing's lending activities, Roebing has invested in residential mortgage-backed securities. Mortgage-backed securities can serve as collateral for borrowings and, through repayments, as a source of liquidity. Mortgage-backed securities represent a participation interest in a pool of single-family or other type of mortgages. Principal and interest payments are passed from the mortgage originators, through intermediaries (generally quasi-governmental agencies) that pool and repackage the participation interests in the form of securities, to investors like us. The quasi-governmental agencies, which include Ginnie Mae, Freddie 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 mortgages that have loans with interest rates that are within a set range and have varying maturities. The underlying pool of mortgages can be composed of either fixed-rate or adjustable-rate mortgage loans. Mortgage-backed securities are generally referred to as mortgage participation certificates or pass-through certificates. The interest rate risk characteristics of the underlying pool of mortgages (i.e., fixed rate or adjustable rate) and the prepayment risk, are passed on to the certificate holder. The life of a mortgage-backed pass-through security is equal to the life of the underlying mortgages. Expected maturities will differ from contractual maturities due to repayments and because borrowers may have the right to call or prepay obligations with or without prepayment penalties. Mortgage-backed securities issued by Ginnie Mae, Freddie Mac, and Fannie Mae make up a majority of the pass-through certificates market.

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

Investment Portfolio Composition. The following table sets forth the carrying value of Roebbling's investment securities portfolio at the dates indicated.

	2012	At September 30,	
		2011	2010
		(In thousands)	
Investment securities held-to-maturity:			
Mortgage-backed securities	\$89	\$109	\$127
Total investment securities held-to-maturity	89	109	127
Investment securities available-for-sale:			
U.S. government and agency securities	20,171	19,176	14,835
Mortgage-backed securities	23,830	23,642	25,758
Total investment securities available-for-sale	44,001	42,818	40,593
Total investment securities	\$44,090	\$42,927	\$40,720

Investment Portfolio Maturities. The following table sets forth certain information regarding the carrying values, weighted average yields and contractual maturities of Roebing'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 Securities		Market Value
	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	
Investment securities held-to-maturity											
Mortgage-backed securities	\$ —	—%	\$ 8	3.30%	\$ 15	3.99%	\$ 66	2.58%	\$ 89	2.89%	\$ 92
Total investment securities held- to-maturity	—	—	8	3.30	15	3.99	66	2.58	89	2.89	92
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	20,171
Mortgage-backed securities	—	—	165	5.54	626	5.58	23,039	2.91	23,830	3.00	23,830
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	44,001
Total investment securities	\$ 1,003	1.20%	\$ 5,269	2.14%	\$ 14,713	2.12%	\$ 23,105	2.91%	\$ 44,090	2.51%	\$ 44,093

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

Sources of Funds

General. Deposits are the major external source of Roebing's funds for lending and other investment purposes. Roebing also derives funds from the amortization and prepayment of loans and mortgage-backed securities, maturities and calls of investment securities, borrowings, and operations. Scheduled loan principal repayments are a relatively stable source of funds, while deposit inflows and 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 Roebing's primary market area through the offering of a selection of deposit instruments including checking accounts, savings accounts, money market accounts, and term certificate accounts. Deposit account terms vary according to the minimum balance required, the time period the funds must remain on deposit, and the interest rate, among other factors. At September 30, 2012, Roebing had no brokered deposits.

Certificates of Deposit. The following table indicates the amount of Roebing's certificates of deposit of \$100,000 or more by the time 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. Roebing Bank may obtain advances from the Federal Home Loan Bank of New York ("FHLB") to supplement its supply of lendable funds. Advances from the FHLB are typically secured by a pledge of Roebing Bank's stock in the FHLB and a portion of Roebing Bank's securities portfolio. Each FHLB borrowing has its own interest rate, which may be fixed or variable, and maturity date. Roebing Bank, if the need arises, may also access the Federal Reserve Bank discount window to supplement its supply of lendable funds and to meet deposit withdrawal requirements. At September 30, 2012, Roebing Bank had \$5.0 million of fixed-rate advances 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 for the periods 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, Roebing had 32 full-time and 19 part-time employees. None of Roebing's employees are represented by a collective bargaining group. Roebing believes that its relationship with its employees is good.

Properties

The following table sets forth the location of Roebing's main office and branch offices, the year the offices were opened, the net book 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 Deposits at September 30, 2012
(In thousands)				
Main Office				
Route 130 South and Delaware Avenue Roebing, NJ 08554	1964	Owned	\$ 697	\$ 45,319
Village Office				
34 Main Street Roebing, 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

Roebing and its subsidiaries, from time to time, are a party to routine litigation, which arises in the normal course of business, such as claims to enforce liens, condemnation proceedings on properties in which Roebing Bank holds security interests, claims involving the making and servicing of real property loans, and other issues incident to the business of Roebing Bank. There were no lawsuits pending 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 Roebing Bank and Roebing. The description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

Regulation of Roebing Bank

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

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

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

Federal Deposit Insurance. Roebing Bank's deposits are insured to applicable limits by the FDIC. The maximum deposit insurance amount has been permanently increased from \$100,000 to \$250,000 as a result of the passage of the Dodd-Frank Act. Under the 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 institution's ranking in one of four risk categories based on their examination ratings and capital ratios. Well-capitalized institutions with the CAMELS ratings of 1 or 2 are grouped in Risk Category I and, until 2009, were assessed for deposit insurance at an annual rate of between five and seven basis points with the assessment rate for an individual institution determined according to a formula based on a weighted average of the institution's individual CAMELS component ratings plus either five financial ratios or the average ratings of its long-term debt. 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 Insurance Fund to the statutory minimum of 1.15%. For the quarter beginning January 1, 2009, the FDIC raised the base annual assessment rate for institutions in Risk Category I to between 12 and 14 basis points while the base annual assessment rates for institutions in Risk Categories II, III and IV were increased to 17, 35 and 50 basis points, respectively. For the quarter beginning April 1, 2009 the FDIC set the base annual assessment rate for institutions in Risk Category I to between 12 and 16 basis points and the base annual assessment rates for institutions in Risk Categories II, III and IV at 22, 32 and 45 basis points, respectively. An institution's assessment rate could be 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 on September 30, 2009, and reserved the right to impose additional special assessments. In November, 2009, instead of imposing additional special assessments, the FDIC amended the assessment regulations to require all insured depository institutions to prepay their estimated risk-based assessments for the fourth quarter of 2009, and for all of 2010, 2011 and 2012 on December 30, 2009. For purposes of estimating the future assessments, each institution's base assessment rate in effect on September 30, 2009 was used, assuming a 5% annual growth rate in the assessment base and a 3 basis point increase in the assessment rate in 2011 and 2012. The prepaid assessment is applied against actual quarterly assessments until exhausted. Any funds remaining after June 30, 2013 will be returned to the institution. If the prepayment would impair an institution's liquidity or otherwise create significant hardship, it may apply for an exemption. Requiring this prepaid assessment does not preclude the FDIC from changing assessment rates or from further revising the 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 Insurance Fund from 1.15% to 1.35% of insured deposits by 2020. In setting the assessments, the FDIC is required to offset the effect of the higher reserve ratio on insured depository institutions with total consolidated assets of less than \$10 billion. The Dodd-Frank Act also broadens the base for FDIC insurance assessments so that assessments will be based on the average consolidated total assets less average tangible equity capital of a financial institution rather than on its insured deposits. The FDIC has adopted a new restoration plan to increase the reserve ratio to 1.15% by September 30, 2020 with additional rulemaking scheduled regarding the method to be used to achieve a 1.35% reserve ratio by that date and offset the effect on institutions with assets less than \$10 billion in assets. Pursuant to the new restoration 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 average tangible equity. Insured banks with more than \$1.0 billion in assets must calculate quarterly average assets based on daily balances while smaller banks may use weekly averages. In the case of a merger, the average assets of the surviving bank for the quarter must include the average assets of the merged institution for the period in the quarter prior to the merger. Average assets would be reduced by goodwill 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 smaller institutions may use the quarter-end balance. Beginning April 1, 2011, the base assessment rate for insured institutions in Risk Category I ranges between 5 and 9 basis points and for institutions in Risk Categories II, III, and IV is 14, 23 and 35 basis points, respectively. An institution's assessment rate is reduced based on the amount of its outstanding unsecured long-term debt and for institutions in Risk Categories II, III and IV may be increased based on their brokered deposits. Risk Categories are eliminated for institutions with more 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 issued by the Financing Corporation ("FICO"), an agency of the Federal government established to recapitalize the Federal Savings and Loan Insurance Corporation. The FICO assessment rates, which are determined quarterly, averaged 0.0066% of insured deposits on an annualized basis 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 minimum capital standards: (1) tangible capital equal to 1.5% of adjusted total assets, (2) "Tier 1" or "core" capital equal to at least 4% of adjusted total assets and (3) risk-based capital equal to 8% of total risk-weighted assets. In assessing an institution's capital adequacy, the OCC takes into consideration not only these numeric factors but also qualitative factors as well and has the authority to establish higher capital 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 Tier 1 capital to 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 to increase its capital ratios. If the savings institution's capital is significantly below the minimum required levels of capital or if it is unsuccessful in 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 certain mortgage servicing rights. Tier 1 or core capital is defined as common stockholders' equity (including retained earnings), non-cumulative perpetual preferred stock and related surplus, minority interests in the equity accounts of consolidated subsidiaries and certain non-withdrawable accounts and pledged deposits of mutual savings banks. Roebing Bank does not have any non-withdrawable accounts or pledged deposits. Tier 1 and core capital are reduced by an institution's intangible assets, with limited exceptions for certain mortgage and non-mortgage servicing rights and purchased credit card relationships. Both core and tangible capital are further reduced by an amount equal to the savings institution's debt and equity investments in "non-includable" subsidiaries engaged in activities not permissible for national banks other than subsidiaries engaged in activities undertaken as agent for customers or in mortgage banking activities and 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-weighted assets. Total risk-based capital equals the sum of core and supplementary capital. The components of supplementary capital include, among other items, cumulative perpetual preferred stock, perpetual subordinated debt, mandatory convertible subordinated debt and intermediate-term preferred stock, the portion of the allowance for loan losses not designated for specific loan losses and up to 45% of unrealized gains on equity securities. The portion of the allowance for loan and lease losses includable in supplementary capital is limited to a maximum of 1.25% of risk-weighted assets. Overall, supplementary capital is limited to 100% of core capital. For purposes of determining total risk-based capital, a savings institution's capital is reduced by the amount of capital instruments held

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

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

In addition, in September, 2012, the OCC, Roebing Bank's primary federal regulator, notified Roebing Bank that it has established higher Individual Minimum Capital Ratios ("IMCRs") for Roebing Bank than required by regulation. Roebing Bank is now required to 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-weighted assets; and (iii) Total Capital at least equal to 15% of risk-weighted assets. Management believes, as of September 30, 2012, that Roebing Bank 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 the ability of savings institutions to make capital distributions, including cash dividends. A savings institution that is a subsidiary of a savings and loan holding company, such as Roebing Bank, must file notice with the Federal Reserve Board and an application or a notice with the OCC at least thirty days before making a capital distribution, such as paying a dividend to Roebing. A savings institution must file an application with the OCC for prior approval of a capital distribution if: (i) it is not eligible for expedited treatment under the applications processing rules; (ii) the total amount of all capital distributions, including the proposed capital distribution, for the applicable calendar year would exceed an amount equal to the savings institution's net income for that year to date plus the institution's retained net income for the preceding two years; (iii) it would not be adequately capitalized after the capital distribution; or (iv) the distribution would violate an agreement with the OCC or applicable regulations. The Federal Reserve Board may disapprove a notice and the OCC may disapprove a notice or deny an application for a capital distribution if: (i) the savings institution would be undercapitalized following the capital distribution; (ii) the proposed capital distribution raises safety and soundness concerns; or (iii) the capital distribution would violate a prohibition contained in any statute, regulation, enforcement action or agreement or condition imposed in connection with an application.

Qualified Thrift Lender Test. Federal savings institutions must meet a qualified thrift lender test or they become subject to the business activity restrictions and branching rules applicable to national banks. Under the Dodd-Frank Act, a savings institution that fails to satisfy the qualified thrift lender test will be deemed to have violated Section 5 of the Home Owners' Loan Act. To qualify as a qualified thrift lender, a savings institution must either (i) be deemed a "domestic building and loan association" under the Internal Revenue Code by maintaining at least 60% of its total assets in specified types of assets, including cash, certain government securities, loans secured by and other assets related to residential real property, educational loans and investments in premises of the institution or (ii) satisfy the statutory qualified thrift lender test set forth in the Home Owners' Loan Act by maintaining at least 65% of its portfolio assets in qualified thrift investments (defined to include residential mortgages and related equity investments, certain mortgage-related securities, small business loans, student loans and credit card loans). For purposes of the statutory qualified thrift lender test, portfolio assets are defined as total assets minus goodwill and other intangible assets, the value of property used by the institution in conducting its business and specified liquid assets up to 20% of total assets. A savings institution must maintain its status as a qualified thrift lender on a monthly basis in at 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 prohibited from: (1) engaging in any new activity not permissible for a national bank; (2) paying dividends not permissible under national bank regulations; and (3) establishing any new branch office in a location not permissible for a national bank in the institution's home state. In addition, if the institution does not requalify under the qualified thrift lender test within three years after failing the test, the institution would be prohibited from engaging in any activity not permissible for a national bank and would have to repay any outstanding advances from the FHLB as promptly as possible.

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

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

As a member, Roebing Bank is required to purchase and maintain stock in the FHLB of New York in an amount equal to the sum of 0.2% of its mortgage-related assets and 4.5% of outstanding FHLB advances. The FHLB imposes various limitations on advances such as limiting the amount of certain types of advances to 30% of a member's assets.

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

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

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

- Establishment of a program specifying procedures for obtaining identifying information from customers seeking to open new accounts, including verifying the identity of customers within a reasonable period.
- Establishment of appropriate, specific and, where necessary, enhanced due diligence policies, procedures and controls designed to detect and report money laundering.
- Prohibitions on establishing, maintaining, administering or managing correspondent accounts for foreign shell banks (foreign banks that do not have a physical presence in any country) and compliance with certain record keeping obligations with respect to correspondent accounts of foreign banks.

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

Regulation of Roebing

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

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

Activities Restrictions. As a savings and loan holding company, Roebing is subject to statutory and regulatory restrictions on its business activities. The non-banking activities of Roebing and its non-savings institution subsidiaries are restricted to certain activities specified by Federal Reserve Board regulation, which include performing services and holding properties used by a savings institution subsidiary, activities authorized for savings and loan holding companies as of March 5, 1987 and non-banking activities permissible for bank holding companies pursuant to Roebing Bank Holding Company Act of 1956 or authorized for financial holding companies pursuant to the Gramm-Leach-Bliley Act. Before engaging in any non-banking activity or acquiring a company engaged in any such activities, Roebing must file with the Federal Reserve Board either a prior notice or (in the case of non-banking activities permissible for bank holding companies) an application regarding its planned activity or acquisition. Under the Dodd-Frank Act, a savings and loan holding company may only engage in activities authorized for financial holding companies if they meet all of the criteria to qualify as a financial holding company. Accordingly, the Federal Reserve Board will require savings and loan holding companies to elect to be 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 depository institution subsidiaries must be well capitalized and well managed.

Mergers and Acquisitions. Roebing must obtain approval from the Federal Reserve Board before acquiring, directly or indirectly, more than 5% of the voting stock of another savings institution or savings and loan holding company or acquiring such an institution or holding company by merger, consolidation, or purchase of its assets. Federal law also prohibits a savings and loan holding company from acquiring more than 5% of a company engaged in activities other than those authorized for savings and loan holding companies by federal law; or acquiring or retaining control of a depository institution that is not insured by the FDIC. In evaluating an application for Roebing to acquire control of a savings institution, the Federal Reserve Board would consider the financial and managerial resources and future prospects of Roebing and the target institution, the effect of the acquisition on the risk to the insurance funds, the convenience and 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 Board if any person (including a company), or group acting in concert, seeks to acquire “control” of a savings and loan holding company. An acquisition of “control” can occur upon the acquisition of 10% or more of the voting stock of a savings and loan holding company or as otherwise defined by the Federal Reserve Board. Under the Change in Bank Control Act, the Federal Reserve Board has 60 days from the filing of a complete notice to act, taking into consideration certain factors, including the financial and managerial resources of the acquirer and the anti-trust effects of the acquisition. Any company that so acquires control is then subject to regulation as a savings and loan holding company.

Holding Company Capital Requirements. Effective as of July 21, 2011, the Federal Reserve Board is authorized to establish capital requirements for savings and loan holding companies. These capital requirements must be countercyclical so that the required amount of capital increases in times of economic expansion and decreases in times of economic contraction, consistent with safety and soundness. Savings and loan holding companies will also be required to serve as a source of financial strength for their depository institution subsidiaries. Within five years after enactment, the Dodd-Frank Act requires the Federal Reserve Board to apply consolidated capital requirements that are no less stringent than those currently applied to depository institutions to depository institution holding companies that were not supervised by the Federal Reserve Board as of May 19, 2009. Under these standards, trust preferred securities will be excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010 by a bank or savings and loan holding company 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 requirements to savings and loan holding companies as those applied to bank holding companies under Basel III to the extent reasonable and feasible taking into consideration the unique characteristics of savings and loan holding companies and requirements of the Home Owners’ Loan 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 rules with the international regulatory standards agreed to by the Basel Committee on Banking Supervision in the accord often referred to as “Basel III”. The proposed revisions would establish new higher capital ratio requirements, tighten the definitions of capital, impose new operating restrictions on banking organizations with insufficient capital buffers and increase the risk weighting of certain assets including 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 loan holding companies regardless of asset size. The following discussion summarizes the proposed changes which are most likely to affect Roebbling and Roebbling Bank.

New and Higher Capital Requirements. The proposed regulations would establish a new capital measure called “Common Equity Tier 1 Capital” which would consist of common stock instruments and related surplus (net of treasury stock), retained earnings, accumulated other comprehensive income and, subject to certain adjustments, minority common equity interests in subsidiaries. Unlike the current rules which exclude unrealized gains and losses on available-for-sale debt securities from regulatory capital, the proposed rules would generally require accumulated other comprehensive income to flow through to regulatory capital. Depository institutions and their holding companies would be required to maintain Common Equity Tier 1 Capital equal to 4.5% of risk-weighted assets by 2015.

The proposed regulations would increase the required ratio of Tier 1 Capital to risk-weighted assets from the current 4% to 6% by 2015. Tier 1 Capital would consist of Common Equity Tier 1 Capital plus Additional Tier 1 Capital elements which would include non-cumulative perpetual preferred stock. Neither cumulative preferred stock (other than cumulative preferred stock issued to the U.S. Treasury under the TARP Capital Purchase Program or the Small Business Lending Fund) nor trust preferred would qualify as Additional Tier 1 Capital. These elements, however, could be included in Tier 2 Capital which could also include qualifying subordinated debt. The proposed regulations would also require a minimum Tier 1 leverage ratio of 4% for all institutions eliminating the 3% option for institutions with the highest supervisory ratings. The minimum required ratio of total capital to risk-weighted assets would remain at 8%.

Capital Buffer Requirement. In addition to higher capital requirements, depository institutions and their holding companies would be required to maintain a capital buffer of at least 2.5% of risk-weighted assets over and above the minimum risk-based capital requirements. Institutions that do not maintain the required capital buffer will become subject to progressively more stringent limitations on the percentage of earnings that can be paid out in dividends or used for stock repurchases and on the payment of discretionary bonuses to senior executive management. The capital buffer requirement would be phased in over four years beginning in 2016. The capital buffer requirement effectively raises the minimum required risk-based capital ratios to 7% Common Equity Tier 1 Capital, 8.5% Tier 1 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 incorporate a Common Equity Tier 1 Capital requirement and to raise the capital requirements for certain capital categories. In order to be adequately capitalized for purposes of the prompt corrective action rules, a banking organization would be required to have at least an 8% Total Risk-Based Capital Ratio, a 6% Tier 1 Risk-Based Capital Ratio, a 4.5% Common Equity Tier 1 Risk Based Capital Ratio and a 4% Tier 1 Leverage Ratio. To be well capitalized, a banking organization would be required to have at least a 10% Total Risk-Based Capital 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 Leverage Ratio.

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

assets. Reciprocal cross-holdings in the capital instruments of any other financial institution would now be deducted from capital, not just holdings in other depository institutions. For this purpose, financial institutions are broadly defined to include securities and commodities firms, hedge and private equity funds and non-depository lenders. Banking organizations would also be required to deduct non-significant investments (less than 10% of outstanding stock) in other financial institutions to the extent these exceed 10% of Common Equity Tier 1 Capital subject to a 15% of Common Equity Tier 1 Capital cap. Greater than 10% investments must be deducted if they exceed 10% of Common Equity Tier 1 Capital. If the aggregate amount of certain items excluded from capital deduction due to a 10% threshold exceeds 17.65% of Common Equity Tier 1 Capital, the excess must be deducted. Savings associations would continue to 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, deferred tax assets that cannot be realized through NOL carrybacks and significant (greater than 10%) investments in other financial institutions. The proposed rules would also significantly change the risk-weighting for residential mortgages. Current capital rules assign a 50% risk-weighting to “qualifying mortgage loans” which generally consist of residential first mortgages with an 80% loan-to-value ratio (or which carry mortgage insurance that reduces Roebing Bank’s exposure to 80%) that are not more than 90 days past due. All other mortgage loans have a 100% risk weight. Under the proposed regulations, one-to-four family residential mortgage loans would be divided into two broad risk categories with their risk-weighting determined by their loan-to-value ratio without regard to mortgage insurance. Prudently underwritten 30-year residential mortgages providing for regular periodic payments that do not result in negative amortization or balloon payments or allow payment deferrals and caps on annual and lifetime interest rate adjustments and which are not 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 to 100% for loans over 90%. Residential mortgage loans in this category with a loan-to-value ratio greater than 60% but not more than 80% would continue to carry a 50% risk weighting. All other residential mortgage loans would be risk-weighted between 100% to 200%. The proposal also creates a new 150% risk-weighting category for “high volatility commercial real estate loans” which are credit facilities for the acquisition, construction or development of real property other than one- to four-family residential properties or commercial real projects where: (i) the loan-to-value ratio is not in excess of interagency real estate lending standards; and (ii) the borrower has 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 CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

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

General

Roebling's results of operations depend primarily on its net interest income, which is the difference between the interest earned on interest-earning assets, primarily loans and investments, and the interest paid on interest-bearing liabilities, primarily deposits and borrowings. It is also a function of the composition of assets and liabilities and the relative amount of interest-earning assets to interest-bearing liabilities. Roebling's results of operations are also affected by its provisions for loan losses, non-interest income and non-interest expense. Non-interest income consists primarily of service charges and fees. Non-interest expense consists primarily of compensation and benefits, occupancy and equipment, data processing fees and other operating expenses. Roebling's results of operations may also be affected significantly by economic and competitive conditions, changes in market interest rates, governmental 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 financial services industry. The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Roebling considers accounting policies involving significant judgments and assumptions by management that have, or could have, a material impact on the carrying value of certain assets or on income to be critical accounting policies. Roebling considers the allowance 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 high degree of judgment. The allowance for loan losses is the estimated amount considered necessary to cover credit losses inherent in the loan portfolio at the balance sheet date. The allowance is established through the provision for loan losses, which is charged against income. Management performs an evaluation of the adequacy of the allowance for loan losses on a quarterly basis, at a minimum. Consideration is given to a variety of factors including current economic conditions, the current real estate market, delinquency statistics, composition of the loan portfolio, loss experience, the adequacy of the underlying collateral, the financial strength of the borrowers, results of internal loan reviews, geographic and industry concentrations, and other factors related to the collectibility of the loan portfolio. The valuation is inherently subjective as it requires material estimates, including the amounts and timing of expected 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 are made for loans that are determined to be impaired. A loan is considered to be impaired when, based on current information, it is probable that Roebling will be unable to collect all amounts due according to the contractual terms of the loan agreement. For such loans, a specific allocation is established when the present value of expected future cash flows or, for collateral-dependent loans, the fair value of the collateral, adjusted for market conditions and selling expenses, is less than the carrying value of the loan. The remaining allowance is determined by segregating the unimpaired loans into groups by type, purpose and classification and applying a reserve percentage to each group. The reserve percentage is based on inherent losses associated with each type of lending, as well as historical loss factors. Roebling also looks at the level of its allowance in proportion to nonperforming loans and total loans. Roebling has established an overall range that Roebling has determined is prudent based on historical and industry data. An unallocated allowance represents the 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, adjustments to the allowance in the future may be necessary. Changes in underlying estimates could result in the requirement for additional provisions for loan losses. For example, a rise in delinquency rates may cause Roebbling to increase the reserve percentages it applies to loan groups for purposes of calculating general allocations. In addition, actual loan losses may be significantly more than the reserves that have been established. Each of these scenarios would require additional provisions, which could have a material negative effect on its financial results. The ratio of the allowance for loan losses to total loans outstanding was 1.24% and 1.19% at September 30, 2012 and 2011, respectively. A 25% increase in this ratio would have increased the allowance by \$332,000 and \$326,000 at September 30, 2012 and 2011, respectively.

Business Strategy

Roebbling's business strategy has been to operate as a well-capitalized independent financial institution dedicated to providing convenient access and quality service at competitive prices. Historically, it has sought to implement this strategy by maintaining a substantial part of its assets in loans secured by one-to-four family residential real estate located in its market area and home equity and consumer loans. In prior years, Roebbling had diversified our portfolio to include a higher percentage of commercial real estate, multifamily and construction loans, which are generally secured by properties in its market area. Roebbling continues to emphasize a variety of deposit and loan products, with the latter consisting primarily of one-to-four family mortgages and home equity loans. Roebbling has grown its branch network, which has expanded our geographic reach, and may consider the acquisition of other financial institutions or branches.

Management of Interest Rate Risk and Market Risk

Because the majority of its assets and liabilities are sensitive to changes in interest rates, Roebbling's most significant form of market risk is interest rate risk, or changes in interest rates. Roebbling may be more vulnerable to an increase or decrease in interest rates depending upon 1) the duration and repricing characteristics of its interest-earning assets and interest-bearing liabilities at a given point in time, 2) the time horizon and 3) the level of interest rates. Roebbling's objective is to maintain a consistent level of profitability within acceptable risk tolerances across a broad range of potential interest rate environments.

To reduce the effect of interest rate changes on net interest income, Roebbling has adopted various strategies to enable it to improve the matching of interest-earning asset maturities to interest-bearing liability maturities. The principal elements of these strategies include seeking to:

- originate loans with adjustable rate features or shorter term fixed rates for portfolio and sell longer term fixed rate mortgages;
- maintain a high percentage of low-cost transaction and savings accounts which tend to be less interest rate sensitive when interest rates rise;
- lengthen the maturities of liabilities when it would be cost effective through the pricing and promotion of longer term certificates 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 provides a stable cash flow, thereby providing investable funds in varying interest rate cycles.

Exposure to interest rate risk is closely monitored by management through the use of models which generate estimates of the change in economic value of equity (“EVE”) and net interest income over a range of interest rate scenarios. EVE is equal to the market value of assets minus the market value of liabilities.

The following table contains Roebbling Bank’s EVE calculations at September 30, 2012.

Change in Rate	Economic Value of Equity			EVE as % of Market Value of Assets	
	Estimated Amount (Dollars in thousands)	Change	% Change	EVE Ratio (1)	Change (2)
+300 bp	\$ 10,646	\$ (7,905)	(43)%	7.04%	(423) bp
+200 bp	14,111	(4,440)	(24)%	9.04%	(223) bp
+100 bp	17,155	(1,369)	(8)%	10.67%	(60) bp
0 bp	18,551			11.27%	
-100 bp	19,108	557	3%	11.46%	19 bp

(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 Roebbling Bank’s economic value of equity would be expected to decrease in the event of an increase in prevailing market rates.

Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions, including relative levels of market interest rates, prepayments and deposit run-offs, and should not be relied upon as indicative of actual results. Certain shortcomings are inherent in such computations. Although certain assets and liabilities may have similar maturities or periods of repricing, they may react at different times and in different degrees to changes in market interest rates. The interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while rates on other types of assets and liabilities may lag behind changes in market interest rates. Certain assets, such as adjustable rate mortgages, generally have features which restrict 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, prepayments and early withdrawal levels could deviate significantly from those assumed in making the calculations set forth above. Additionally, an increased credit risk may result as the ability of many borrowers to service their debt may decrease in the event of an interest rate 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 September 30, 2011. This decrease is primarily attributable to a \$2.6 million decrease in net loans receivable and a \$1.2 million decrease in real estate owned, partially offset by a \$1.2 million increase in investment securities and a \$953,000 increase in cash and cash equivalents. Loans receivable decreased by 2.4%, to \$106.0 million at September 30, 2012 from \$108.6 million at September 30, 2011. Balances in all categories of commercial-purpose loans continued to decrease during the 2012 fiscal year, including commercial real estate, multifamily, non-owner-occupied one-to-four family loans and commercial loans, while balances of mortgage loans secured by owner-occupied

one-to-four family residences increased. In the second quarter of fiscal 2009, as problem assets grew quickly and dramatically, and upon the issuance of a supervisory agreement, Roebing suspended virtually all new commercial lending. Roebing also adopted a plan to reduce our levels of commercial real estate, investor, participation and construction loans. Roebing continues to lend to consumers for mortgages,

home equity and other consumer loans. The one-to-four family and home equity loan portfolios represent 84.3% of the loan portfolio at September 30, 2012 compared to 83.0% at September 30, 2011. Real estate owned decreased by \$1.2 million, to \$444,000 from \$1.6 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 September 30, 2011. Deposits decreased by \$10.3 million, or 7.4%, to \$128.9 million at September 30, 2012, from \$139.2 million at September 30, 2011, with most of the decrease in certificates of deposit, which decreased by \$9.0 million. The ratio of core deposits (non-certificates) to total deposits continues to improve, increasing to 57.5% at September 30, 2012 from 54.2% at September 30, 2011. Borrowed funds increased by \$7.7 million during the same period, to \$13.7 million at September 30, 2012 from \$6.0 million at September 30, 2011.

Stockholders' Equity. Stockholders' equity increased to \$16.9 million at September 30, 2012, from \$16.6 million at September 30, 2011, primarily due to fiscal 2012 net income of \$126,000 and an increase of \$118,000 in the unrealized gain on securities available for sale.

Average Balance Sheet, Interest Rates and Yields

The following tables set forth certain information relating to Roebbling's average balance sheet and reflects the average yield on assets and average cost of liabilities for the periods indicated. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods presented.

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	Year Ended September 30, 2012			Year Ended September 30, 2011				
	Average Balance	Interest	Average Yield/Cost (Dollars in thousands)	Average Balance	Interest	Average Yield/Cost		
Interest-earning assets:								
Loans receivable (1)	\$ 109,057	\$ 5,207	4.78 %	\$ 111,042	\$ 5,585	5.03 %		
Investment securities	41,269	1,078	2.61	42,051	1,270	3.02		
Other interest-earning assets								
(2)	2,458	28	1.14	3,153	37	1.17		
Total interest-earning assets	152,784	6,313	4.13	156,246	6,892	4.41		
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	0.22		
Savings accounts	20,224	27	0.13	19,027	37	0.19		
Money market accounts	25,228	127	0.50	26,516	210	0.79		
Certificates of deposit	57,800	1,005	1.74	64,945	1,290	1.99		
Total interest-bearing deposits	111,146	1,177	1.06	118,097	1,554	1.32		
Borrowings	7,127	182	2.55	7,132	207	2.90		
Total interest-bearing liabilities	118,273	1,359	1.15	125,229	1,761	1.41		
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 %			3.00 %		
Net interest margin (5)			3.24 %			3.28 %		
Ratio of average interest-earning assets to average interest-bearing liabilities			129.18 %			124.77 %		

(1) Average balances include non-accrual loans. Interest income includes amortization of net deferred loan fees and (costs) of \$(8,500) 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 on a taxable equivalent basis.

(3) Includes average non-interest-bearing deposits of \$22,493,000 and \$20,280,000 for the years ended September 30, 2012 and 2011, respectively.

(4) Interest rate spread represents the difference between the average yield on interest-earning assets and the average cost of 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 indicated. For each category of interest-earning assets and interest-bearing liabilities, the table distinguishes between: (i) changes attributable to volume (changes in average volume multiplied by prior period's rate); and (ii) changes attributable to rates (changes in rate multiplied by old average volume). For purposes of this table, the net change attributable to the combined impact of rate and volume has been allocated proportionally to the absolute dollar amounts of change in each.

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	Year Ended September 30, 2012 vs. 2011			Year Ended September 30, 2011 vs. 2010		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Volume	Rate	Net	Volume	Rate	Net
	(In thousands)					
Interest-earning assets:						
Loans receivable	\$(99)	\$(279)	\$(378)	\$(224)	\$(391)	\$(615)
Investment securities	(23)	(169)	(192)	93	(326)	(233)
Other interest-earning assets	(8)	(1)	(9)	27	(31)	(4)
Total interest-earning assets	(130)	(449)	(579)	(104)	(748)	(852)
Interest-bearing liabilities:						
Interest-bearing checking	1	-	1	1	2	3
Savings accounts	2	(12)	(10)	3	(19)	(16)
Money market accounts	(10)	(73)	(83)	38	(73)	(35)
Certificates of deposit	(134)	(151)	(285)	(115)	(221)	(336)
Borrowings	0	(25)	(25)	(111)	(21)	(132)
Total interest-bearing liabilities	(141)	(261)	(402)	(184)	(332)	(516)
Net interest income	\$11	\$(188)	\$(177)	\$80	\$(416)	\$(336)

Comparison of Results of Operations for the Years Ended September 30, 2012 and 2011

Net Income. For the year ended September 30, 2012, Roebbling reported net income of \$126,000, or \$.08 per diluted share, compared to net income of \$440,000, or \$.27 per diluted share, for the year ended September 30, 2011. Net income before income tax decreased by \$528,000 for the year ended September 30, 2012 compared to the same 2011 period. The change for fiscal 2012 is largely the result of the change in the provision for loan losses. In fiscal 2012, Roebbling recorded \$350,000 in loan loss provisions, while in fiscal 2011 it 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 \$3.5 million compared to the year ended September 30, 2011, while the average yield decreased to 4.13% from 4.41%. The decrease in total interest income of \$579,000 for the year ended September 30, 2012 is comprised primarily of a decrease in interest income of \$378,000 on loans receivable and a decrease of \$192,000 in interest income on investment securities. Average loan receivable balances decreased by \$2.0 million for the year ended September 30, 2012 compared to the same 2011 period, while the average yield decreased to 4.78% from 5.03%. The decline in yield is due to the decline in portfolio rates as adjustable-rate loans repriced downwards, higher-rate loans paid down and new loans came into the portfolio at lower rates, reflecting lower market rates. For the year ended September 30, 2012, the average balance of securities decreased by \$782,000 compared to the same 2011 period, while the average yield decreased to 2.61% from 3.02%. The average balance of other interest-earning assets decreased by \$695,000 for the year ended September 30, 2012 compared to 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 September 30, 2012 compared to the same 2011 period, while the average cost decreased to 1.15% from 1.41%. The decrease in total interest expense of \$402,000 for the year ended September 30, 2012 is comprised of a \$377,000 decrease in interest expense on deposits and a \$25,000 decrease in interest expense on borrowings. Average interest-bearing deposit balances decreased by \$7.0 million with a decrease in the average cost to 1.06% for the year

ended September 30, 2012, compared to 1.32% for the same 2011 period. The decrease in deposit rates is a reflection of the decline in market rates

and a shift to core deposits from certificates of deposit. Average borrowings balances were unchanged, but the average cost decreased to 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 \$5.1 million for the year ended September 30, 2011. Roebbling's spread and margin declined slightly during the year, as the average yield on total interest-earning assets decreased by more than the decrease in the average cost of funds. The yield on total interest-earning assets for the year ended September 30, 2012 decreased by 28 basis points compared to the year ended September 30, 2011, while the overall cost of funds decreased 26 basis points for the same period. As a result, the interest rate spread decreased by just 2 basis points, to 2.98% for the year ended September 30, 2012 compared to 3.00% for the year ended September 30, 2011. The net interest margin decreased by 4 basis 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 losses to a level that represents management's best estimate of the losses inherent in the portfolio, based on a review by management of the following factors:

- historical experience;
 - volume;
- type of lending conducted by Roebbling Bank;
 - industry standards;
- the level and status of past due and non-performing loans;
 - the real estate market;
- the general economic conditions in Roebbling 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 balance of the portfolio. Valuation allowances are created for impaired loans when the present value of expected future cash flows or, for collateral-dependent loans, the fair value of the collateral, is less than the carrying value of the loan. A loan is considered to be impaired when, based on current information, it is probable that Roebbling will be unable to collect all amounts due according to the original contractual terms of the loan agreement. Valuation allowances for unimpaired loans are determined by applying estimated loss factors to 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 for loan losses is maintained at a level that represents management's best estimate of losses in the loan portfolio at the balance sheet date. However, there can be no assurance that the allowance for losses will be adequate to cover losses which may be realized in the future, or that additional provisions for losses will not be required. In addition, regulatory agencies, as part of their examination process, periodically review the allowance for loan losses and may require us to recognize adjustments to the allowance based on their judgment regarding the adequacy of the allowance for loan losses at the time of their examination.

For the year ended September 30, 2012, Roebbling recorded loan loss provisions in the amount of \$350,000, compared to a net reversal of provisions of \$150,000 for the same 2011 period. Net charge-offs for the year ended September 30, 2012 were \$324,000 (0.30% of average loans outstanding) compared to \$1.8 million (1.58% of average loans outstanding) for the prior year. The allowance for loan losses was \$1.3 million or 1.24% of total loans outstanding at September 30, 2012, compared to \$1.3 million or 1.19% of total loans 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 allowance for 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 30,	
	2012	2011
	(In thousands)	
Non-accrual loans	\$ 1,539	\$ 684
Accruing loans past due 90 days or more	191	191
Total non-performing loans	1,730	875
Real estate owned	444	1,611
Total non-performing assets	\$ 2,174	\$ 2,486

As of September 30, 2012, non-accrual loans consist of nine loans with balances ranging from \$29,000 to \$493,000, in various stages of collection, workout and foreclosure. For non-accrual loans outstanding at September 30, 2012 Roebing would have recorded \$81,000 in interest income for the year then ended, had the loans been current in accordance with their original terms. Interest income of \$24,000 on these loans was included in net income for the fiscal year. Not included in the above table as of September 30, 2012 and 2011 are \$1.4 million and \$1.6 million, respectively, in loans that were restructured in troubled debt restructurings and are performing in accordance with the modified terms. Approximately \$380,000 of the allowance for loan losses relates to non-performing loans at September 30, 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, compared to \$481,000 for same period in 2011. Account servicing and other fees increased by \$23,000, primarily as a result of an increase in fees from debit card transactions, partially offset by a decrease in NSF fees. Gain on sale of loans increased by \$40,000, with secondary 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, 2012, from \$5.1 million for the same period in 2011. The decrease in non-interest expense resulted primarily from decreases in federal insurance premiums and other expense, partially offset by an increase in service bureau and data processing expense. Federal deposit insurance premiums decreased by \$60,000 for the year ended September 30, 2012 compared to the same 2011 period, primarily due to the changes in the assessment base and rates, effective as of April 1, 2011. Other expense decreased by \$86,000, to \$1.0 million for the year ended September 30, 2012 from \$1.1 million for the same period in 2011, primarily due to a reduction in problem loan-related costs. Service bureau and data processing expense increased by \$72,000 for the year ended September 30, 2012 compared to the same 2011 period, largely due to an increase in the level of outside support required for the administration of our network and equipment during the period.

Income Taxes. For the years ended September 30, 2012 and 2011, Roebing recorded tax expense of \$40,000 and of \$254,000, respectively, reflecting an effective tax rate of 24.0% and 36.7%, respectively. The change in the effective tax rates is due to book / tax differences.

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 obtain funds at a reasonable price within a reasonable period of time to meet financial commitments when due. Roebing is required under federal regulations to maintain a sufficient level of liquid assets (including specified short-term securities and certain other investments), as determined by management and reviewed for adequacy by regulators during examinations. Roebing Bank is also subject to federal regulations that impose certain minimum capital requirements. See Note 13 to Roebing's consolidated financial statements beginning on page F-____.

Liquidity, represented by cash and cash equivalents and investment securities, is a product of our operating, investing and financing activities. Roebing's primary sources of liquidity are deposits, loan and investment security repayments and sales, and borrowed funds. While scheduled payments from the amortization and maturity of loans, investment securities and short-term investments are relatively predictable sources of funds, deposit flows, loan and mortgage-backed security prepayments and investment security calls are greatly influenced by general interest rates, economic conditions and competition. Roebing monitors projected liquidity needs to ensure that adequate liquidity is maintained on a daily and long-term basis. Roebing has the ability to borrow from the FHLB of New York, or others, should the need arise. As of September 30, 2012, Roebing had \$13.7 million in outstanding borrowings from the FHLB of New York.

Off-Balance Sheet Arrangements

Roebing is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of customers and to reduce exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statements of financial condition. The contract or notional amounts of those instruments reflect the extent of its involvement in particular classes of financial instruments.

Roebing's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amounts of those instruments. Roebing uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. Roebing does not generally require collateral or 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 established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. Roebing has approved lines of credit unused but accessible to borrowers totaling \$13.4 million and \$13.0 million at September 30, 2012 and 2011, respectively.

At September 30, 2012 and 2011, Roebing had \$2.8 million and \$4.0 million in outstanding commitments to fund loans, respectively. There were \$700,000 and \$1.1 million in outstanding commitments to sell loans at September 30, 2012 and 2011, respectively. There were no outstanding commercial letters of credit or commitments to purchase or sell investment securities at 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 requires the measurement of financial position and operating results without considering the change in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of our operations. Unlike industrial companies, nearly all of our assets and liabilities are financial in nature. As a result, Roebbling's earnings are impacted by changes in interest rates, which are influenced by inflationary expectations. Roebbling's asset/liability management strategy seeks to minimize the effects of changes in 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 Roebbling, please refer to Note 17 to the Roebbling'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 officers of TF after the merger. With the exception of Mr. Ferry, all such individuals currently serve as directors and executive officers of TF and/or 3rd Fed Bank.

Carl F. Gregory, age 78, is Chairman Emeritus of the 3rd Fed Bank Board and a director. He retired as Chief Executive Officer of 3rd Fed Bank in January 1995. Mr. Gregory retired as President of 3rd Fed Bank in 1993, a position he had held since July 1982. Mr. Gregory is a trustee of Holy Family University since 1980, having served three terms as Vice Chairman and is President of the Aria Health Foundation. Mr. Gregory has served on the boards of the Northeast Branch of the Settlement Music School, the Newtown Chamber Orchestra, the Northeast Philadelphia Chamber of Commerce, and two non-consecutive terms on the Advisory Council of the Federal Reserve Board. Mr. Gregory's director qualifications include expertise in financial services, real estate and real estate lending having been a prior employee, executive manager and director of TF, business relationships and in-depth knowledge of the markets in 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 appointed to such offices effective June 30, 2003, and appointed as a director of TF in 2006. He joined 3rd Fed Bank in 2000 and formerly served as Senior Vice President and Retail Banking Officer. Mr. Lufkin's prior experience includes four years as President and Chief Executive Officer at Roebbling Bank in Roebbling, New Jersey, whose parent company was a public company. Mr. Lufkin serves as a Board member of the Credit Counseling Center of Bucks County; the Insured Financial Institutions of Delaware Valley; the South Jersey Bankers Association; the Newtown Business Commons Association; and the Greater Northeast Philadelphia Chamber of Commerce. Mr. Lufkin's director qualifications include experience in the management of retail banking organizations, real estate and real estate lending having been first an executive manager, then President and Chief Executive Officer and director of TF and/or 3rd Fed Bank since 2000 and his prior experience with retail banking organizations in New Jersey, his other public company experience, business relationships and in-depth 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 Funeral Home, and the Baj Funeral Home, all located in Northeast Philadelphia. He is also an owner of the Frankford Limousine Service and RV Limousine Company, which provides transportation services for the funeral industry in the Philadelphia metropolitan area. Mr.

Slabinski currently serves as President of the Philadelphia Funeral Directors Association, the Bridesburg Business Association, and the Bridesburg Community Development Corporation and is on the board of the Delaware River City Corporation which is currently working on extending a greenway through the area of Northeast Philadelphia. Mr. Slabinski's expertise is in the city development of 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, Inc., Spring House, Pennsylvania, a professional planning, urban design and real estate advisory organization founded in 1972. Consulting services have been provided to more than 250 corporate, institutional, municipal and individual clients seeking design, project financial structuring, land acquisition assistance and real estate development advice. The organization has been involved in planning hundreds of multi-family residential, industrial, commercial, redevelopment and institutional projects throughout Pennsylvania. Mr. Dusek's director qualifications include the aforementioned business experience, expertise in financial services, real estate and real estate lending having been a director of TF, business relationships and in-depth knowledge of the markets in which TF is located, and his civic and community involvement.

Kenneth A. Swanstrom, age 73, has been a member of 3rd Fed Bank Board of Directors since 2003 and serves on the Compensation and Budget Committees. Mr. Swanstrom retired from PennEngineering, Danboro, Pennsylvania, a NYSE-listed and Russell 2000 company, in 2005. He spent his entire working career at PennEngineering, moving through the ranks of various positions including manufacturing and sales, and was elected a Director in 1970, President in 1979, and Chairman/CEO in 1993. PennEngineering is a diversified manufacturing and distribution company and, during Mr. Swanstrom's tenure, the company expanded to ten manufacturing and distribution facilities, including Europe and Asia, with over 1,200 employees. The company sold its products to many of the Fortune 500 companies. Mr. Swanstrom's director qualifications include his prior business experience with a stock exchange listed company, 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 committees. Mr. Wood is Senior Vice President and Chief Strategy Officer for The Clemens Family Corporation, a privately-held food, agribusiness and real estate development company based in Hatfield, Pennsylvania, where he has served as an executive for over eleven years. Prior to joining The Clemens Family Corporation, Mr. Wood was with Ernst & Young's management consulting practice, focusing on middle-market growth companies. Previous to that, he was with Inc. magazine, where he launched and managed Inc.'s Growth Strategy Consulting Group. Mr. Wood's director qualifications include his deep expertise in strategy development, change management, 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. Tantala is the founding principal and President of a national consulting-engineering firm. He is also a trustee of Holy Family University. Mr. Tantala served for more than eleven years on the Pennsylvania State Registration Board for Professional Engineers, Land Surveyors and Geologists, including two years as Board President. He retired as a U.S. Army officer in 1989 with 28 years of service. Mr. Tantala is past President of the Philadelphia Section of the American Society of Civil Engineers, the Bridesburg Civic Association and the Frankford Optimist Club. Mr. Tantala's director qualifications include the aforementioned business experience, expertise in financial services, real estate and real estate lending having been a director of TF, business relationships and in-depth knowledge of the markets in 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 executive positions, including: Divisional President at Sony Corporation of America, President and CEO of the Connecticut Bank of Commerce, President and CEO of The Savings

Bank of Rockland County, Chief Operating Officer at Paulson & Company, a multi-billion dollar hedge fund, and President and CEO of Pegasus Funding Group. Mr. Pollack has served as a member of the Board of Directors of several profit and not-for-profit companies, including: Wayne Savings Bank, Salvation Army-Rockland County, Presilient, PPM Technologies, Inc., United Way-Rockland County, and Viansa Winery. Mr. Pollack has authored numerous articles on the state of banking which appeared in Bottomline Magazine and The Bankers Magazine. He holds an MBA Degree from Columbia University, a post-MBA Diploma in Bank Lending from New York University, and a BS Degree in Economics from Seton Hall University. Mr. Pollack's substantial experience as President, CEO and director of community banking organizations, in-depth knowledge of community bank lending, and additional experience involving the 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 Roebing. He is also President and owner of John J. Ferry Enterprises, Inc., a general construction contractor with which he has been affiliated for 38 years. Mr. Ferry is President of the Burlington County Institute of Technology School Board in Westampton, New Jersey and is also a member of the Burlington County Special Services School Board. The merger agreement provides for the 3rd Fed Bank Board of Directors to be increased by one member as soon as practicable after the effective time of the merger, with the new directorship to be filled by Mr. Ferry, provided that he is able and 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 becoming Executive Vice President during 2003, he served as Senior Vice President and Chief Financial Officer since May 1999. Prior to that, Mr. Stewart served as Executive Vice President and Chief Financial Officer of First Coastal Bank in Virginia Beach, Virginia, where he was employed since 1990. Mr. Stewart earned a Master's Degree in Business Administration in Accounting from Michigan State University and is a certified public accountant. Mr. Stewart also was a Board member and Treasurer of the Lower Bucks Family YMCA throughout 2011.

Elizabeth Kaspert, age 54, is Executive Vice President and Chief Retail Banking Officer. Prior to joining 3rd Fed Bank in 2006, Ms. Kaspert served as Regional President for Fleet Bank of Pennsylvania and Retail Market Manager in the Pennsylvania and New Jersey 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 possible, each class to serve for a three-year period, with approximately one-third of the directors elected each year. The Board of Directors currently consists of eight members.

The following table sets forth information with respect to the current directors, including their names, ages, the years they first became 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 member of the 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 President and Chief Executive Officer of TF, are independent under the independence standards of The NASDAQ Global Market on which TF common stock is currently listed. In determining the independence of directors, the Board of Directors considered the transactions, including deposit and loan relationships, which various directors, their immediate family and affiliates have with 3rd Fed Bank and any subsidiary. There are no members of the Audit Committee who do not meet the independence standards of The NASDAQ Global Market for Audit Committee 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 during the last two completed fiscal years by the TF principal executive officer, principal financial officer and the two other most highly paid executive officers of TF or 3rd Fed Bank as of December 31, 2012. All compensation is paid by 3rd Fed Bank, with the exception of \$4,000 in director's fees paid to Mr. Lufkin by Penns Trail Development Corporation, a wholly-owned subsidiary of TF. None of the named executive officers received a bonus during 2012 or 2011, or received grants of any option or stock awards during 2012 or 2011.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Non-Equity Incentive Plan Compensation (1) (\$) (d)	All Other Compensation (2) (\$) (e)	Total (\$) (f)
Kent C. Lufkin President and Chief Executive Officer	2012	283,206	101,863	31,464	416,533
	2011	268,783	87,077	33,065	388,925
Dennis R. Stewart Executive Vice President and Chief Financial Officer	2012	219,363	57,828	27,745	304,936
	2011	211,238	50,185	32,136	293,559
Floyd P. Haggar Senior Vice President and Chief Lending Officer	2012	192,330	--	19,197	211,527
	2011	185,207	38,001	34,073	257,281
Elizabeth A. Kaspem Senior Vice President and Chief Retail Banking Officer	2012	141,651	42,475	17,793	201,919
	2011	132,924	30,144	24,653	187,721

(1) Non-Equity Incentive Plans. At the beginning of each plan year, the Compensation Committee establishes targets for consolidated net income, originated loan volume, and growth in total deposits. Each participant in TF's Incentive Compensation Plan is assigned a combination of these three factors, aggregating to 100%. The extent to which these individualized targets are accomplished determines the percentage of payout earned by each participant. The payout, in turn, is a percentage of base salary, and the percentage will vary based on the title and duties of the participant. No awards will be made unless TF's net income equals 90% of the target established for the year, even though other target components may exceed the related goal. Thus, the minimum award cannot be quantified. There is no maximum award. The awards are not vested until paid in the year following the plan year, except in the case of a "change of control" in which case the payment is 100% earned and payable on the change of control effective date.

(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	Total Other Compensation
Kent C. Lufkin	\$ 3,623	\$ 499	\$ 7,240	\$ 750	\$ 4,000	\$ 12,539	\$ 2,813	\$ 31,464
Dennis R. Stewart	2,403	499	9,632	750	-	13,621	840	27,745
Floyd P. Haggar	2,593	499	6,882	750	-	8,053	420	19,197
Elizabeth A. Kasperm	4,654	499	6,483	750	-	5,407	-	17,793

Outstanding Equity Awards at Fiscal Year-End. The following table sets forth information concerning outstanding equity awards of the named executive officers at December 31, 2012. There were no stock awards outstanding at December 31, 2012.

Name	Option Awards			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Stock Awards	
	Exercisable	Number of Securities Underlying Unexercised Options (#)					Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
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 (age 65). For accruals before January 1, 1998, the annual benefit payable as a life annuity under the Pension Plan is equal to 45% of Final Average Compensation plus 19.5% of Final Average Compensation in excess of the Covered Compensation in effect for the year of benefit determination, reduced for each year of service less than 30. Where the percentage results in an amount that exceeds the allowable limits under the Internal Revenue Code, such amount shall be reduced to the maximum allowable amount. For purposes of benefit calculations, Final Average Compensation is defined as the average of total compensation for the five highest years. For accruals after December 31, 1997, the annual benefit payable as a life annuity under the Pension Plan is equal to 45% of Average Compensation reduced for each year of service less than 30. Average Compensation is defined as the average of total compensation for all years beginning after December 31, 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 service consisting of 1,000 hours. Employee deferral contributions under the plan may be supplemented by discretionary employer matching contributions, discretionary employer nonelective contributions, and qualified nonelective contributions. Each participant is at all times 100% vested in his or her rollover contributions in addition to each of those types of contributions listed above. Participants may elect to withdraw all or a portion of their account upon reaching age 59½ while still employed by 3rd Fed Bank, and may elect to withdraw his or her vested account balance upon reaching the plan's normal retirement age, 65, or may delay withdrawal until retirement, subject to the minimum

required distribution rules. The 401(k) Plan may be amended or terminated at any time, with approval of the TF board of directors, in accordance with its terms.

3rd Fed Bank ESOP. 3rd Fed Bank maintains an employee stock ownership plan (“ESOP”) for the exclusive benefit of participating employees, i.e. any eligible employee who has completed one year of service consisting of 1,000 hours of service during a plan year. The ESOP is funded by contributions made by 3rd Fed Bank in cash or TF common stock. Benefits may be paid either in shares of the common stock or in cash or both. The ESOP has previously borrowed funds from TF to finance the acquisition of shares of the common stock. Shares purchased with loan proceeds are held in a suspense account for allocation among participants as the loan is repaid. Contributions to the ESOP and shares released from the suspense account are allocated among participants on the basis of total compensation. All participants must be employed at least 1,000 hours in a plan year, or have terminated employment following death, disability or retirement, in order to receive an allocation. Participant benefits become fully vested in plan allocations following five years 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 Kent C. Lufkin, President and Chief Executive Officer, Dennis R. Stewart, Executive Vice President and Chief Financial Officer, Floyd P. Haggar, Senior Vice President and Chief Lending Officer, and Elizabeth A. Kasporn, Senior Vice President and Chief Retail Banking Officer. The severance agreement for Mr. Lufkin has a term of thirty-six months. The severance agreements for Mr. Stewart, Mr. Haggar, and Ms. Kasporn each have a term of twenty-four months. The agreements are terminable by TF and 3rd Fed Bank for just cause as defined in the agreements. If TF or 3rd Fed Bank terminates the employee without just cause following a change in control as defined in such agreements, the employee will be entitled to a severance payment. With respect to Mr. Lufkin’s agreement, such agreement contains a provision stating that in the event of the termination of employment in connection with any change in control of TF or 3rd Fed Bank, Mr. Lufkin will be paid an amount equal to 2.99 times his most recent three calendar years’ average annual total compensation plus the costs associated with maintaining medical and dental insurance. The agreements with Mr. Stewart, Mr. Haggar, and Ms. Kasporn provide for payments equal to 2.00 times the prior three calendar years’ average annual total compensation plus the costs of maintaining medical and dental insurance upon termination of employment following a change in control. It is anticipated that all such payments made by 3rd Fed Bank under such agreements would be a tax-deductible compensation expense for federal tax purposes. The aggregate payments that would be made to such individuals net of the federal tax benefit would be an expense to 3rd Fed Bank, thereby reducing net income and 3rd Fed Bank’s capital by such amount. The agreements may be renewed annually by the TF board of directors within the board’s sole 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 Carl F. Gregory who served as directors of TF only, and Dennis Pollack who became a director of TF effective January 25, 2012. Mr. Stranford resigned on December 17, 2012. For 2012, non-employee directors of TF received a quarterly retainer of \$3,000 (\$16,400 for the Chairman of TF’s board) paid in TF common stock. During 2012, each non-employee director of 3rd Fed Bank received a fee of \$1,000 per board meeting attended (\$3,500 for the Chairman of 3rd Fed Bank’s board, and \$2,000 for the Vice Chairman of 3rd Fed Bank’s board) and, depending on the committee, either \$500 per committee meeting attended (\$600 for the Chairman of the Committee) or \$1,000 per quarter regardless of the number of meetings. The director fees shown in the table below include fees paid for service on TF’s board and 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. Dusek's agreement 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 executive officers for the last completed fiscal year ended December 31, 2012:

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3)	All Other Compensation (4)	Total (g)
(a)	(b)	(c)	(d)	(e)	(f)	(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; Swanstrom – 7,875; and Wood – 4,322.

(3) Paid pursuant to a Supplemental Retirement Benefit Agreement provided upon Mr. Gregory's retirement from 3rd Fed Bank in 1994. 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 and 1997 stock option plans.

(5) Mr. Stranford resigned as a director on December 17, 2012.

Related Party Transactions

Certain directors and executive officers of 3rd Fed Bank, their families and their affiliates are customers of 3rd Fed Bank. Any transactions with such parties including loans and commitments are made on substantially the same terms and conditions, including interest rate and collateral, as those of comparable transactions prevailing at the time with other persons, and do not include more than the normal risk of collectability or present other unfavorable features. 3rd Fed Bank has adopted written policies and procedures for the approval of loans to directors and executive officers. All loans to directors and executive officers are approved by the entire TF board of 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 “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security. The rules also treat as outstanding all shares of common stock that a person would receive upon exercise of stock options or warrants held by that person, which are immediately exercisable or exercisable within 60 days of the beneficial ownership determination date. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which that person has no economic interest.

TF Financial Corporation

Security Ownership of Certain Beneficial Owners. The following table sets forth persons or groups who are known to beneficially own 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 Shares of Common Stock Outstanding
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 as the ESOP administrative committee ("ESOP Committee"). Directors Dusek and Tantala serve as the ESOP trustees ("ESOP Trustee"). The ESOP Committee or the TF board instructs the ESOP Trustee regarding investment of ESOP plan assets. The ESOP Trustee, subject to its fiduciary duties, must vote all shares allocated to participant accounts under the ESOP as directed by participants. Unallocated shares and shares for which no timely voting direction is received will be voted by the ESOP Trustee, subject to such trustee's fiduciary duties, as directed by the ESOP Committee. As of _____, 2013, _____ shares have been allocated to participant accounts under the ESOP including _____ shares to executive officers, and _____ shares are unallocated for which the ESOP Trustee have shared voting and dispositive power.

Security Ownership of Management. The following table sets forth information with respect to the beneficial ownership as of September 30, 2012 of each of TF's directors and executive officers and by all directors and executive officers as a group of TF's common stock.

Name	Amount and Nature of Beneficial Ownership	Percent of Class
Kent C. Lufkin	58,728	2.05%
Dennis R. Stewart	26,970	0.95%
Floyd P. Hagger	17,719	0.62%
Elizabeth A. Kaspern	3,771	0.13%
Robert N. Dusek	123,736	4.36%
Carl F. Gregory	107,712	3.80%
Joseph R. Stranford	134,800	4.75%
Joseph F. Slabinski, III	26,308	0.92%
Kenneth A. Swanstrom	16,414	0.58%
James B. Wood	10,236	0.36%
Albert M. Tantala, Sr.	137,107	4.83%
Dennis Pollack	7,883	0.28%
All directors and executive offices as a group (12 persons)	671,384	23.18%

Roebbling

Security Ownership of Certain Beneficial Owners. The following table sets forth persons or groups who are known to beneficially own more than 5% of Roebbling's common stock as of September 30, 2012.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Shares of Common Stock Outstanding
Mark V. and Dawn Dimon Route 130 South and Delaware Avenue Roebbling, New Jersey 08554	105,298(1)	6.2%
John J. and Denise Ferry Route 130 South and Delaware Avenue Roebbling, New Jersey 08554	102,219(1)	6.0%
Roebbling Bank Employee Stock Ownership Plan Trust Route 130 South and Delaware Avenue Roebbling, 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 held by the RSP Trust for which he also serves as a trustee.
- (2) The Roebbling Bank Employee Stock Ownership Plan (“ESOP”) has shared voting and dispositive power over 105,788 shares of common stock. The Roebbling board of directors has appointed a committee consisting of non-employee Directors Dimon, Ferry and LaVecchia to serve as the ESOP administrative committee (“ESOP Committee”) and to serve as the ESOP trustees (“ESOP Trustees”). The ESOP Committee or the board instructs the ESOP Trustees regarding investment of ESOP plan assets. The ESOP Trustees must vote all shares allocated to participant accounts under the ESOP as directed by participants. Unallocated shares and shares for which no timely voting direction is received, will be voted by the ESOP Trustees as directed by the ESOP Committee. As of September 30, 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. (“Oppenheimer-Spence”) and 10,800 shares beneficially owned by Oppenheimer-Close International, Ltd. (“Oppenheimer-Close”) In its capacity as General Partner, Oppvest, LLC may be deemed the beneficial owner of shares held by Oppenheimer-Spence and in its capacity as investment advisor, Oppvest II, LLC may be deemed the beneficial owner of shares held by Oppenheimer-Close. In their capacities as managing members of Oppvest, LLC and Oppvest II, LLC, Philip V. and Carl K. Oppenheimer may also be deemed the beneficial owners of 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 of September 30, 2012 of each of Roebbling’s directors and executive officers and by all directors and executive officers as a group of Roebbling’s common stock.

Name	Amount and Nature of Beneficial Ownership	Percent of Class
R. Scott Horner	--	--%
John J. Ferry	102,219(1)	6.0%
John A. LaVecchia	21,704(1)	1.3%
George N. Nyikita	35,484	2.1%
Mark V. Dimon	105,298(1)	6.2%
Joan K. Geary	37,381	2.2%
Robert R. Semptimphelter, Sr.	45,357	2.7%
Janice A. Summers	30,028(2)	1.8%
All directors and executive offices as a group (8 persons)	377,471(1)(3)	21.6%

- (1) Excludes 105,788 shares held by the ESOP and 13,563 unvested shares held by the restricted stock plan for which Messrs. LaVecchia, Dimon and Ferry serve as members of the ESOP and RSP Trust Committees. Such individuals disclaim beneficial ownership with 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 through the 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.

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, Roebling's board of directors is providing shareholders with the opportunity to cast an advisory vote on the "golden parachute" compensation payable to the 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 connection with the merger, as disclosed in the table entitled "Golden Parachute Compensation" that begins on page [—], together with the accompanying footnotes and narrative discussion relating to the named executive officers' golden parachute compensation and the agreements or understandings pursuant to which such compensation may be paid or become payable, as set forth in the section of this proxy statement/prospectus titled "Proposal No. 1 — Proposal to Approve the Merger Agreement — Summary of Golden Parachute Arrangements" is 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. Accordingly, you may vote to approve this Proposal 2 and not to approve Proposal 1, and vice versa. Because the vote is advisory in nature only, it will not be binding on TF, 3rd Fed Bank, Roebling or Roebling Bank regardless of whether the merger agreement is adopted. Accordingly, as the compensation to be paid in connection with the merger is contractual with the executives, regardless of the outcome of this advisory vote, such compensation will be paid, subject only to the conditions applicable to such payment, if the merger agreement is adopted and the merger is completed.

The named executive officers of Roebling for which this advisory vote is being taken are R. Scott Horner, President and Chief Executive Officer, and Janice A. Summers, Executive Vice President and Chief Financial Officer. This vote is not intended to address any specific item of compensation, but rather the overall compensation that may become payable to Roebling's named executive officers in connection with the completion of the merger transaction. Such compensation will not be payable in the event the merger transaction is not completed.

Recommendation of Roebling Board of Directors

Roebling's board of directors unanimously recommends that Roebling shareholders vote FOR approval, on an advisory (non-binding) basis, of the golden parachute compensation payable or that may become payable to the named executive officers of Roebling in 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 the time of the special meeting, the merger agreement may not be adopted unless the special meeting is adjourned to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by Roebling at the time of the special meeting to be voted for an adjournment, if necessary, Roebling has submitted the proposal on adjournment to its shareholders as a separate matter for their consideration. The board of directors of Roebling unanimously recommends that stockholders vote "FOR" the adjournment proposal. If it is necessary to adjourn the special meeting, no notice of the adjourned special meeting is required to be given to shareholders (unless the adjournment is for more than 30 days or if a new record date is fixed), other than an announcement at the special 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 years in the two-year period ended December 31, 2011 have been audited by S.R. Snodgrass, A.C., an independent registered public accounting firm, as stated in such firm's report, and have been included in this proxy statement/prospectus in reliance upon the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Roebling Financial Corp, Inc., as of September 30, 2012 and 2011 and for each of the years in the two-year period ended September 30, 2012 have been audited by Fontanella and Babbitts, Certified Public Accountants, an independent registered public accounting firm, as stated in such firm's report, and have been included in this proxy statement/prospectus 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 opinions to TF and Roebling, respectively, as to certain United States federal income tax consequences of the merger. See "Proposal No. 1 - Proposal to Approve the Merger Agreement -- Material United States Federal Income Tax Consequences of the Merger" on page __. In addition, Spidi & Fisch, PC has given its opinion with respect to the validity of the shares of TF common stock to be issued in the merger.

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 presented for consideration at its special meeting other than as described in this document. However, if any other matter shall properly come before the special meeting or any adjournment or postponement thereof and shall be voted upon, the proposed proxies will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy as to any matters that fall within the 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 the merger is not completed or if Roebling is otherwise required to do so under applicable law, Roebling will hold a 2013 annual meeting of shareholders. Under the SEC's proxy rules, if the date of the annual meeting of shareholders is changed by more than 30 days from the date of the previous year's annual meeting, then the deadline for submission of shareholder proposals for the current year's annual meeting is a "reasonable time" before the company begins to print and send its proxy materials for such meeting. Because Roebling does not intend to hold an annual meeting within 30 days of the anniversary date of its 2012 annual meeting of shareholders, in the event that Roebling does hold a 2013 annual meeting of shareholders, the deadline for submission of shareholder proposals will be disclosed in a Current Report on Form 8-K or Form 10-Q filed by Roebling.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2012	At	December 31, 2011
	(in thousands)		
ASSETS			
Cash and cash equivalents	\$ 3,712	\$	14,928
Investment securities			
Available for sale	106,957		114,503
Held to maturity (fair value of \$2,418 and \$2,928 as of September 30, 2012 and December 31, 2011, respectively)	2,079		2,588
Loans receivable, net	533,978		494,125
Loans receivable, held for sale	860		488
Federal Home Loan Bank ("FHLB") stock—at cost	6,249		7,657
Accrued interest receivable	2,605		2,610
Premises and equipment, net	6,294		6,559
Goodwill	4,324		4,324
Bank owned life insurance	18,962		18,506
Other assets	11,036		15,641
TOTAL ASSETS	\$ 697,056	\$	681,929
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Deposits	\$ 533,273	\$	551,288
Advances from the FHLB	75,156		46,908
Advances from borrowers for taxes and insurance	1,817		2,322
Accrued interest payable	943		1,375
Other liabilities	3,902		2,628
Total liabilities	615,091		604,521
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		529
Additional paid-in capital	54,293		54,118
Unearned ESOP shares	(1,004)		(1,097)
Treasury stock—at cost	(50,928)		(51,032)
Retained earnings	77,614		74,144
Accumulated other comprehensive income	1,461		746

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Total stockholders' equity		81,965		77,408
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	697,056	\$	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

(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

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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

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine months ended September 30,	
	2012	2011
	(in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 3,877	\$ 2,397
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and impairment adjustment of mortgage loan servicing rights	304	296
Premiums and discounts on investment securities, net	181	87
Premiums and discounts on mortgage-backed securities, net	229	128
Deferred loan origination costs, net	132	122
Provision for loan losses	1,750	2,878
Depreciation of premises and equipment	573	647
Increase in value of bank owned life insurance	(456)	(481)
Stock based compensation	366	262
Proceeds from sale of loans originated for sale	39,656	15,748
Origination of loans held for sale	(39,512)	(17,156)
Loss on foreclosed real estate	425	254
Gain on :		
Sale of investments	—	(210)
Sale of loans held for sale	(920)	(292)
Disposition of premises and equipment	(277)	—
Decrease in:		
Accrued interest receivable	5	158
Other assets	644	900
(Decrease) increase in:		
Accrued interest payable	(432)	(477)
Other liabilities	944	533
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,489	5,794
INVESTING ACTIVITIES		
Loan originations	(110,383)	(76,036)
Loan principal payments	65,723	68,123
Proceeds from sale of foreclosed real estate	6,736	724
Proceeds from disposition of premises and equipment	356	—
Principal repayments on mortgage-backed securities held to maturity	506	482
Principal repayments on mortgage-backed securities available for sale	20,489	20,990
Proceeds from maturities and redemptions of investments available for sale	5,300	3,860
Proceeds from sale of investment securities available for sale	—	3,534
Purchase of investment securities available for sale	(4,260)	(4,112)
Purchase of mortgage-backed securities available for sale	(13,520)	(16,596)
Purchase of premises and equipment	(387)	(508)
Redemption of FHLB stock	1,408	1,341
Proceeds from sale of mortgage backed securities available for sale	—	1,518
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	(28,032)	3,320

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 months ended September 30,	
	2012	2011
	(in thousands)	
FINANCING ACTIVITIES		
Net (decrease)/increase in deposits	(18,015)	1,543
Net increase in short-term FHLB borrowings	14,304	10,884
Proceeds of long-term FHLB borrowings	32,197	6,573
Repayment of long-term FHLB borrowings	(18,253)	(19,944)
Net decrease in advances from borrowers for taxes and insurance	(505)	(733)
Exercise of stock options	7	—
Tax benefit arising from exercise of stock options	(1)	—
Common stock dividends paid	(407)	(399)
NET CASH PROVIDED/(USED) BY FINANCING ACTIVITIES	9,327	(2,076)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,216)	7,038
Cash and cash equivalents at beginning of period	14,928	7,437
Cash and cash equivalents at end of period	\$ 3,712	\$ 14,475
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest on deposits and borrowings	\$ 4,321	\$ 6,342
Income taxes	\$ 375	\$ 300
Non-cash transactions:		
Capitalization of mortgage servicing rights	\$ 404	\$ 136
Transfers from loans to foreclosed real estate	\$ 2,925	\$ 2,405

The accompanying notes are an integral part of these statements

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-month periods ended September 30, 2012 and 2011 (unaudited) include the accounts of TF Financial Corporation (the “Company”) and its wholly owned subsidiaries: 3rd Fed Bank (the “Bank”), Penns Trail Development Corporation, and TF Investments Corporation, which was merged into the Company during 2011. The accompanying consolidated balance sheet at December 31, 2011, has been derived from the audited consolidated balance sheet but does not include all of the information and notes required by accounting principles generally accepted in the United States of America (“US GAAP”) for complete financial statements. The Company’s business is conducted principally through 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 Form 10-Q and, therefore, do not include all of the disclosures or footnotes required by US GAAP. In the opinion of management, all adjustments, consisting of normal recurring accruals, necessary for fair presentation of the consolidated financial statements have been included. The results of operations for the period ended September 30, 2012 are not necessarily indicative of the results which may be expected for the entire fiscal year or any other period. For further information, refer to the consolidated financial statements and footnotes thereto 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 the opinion of management, the resolution of this litigation, if any, would not have a material adverse effect on the Company’s consolidated financial 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 earnings per share computations (dollars in thousands, except share and per share data):

	For the nine months ended September 30, 2012		
	Income (numerator)	Weighted average shares (denominator)	Per share Amount
Basic earnings per share			
Income available to common stockholders	\$ 3,877	2,723,703	\$ 1.42
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	\$ 1.42

There were 65,337 options to purchase shares of common stock with exercise prices ranging from \$23.53 to \$32.51 per share which were outstanding during the nine months ended September 30, 2012 that were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 4—EARNINGS PER SHARE (Continued)

	For the nine months ended September 30, 2011		
	Income (numerator)	Weighted average shares (denominator)	Per share Amount
Basic earnings per share			
Income available to common stockholders	\$ 2,397	2,700,845	\$ 0.89
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	\$ 0.89

There were 64,407 options to purchase shares of common stock with exercise prices ranging from \$24.12 to \$32.51 per share which were outstanding during the nine months ended September 30, 2011 that were not included in the computation of diluted earnings per share 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 as follows:

	Amortized cost	At September 30, 2012		Fair value
		Gross unrealized gains (in thousands)	Gross unrealized losses	
Available for sale				
State and political subdivisions	\$ 53,060	\$ 4,513	\$ —	\$ 57,573
Residential mortgage-backed securities issued by quasi-governmental agencies	43,349	1,696	(1)	45,044
Residential mortgage-backed securities privately issued	4,149	191	—	4,340
Total investment securities available for sale	100,558	6,400	(1)	106,957
Held to maturity				
Residential mortgage-backed securities issued by quasi-governmental agencies	2,079	339	—	2,418
Total investment securities	\$ 102,637	\$ 6,739	\$ (1)	\$ 109,375

	Amortized cost	At December 31, 2011		Fair value
		Gross unrealized gains	Gross unrealized losses	

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	(in thousands)			
Available for sale				
U.S. Government and federal agencies	\$ 2,995	\$ 35	\$ —	\$ 3,030
State and political subdivisions	51,287	3,804	—	55,091
Residential mortgage-backed securities issued by quasi-governmental agencies	45,969	1,525	—	47,494
Residential mortgage-backed securities privately issued	8,723	195	(30)	8,888
Total investment securities available for sale	108,974	5,559	(30)	114,503
Held to maturity				
Residential mortgage-backed securities issued by quasi-governmental agencies	2,588	340	—	2,928
Total investment securities	\$ 111,562	\$ 5,899	\$ (30)	\$ 117,431

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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 \$210,000 for the nine months ended September 30, 2011. These gains resulted from proceeds from the sale of investment and mortgage-backed 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 maturity	
	Amortized cost	Fair value	Amortized cost	Fair value
	(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	2,418
Total investment and mortgage-backed securities	\$ 100,558	\$ 106,957	\$ 2,079	\$ 2,418

The table below indicates the length of time individual securities have been in a continuous unrealized loss position at September 30, 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	Unrealized Loss
(dollars in thousands)							
Residential mortgage-backed securities issued by quasi-governmental agencies	1	\$ 263	\$ (1)	\$ —	\$ —	\$ 263	\$ (1)
Total temporarily impaired securities	1	\$ 263	\$ (1)	\$ —	\$ —	\$ 263	\$ (1)

The table below indicates the length of time individual securities have been in a continuous unrealized loss position at December 31, 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	Unrealized Loss

(dollars in thousands)

Residential mortgage-backed securities privately issued	2	\$	3,442	\$	(30)	\$	—	\$	—	\$	3,442	\$	(30)
Total temporarily impaired securities	2	\$	3,442	\$	(30)	\$	—	\$	—	\$	3,442	\$	(30)

On a quarterly basis, temporarily impaired securities are evaluated to determine whether such impairment is an other-than-temporary impairment (“OTTI”). The Company has performed this evaluation and has determined that the unrealized losses at September 30, 2012 and December 31, 2011, respectively, are not considered other-than-temporary but are the result of changes in interest rates, and are therefore reflected in other comprehensive income.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE

Loans receivable are summarized as follows:

	September 30, 2012	At December 31, 2011
	(in thousands)	
Held for investment:		
Residential		
Residential mortgages	\$ 320,883	\$ 277,824
Commercial		
Real estate-commercial	109,379	110,743
Real estate-residential	22,502	25,801
Real estate-multi-family	19,433	19,906
Construction loans	19,094	16,336
Commercial and industrial loans	4,316	4,414
Total commercial loans	174,724	177,200
Consumer		
Home equity and second mortgage	41,751	44,165
Other consumer	1,925	1,971
Total consumer loans	43,676	46,136
Total loans	539,283	501,160
Net deferred loan origination costs and unamortized premiums	1,467	1,065
Less allowance for loan losses	(6,772)	(8,100)
Total loans receivable	\$ 533,978	\$ 494,125
Held for sale:		
Residential		
Residential mortgages	\$ 860	\$ 488

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	Total
	(in thousands)				
Real estate-commercial	\$ 96,008	\$ 4,221	\$ 9,150	\$ —	\$ 109,379
Real estate-residential	19,419	1,023	2,060	—	22,502
Real estate-multi-family	13,526	2,532	3,375	—	19,433
Construction loans	7,360	5,398	6,336	—	19,094
Commercial and industrial loans	4,233	83	—	—	4,316
Total	\$ 140,546	\$ 13,257	\$ 20,921	\$ —	\$ 174,724

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 6—LOANS RECEIVABLE (Continued)

At December 31, 2011

	Pass	Special mention	Substandard (in thousands)	Doubtful	Total
Real estate-commercial	\$ 95,719	\$ 6,189	\$ 8,835	\$ —	\$ 110,743
Real estate-residential	21,447	2,891	1,463	—	25,801
Real estate-multi-family	12,753	3,768	3,385	—	19,906
Construction loans	4,452	4,312	7,572	—	16,336
Commercial and industrial loans	4,139	100	175	—	4,414
Total	\$ 138,510	\$ 17,260	\$ 21,430	\$ —	\$ 177,200

In order to assess and monitor the credit risk associated with commercial loans, the Company employs a risk rating methodology whereby each commercial loan is initially assigned a risk grade. At least annually, all risk ratings are reviewed in light of information received such as tax returns, rent rolls, cash flow statements, appraisals, and any other information which may affect the then current risk rating, which is adjusted upward or downward as needed. At the end of each quarter the risk ratings are summarized and become a component of the evaluation of the allowance for loan losses. The Company's risk rating definitions mirror those promulgated by banking regulators and are as follows:

Pass: A good quality loan is characterized by satisfactory liquidity; reasonable debt capacity and coverage; acceptable management in all critical positions and normal operating results for its peer group. The Company has grades 1 through 6 within the Pass category which reflect the increasing amount of attention paid to the individual loan because of, among other things, trends in debt service coverage, management weaknesses, or collateral values.

Special mention: A loan that has potential weaknesses that deserves management's close attention. Although the loan is currently protected, if left uncorrected, potential weaknesses may result in the deterioration of the loan's repayment prospects or in the borrower's future credit position. Potential weaknesses include: weakening financial condition; an unrealistic repayment program; inadequate sources of funds; lack of adequate collateral; credit information; or documentation. There is currently the capacity to meet interest and principal payments, but further adverse business, financial, or economic conditions may impair the borrower's 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 the collateral pledged. Although no loss of principal or interest is presently apparent, there is the distinct possibility that a partial loss of interest and/or principal will be sustained if the deficiencies are not corrected. There is a current identifiable vulnerability to default and the dependence 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 weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors which may work to strengthen the asset, classification as an estimated loss is deferred until a more exact status is determined. Pending factors include: 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 as loss.

Loans classified as special mention, substandard or doubtful are evaluated for potential impairment. All impaired loans are placed on non-accrual status and are classified as substandard or doubtful.

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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 indicators:

Mortgage and consumer credit exposure-credit risk profile by payment activity

	At September 30, 2012		
	Performing	Non-performing (in thousands)	Total
Residential mortgages	\$ 318,761	\$ 2,122	\$ 320,883
Home equity and second mortgage	41,547	204	41,751
Other consumer	1,925	—	1,925
Total	\$ 362,233	\$ 2,326	\$ 364,559

	At December 31, 2011		
	Performing	Non-performing (in thousands)	Total
Residential mortgages	\$ 272,322	\$ 5,502	\$ 277,824
Home equity and second mortgage	43,888	277	44,165
Other consumer	1,970	1	1,971
Total	\$ 318,180	\$ 5,780	\$ 323,960

In order to assess and monitor the credit risk associated with residential mortgage loans and consumer loans which include second mortgage loans and home equity secured lines of credit, the Company relies upon the payment status of the loan. Residential mortgage 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 past due for which the accrual of interest has been discontinued:

	At	
	September 30, 2012	December 31, 2011
	(in thousands)	
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
		294

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Total non-performing loans	\$	10,400	\$	12,541
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	Interest income recognized
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	Interest income recognized
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	—

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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	\$ —

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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	Recorded investment over 90 days and accruing interest
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	Recorded investment over 90 days and accruing interest
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	—
	4,408	—	—	6	6	4,414	—

Commercial and industrial loans								
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	\$	—

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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 (in thousands)	Recoveries	Balance September 30, 2012
Residential					
Residential mortgages	\$ 2,194	\$ 365	\$ (702)	\$ 56	\$ 1,913
Commercial					
Real estate-commercial	2,819	108	(932)	—	1,995
Real estate-residential	464	600	(418)	—	646
Real estate-multi-family	358	(108)	—	—	250
Construction loans	1,260	768	(891)	—	1,137
Commercial and industrial loans	138	106	(156)	17	105
Consumer					
Home equity and second mortgage	448	(187)	(32)	—	229
Other consumer	22	9	(23)	3	11
Unallocated	397	89	—	—	486
Total	\$ 8,100	\$ 1,750	\$ (3,154)	\$ 76	\$ 6,772

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 (in thousands)	Recoveries	Balance September 30, 2011
Residential					
Residential mortgages	\$ 1,839	\$ (10)	\$ (172)	\$ 2	\$ 1,659
Commercial					
Real estate-commercial	3,281	783	—	—	4,064
Real estate-residential	534	749	(729)	—	554
Real estate-multi-family	399	337	(302)	—	434
Construction loans	1,363	775	(155)	1	1,984
Commercial and industrial loans	77	197	(44)	6	236
Consumer					
Home equity and second mortgage	607	82	(221)	—	468
Other consumer	16	9	(12)	6	19
Unallocated	212	(44)	—	—	168
Total	\$ 8,328	\$ 2,878	\$ (1,635)	\$ 15	\$ 9,586

Despite the above allocation, the allowance for credit losses is general in nature and is available to absorb losses from any portfolio segment.

Loans receivable include certain loans that have been modified as Troubled Debt Restructurings (“TDRs”), where economic concessions have been granted to borrowers experiencing financial difficulties. The objective for granting

the concessions is to maximize the recovery of the investment in the loan and may include reductions in the interest rate, payment extensions, forgiveness of interest or principal, forbearance or other actions. TDRs are classified as nonperforming at the time of restructuring and typically return to performing status after considering the borrower's positive repayment performance for a reasonable period of time, usually six months.

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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 fair value of the underlying collateral less selling costs for collateral dependent loans. If the value of the modified loan is less than the recorded investment in the loan, impairment is recognized through an increase to the allowance for loan losses. In periods subsequent to modification, TDRs are evaluated for possible additional impairment.

	For the nine months ended September 30, 2012		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment (in thousands)	Post Modification Outstanding Recorded Investment
Residential			
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 moratorium on the 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 modified terms was 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 class based on impairment method as of September 30, 2012:

Allowance	Evaluated for impairment		Total
	Individually	Collectively	
	(in thousands)		
Residential			
Residential mortgages	\$ 295	\$ 1,618	\$ 1,913
Commercial			
Real estate-commercial	185	1,810	1,995
Real estate-residential	57	589	646
Real estate-multi-family	—	250	250
Construction loans	329	808	1,137
Commercial and industrial loans	—	105	105
Consumer			
Home equity and second mortgage	—	229	229
Other consumer	—	11	11
Unallocated	—	486	486
Total	\$ 866	\$ 5,906	\$ 6,772
Loan balance	Evaluated for impairment		Total
	Individually	Collectively	
	(in thousands)		
Residential			

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Residential mortgages	\$	2,236	\$	318,647	\$	320,883
Commercial						
Real estate-commercial		1,116		108,263		109,379
Real estate-residential		839		21,663		22,502
Real estate-multi-family		—		19,433		19,433
Construction loans		6,119		12,975		19,094
Commercial and industrial loans		—		4,316		4,316
Consumer						
Home equity and second mortgage		—		41,751		41,751
Other consumer		—		1,925		1,925
Total	\$	10,310	\$	528,973	\$	539,283

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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 by class based on impairment method as of December 31, 2011:

Allowance	Evaluated for impairment		Total
	Individually	Collectively (in thousands)	
Residential			
Residential mortgages	\$ 388	\$ 1,806	\$ 2,194
Commercial			
Real estate-commercial	877	1,475	2,352
Real estate-residential	—	369	369
Real estate-multi-family	—	350	350
Construction loans	1,035	795	1,830
Commercial and industrial loans	3	135	138
Consumer			
Home equity and second mortgage	—	448	448
Other consumer	—	22	22
Unallocated	—	397	397
Total	\$ 2,303	\$ 5,797	\$ 8,100

Loan balance	Evaluated for impairment		Total
	Individually	Collectively (in thousands)	
Residential			
Residential mortgages	\$ 3,633	\$ 274,191	\$ 277,824
Commercial			
Real estate-commercial	2,711	108,032	110,743
Real estate-residential	—	25,801	25,801
Real estate-multi-family	—	19,906	19,906
Construction loans	4,044	12,292	16,336
Commercial and industrial loans	6	4,408	4,414
Consumer			
Home equity and second mortgage	—	44,165	44,165
Other consumer	—	1,971	1,971
Total	\$ 10,394	\$ 490,766	\$ 501,160

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 September 30, 2012 and December 31, 2011. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement hierarchy has been established for inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Determination of the appropriate level within the fair value hierarchy is based on the lowest level of input that is significant to the fair 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 liability.

Assets measured at fair value on a recurring basis, segregated by fair value hierarchy level are summarized below:

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 7—FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Fair value hierarchy levels			Balance as of September 30, 2012
	Level 1	Level 2 (in thousands)	Level 3	
Assets				
Investment securities available for sale				
State and political subdivisions	\$	—\$ 57,573	\$	—\$ 57,573
Residential mortgage-backed securities issued by quasi-governmental agencies		— 45,044		— 45,044
Residential real estate mortgage-backed securities privately issued		— 4,340		— 4,340
Total investment securities available for sale	\$	—\$ 106,957	\$	—\$ 106,957
Loans available for sale				
Residential mortgages	\$	—\$ 860	\$	—\$ 860

	Fair value hierarchy levels			Balance as of December 31, 2011
	Level 1	Level 2 (in thousands)	Level 3	
Assets				
Investment securities available for sale				
U.S. Government and federal agencies	\$	—\$ 3,030	\$	—\$ 3,030
State and political subdivisions	—	55,091	—	55,091
Residential mortgage-backed securities issued by quasi-governmental agencies		— 47,494		— 47,494
Residential real estate mortgage-backed securities privately issued		— 8,888		— 8,888
Total investment securities available for sale	\$	—\$ 114,503	\$	—\$ 114,503
Loans available for sale				
Residential mortgages	\$	—\$ 488	\$	—\$ 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 party pricing agent. U.S. Government and federal agency and corporate debt securities are primarily priced through a multi-dimensional relational model, a Level 2 hierarchy, which incorporates dealer quotes and other market information including, defined sector breakdown, benchmark yields, base spread, yield to maturity, and corporate actions. State and political subdivision securities are also valued within the Level 2 hierarchy using inputs with a series of matrices that reflect benchmark yields, ratings updates, and spread adjustments. Mortgage-backed securities include Government National Mortgage Association (“GNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”) and Federal National Mortgage Association (“FNMA”) certificates and privately issued real estate mortgage investment conduits which are valued under a Level 2 hierarchy using a matrix correlation to benchmark yields, spread analysis, and prepayment speeds.

Assets measured at fair value on a nonrecurring basis segregated by fair value hierarchy level at September 30, 2012 are summarized below:

	Fair value hierarchy levels			Balance as of September 30, 2012
	Level 1	Level 2	Level 3	
	(in thousands)			
Assets				
Impaired loans	\$	—\$	—\$ 9,444	\$ 9,444
Real estate acquired through foreclosure	—	—	7,619	7,619
Mortgage servicing rights	—	864	—	864

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for 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	Range of inputs
Impaired loans	\$9,444	Appraisal of collateral	Discount rate to reflect current market conditions and ultimate recoverability	5%-15%
Real estate acquired through foreclosure	7,619	Appraisal of collateral	Discount rate to reflect current market conditions and liquidation expenses	5%-20%

The fair value of impaired loans and real estate acquired through foreclosure is generally determined through independent appraisals of the underlying collateral, which generally include level 3 inputs which are not identifiable. Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range and weighted average of liquidation 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 summarized below:

	Fair value hierarchy levels			Balance as of December 31, 2011
	Level 1	Level 2	Level 3	
		(in thousands)		
Assets				
Impaired loans	\$	—\$	—\$ 8,091	\$ 8,091
Real estate acquired through foreclosure		—	11,730	11,730
Mortgage servicing rights		—	763	— 763

Impaired loans are evaluated and valued at the time the loan is identified as impaired, at the lower of the recorded investment in the loan or fair value. Real estate acquired through foreclosure is initially valued at the lower of the recorded investment in the loan or fair value at foreclosure less costs to sell and subsequently adjusted for further decreases in market value, if necessary. Fair value is determined by using the value of the collateral securing the loans and is therefore classified as a Level 3 hierarchy. The value of the real estate securing impaired loans and real estate acquired through foreclosure is based on appraisals prepared by qualified independent licensed appraisers 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 loan is sold. The Company uses the amortized cost method for subsequent measurement of its servicing assets and evaluates the recorded value for impairment quarterly. The Company retains a qualified valuation service to calculate the amortized cost and to determine the fair value of the mortgage servicing rights. The valuation service utilizes discounted cash flow analyses, adjusted for prepayment speeds, market discount rates and conditions existing in the secondary servicing market. Hence, the fair value of mortgage servicing rights is deemed a Level 2 hierarchy. The amortized cost basis of the Company's mortgage servicing rights was \$1.2 million and \$1.0 million at September 30, 2012 and December 31, 2011, respectively. The fair value of the mortgage servicing rights was \$864,000 and \$763,000 at September 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 estimated fair value of all of an entity's assets and liabilities considered to be financial instruments is also required. For the Bank, as for most financial institutions, the majority of its assets and liabilities are considered financial instruments. However, many such instruments lack an available trading market as characterized by a willing buyer and willing seller engaging in an exchange transaction. Also, it is the Company's general practice and intent to hold its financial instruments to maturity or available for sale and to not engage in trading or significant sales activities. For fair value disclosure purposes, the Company substantially utilized the established fair value measurement hierarchy.

Changes in the assumptions or methodologies used to estimate fair values may materially affect the estimated amounts. In addition, there may not be reasonable comparability between entities due to the wide range of permitted assumptions and methodologies in the absence of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial instrument fair values.

Fair values have been estimated using data which management considered the best available, as generally provided by estimation methodologies deemed suitable for the pertinent category of financial instrument. The recorded carrying amounts and fair values segregated by fair value hierarchy level at September 30, 2012 are summarized below:

	Carrying value	Fair value	Fair value hierarchy levels		
			Level 1	Level 2	Level 3
(in thousands)					
Assets					
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	551,723
Liabilities					
Deposits with stated maturities	\$ 152,011	\$ 153,834	\$ —	\$ —	153,834
Borrowings with stated maturities	75,156	75,816	—	—	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 31, 2011	
	Carrying value	Fair value
(in thousands)		
Assets		
Cash and cash equivalents	\$ 14,928	\$ 14,928
Investment securities	58,121	58,121
Mortgage-backed securities	58,970	59,310
Loans receivable	494,613	516,359
Liabilities		
Deposits with stated maturities	\$ 181,074	\$ 183,306
Borrowings with stated maturities	46,908	48,092
Deposits with no stated maturities	370,214	370,214

The fair value of cash and cash equivalents equals historical book value. The fair value of investment and mortgage-backed securities is 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 current market rates, and giving consideration to estimated prepayment risk but not adjusted for credit risk. Loans receivable also includes loans receivable held for sale.

The fair value of deposits and borrowings with stated maturities has been estimated using the present value of cash flows, discounted at rates approximating current market rates for similar liabilities. Fair value of deposits and borrowings with floating interest rates is 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 amount payable on demand). The fair value of deposits with floating interest rates is generally presumed to approximate the recorded carrying amounts.

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 value of the Bank's 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 directors. The 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 award equals the market price of the Company's stock on the date of the grant. At September 30, 2012, there was \$29,000 of total unrecognized compensation cost, net of estimated forfeitures, related to non-vested awards under the Company's stock option plan. That cost is expected to be recognized over a weighted average period of 6.7 months. Option activity under the Company's stock option plan as of September 30, 2012 was as follows:

		At September 30, 2012		
	Number of	Weighted	Weighted	Aggregate
	shares	average	average	intrinsic
		exercise	remaining	value
		price per	contractual	(\$000)
		share	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	\$ 178
Options exercisable at September 30, 2012	91,177	\$ 25.28	1.62	\$ 107

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the third quarter and the exercise price, multiplied by the number of in-the-money options).

The aggregate intrinsic value and cash receipts of options exercised are as follows:

	For the nine months ended	
	September 30,	September 30,
	2012	2011
	(in thousands)	
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 Director Stock 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 months ended September 30, 2012 2011 (in thousands)	
Stock-based compensation expense		
Director fees	\$ 112	\$ 34
Stock grant expense	—	9
Stock option expense	20	24
Employee Stock Ownership Plan ("ESOP") expense	210	168
Total stock-based compensation expense	\$ 342	\$ 235

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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 less dividends received on the allocated shares in the plan used for debt service. Dividends on allocated shares used to reduce ESOP expense totaled \$24,000 and \$27,000 for the nine months ended September 30, 2012 and 2011, respectively. Stock-based compensation expense related to stock options resulted in a tax benefit of \$7,000 and \$9,000 for the nine months ended September 30, 2012 and 2011, respectively.

NOTE 9—EMPLOYEE BENEFIT PLANS

Net periodic defined benefit pension cost included the following:

	For the nine months ended September 30,	
	2012	2011
	(in thousands)	
Components of net periodic benefit cost		
Service cost	\$ 552	\$ 424
Interest cost	270	246
Expected return on plan assets	(483)	(466)
Amortization of prior service cost	2	—
Recognized net actuarial loss	212	88
Net periodic benefit cost	\$ 553	\$ 292

There were no employer contributions for the nine months ended September 30, 2012 and 2011.

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 “Company”) as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity and comprehensive income, and cash flows for the years then ended. These financial statements are the responsibility of the Company’s management. Our 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 States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TF Financial Corporation and its subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for 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 31,	
	2011	2010
	(in thousands)	
ASSETS		
Cash and cash equivalents	\$ 14,928	\$ 7,437
Investment securities		
Available for sale	114,503	124,321
Held to maturity (fair value of \$2,928 and \$3,510 as of December 31, 2011 and 2010, respectively)	2,588	3,169
Loans receivable, net	494,125	501,528
Loans receivable, held for sale	488	130
Federal Home Loan Bank stock—at cost	7,657	9,401
Accrued interest receivable	2,610	2,738
Premises and equipment, net	6,559	6,797
Goodwill	4,324	4,324
Bank owned life insurance	18,506	17,868
Other assets	15,641	14,044
TOTAL ASSETS	\$ 681,929	\$ 691,757
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits	\$ 551,288	\$ 550,135
Advances from the FHLB	46,908	61,987
Advances from borrowers for taxes and insurance	2,322	2,166
Accrued interest payable	1,375	1,784
Other liabilities	2,628	2,269
Total liabilities	604,521	618,341
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	529
Additional paid-in capital	54,118	53,964
Unearned ESOP shares	(1,097)	(1,217)
Treasury stock-at cost	(51,032)	(51,220)
Retained earnings	74,144	70,749
Accumulated other comprehensive income	746	611
Total stockholders' equity	77,408	73,416
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 681,929	\$ 691,757

The accompanying notes are an integral part of these statements.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Year ended December 31,	
	2011	2010
	(in thousands, except per share data)	
Interest income		
Loans, including fees	\$ 26,373	\$ 28,205
Investment securities		
Fully taxable	3,406	4,123
Exempt from federal taxes	1,506	1,234
Interest-bearing deposits and other	3	6
TOTAL INTEREST INCOME	31,288	33,568
Interest expense		
Deposits	5,467	7,210
Borrowings	1,948	2,998
TOTAL INTEREST EXPENSE	7,415	10,208
NET INTEREST INCOME	23,873	23,360
Provision for loan losses	3,728	4,241
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	20,145	19,119
Non-interest income		
Service fees, charges and other operating income	1,698	1,958
Gain on sale of investment securities	760	20
Bank owned life insurance	638	678
Gain on sale of loans	524	871
TOTAL NON-INTEREST INCOME	3,620	3,527
Non-interest expense		
Compensation and benefits	10,525	10,205
Occupancy and equipment	2,972	3,003
Federal deposit insurance premiums	675	915
Professional fees	1,331	1,063
Marketing and advertising	312	483
Foreclosed real estate expense	805	374
Other operating	2,197	2,202
TOTAL NON-INTEREST EXPENSE	18,817	18,245
INCOME BEFORE INCOME TAXES	4,948	4,401
Income tax expense	1,019	1,049
NET INCOME	\$ 3,929	\$ 3,352
Earnings per share—basic	\$ 1.45	\$ 1.25
Earnings per share—diluted	\$ 1.45	\$ 1.25
Weighted average shares outstanding:		
Basic	2,702,200	2,682,135
Diluted	2,702,710	2,682,135

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 Par Shares	Additional paid-in value capital	Unearned ESOP shares (in thousands, except share data)	Treasury stock	Retained Earnings	Accumulated other comprehensive income (loss) Total	Comprehensive income (loss)		
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) \$ (91)	
Adjustment to record funded status of pension, net of tax	-	-	-	-	-	-	77	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,	-	-	-	-	-	3,352	-	3,352	3,352

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2010										
Comprehensive income										\$ 3,338
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	\$ 1,493	
Adjustment to record funded status of pension, net of tax	-	-	-	-	-	-	(1,358)	(1,358)	(1,358)	
Net income for the year ended December 31, 2011	-	-	-	-	-	3,929	-	3,929	3,929	
Comprehensive income										\$ 4,064
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 ended December 31,	
	2011	2010
	(in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 3,929	\$ 3,352
Adjustments to reconcile net income to net cash provided by operating activities		
Amortization and impairment adjustment of mortgage loan servicing rights	353	160
Premiums and discounts on investment securities, net	135	79
Premiums and discounts on mortgage-backed securities, net	166	96
Deferred loan origination costs, net	194	361
Deferred income taxes	(77)	(642)
Provision for loan losses	3,728	4,241
Depreciation of premises and equipment	853	867
Increase in value of bank-owned life insurance	(638)	(678)
Stock based compensation	370	309
Proceeds from sale of loans originated for sale	26,453	40,455
Origination of loans held for sale	(26,525)	(38,973)
Loss on foreclosed real estate	459	244
Gain on sale of:		
Investment securities	(760)	(20)
Loans held for sale	(524)	(871)
Decrease in:		
Accrued interest receivable	128	39
Other assets	419	516
(Decrease) increase in:		
Accrued interest payable	(409)	(1,034)
Other liabilities	426	(1,603)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,680	\$ 6,898

TF FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Year ended December 31,	
	2011	2010
	(in thousands)	
INVESTING ACTIVITIES		
Loan originations	\$ (94,586)	\$ (83,117)
Loan principal payments	92,523	99,159
Proceeds from sale of foreclosed real estate	836	1,065
Proceeds from maturities of investment securities available for sale	6,860	590
Principal repayments on mortgage-backed securities held to maturity	583	561
Principal repayments on mortgage-backed securities available for sale	26,651	28,544
Proceeds from sale of investment securities available for sale	9,206	170
Proceeds from sale of mortgage-backed securities available for sale	1,518	-
Purchase of investment securities available for sale	(13,051)	(17,837)
Purchase of mortgage-backed securities available for sale	(18,646)	(17,027)
Purchase of premises and equipment	(615)	(2,141)
Redemption of Federal Home Loan Bank stock	1,744	495
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,023	10,462
FINANCING ACTIVITIES		
Net increase (decrease) in customer deposits	1,153	(2,581)
Proceeds of long-term FHLB borrowings	6,573	12,884
Repayment of long-term FHLB borrowings	(21,652)	(31,138)
Net increase (decrease) in advances from borrowers for taxes and insurance	156	(65)
Treasury stock acquired	(122)	-
Exercise of stock options	211	207
Tax benefit arising from stock compensation	3	6
Common stock dividends paid	(534)	(2,037)
NET CASH USED BY FINANCING ACTIVITIES	(14,212)	(22,724)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,491	(5,364)
Cash and cash equivalents at beginning of period	7,437	12,801
Cash and cash equivalents at end of period	\$ 14,928	\$ 7,437
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest on deposits and borrowings	\$ 7,824	\$ 11,242
Income taxes	\$ 1,030	\$ 2,237
Non-cash transactions:		
Capitalization of mortgage servicing rights	\$ 238	\$ 341
Transfers from loans to foreclosed real estate	\$ 5,544	\$ 7,479

The accompanying notes are an integral part of these statements.

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 Commonwealth of Pennsylvania, which conducts its consumer banking operations primarily through its wholly owned subsidiary, 3rd Fed Bank (“3rd Fed”) or the (“Bank”). 3rd Fed is a Pennsylvania-chartered stock savings bank insured by the Federal Deposit Insurance Corporation. 3rd Fed is a community-oriented savings institution and conducts operations from its main office in Newtown, Pennsylvania, twelve full-service branch offices located in Philadelphia and Bucks Counties, Pennsylvania, and two full-service branch offices located in Mercer County, New Jersey. The Bank competes with other banking and financial institutions in its primary market communities, including financial institutions with resources substantially greater than its own. Commercial banks, savings banks, savings and loan associations, credit unions and money market funds actively compete for savings and time deposits and loans. Such institutions, as well as consumer finance 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 conduct periodic examinations. As a consequence of the extensive regulation of commercial banking activities, the Bank’s business is particularly 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 Development Corporation, TF Investments Corporation, which was merged into the Company during 2011 and 3rd Fed, including its wholly owned subsidiaries, Third Delaware Corporation and Teragon Financial Corporation, (collectively, the “Company”). All material intercompany balances and transactions have been eliminated in consolidation.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”) and predominant practices within the banking industry. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The more significant accounting policies are summarized below.

b. Cash and Cash Equivalents

The Company considers cash, due from banks, and interest-bearing deposits in other financial institutions, with original terms to maturity of less than three months, as cash equivalents for presentation purposes in the consolidated balance sheets and cash flows. The Company is required to maintain certain cash reserves relating to deposit liabilities. This requirement is ordinarily satisfied by cash on hand.

c. Investment and Mortgage-Backed Securities

The Company classifies its investment and mortgage-backed securities in one of three categories: held to maturity, trading, or available 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 excluded from income and reported in other comprehensive income. See Note 16-Fair Value Measurements which defines the basis for determining fair 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 recognized in interest income using the interest method.

On a quarterly basis, temporarily impaired securities are evaluated to determine whether such impairment is other-than-temporary impairment (“OTTI”). This evaluation involves consideration of the length of time and the amount by which the fair value has been lower than amortized cost, the financial condition and credit rating of the issuer, the changes in fair value in relation to the change in market interest rates and other relevant information. In addition, with respect to mortgage-backed securities issued by government and quasi-governmental agencies (i. e. Government National Mortgage Association (“GNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”) and FNMA the Company considers the ultimate payment of principal and interest as an obligation of the United States Government and thus assured. With respect to mortgage-backed securities issued by private parties, the Company studies delinquencies, loss rates, loss severity and other information related to the underlying loans in order to form an opinion regarding the possibility of a cash flow shortfall. The Company also evaluates its intent to hold, intent to sell or need to sell the securities in light of its investment 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, are stated at unpaid principal balances less the allowance for loan losses, and net of deferred loan origination fees and direct origination costs. Loan origination fees and costs on mortgage loans are amortized to income using the interest method over the remaining period to contractual maturity, adjusted for actual prepayments.

The Bank provides valuation allowances for estimated losses from uncollectible loans. The allowance is increased by provisions charged to expense and reduced by net charge-offs. On a quarterly basis, the Bank prepares an allowance for loan losses (ALLL) analysis. In the analysis, the loan portfolio is segmented into groups of homogeneous loans that share similar risk characteristics: non-residential and non-owner occupied residential real estate, construction, real estate and non-real estate secured commercial business, one-to four-family residential, and consumer which is predominately real estate secured junior liens and home equity lines of credit as well as other consumer loans. Each segment is assigned reserve factors based on quantitative and qualitative measurements. In addition, the Bank reviews its internally classified loans, its loans classified for regulatory purposes, delinquent loans, and other relevant information 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-back period. Quantitative factors also include the Bank’s actual risk ratings for the commercial loan segments as determined in accordance with loan review and loan grading policies and procedures, and additional factors as determined by management to be representative of additional risk due to the loan’s geographic location, type, and other attributes. These quantitative factors are adjusted if necessary, up or 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 underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses; (2) changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments; (3) changes in the nature and volume of the portfolio and in the terms of loans; (4) changes in the experience, ability, and depth of lending management and other relevant staff; (5) changes in the volume and severity of past due loans,

the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans; (6) changes in the quality of the loan review system; (7) changes in the value of underlying collateral for collateral dependent loans; (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 losses in the existing loan portfolio.

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

The ALLL needed as a result of the foregoing evaluations is compared with the unadjusted amount, and an adjustment is made by means of a provision charged to expense for loan losses. Recognizing the inherently imprecise nature of the loss estimates and the large number of assumptions needed in order to perform the analysis, the required reserve may be less than the actual level of reserves at the end of any evaluation period, and thus there may be an unallocated portion of the ALLL. Management adjusts the unallocated portion to an amount 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 or is identified as impaired. The allowance is established by a charge to interest income equal to all interest previously accrued, and income is subsequently recognized only to the extent that cash payments are received until, in management's judgment, the borrower's ability to 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 an individual basis. Any resulting loss is included in other operating income. The fair value of the Bank's loans held for sale was valued in excess of 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 such borrowers concessions and it is deemed that those borrowers are experiencing financial difficulty. Concessions granted under a troubled debt restructuring may include extending the maturity date of the loan, reducing the interest rate on the loan to a rate which is below market, a combination of rate adjustments and maturity extensions, or by other means including covenant modifications, forbearances or other concessions. Interest income is not accrued on loans that had been placed on non-accrual prior to the troubled debt restructuring until they have performed in accordance with their restructured terms for a period of at least six months. The Company evaluates the ALLL needed with respect to TDRs under the same policy and guidelines as all other loans, and TDRs are evaluated individually for 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 through sale of financial assets. Under the applicable accounting guidance regarding servicing assets and liabilities, servicing rights resulting from the sale of loans originated by the Company are initially measured at fair value at the date of transfer. Fair value is based on market prices for comparable mortgage servicing rights, when available, or alternatively is based on a valuation model that calculates the present value of estimated future net servicing income. The Company subsequently measures each class of servicing asset using the amortization method. MSRs are amortized into non-interest expense in proportion to, and over the period of, the estimated future net servicing income of the underlying financial assets. Servicing assets are evaluated quarterly for impairment based upon the fair value of the rights as compared to amortized cost. Impairment is determined by stratifying rights into tranches based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance charged to servicing fee income for an individual tranche, to the extent that fair value is less than the amortized cost for the tranche. If the Company later determines that all or a portion of the impairment no longer exists for a particular tranche, a reduction of the allowance may be recorded as an increase to other operating income. These servicing rights are included in other assets in the consolidated statements of financial condition and are 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 outstanding principal, or a fixed amount per loan, and are recorded as income when earned. The amortization of loan servicing rights is recorded as a 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 recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered and derecognizes liabilities when extinguished. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred 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. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. The Company records any impairment of long-lived assets to be held and used or to be disposed of by sale. The Company had no impaired long-lived assets at December 31, 2011 and 2010.

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 appraisal less cost to sell. Revenue and expenses from operations and changes in the valuation allowance (any direct write-down) are included in foreclosed real estate expense. Included in other assets is foreclosed real estate of \$11.7 million and \$7.5 million at December 31, 2011 and 2010, respectively.

k. Goodwill

Goodwill does not require amortization but is subject to impairment testing. As discussed in Note 2-Recent Accounting Pronouncements, 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 carrying amount. At December 31, 2011, the Company performed an assessment of key factors and determined that impairment of goodwill was 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 beneficiary of the policies. The cash surrender values of the policies were approximately \$18.5 million and \$17.9 million at December 31, 2011 and 2010, respectively.

m. Benefit Plans

The Company has established an ESOP covering eligible employees with six months of service, as defined by the ESOP. The Company records compensation expense in the amount equal to the fair value of shares committed to be released from the ESOP to employees less 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 requirements. The Company recognizes the overfunded or underfunded status of the defined benefit postretirement plan as an asset or liability in its consolidated balance sheets and recognizes changes in that funded status, including the gains and or losses and prior service costs or credits that were not recognized as components of net periodic benefit cost, in the year in which the changes occur through accumulated other comprehensive income. The Company measures the funded status of a plan as of the date of its year-end consolidated balance 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 which are more fully discussed in Note 10—Benefit Plans. The options, which have a term of up to 10 years when issued, vest over a three to five year period. The exercise price of each option equals the market price of the Company's stock on the date of the grant. The Company measures compensation cost at the grant date based on the fair value of the award. Compensation is then recognized over the service period which 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 recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes due to change in tax 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 common shares outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if securities or other 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 other events and 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	Net of tax amount
	(in thousands)		
Unrealized gains on securities			
Unrealized holding gains arising during period	\$ 3,023	\$ (1,028)	\$ 1,995
Reclassification adjustment for gains realized in net income	(760)	258	(502)
Pension plan benefit adjustment related to actuarial losses	(2,059)	701	(1,358)
Other comprehensive income, net	\$ 204	\$ (69)	\$ 135

	For the year ended December 31, 2010		
	Before tax amount	Tax (expense) benefit	Net of tax amount
	(in thousands)		
Unrealized gains on securities			
Unrealized holding gains arising during period	\$ (118)	\$ 40	\$ (78)
Reclassification adjustment for gains realized in net income	(20)	7	(13)
Pension plan benefit adjustment related to actuarial losses	117	(40)	77
Other comprehensive loss, net	\$ (21)	\$ 7	\$ (14)

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	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 each activity is dependent and assessed based on how each of the activities of the Company supports the others. For example, commercial lending is dependent upon the ability of the Bank to fund itself with retail deposits and other borrowings and to manage interest rate and credit risk. This situation is also similar for consumer and residential mortgage lending. Accordingly, all significant operating decisions are based 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 disclosed in Note 17-Fair Value of Financial Instruments. Fair value estimates involve uncertainties and matters of significant judgment. Changes in 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 clarification to help creditors in determining whether a creditor has granted a concession and whether a debtor is experiencing financial difficulties for purposes of determining whether a restructuring constitutes a troubled debt restructuring. The amendments are effective for the first interim or annual reporting period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. As a result of applying these amendments, an entity may identify receivables that are newly considered impaired. For purposes of measuring impairment of those receivables, an entity should apply the amendments prospectively for the first interim or annual period beginning on or after June 15, 2011. The Company has adopted the guidance and has included the required disclosures in Note 5-Loans Receivable.

In April 2011, the FASB issued an accounting update to improve the accounting for repurchase agreements (repos) and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The amendments remove from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The amendments apply to all entities, both public and nonpublic. The amendments affect all entities that enter into agreements to transfer financial assets that both entitle and obligate the transferor to repurchase or redeem the financial assets before their maturity. The guidance is effective for the first interim or annual period beginning on or after December 15, 2011 and should be applied prospectively to transactions or modifications of existing transactions

that occur on or after the effective date. Early adoption is not permitted. This amendment is not expected to have a significant impact on the Company's financial statements or results of operations.

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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 in U.S. GAAP and International Financial Reporting Standards (“IFRSs”). The amendments result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments are to be applied prospectively. For public entities, the amendments are effective during interim and annual periods beginning after December 15, 2011. Early application by public entities is not permitted. This amendment is not expected to have a significant impact on the Company’s financial statements or results of operations.

In June 2011, the FASB issued, “Presentation of Comprehensive Income”. The amendments improve the comparability, clarity, consistency, and transparency of financial reporting and increase the prominence of items reported in other comprehensive income. To increase the prominence of items reported in other comprehensive income and to facilitate convergence of U.S. GAAP and IFRS, the option to present components of other comprehensive income as part of the statement of changes in stockholders’ equity was eliminated. The amendments require that all non-owner changes in stockholders’ equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. All entities that report items of comprehensive income, in any period presented, will be affected by the changes. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The amendments should be applied retrospectively, and early adoption is permitted. This amendment is not expected to have a significant impact on the Company’s financial statements or results of operations.

In September 2011, the FASB issued an accounting update, “Intangibles – Goodwill and Other Topics (Topic 350), Testing Goodwill for Impairment.” The objective of this update is to simplify how entities, both public and nonpublic, test goodwill for impairment. The amendments in the update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. Under the amendments in this update, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The amendments in this update apply to all entities, both public and nonpublic, that have goodwill reported in their financial statements and are effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity’s financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. The Company early adopted the new guidance during 2011 as discussed earlier in Note 1-Summary of Significant Accounting Policies- Goodwill.

In December 2011, the FASB issued, “Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities”. The amendment affects the disclosure requirement of all entities that have financial instruments and derivative instruments that are either offset or subject to an enforceable master netting arrangement or similar agreement. This information will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments in the scope of this guidance. An entity is required to apply the amendment for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by the amendment

retrospectively for all comparative periods 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 Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income

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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 income consistent with requirements in effect before the update issued in June 2011 discussed above. All other requirements of "Presentation of Comprehensive Income" are not affected by this deferral, including the requirement to report comprehensive income either in a single continuous financial statement or in two separate but consecutive financial statements. Public entities should apply these requirements for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities should begin applying these requirements for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. The amendment is not expected 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	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 summarized as follows:

	At December 31, 2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(in thousands)			
Available for sale				
U.S. Government and federal agencies	\$ 2,995	\$ 35	\$ -	\$ 3,030
State and political subdivisions	51,287	3,804	-	55,091
Residential mortgage-backed securities issued by quasi-governmental agencies	45,969	1,525	-	47,494
Residential mortgage-backed securities privately issued	8,723	195	(30)	8,888
Total investment securities available for sale	108,974	5,559	(30)	114,503
Held to maturity				
Residential mortgage-backed securities issued by quasi-governmental agencies	2,588	340	-	2,928
Total investment securities	\$ 111,562	\$ 5,899	\$ (30)	\$ 117,431

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TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 4—INVESTMENT AND MORTGAGE-BACKED SECURITIES (Continued)

	Amortized cost	At December 31, 2010		Fair value
		Gross unrealized gains	Gross unrealized losses	
		(in thousands)		
Available for sale				
U.S. Government and federal agencies	\$ 6,000	\$ 59	\$ -	\$ 6,059
Corporate debt securities	3,340	223	-	3,563
State and political subdivisions	47,348	1,120	(260)	48,208
Residential mortgage-backed securities issued by quasi-governmental agencies	50,942	1,950	(6)	52,886
Residential mortgage-backed securities privately issued	13,425	224	(44)	13,605
Total investment securities available for sale	121,055	3,576	(310)	124,321
Held to maturity				
Residential mortgage-backed securities issued by quasi-governmental agencies	3,169	341	-	3,510
Total investment securities	\$ 124,224	\$ 3,917	\$ (310)	\$ 127,831

Gross realized gains were \$760,000 and \$20,000 for the years ended December 31, 2011 and 2010, respectively. These gains resulted from the sale proceeds of investment and mortgage-backed securities available for sale of \$10.7 million and \$170,000 for the years ended December 31, 2011 and 2010, respectively. There were no gross losses resulting from security sales for the years ended December 31, 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 below.

	At December 31, 2011			
	Available for sale		Held to maturity	
	Amortized	Fair	Amortized	Fair
	cost	value	cost	value
	(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	2,928
Total investment and mortgage-backed securities	\$ 108,974	\$ 114,503	\$ 2,588	\$ 2,928

Investment securities having an aggregate amortized cost of approximately \$7.1 million and \$4.6 million were pledged to secure public 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 than 10% of 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, respectively. The Company is required to maintain a minimum amount of FHLB stock as determined by its borrowing levels and amount of eligible assets. At December 31, 2011 the Company was required to hold \$3.5 million in FHLB stock. FHLB stock can only be repurchased by the FHLB or sold to another member, and all sales must be at par. The Company holds FHLB stock as a long term investment based on the ultimate recoverability of the par value. During the fourth quarter of 2008, the FHLB suspended the repurchase of stock and dividend payments which prompted the Company to give consideration to evaluating the potential impairment of the investment. The Company evaluates potential impairment of its investment in FHLB stock quarterly and considers the following: 1) the magnitude and direction of the change in the net assets of the FHLB as compared to the capital stock amount and the duration of this condition, 2) the ability of the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB, 3) the impact of regulatory changes on the FHLB and on its members and 4) the liquidity position of the FHLB. During the fourth quarter of 2010, the FHLB resumed limited repurchases of members' excess stock and in 2011 the redemptions totaled \$1.7 million. After evaluating these factors the Company has concluded that the par value of its investment in FHLB stock is recoverable and no impairment has been recorded during the year ended December 31, 2011 or 2010.

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 a continuous unrealized loss position at December 31, 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	Unrealized Loss
(in thousands)							
Residential mortgage-backed securities privately issued	2	\$ 3,442	\$ (30)	\$ -	\$ -	\$ 3,442	\$ (30)
Total temporarily impaired securities	2	\$ 3,442	\$ (30)	\$ -	\$ -	\$ 3,442	\$ (30)

The table below indicates the length of time individual securities, both held to maturity and available for sale, have been in a continuous unrealized loss position at December 31, 2010:

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	Unrealized Loss
(in thousands)							
State and political subdivisions	17	\$ 14,210	\$ (260)	\$ -	\$ -	\$ 14,210	\$ (260)
Residential mortgage-backed securities issued by quasi-governmental agencies	1	3,027	(6)	-	-	3,027	(6)
Residential mortgage-backed securities privately issued	3	7,048	(44)	-	-	7,048	(44)
Total temporarily impaired securities	21	\$ 24,285	\$ (310)	\$ -	\$ -	\$ 24,285	\$ (310)

The Company evaluates debt securities on a quarterly basis to determine whether OTTI exists. Unrealized losses primarily relate to interest rate fluctuations and not credit concerns. The Company does not intend to sell these securities and it is not more likely than not that it will be required to sell these securities. Accordingly, unrealized losses at December 31, 2011 and 2010 are not considered other-than-temporary and are therefore reflected in other comprehensive income.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 5—LOANS RECEIVABLE

Loans receivable are summarized as follows:

	At December 31,	
	2011	2010
	(in thousands)	
Held for investment:		
First mortgage loans		
Secured by one-to four-family residences	\$ 277,824	\$ 269,077
Secured by non-residential properties or non-owner occupied residential properties	140,887	137,307
Construction loans	16,091	18,799
Total first mortgage loans	434,802	425,183
Other loans		
Commercial-business, real estate secured	15,808	26,603
Commercial-business, non-real estate secured	4,414	5,575
Home equity and second mortgage	44,165	49,430
Other consumer	1,971	2,407
Total other loans	66,358	84,015
Total loans	501,160	509,198
Net deferred loan origination costs	1,065	658
Less allowance for loan losses	(8,100)	(8,328)
Total loans receivable	\$ 494,125	\$ 501,528
Held for sale:		
First mortgage loans		
Secured by one-to four-family residences	\$ 488	\$ 130

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 (in thousands)	Doubtful	Total
Secured by non-residential properties or non-owner occupied residential properties	\$ 121,579	\$ 12,804	\$ 6,504	\$ -	\$ 140,887
Construction loans	5,077	4,312	6,702	-	16,091
Commercial-business, real estate secured	7,446	144	8,218	-	15,808
Commercial-business, non-real estate secured	4,408	-	6	-	4,414
Total	\$ 138,510	\$ 17,260	\$ 21,430	\$ -	\$ 177,200

	At December 31, 2010				
	Pass	Special mention	Substandard (in thousands)	Doubtful	Total
Secured by non-residential properties or non-owner occupied residential properties	\$ 108,484	\$ 19,299	\$ 9,524	\$ -	\$ 137,307
Construction loans	3,482	6,269	9,048	-	18,799
Commercial-business, real estate secured	15,778	1,007	9,818	-	26,603
Commercial-business, non-real estate secured	5,531	-	-	44	5,575
Total	\$ 133,275	\$ 26,575	\$ 28,390	\$ 44	\$ 188,284

In order to assess and monitor the credit risk associated with commercial loans, the Company employs a risk rating methodology whereby each commercial loan is initially assigned a risk grade. At least annually, all risk ratings are reviewed in light of information received such as tax returns, rent rolls, cash flow statements, appraisals, and any other information which may affect the then current risk rating, which may be adjusted upward or downward as a result of this review. At the end of each quarter the risk ratings are summarized and become a component of the evaluation of the allowance for loan losses. The Company's risk rating definitions mirror those promulgated by banking regulators and are as follows:

Pass: Good quality loan characterized by satisfactory liquidity; reasonable debt capacity and coverage; acceptable management in all critical positions and normal operating results for its peer group. The Company has grades 1 through 6 within the Pass category which reflect the increasing amount of attention paid to the individual loan because of, among other things, trends in debt service coverage, management weaknesses, or collateral values.

Special mention: A loan that has potential weaknesses that deserves management's close attention. Although the loan is currently protected, if left uncorrected, potential weaknesses may result in deterioration of the loan's repayment prospects or in the Company's future credit position. Potential weaknesses include: weakening financial condition; an unrealistic repayment program; inadequate sources of funds; lack of adequate collateral, credit information, or documentation. There is currently the capacity to meet interest and 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 the collateral pledged. Although no loss of principal or interest is presently apparent, there is the distinct possibility that a partial loss of interest and/or principal will be sustained if the deficiencies are not corrected. There is a current identifiable vulnerability to default and the dependence 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 weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors which may work to strengthen the asset, classification as an estimated loss if deferred until a more exact status is determined. Pending factors include: 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 as loss.

Loans classified as special mention, substandard or doubtful are evaluated for potential impairment. All impaired loans are placed on 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 indicator:

Mortgage and consumer credit exposure-credit risk profile by payment activity

	At December 31, 2011		
	Performing	Non-performing	Total
	(in thousands)		
Secured by one-to four-family residences	\$ 272,322	\$ 5,502	\$ 277,824
Home equity and second mortgage	43,888	277	44,165
Other consumer	1,970	1	1,971
Total	\$ 318,180	\$ 5,780	\$ 323,960

	At December 31, 2010		
	Performing	Non-performing	Total
	(in thousands)		
Secured by one-to four-family residences	\$ 265,459	\$ 3,618	\$ 269,077
Home equity and second mortgage	48,018	1,412	49,430
Other consumer	2,404	3	2,407
Total	\$ 315,881	\$ 5,033	\$ 320,914

In order to assess and monitor the credit risk associated with one-to four-family residential loans and consumer loans which include second mortgage loans and home equity secured lines of credit, the Company relies upon the payment

status of the loan. Mortgage and other consumer loans 90 days or more past due are placed on non-accrual status and evaluated for impairment on a pooled basis with the exception of loans with balances in excess of \$1 million and loans that have been modified as TDRs. An individual impairment analysis is performed using a recent appraisal or current sales contract for TDRs as well as nonperforming mortgage and consumer loans with 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 for which the accrual of interest has been discontinued by class:

	At December 31,	
	2011	2010
	(in thousands)	
Secured by one-to four-family residences	\$ 5,502	\$ 3,618
Secured by non-residential properties or non-owner occupied residential properties	1,442	4,993
Construction loans	3,317	4,307
Commercial-business, real estate secured	1,996	4,601
Commercial-business, non-real estate secured	6	44
Home equity and second mortgage	277	1,412
Other consumer	1	3
Total non-performing loans	\$ 12,541	\$ 18,978
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 \$616,000, and \$768,000, for the years ended December 31, 2011 and 2010, respectively.

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:

	Recorded investment	Unpaid principal balance	Impaired loans Related allowance (in thousands)	Average recorded investment	Interest income recognized
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:

	Recorded investment	Unpaid principal balance	Impaired loans Related allowance (in thousands)	Average recorded investment	Interest income recognized
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	\$ -

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	Recorded investment over 90 days and accruing interest
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	Recorded investment over 90 days and accruing interest
Secured by one-to four-family residences	\$ 267,885	\$ 424	\$ 26	\$ 742	\$ 1,192	\$ 269,077	\$ -
Secured by non-residential properties	131,566	748	754	4,239	5,741	137,307	-

or non-owner occupied residential properties								
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	\$ -	

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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:

	Number of Contracts	For the Year ended Decemeber 31, 2011	
		Pre-Modification Outstanding Recorded Investment (in thousands)	Post Modification Outstanding Recorded Investment (in thousands)
Secured by one-to four-family residences	2	\$ 510	\$ 507
Total	2	\$ 510	\$ 507

The following table presents loans classified as TDRs that subsequently defaulted:

	For the Year ended Decemeber 31, 2011	
	Number of Contracts	Recorded Investment (in thousands)
Secured by one-to four-family residences	1	\$ 169
Total	1	\$ 169

The restructuring of the majority of loans was either an extension of the maturity date or temporary reduction or moratorium on the 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	Balance at December 31, 2011
Secured by one-to four- family residences	\$ 1,839	\$ 515	\$ (172)	\$ 12	\$ 2,194
Secured by non-residential properties or non-owner occupied residential properties	2,124	831	(1,186)	-	1,769
Construction loans	2,479	1,338	(1,521)	1	2,297
Commercial-business, real estate secured	974	716	(855)	-	835
Commercial-business, non-real estate secured	77	67	(44)	38	138
Home equity and second mortgage	607	62	(221)	-	448
Other consumer	16	14	(16)	8	22
Unallocated	212	185	-	-	397
Total	\$ 8,328	\$ 3,728	\$ (4,015)	\$ 59	\$ 8,100

For the year ended
December 31, 2010
(in thousands)

Balance at beginning of year	\$ 5,215
Provision charged to income	4,241
(Charge-offs), net of recoveries	(1,128)
Balance at end of year	\$ 8,328

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 impairment method as of December 31, 2011:

Allowance	Evaluated for impairment		Total
	Individually	Collectively (in thousands)	
Secured by one-to four-family residences	\$ 388	\$ 1,806	\$ 2,194
Secured by non-residential properties or non-owner occupied residential properties	-	1,769	1,769
Construction loans	1,502	795	2,297
Commercial-business, real estate secured	410	425	835
Commercial-business, non-real estate secured	3	135	138
Home equity and second mortgage	-	448	448
Other consumer	-	22	22
Unallocated	-	397	397
Total	\$ 2,303	\$ 5,797	\$ 8,100

Loan balance	Evaluated for impairment		Total
	Individually	Collectively (in thousands)	
Secured by one-to four-family residences	\$ 3,633	\$ 274,191	\$ 277,824
Secured by non-residential properties or non-owner occupied residential properties	1,442	139,445	140,887
Construction loans	3,317	12,774	16,091
Commercial-business, real estate secured	1,996	13,812	15,808
Commercial-business, non-real estate secured	6	4,408	4,414
Home equity and second mortgage	-	44,165	44,165
Other consumer	-	1,971	1,971
Total	\$ 10,394	\$ 490,766	\$ 501,160

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 impairment method as of December 31, 2010:

Allowance	Evaluated for impairment		Total
	Individually	Collectively (in thousands)	
Secured by one-to four-family residences	\$ -	\$ 1,839	\$ 1,839
Secured by non-residential properties or non-owner occupied residential properties	218	1,906	2,124
Construction loans	1,627	852	2,479
Commercial-business, real estate secured	373	601	974
Commercial-business, non-real estate secured	44	33	77
Home equity and second mortgage	-	607	607
Other consumer	-	16	16
Unallocated	-	212	212
Total	\$ 2,262	\$ 6,066	\$ 8,328

Loan balance	Evaluated for impairment		Total
	Individually	Collectively (in thousands)	
Secured by one-to four-family residences	\$ -	\$ 269,077	\$ 269,077
Secured by non-residential properties or non-owner occupied residential properties	4,685	132,622	137,307
Construction loans	4,307	14,492	18,799
Commercial-business, real estate secured	4,601	22,002	26,603
Commercial-business, non-real estate secured	44	5,531	5,575
Home equity and second mortgage	-	49,430	49,430
Other consumer	-	2,407	2,407
Total	\$ 13,637	\$ 495,561	\$ 509,198

The Bank has no concentration of loans to borrowers engaged in similar activities that exceeded 10% of loans at December 31, 2011 and 2010. In the ordinary course of business, the Bank has granted loans to certain executive officers, directors and their related interests. Related party loans are made on substantially the same terms as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than the normal risk of collectability. The aggregate dollar amount of these loans was approximately \$138,000 and \$156,000 at December 31, 2011 and 2010, respectively. New loans to related parties of \$5,000 were made during 2011. For the year ended December 31, 2011, principal repayments of \$23,000 of related party loans were received. Unused lines of credit available 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 balances of 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 \$914,000 and are included as deposits at December 31, 2011 and 2010, respectively. Net servicing (loss) income on mortgage loans serviced for others was \$(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:

		At December 31,	
	Estimated useful lives	2011	2010
		(in thousands)	
Buildings	30 years	\$ 7,669	\$ 7,369
Leasehold improvements	5-10 years	3,262	3,254
Furniture, fixtures and equipment	3-7 years	8,688	8,438
		19,619	19,061
Less accumulated depreciation		14,752	13,956
		4,867	5,105
Land		1,692	1,692
		\$ 6,559	\$ 6,797

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:

Deposit Type	At December 31,	
	2011	2010
	(in thousands)	
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 million and \$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					Total
2012	2013	2014	2015	2016	Thereafter		
(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 parties include certain executive officers, directors and their related interests. The aggregate dollar amount of these deposits was approximately \$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:

Principal payments due during	At December 31,			
	2011 Amount	Weighted average rate (in thousands)	2010 Amount	Weighted average rate
2011	\$ -	-%	\$ 21,322	4.02%
2012	25,259	3.88%	24,578	3.93%
2013	10,187	3.30%	9,492	3.39%
2014	3,398	2.52%	2,686	2.69%
2015	2,767	2.28%	2,044	2.35%
2016	3,969	2.22%	1,658	2.44%
Thereafter	1,328	2.16%	207	2.60%
	\$ 46,908	3.37%	\$ 61,987	3.73%

The advances are collateralized by certain first mortgage loans totaling approximately \$297.4 million and the FHLB stock owned by the Bank which allows for a maximum borrowing capacity of \$220.8 million. Total unused lines of credit at the FHLB were \$60.0 million 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 pretax eligible compensation. The Bank makes matching discretionary contributions equal to 75% of the initial \$1,000 deferral. Matching contributions 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 certain eligibility requirements. The benefits are based on each employee's years of service and an average earnings formula. An employee becomes fully vested upon completion of five years of qualifying service. It is the policy of the Bank to fund the maximum amount allowable under the individual aggregate cost method to the extent deductible under existing federal income tax regulations.

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 defined benefit pension plan as reflected in the consolidated balance sheets:

	December 31,	
	2011	2010
	(in thousands)	
Reconciliation of projected benefit obligation		
Benefit obligation at beginning of year	\$ 5,837	\$ 4,938
Service cost	565	553
Interest cost	328	296
Actuarial loss	1,411	202
Amendments	-	33
Benefits paid	(96)	(185)
Benefits obligation at end of year	\$ 8,045	\$ 5,837
Reconciliation of fair value of assets		
Fair value of plan assets at beginning of year	\$ 7,761	\$ 6,756
Actual return on plan assets	(145)	747
Employer contribution	486	443
Benefits paid	(96)	(185)
Fair value of plan assets at end of year	\$ 8,006	\$ 7,761
Funded status at end of year	\$ (39)	\$ 1,924

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 directly from, 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 December 31,	
	2011	2010
	(in thousands)	
Net loss	\$ (4,372)	\$ (2,310)
Prior service cost	(28)	(31)
Total	\$ (4,400)	\$ (2,341)

The net (loss) gain recognized in accumulated other comprehensive income as an adjustment to the funded status of the plan was \$(2.1) million and \$0.1 million at December 31, 2011 and 2010, respectively. During 2012, the amounts expected to be amortized from 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 31,	
	2011	2010
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.50%	5.75%
Rate of compensation increase	4.00%	4.00%

	For the year ended December 31,	
	2011	2010
	(in thousands)	
Components of net periodic benefit cost		
Service cost	\$ 565	\$ 553
Interest cost	328	296
Expected return on plan assets	(619)	(545)
Amortization of prior service cost	2	3
Recognized net actuarial loss	115	147
Net periodic benefit cost	\$ 391	\$ 454

	For the year ended December 31,	
	2011	2010
Weighted-average assumptions used to determine net benefit costs:		
Discount rate	5.75%	5.75%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

The long-term expected rate of return used for the plan year 2011 was determined by analyzing average rates of return over a number of 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. Investments of the plan are stated at fair value. Purchase and sales of securities are recorded on a trade date basis.

Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Fair value of plan assets is determined using the fair value hierarchy discussed in Note 16-Fair Value Measurements. The fair value hierarchy requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and provides three levels of inputs that may be used to measure fair value.

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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 December 31, 2011:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011
	(in thousands)			
Assets				
Collective investment trust funds	\$ -	\$ 8,006	\$ -	\$ 8,006
Total Plan assets at fair value	\$ -	\$ 8,006	\$ -	\$ 8,006

The following table sets forth by level, within the fair value hierarchy, the plan's financial assets at fair value as of December 31, 2010:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
	(in thousands)			
Assets				
Collective investment trust funds	\$ -	\$ 7,761	\$ -	\$ 7,761
Total Plan assets at fair value	\$ -	\$ 7,761	\$ -	\$ 7,761

Collective investment trust funds are valued by the trustee. The trustee follows written procedures for establishing unit values on a periodic basis which incorporate observable market data; however the collective investment trust fund itself is not traded on an established market and therefore is categorized as a Level 2 hierarchy.

The plan's weighted-average asset allocations by asset category are as follows:

Asset Category	Percentage of plan assets at December 31,	
	2011	2010
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 assets. Assets are invested in accordance with sound investment practices that emphasize long-term investment

fundamentals that closely match the demographics of the plan's participants. The plan's goal is to earn long-term returns that match or exceed the benefit obligations of the plan, giving consideration to the timing of expected future benefit payments, through a well-diversified portfolio structure. The plan's return objectives and risk parameters are managed through a diversified mix of assets. The asset mix and investment strategy are reviewed on a quarterly basis and rebalanced when necessary.

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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 Company or its subsidiaries. The ESOP borrowed \$4.2 million from the Company in 1996 to purchase 423,200 newly issued shares of common stock. Any dividends received by the ESOP will be used to pay debt service. The Company makes discretionary contributions to the ESOP in order to service the ESOP's debt if necessary. The ESOP shares are pledged as collateral for its debt. As the debt is repaid, shares are released from collateral based on the proportion of debt service paid in the year and allocated to qualifying employees. The Company reports compensation expense in the amount equal to the fair value of shares allocated from the ESOP to employees less dividends received on the allocated shares in the plan used for debt service. The allocated shares are included in outstanding shares for earnings per share computations. ESOP compensation expense included in stock-based compensation totaled \$222,000 and \$193,000 for the years ended December 31, 2011 and 2010, respectively.

	At December 31,	
	2011	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 the years in the periods then ended is as follows:

	2011		2010	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
Outstanding at beginning of year	126,257	\$ 24.04	285,228	\$ 24.98
Options granted	-	-	-	-
Options exercised	(10,916)	19.33	(15,614)	13.24
Options forfeited	(3,370)	26.10	(7,466)	26.56
Options expired	(2,206)	25.44	(135,891)	27.11
Outstanding at end of year	109,765	24.41	126,257	24.04
Options exercisable	92,328	\$ 25.31	98,149	\$ 25.19

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 10—BENEFIT PLANS (Continued)

The following table summarizes information about stock options outstanding at December 31, 2011:

Range of exercise prices	Number	Options outstanding		Options exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price	Number	Weighted average exercise price
\$ 19.67 - 28.42	92,485	2.72	\$ 22.90	75,048	\$ 23.65
\$ 28.43 - 32.51	17,280	1.96	\$ 32.51	17,280	\$ 32.51
	109,765	2.60	\$ 24.41	92,328	\$ 25.31

The following table reflects information on the aggregate intrinsic value of options as well as cash receipts from option exercises:

	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 stock price on the last trading day of the year and the exercise price, multiplied by the number of exercisable in-the-money options). The Company has a 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 the year ended December 31, 2011 and 2010, respectively. There was \$49,000 and \$82,000 of total unrecognized compensation cost, net of estimated forfeitures, related to non-vested options under the stock option plans at December 31, 2011 and 2010, respectively. That cost is expected 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 ended December 31,	
	2011	2010
	(in thousands)	
Stock-based compensation expense		
Director fees	\$ 69	\$ -
Stock grant expense	13	16
Stock option expense	32	52
Total stock-based compensation expense	\$ 114	\$ 68

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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	Weighted average grant price per share
Total non-vested restricted stock grants at January 1	700	\$ 19.67	1,401	\$ 19.67
Restricted stock grant	-	-	-	-
Vesting of restricted stock	(700)	19.67	(701)	19.67
Forfeitures of restricted stock	-	-	-	-
Total non-vested restricted stock grants at December 31	-	\$ 19.67	700	\$ 19.67

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	\$ 1,424
Charge in lieu of income tax relation to stock compensation	3	6
Deferred	(77)	(642)
	1,011	788
State and local-current	8	261
Income tax provision	\$ 1,019	\$ 1,049

The Company's effective income tax rate was different than the statutory federal income tax rate as follows:

	Years ended December 31,	
	2011	2010
Statutory federal income tax	34.0%	34.0%
Increase (decrease) resulting from		
Tax-exempt income	(14.0)	(14.3)
State tax, net of federal benefit	0.1	3.9
Other	0.4	0.2
	20.5%	23.8%

Deferred taxes are included as other liabilities in the accompanying consolidated balance sheets at December 31, 2011 and 2010, for the estimated future tax effects of differences between the financial statement and federal income tax bases of assets and liabilities according to the provisions of currently enacted tax laws. No valuation allowance was established at December 31, 2011 and 2010, in view of the Company's ability to carry back to taxes paid in previous

years and certain tax strategies, coupled with the anticipated future taxable income as evidenced

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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 December 31,	
	2011	2010
	(in thousands)	
Deferred tax assets		
Deferred compensation	\$ 137	\$ 32
Allowance for loan losses, net	2,754	2,831
Stock compensation	106	106
Adjustment to record funded status of pension plan	1,497	796
Non accrual interest	336	294
Adjustment for real estate acquired thru foreclosure	182	-
Other	34	35
	\$ 5,046	\$ 4,094
Deferred tax liabilities		
Accrued pension expense	\$ 1,444	\$ 1,444
Unrealized gain on securities available for sale	1,880	1,110
Prepaid expenses	180	185
Deferred loan costs	831	815
Amortization of goodwill	1,470	1,309
Other	296	294
	6,101	5,157
Net deferred tax liability	\$ (1,055)	\$ (1,063)

The Company files consolidated income tax returns on the basis of a calendar year. The Company is subject to income taxes in the U.S. federal jurisdiction, and various state and local jurisdictions, with the majority of activity residing in Pennsylvania. The statute of limitations for the federal return has expired on years prior to 2008. The expirations of the statutes of limitations related to the various state income tax returns that the Company and its subsidiaries file, vary by state, and are expected to expire over the term of 2012 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 deductions taken by 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 for any other purpose. The Bank has not recorded any deferred tax liability on this portion of its tax bad debt reserve. The tax that would be paid were 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. Failure to meet minimum capital requirements can initiate certain mandatory-and possible additional discretionary-actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt

corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Such minimum capital standards generally require the maintenance of regulatory capital

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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 requirement and the risk-based capital requirement. The tangible capital requirement provides for minimum tangible capital (defined as stockholders' equity less all intangible assets) equal to 1.5% of adjusted total assets. The core capital requirement provides for minimum core capital (tangible capital plus certain forms of supervisory goodwill and other qualifying intangible assets) equal to 4% of adjusted total assets. The risk-based capital requirement provides for minimum core capital (tangible capital plus certain forms of supervisory goodwill and other qualifying intangible assets) adjusted for the general valuation allowances equal to 8% of total assets classified in one of four risk-weighted categories.

As of December 31, 2011 and 2010, management believes that the Bank met all capital adequacy requirements to which it was subject.

	Tangible		Regulatory capital December 31, 2011		Risk-Based	
	Capital (in thousands)	Percent	Capital	Percent	Capital	Percent
Capital under generally accepted accounting principles	\$ 74,214	10.96%	\$ 74,214	10.96%	\$ 74,214	18.58%
Unrealized gain on certain available-for-sale securities	(3,649)	(0.54)%	(3,649)	(0.54)%	(3,649)	(0.91)%
Adjustment to record funded status of pension	2,903	0.43%	2,903	0.43%	2,903	0.72%
Goodwill and other intangible assets	(4,324)	(0.64)%	(4,324)	(0.64)%	(4,324)	(1.08)%
Additional capital items						
General valuation allowances-limited	-	-%	-	-%	5,003	1.25%
Regulatory capital computed	69,144	10.21%	69,144	10.21%	74,147	18.56%
Minimum capital requirement	10,154	1.50%	27,078	4.00%	31,953	8.00%
Regulatory capital-excess	\$ 58,990	8.71%	\$ 42,066	6.21%	\$ 42,194	10.56%

	Tangible		Regulatory capital December 31, 2010		Risk-Based	
	Capital	Percent	Capital	Percent	Capital	Percent

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	Capital (in thousands)	Percent	Capital	Percent	Capital	Percent
Capital under generally accepted accounting principles	\$ 70,604	10.27%	\$ 70,604	10.27%	\$ 70,604	17.44%
Unrealized gain on certain available-for-sale securities	(2,156)	(0.31)%	(2,156)	(0.31)%	(2,156)	(0.53)%
Adjustment to record funded status of pension	1,545	0.23%	1,545	0.23%	1,545	0.38%
Goodwill and other intangible assets	(4,324)	(0.63)%	(4,324)	(0.63)%	(4,324)	(1.07)%
Additional capital items						
General valuation allowances-limited	-	-%	-	-%	5,072	1.25%
Regulatory capital computed	65,669	9.56%	65,669	9.56%	70,741	17.47%
Minimum capital requirement	10,308	1.50%	27,487	4.00%	32,397	8.00%
Regulatory capital-excess	\$ 55,361	8.06%	\$ 38,182	5.56%	\$ 38,344	9.47%

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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” institution. A “well-capitalized” institution must have risk-based capital of 10% and core capital of 5%. There are no conditions or events that have 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 accounts in the Bank at the time the Bank converted to a stock form of ownership and who continue as depositors. The Bank may not declare or pay a cash dividend on or repurchase any of its common shares if the effect thereof would cause the Bank’s stockholders’ equity to be reduced below 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 financing needs of its customers. These financial instruments are primarily commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the consolidated balance sheets when they become receivable or payable. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of those instruments reflect the extent of the Bank’s involvement in particular classes of financial instruments.

The Company’s exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same 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 established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each customer’s creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Company upon extension of credit, is based on management’s credit evaluation of the borrower. Collateral held generally includes residential or commercial real estate.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

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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, 2011 and 2010, respectively.

The Bank leases branch facilities and office space for periods ranging up to ten years. These leases are classified as operating leases and contain options to renew for additional periods. Rental expense was approximately \$574,000 and \$569,000 for the years ended 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 December 31, 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 control of the Company. The agreements will continue in effect until terminated or not renewed by the Company or key executives. Upon a change in control, the Company will make a lump-sum payment or continue to pay the key executives' salaries per the agreements, and reimburse the executive for certain benefits for one year. The contingent liability under the agreements at December 31, 2011 was approximately \$2.5 million.

From time to time, the Company and its subsidiaries are parties to routine litigation that arises in the normal course of business. In the opinion of management, the resolution of these lawsuits would not have a material adverse effect on the Company's consolidated financial 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 real estate loans in eastern Pennsylvania and New Jersey. The Bank offers both fixed and adjustable rates of interest on these loans that have amortization terms ranging to 30 years. The loans are generally originated or purchased on the basis of an 80% or less loan-to-value ratio, which has historically provided the Bank with more than adequate collateral coverage in the event of default. Nevertheless, the Bank, as with any lending institution, is subject to the risk that real estate values in the primary lending area will deteriorate, thereby potentially impairing underlying collateral values. However, management believes that weakened residential and commercial real estate values have been taken into consideration and that the loan loss allowances have been provided for in amounts commensurate with its current perception of 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 recurring basis as of December 31, 2011 and 2010. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement hierarchy has been established for inputs in valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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.

TF FINANCIAL CORPORATION AND SUBSIDIARIES

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 significant to the fair value measurement for the instrument or security. Assets and liabilities measured at fair value on a recurring basis segregated by fair 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)	Balance as of December 31, 2011
(in thousands)				
Assets				
Investment securities available for sale				
U.S. Government and federal agencies	\$ -	\$ 3,030	\$ -	\$ 3,030
State and political subdivisions	-	55,091	-	55,091
Residential mortgage-backed securities issued by quasi-governmental agencies	-	47,494	-	47,494
Residential real estate mortgage-backed securities privately issued	-	8,888	-	8,888
Total investment securities available for sale	\$ -	\$ 114,503	\$ -	\$ 114,503
Liabilities				
Forward loan sales	\$ -	\$ -	\$ 6	\$ 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)	Balance as of December 31, 2010
(in thousands)				
Assets				
Investment securities available for sale				
U.S. Government and federal agencies	\$ -	\$ 6,059	\$ -	\$ 6,059
Corporate debt securities	-	3,563	-	3,563
State and political subdivisions	-	48,208	-	48,208
Residential mortgage-backed securities issued by quasi-governmental agencies	-	52,886	-	52,886
Residential real estate mortgage-backed securities privately issued	-	13,605	-	13,605
Total investment securities available for sale	\$ -	\$ 124,321	\$ -	\$ 124,321
Forward loan sales	\$ -	\$ -	\$ 3	\$ 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. Government and federal agency and corporate debt securities are primarily priced through a multi-dimensional relational model, a Level 2 hierarchy, which incorporates dealer quotes and other market information including, defined sector breakdown, benchmark yields, base spread, yield to maturity, and corporate actions. State and political subdivision securities are also valued within the Level 2 hierarchy using inputs with a series of matrices that reflect benchmark yields, ratings updates, and spread adjustments. Mortgage-backed securities include FHLMC, GNMA, and FNMA certificates and privately issued real estate mortgage investment conduits which are valued under a 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 in fair value correlated to the change in secondary market loan pricing. The value is adjusted to reflect the Company's historical loan "fallout" 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 Company has utilized Level 3 inputs to determine fair value:

Forward loan sales	2011	2010
	(in thousands)	
Beginning balance, January 1	\$ 3	\$ 21
Total losses- realized/unrealized:		
Included in earnings	(9)	(18)
Included in other comprehensive income	-	-
Purchases, issuances, and settlements	-	-
Ending balance, December 31	\$ (6)	\$ 3

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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 below:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011
At December 31, 2011				
	(in thousands)			
Assets				
Impaired loans	\$ -	\$ -	\$ 8,091	\$ 8,091
Real estate acquired through foreclosure	-	-	11,731	11,731
Mortgage servicing rights	-	763	-	763

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
At December 31, 2010				
	(in thousands)			
Assets				
Impaired loans	\$ -	\$ -	\$ 11,375	\$ 11,375
Real estate acquired through foreclosure	-	-	7,482	7,482
Mortgage servicing rights	-	878	-	878

Impaired loans are evaluated and valued while the loan is identified as impaired, at the lower of the recorded investment in the loan or fair value. Real estate acquired through foreclosure is initially valued at the lower of the recorded investment in the loan or fair value at foreclosure and subsequently adjusted for further decreases in market value, if necessary. Fair value is determined by using the value of the collateral securing the loans and is therefore classified as a Level 3 hierarchy. The value of the real estate securing impaired loans and real estate acquired through foreclosure is based on appraisals prepared by qualified independent licensed appraisers contracted by 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 the mortgage servicing rights. The valuation service utilizes discounted cash flow analyses adjusted for prepayment speeds, market discount rates and conditions existing in the secondary servicing market. Hence, the fair value of mortgage servicing rights is deemed a Level 2 hierarchy. The amortized cost basis of the Company's mortgage servicing rights was \$1.0 million at December 31, 2011 and 2010. The fair value of 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 instruments. However, many such instruments lack an available trading market as characterized by a willing buyer and willing seller engaging in an exchange transaction. Also, it is the Company's general practice and intent to hold its financial instruments to maturity or available for sale and to not engage in trading or significant sales activities. For fair value disclosure purposes, the Company substantially utilized the fair value measurement criteria as explained in Note 16- Fair Value Measurements. Additionally, the Company used significant estimations and 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 addition, there may not be reasonable comparability between institutions due to the wide range of permitted assumptions and methodologies in the absence of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial instrument fair values.

Fair values have been estimated using data which management considered the best available, as generally provided by estimation methodologies deemed suitable for the pertinent category of financial instrument. The estimation methodologies, resulting fair values and 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 securities is described and presented under fair value measurement guidelines.

	At December 31, 2011		At December 31, 2010	
	Fair value	Carrying value	Fair value	Carrying value
	(in thousands)			
Cash and cash equivalents	\$ 14,928	\$ 14,928	\$ 7,437	\$ 7,437
Investment securities	58,121	58,121	57,830	57,830
Mortgage-backed securities	59,310	58,970	70,001	69,660

The fair value of the loans receivable, net has been estimated using the present value of cash flows, discounted at the approximate current market rates, and giving consideration to estimated prepayment risk. Loans receivable, net also includes loans receivable held for sale.

	At December 31, 2011		At December 31, 2010	
	Fair value	Carrying value	Fair value	Carrying value
	(in thousands)			
Loans receivable, net	\$ 516,359	\$ 494,613	\$ 510,652	\$ 501,658

The fair value of deposits and borrowings with stated maturities has been estimated using the present value of cash flows, discounted at rates approximating current market rates for similar liabilities. Fair value of deposits and borrowings with floating interest rates is 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 31, 2010	
	Fair value	Carrying value	Fair value	Carrying value
	(in thousands)			
Deposits with stated maturities	\$ 183,306	\$ 181,074	\$ 206,791	\$ 204,159
Borrowings with stated maturities	48,092	46,908	63,811	61,987

The fair value of deposits and borrowings with no stated maturities is generally presumed to approximate the carrying amount (the amount payable on demand). Fair value deposits and borrowings with floating interest rates are generally presumed to approximate the recorded carrying amounts.

	At December 31, 2011		At December 31, 2010	
	Fair value	Carrying value	Fair value	Carrying value
	(in thousands)			
Deposits with no stated maturities	\$ 370,214	\$ 370,214	\$ 345,976	\$ 345,976

The Bank's remaining assets and liabilities are not considered financial instruments. No disclosure of the relationship value of the Bank's 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	\$ 235
Late charge income	110	122
Deposit service charges	666	777
Debit card income	512	415
Other income	385	409
	\$ 1,698	\$ 1,958
Other operating expense		
Insurance and surety bond	\$ 192	\$ 190
Office supplies	164	161
Loan expense	310	310
Debit card and ATM expense	245	237
Postage	231	275
Telephone	261	265
Supervisory examination fees	169	171
Other expenses	625	593

\$ 2,197 \$ 2,202

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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 share computations:

	Year ended December 31, 2011		
	Income (numerator) (dollars in thousands, except per share data)	Weighted average shares (denominator)	Per share Amount
Basic earnings per share			
Income available to common stockholders	\$ 3,929	2,702,200	\$ 1.45
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	\$ 1.45

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 which were outstanding during 2011 that were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares.

	Year ended December 31, 2010		
	Income (numerator) (dollars in thousands, except per share data)	Weighted average shares (denominator)	Per share Amount
Basic earnings per share			
Income available to common stockholders	\$ 3,352	2,682,135	\$ 1.25
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	\$ 1.25

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 which were outstanding during 2010 that were not included in the computation of diluted earnings per share because the options' exercise prices were 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	(in thousands)	2010
ASSETS			
Cash	\$	1,414	\$ 997
Investment in 3rd Fed		73,117	69,387
Investment in TF Investments		-	1,766
Investment in Penns Trail Development		1,087	1,100
Notes receivable ESOP		1,352	-
Other assets		465	208
Total assets	\$	77,435	\$ 73,458
LIABILITIES AND STOCKHOLDERS' EQUITY			
Total liabilities	\$	27	\$ 42
Stockholders' equity		77,408	73,416
Total liabilities and stockholders' equity	\$	77,435	\$ 73,458

STATEMENTS OF INCOME

	Years ended December 31,		
	2011	(in thousands)	2010
INCOME			
Equity in earnings of subsidiaries	\$	4,432	\$ 3,725
Interest and dividend income		6	20
Gain on sale of investment		-	20
Total income		4,438	3,765
EXPENSES			
Other		509	413
Total expenses		509	413
NET INCOME	\$	3,929	\$ 3,352

TF FINANCIAL CORPORATION AND SUBSIDIARIES

NOTE 20—CONDENSED FINANCIAL INFORMATION—PARENT COMPANY ONLY (Continued)

STATEMENTS OF CASH FLOWS

	2011	Years ended December 31, (in thousands)	2010
Cash flows from operating activities			
Net income	\$	3,929	\$ 3,352
Adjustments to reconcile net income to net cash used in operating activities			
Stock compensation plans		114	68
Gain on sale of investment securities		-	(20)
Equity in earnings of subsidiaries		(4,432)	(3,725)
Net change in assets and liabilities		(300)	(224)
Net cash used in operating activities		(689)	(549)
Cash flows from investing activities			
Capital distribution from subsidiaries		1,548	1,600
Proceeds from sale of investment securities		-	170
Net cash provided by investing activities		1,548	1,770
Cash flows from financing activities			
Cash dividends paid to stockholders		(534)	(2,037)
Treasury stock acquired		(122)	-
Exercise of stock options		211	207
Tax benefit arising from stock compensation		3	6
Net cash used in financing activities		(442)	(1,824)
NET INCREASE (DECREASE) IN CASH		417	(603)
Cash at beginning of year		997	1,600
Cash at end of year	\$	1,414	\$ 997

NOTE 21—SUSEQUENT EVENT

In 2011, the Bank elected to convert from an OCC regulated, federally-chartered financial institution to a state-chartered savings bank. The Bank received approval for this conversion from the Commonwealth of Pennsylvania on December 27, 2011 and from the FDIC on January 20, 2012. The Bank will therefore be regulated by the Pennsylvania Department of Banking and the FDIC. As a result, the name of the Bank was changed from Third Federal Bank to 3rd Fed Bank. The official charter conversion became effective January 30, 2012.

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 Subsidiary, as of September 30, 2012 and 2011, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our 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 States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roebling Financial Corp, Inc. and Subsidiary, at September 30, 2012 and 2011, and the results of their operations and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

December 19, 2012

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	September 30,	
	2012	2011
Assets		
Cash and due from banks	\$760,401	\$747,508
Interest-bearing deposits	4,020,735	3,080,866
Total cash and cash equivalents	4,781,136	3,828,374
Securities available for sale	44,000,750	42,817,596
Securities held to maturity; approximate fair value of \$92,000 (2012) and \$113,000 (2011), respectively	88,653	109,236
Loans receivable, net	106,000,965	108,615,855
Real estate owned	444,447	1,611,351
Accrued interest receivable	470,179	515,422
Federal Home Loan Bank of New York stock, at cost	879,400	545,300
Premises and equipment	3,149,706	3,158,720
Other assets	1,977,826	2,665,815
Total assets	\$161,793,062	\$163,867,669
Liabilities and stockholders' equity		
Liabilities		
Deposits	\$128,903,944	\$139,218,832
Borrowed funds	13,650,000	6,000,000
Advances from borrowers for taxes and insurance	603,476	525,300
Other liabilities	1,740,407	1,493,760
Total liabilities	144,897,827	147,237,892
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	171,847
Additional paid-in-capital	10,277,027	10,313,756
Treasury stock, at cost; 31,946 shares	(190,398)	(190,398)
Unallocated employee stock ownership plan shares	(155,131)	(232,696)
Unallocated restricted stock plan shares	(95,721)	(87,280)
Deferred compensation obligation	317,919	284,760
Stock purchased for deferred compensation plan	(317,919)	(284,760)
Retained earnings - substantially restricted	6,067,707	5,941,578
Accumulated other comprehensive income (loss):		
Unrealized gain on securities available for sale, net of tax	929,061	810,577

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Defined benefit plan, net of tax	(109,157)	(97,607)
Total stockholders' equity	16,895,235	16,629,777
Total liabilities and stockholders' equity	\$ 161,793,062	\$ 163,867,669

See accompanying notes to consolidated financial statements.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30,	
	2012	2011
Interest income:		
Loans receivable	\$5,206,650	\$5,585,487
Securities	1,077,581	1,270,132
Other interest-earning assets	28,510	36,673
Total interest income	6,312,741	6,892,292
Interest expense:		
Deposits	1,176,853	1,554,406
Borrowed funds	181,828	206,888
Total interest expense	1,358,681	1,761,294
Net interest income	4,954,060	5,130,998
Provision for (recovery of) loan losses	350,000	(150,000)
Net interest income after provision for (recovery of) loan losses	4,604,060	5,280,998
Non-interest income:		
Loan fees	79,767	85,453
Account servicing and other	404,887	381,560
Gain on sale of loans	53,490	13,963
Total non-interest income	538,144	480,976
Non-interest expense:		
Compensation and benefits	2,346,277	2,333,865
Occupancy and equipment	471,599	491,312
Service bureau and data processing	599,987	528,079
Federal deposit insurance premiums	211,233	270,891
Real estate owned expense, net	345,504	356,465
Other	1,001,738	1,087,403
Total non-interest expense	4,976,338	5,068,015
Income before income tax	165,866	693,959
Income tax	39,737	254,402
Net income	\$126,129	\$439,557
Basic and diluted earnings per common share	\$0.08	\$0.27

Weighted average shares outstanding - basic and diluted	1,663,651	1,654,501
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See accompanying notes to consolidated financial statements.

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended September 30,	
	2012	2011
Net income	\$126,129	\$439,557
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	(2,290)
Adjustment to minimum pension liability, net of tax (benefit) of \$(7,680) and \$18,535, respectively	(11,550)	27,873
Comprehensive income	\$233,063	\$465,140

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 Obligation	Common Stock for Deferred Compensation	Retained Earnings	Accumulate Other Comprehensi Income (Loss)
Balance - September 30, 2010	\$ 171,847	\$ 10,348,052	\$ (190,398)	\$ (310,261)	\$ (93,041)	\$ 239,893	\$ (239,893)	\$ 5,502,021	\$ 687,387
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	712,970
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	-	-	-	-	-	-	-	-	-	118,484
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	-	-	-	-	-	-	-	-	-	(11,550)
Balance - September 30, 2012	\$171,847	\$10,277,027	\$(190,398)	\$(155,131)	\$(95,721)	\$317,919	\$(317,919)	\$6,067,707	\$819,904	

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	2011
Cash flows from operating activities:		
Net income	\$ 126,129	\$ 439,557
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	122,184	126,070
Amortization of premiums and discounts, net	59,262	43,794
Amortization of deferred loan fees and costs, net	8,466	19,809
Provision for (recovery of) loan losses	350,000	(150,000)
Provision for loss on real estate owned	297,154	309,236
Loss on sale of real estate owned	331	819
Origination of loans held for sale, net of repayments	(5,754,250)	(4,313,438)
Gain on sale of loans	(53,490)	(13,963)
Proceeds from sale of loans held for sale	5,657,715	4,833,001
(Gain) loss on disposition of premises and equipment	(3,700)	2,097
Decrease in other assets	616,878	111,397
Decrease (increase) in accrued interest receivable	45,243	(11,591)
Increase in other liabilities	224,910	103,698
Amortization/allocation of ESOP and RSP	34,902	52,675
Increase in deferred compensation stock obligation	33,159	44,867
Net cash provided by operating activities	1,764,893	1,598,028
Cash flows from investing activities:		
Purchase of securities available for sale	(19,037,222)	(25,052,481)
Proceeds from payments and maturities of securities available for sale	17,992,129	22,780,182
Proceeds from payments and maturities of securities held to maturity	20,535	18,052
Proceeds from sale of loans	-	76,800
Loan payments (disbursements), net	2,392,542	851,427
Proceeds from sale of real estate owned	883,326	928,441
(Purchase) redemption of Federal Home Loan Bank Stock	(334,100)	200,200
Purchase of premises and equipment	(113,170)	(62,963)
Proceeds from sale of premises and equipment	3,700	-
Net cash provided by (used in) investing activities	1,807,740	(260,342)

See accompanying notes to consolidated financial statements.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	Year Ended September 30,	
	2012	2011
Cash flows from financing activities:		
Net (decrease) increase in deposits	(10,314,888)	449,917
Net increase (decrease) in short-term borrowed funds	8,650,000	(3,000,000)
Repayment of long-term borrowed funds	(1,000,000)	(1,000,000)
Increase in advance payments by borrowers for taxes and insurance	78,176	66,856
Purchase of common shares for deferred compensation plan	(33,159)	(44,867)
Net cash used in financing activities	(2,619,871)	(3,528,094)
Net increase (decrease) in cash and cash equivalents	952,762	(2,190,408)
Cash and cash equivalents - beginning	3,828,374	6,018,782
Cash and cash equivalents - ending	\$4,781,136	\$3,828,374
Supplemental Disclosures of Cash Flow Information		
Cash paid for:		
Interest on deposits and borrowed funds	\$1,360,020	\$1,762,913
Income taxes (refunds), net	\$(277,340)	\$161,493
Transfers to real estate owned	\$13,907	\$2,100,537

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 consolidated financial 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-owned subsidiary, 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 in the United States of America. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the statement of financial condition and revenues and expenses for the period then ended. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the allowance for loan losses, the valuation of foreclosed real estate and the assessment of prepayment risks associated with mortgage-backed securities. Management believes that the allowance for loan losses considers all known and inherent losses, foreclosed real estate is appropriately valued and prepayment risks associated with mortgage-backed securities are properly recognized. While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowance for loan losses or further writedowns of foreclosed real estate may be necessary based on changes in economic conditions in the Company's market area. Additionally, assessments of prepayment risks related to 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's allowance for loan losses and foreclosed real estate. Such agencies may require the Company to recognize additions to the allowance for loan losses or additional writedowns on foreclosed real estate based on their judgments about information available to them at the time of their examination.

Concentration of Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, investment and mortgage-backed securities and loans. Cash and cash equivalents include amounts placed with highly rated financial institutions. Investment securities include securities backed by the U.S. Government and other highly rated instruments. The Company's lending activity is concentrated in loans secured by real estate located in the State of New Jersey. The Company's loan portfolio is predominantly made up of 1-to-4 family residential mortgage and home equity loans, the majority of which are secured by properties located in Burlington County. These loans are secured by lien positions on the respective real estate properties and are subject to the Company's loan underwriting policies. In general, the Company's loan portfolio performance is dependent upon the local economic conditions.

Interest-Rate Risk

The Company is principally engaged in the business of attracting deposits from the general public and using these deposits to make loans secured by real estate and, to a lesser extent, consumer and commercial loans and to purchase mortgage-backed and investment securities. The potential for interest-rate risk exists as a result of the shorter duration of the Company's interest-sensitive liabilities 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 market value of long-term assets and net interest income. For this reason, management regularly monitors the maturity and interest-rate structure of 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 original maturities 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 securities and reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized holding gains and losses included in earnings. Debt and equity securities not classified as trading securities, nor as held-to-maturity securities, are classified as available-for-sale securities and reported at fair value, with unrealized holding gains or losses, net of deferred income taxes, reported in a separate component of stockholders' equity.

An individual security is considered impaired when the fair value of such security is less than its amortized cost. Management evaluates all securities with unrealized losses quarterly to determine if such impairments are temporary or "other-than-temporary" in accordance with applicable accounting guidance. The Company accounts for temporary impairments based upon security classification as either available for sale or held to maturity. Temporary impairments on available-for-sale securities are recognized on a tax-effected basis through other comprehensive income, with offsetting entries adjusting the carrying value of the securities and deferred income taxes. Temporary impairments of held-to-maturity securities are not recognized in the consolidated financial statements. Information concerning the 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 required to sell prior to the full recovery of its cost basis are recognized in earnings. Otherwise, the other-than-temporary impairment is bifurcated into credit-related and non-credit-related components. The credit-related impairment generally represents the amount by which the present value of the cash flows expected to be collected on a debt security falls below its amortized cost. The non-credit-related component represents the remaining portion of the impairment not otherwise designated as credit-related. Credit-related other-than-temporary impairments are recognized in earnings while non-credit-related other-than-temporary impairments are recognized, net of deferred income taxes, in other comprehensive income.

Premiums and discounts on all securities are amortized/accreted using the interest method. Interest and dividend income on securities, which includes amortization of premiums and accretion of discounts, is recognized in the financial statements when earned. The adjusted cost basis of an identified security sold or called is used for determining security gains and losses recognized in the statements of income.

Loans and Allowance for Loan Losses

Loans receivable are stated at unpaid principal balances, less the allowance for loan losses and net deferred loan origination fees and discounts.

Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income 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 evaluation of known and inherent losses in the loan portfolio. Management of the Company, in determining the allowance for loan losses, considers the credit risks inherent in its loan portfolio and changes in the nature and volume of its loan activities, along with the general economic and real estate market conditions. The Company utilizes a two tier approach: (1) identification of impaired loans and establishment of loss allowances on such loans; and (2) establishment of valuation allowances on the remainder of its loan portfolio. The Company maintains 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 loans. Such system takes into consideration, among other things, delinquency status, size of loans, type of collateral and financial condition of the borrowers. A loan is deemed to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. All loans identified as impaired are evaluated independently. The Company does not aggregate such loans for evaluation purposes. Loan impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. Valuation allowances on the remaining portfolio are based upon a combination of factors including, but not limited to, actual loan loss experience, loan type, loan classification, current economic conditions and management's judgment.

Regardless of the extent of the analysis of customer performance, portfolio evaluations, trends or risk management processes established, certain inherent, but undetected losses are probable within the loan portfolio. This is due to several factors including inherent delays in obtaining information regarding a customer's financial condition or changes in condition, the judgmental nature of individual loan evaluations, collateral assessments and the interpretation of economic trends, and the sensitivity of assumptions utilized to establish allocated allowances for homogeneous groups of loans, among other factors. An unallocated allowance is maintained to recognize the existence of these exposures. These other credit risk factors are regularly reviewed and revised by management where conditions indicate 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 Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 860, Transfers and Servicing. Transfers of financial assets for which the Company has surrendered control of the financial assets are accounted for as sales to the extent that consideration other than beneficial interests in the transferred assets is received in exchange. Retained interests in a sale or securitization of financial assets are measured at the date of transfer by allocating the previous carrying amount between the assets transferred and based on their relative estimated fair values. The fair values of retained servicing rights and any other retained interests are determined based on the present value of expected future cash flows associated with those interests and by reference to market prices for similar assets. There were no transfers of financial assets to related or affiliated parties. As of September 30, 2012 and 2011, the Company has not recorded mortgage servicing assets due to the immateriality of the amount that would have been capitalized based upon the limited amount of assets serviced by the Company.

Uncollected interest on loans that are contractually past due is charged off, or an allowance is established based on management's periodic evaluation. The allowance is established by a charge to interest income and income is subsequently recognized only to the extent that cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and principal payments is reestablished, in which case the loan is returned to accrual status. At a minimum, an allowance is generally established for 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 shares of FHLB stock. The holding requirement varies based on mortgage-related asset holdings and borrowing activity with the FHLB. The investment in FHLB stock is carried at cost. The Bank conducts a periodic review and evaluation of

FHLB stock to determine if any impairment exists. Management has determined that no other-than-temporary impairment existed as of, and for the years ended, September 30, 2012 and 2011.

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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. Significant renovations and additions are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred. The Company computes depreciation on a straight-line basis over the estimated useful 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 fair value less estimated costs to sell at the date of foreclosure. Costs relating to development and improvement of property are capitalized, whereas costs relating to the holding of property are expensed. Subsequent valuations are periodically performed by management, and an allowance for losses is established by a charge to operations if the carrying value of a property exceeds its fair value less estimated selling cost. Gains and losses from sale of these properties are recognized as they occur. Income from operating properties is recorded in 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 certain items in income and expense which enter into the determination of income for financial reporting purposes in different periods than for income tax purposes.

Effective October 1, 2007, the Company adopted the provisions of ASC Topic 740, "Income Taxes," concerning accounting for uncertainty in income taxes. The provisions provide clarification on accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with ASC Topic 740. The provisions prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provide guidance on derecognizing, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company recognized no adjustment for unrecognized income tax benefits for the years ended September 30, 2012 or 2011. The Company's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense in the consolidated statement of income. The Company did not recognize any interest and penalties for the years ended September 30, 2012 or 2011. The tax years subject to 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 share-based payments transactions to be recognized in the financial statements over the period the employee provides service in exchange for the 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 common stock outstanding, adjusted for unearned shares of the Employee Stock Ownership Plan ("ESOP"). Diluted earnings per share is computed by adjusting the weighted average number of shares of common stock outstanding to

include the effect of outstanding stock options and compensation grants, if dilutive, using the treasury stock method.

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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	2011
Net income	\$126,129	\$439,557
Weighted average common shares outstanding for computation of basic EPS (1)	1,663,651	1,654,501
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	1,654,501
Earnings per common share:		
Basic	\$0.08	\$0.27
Diluted	\$0.08	\$0.27

(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 recognition or disclosure in the financial statements as of or for the year ended September 30, 2012. The evaluation was conducted through the date these financial statements were issued. No such subsequent events were identified.

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

2. SECURITIES AVAILABLE FOR SALE

	September 30, 2012			Estimated Fair Value
	Amortized Cost	Gross Unrealized Gains	Losses	
Investment Securities				
U.S. Government and Agency Securities:				
Due within one year	\$1,000,000	\$2,460	\$-	\$1,002,460
Due after one year through five years	5,000,000	96,260	-	5,096,260
Due after five years through ten years	13,881,488	190,592	-	14,072,080
Marketable Equity Securities	2,888	-	2,776	112
Mortgage-backed Securities:				
GNMA	2,491,298	124,584	-	2,615,882
FHLMC	12,636,853	685,353	-	13,322,206
FNMA	7,441,336	450,414	-	7,891,750
	\$42,453,863	\$1,549,663	\$2,776	\$44,000,750
	September 30, 2011			Estimated Fair Value
	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	\$-	\$8,120,410
Due after five years through ten years	10,997,704	58,196	930	11,054,970
Marketable Equity Securities	2,888	-	2,792	96
Mortgage-backed Securities:				
GNMA	3,364,585	113,185	-	3,477,770
FHLMC	11,182,541	652,588	450	11,834,679
FNMA	7,920,265	409,406	-	8,329,671
	\$41,467,983	\$1,353,785	\$4,172	\$42,817,596

Securities available for sale with a carrying value of approximately \$3,165,000 and \$1,962,000, as of September 30, 2012 and 2011, respectively, are pledged as security for deposits of governmental entities under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Securities with a carrying value of approximately \$14,974,000 and \$16,196,000 are pledged as collateral for Federal Home Loan Bank advances as of September 30, 2012 and 2011, respectively. In addition, securities with a carrying value of approximately \$1,052,000 and \$1,035,000 are pledged as collateral to the Federal Reserve Bank as of September 30, 2012 and 2011, respectively.

Provided below is a summary of securities available for sale which were in an unrealized loss position at September 30, 2012 and 2011. Approximately \$2,800 or 100% and \$2,800 or 67% of the unrealized loss, as of September 30, 2012 and 2011, respectively, was comprised of securities in a continuous loss position for twelve months or more. The Company has the ability and intent to hold these 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		One Year or More	
	Under One Year			
	Estimated	Gross	Estimated	Gross
	Fair Value	Unrealized	Fair Value	Unrealized
		Loss		Loss
Marketable Equity Securities	\$-	\$-	\$112	\$2,776
Total available for sale	\$-	\$-	\$112	\$2,776

	September 30, 2011		One Year or More	
	Under One Year			
	Estimated	Gross	Estimated	Gross
	Fair Value	Unrealized	Fair Value	Unrealized
		Loss		Loss
U.S. Government and Agency Securities	\$999,070	\$930	\$-	\$-
Marketable Equity Securities	-	-	96	2,792
Mortgage-backed Securities	1,026,552	450	-	-
Total available for sale	\$2,025,622	\$1,380	\$96	\$2,792

3. SECURITIES HELD TO MATURITY

	September 30, 2012			Estimated
	Amortized	Gross Unrealized		
	Cost	Gains	Losses	Fair Value
Mortgage-backed Securities:				
GNMA	\$19,009	\$817	\$-	\$19,826
FHLMC	38,829	1,488	-	40,317
FNMA	30,815	605	-	31,420
	\$88,653	\$2,910	\$-	\$91,563

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

3. SECURITIES HELD TO MATURITY (Cont'd)

	September 30, 2011			Estimated
	Amortized	Gross Unrealized	Losses	Fair Value
	Cost	Gains		
Mortgage-backed Securities:				
GNMA	\$20,391	\$774	\$-	\$21,165
FHLMC	49,426	2,108	-	51,534
FNMA	39,419	542	-	39,961
	\$109,236	\$3,424	\$-	\$112,660

Securities held to maturity with a carrying value of approximately \$15,000 and \$16,000 are pledged as collateral for Federal Home Loan Bank advances as of September 30, 2012 and 2011, respectively.

4. LOANS RECEIVABLE, NET

	September 30,	
	2012	2011
Mortgage loans:		
One-to-four family residential	\$62,831,016	\$63,231,593
Multi-family residential	2,769,652	2,880,208
Commercial real estate	14,257,155	15,925,799
Construction and land	357,955	369,918
	80,215,778	82,407,518
Consumer and other loans:		
Home equity	26,555,008	26,922,786
Other consumer	161,286	233,174
Commercial	434,719	546,116
	27,151,013	27,702,076
Total loans	107,366,791	110,109,594
Less:		
Loans in process	63,408	227,500
Net deferred loan origination fees (costs)	(27,786)	(38,261)
Allowance for loan losses	1,330,204	1,304,500
	1,365,826	1,493,739
	\$106,000,965	\$108,615,855

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	2011
Balance - beginning	\$704,203	\$696,485
Loan disbursements	136,436	288,887
Collection of principal	(151,335)	(233,169)
Other changes	161,239	(48,000)
Balance - ending	\$850,543	\$704,203

Activity in the allowance for loan losses is summarized as follows:

	Year Ended September 30,	
	2012	2011
Balance - beginning	\$1,304,500	\$3,207,851
Provision for (recovery of) loan losses	350,000	(150,000)
Charge-offs	(337,761)	(2,091,934)
Recoveries	13,465	338,583
Balance - ending	\$1,330,204	\$1,304,500

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. It has further disaggregated these segments into additional classes of loans. The residential portfolio segment includes loans to consumers, secured by one-to-four family residential properties that are generally owner-occupied. This portfolio segment includes two classes, mortgage loans and home equity loans. Commercial purpose loans are one segment and one class of receivable. These are loans made to individuals and businesses for business purposes. They are generally collateralized by commercial real estate, residential properties (one-to-four or multifamily), land or business assets, and may be provided for permanent or construction financing. The consumer portfolio segment includes non-mortgage loans to individuals for consumer purposes. They are further categorized into three classes, including account loans, unsecured loans and other loans. The following table reflects the aging and accrual status of the Company's loan portfolio by portfolio segment and class as of September 30, 2012 and 2011:

	September 30, 2012			Total	Current	Total Loans Receivable	Non- Accrual	90+ and Accruing
	30-59 Days	Past Due 60-89 Days	90+ Days					
	(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	191
Consumer:								
Account loans	-	-	-	-	40	40	-	-
Unsecured	-	-	-	-	79	79	-	-
Other	-	-	-	-	42	42	-	-
	\$-	\$22	\$1,730	\$1,752	\$105,551	\$ 107,303	\$1,539	\$191
	September 30, 2011							
	(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	191
Consumer:								
Account loans	-	-	-	-	47	47	-	-
Unsecured	-	-	-	-	79	79	-	-
Other	36	-	-	36	71	107	-	-
	\$163	\$72	\$875	\$1,110	\$108,772	\$ 109,882	\$684	\$191

Additional interest income that would have been recognized on non-accrual loans, had the loans been current and performing in accordance with the original terms of their contracts, totaled approximately \$68,000 and \$222,000 for

the years ended September 30, 2012 and 2011, respectively.

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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 commercial purpose portfolios is the regulatory classification system. For the consumer portfolio segment, payment performance is the Company's primary indicator of credit quality. Under the regulatory classification system, assets are classified as "pass," "special mention," "substandard," "doubtful," or "loss." A pass asset is considered of sufficient quality to preclude a special mention or adverse rating. Pass assets generally are well protected by the current net worth and paying capacity of the obligor or by the value of the underlying asset. "Special mention" assets do not expose an institution to sufficient risk to warrant adverse classification, but have potential weaknesses that deserve management's close attention. An asset is considered substandard if it is inadequately protected by the current equity and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the "distinct possibility" that the insured institution will sustain "some loss" if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as loss are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. The following table reflects the credit quality indicators by portfolio segment and class, as of September 30, 2012 and 2011:

	September 30, 2012		
	Mortgage (In thousands)	Residential Home Equity	Commercial 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		
	Mortgage (In thousands)	Residential Home Equity	Commercial Purpose
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 (In thousands)	Unsecured	Other
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 and 2011, is as follows:

	As of September 30, 2012			For the Year Ended September 30, 2012	
	Recorded Investment	Unpaid Principal Balance	Related Allowance (In thousands)	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Residential					
Mortgage	\$-	\$-		\$64	\$13
Home equity	93	93		140	7
Commercial purpose	1,119	1,119		1,165	60
	1,212	1,212		1,369	80
With a related allowance:					
Residential					
Mortgage	-	-	-	-	-
Home equity	72	72	20	50	-
Commercial purpose	1,004	1,004	331	578	13
	1,076	1,076	351	628	13

Total:

Residential					
Mortgage	-	-	-	64	13
Home equity	165	165	20	190	7
Commercial purpose	2,123	2,123	331	1,743	73
Total impaired	\$2,288	\$2,288	\$351	\$1,997	\$93

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ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

	As of September 30, 2011			For the Year Ended September 30, 2011	
	Recorded Investment	Unpaid Principal Balance	Related Allowance (In thousands)	Average Recorded Investment	Interest Income Recognized
With no related allowance:					
Residential					
Mortgage	\$-	\$-		\$22	\$-
Home equity	140	140		85	-
Commercial purpose	1,441	1,441		1,150	35
	1,581	1,581		1,257	35
With a related allowance:					
Residential					
Mortgage	-	-	-	300	-
Home equity	-	-	-	-	-
Commercial purpose	507	507	213	2,700	7
	507	507	213	3,000	7
Total:					
Residential					
Mortgage	-	-	-	322	-
Home equity	140	140	-	85	-
Commercial purpose	1,948	1,948	213	3,850	42
Total impaired	\$2,088	\$2,088	\$213	\$4,257	\$42

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 and 2011, is as follows:

	September 30, 2012				
	Residential (In thousands)	Commercial Purpose	Consumer	Unallocated	Total
Allowance for loan losses:					
Beginning balance	\$ 216	\$ 982	\$ 3	\$ 103	\$ 1,304
Provision for loan losses	128	234	(1)	(11)	350
Charge-offs	(94)	(244)	-	-	(338)
Recoveries	-	14	-	-	14
Ending Balance	\$ 250	\$ 986	\$ 2	\$ 92	\$ 1,330
Ending balance, allowance for loan losses:					
Loans individually evaluated for impairment	\$ 20	\$ 331	\$ -	\$ -	\$ 351
Loans collectively evaluated for impairment	230	655	2	92	979
Total	\$ 250	\$ 986	\$ 2	\$ 92	\$ 1,330
Related loan receivable balance:					
Loans individually evaluated for impairment	\$ 165	\$ 2,123	\$ -		\$ 2,288
Loans collectively evaluated for impairment	83,002	21,852	161		105,015
Total	\$ 83,167	\$ 23,975	\$ 161		\$ 107,303

ROEBLING FINANCIAL CORP, INC. AND SUBSIDIARY

4. LOANS RECEIVABLE, NET (Cont'd)

	September 30, 2011				
	Residential	Commercial Purpose	Consumer	Unallocated	Total
	(In thousands)				
Allowance for loan losses:					
Beginning balance	\$484	\$2,664	\$18	\$42	\$3,208
Provision for loan losses	(161)	(35)	(15)	61	(150)
Charge-offs	(107)	(1,985)	-	-	(2,092)
Recoveries	-	338	-	-	338
Ending Balance	\$216	\$982	\$3	\$103	\$1,304
Ending balance, allowance for loan losses:					
Loans individually evaluated for impairment	\$-	\$213	\$-	\$-	\$213
Loans collectively evaluated for impairment	216	769	3	103	1,091
Total	\$216	\$982	\$3	\$103	\$1,304
Related loan receivable balance:					
Loans individually evaluated for impairment	\$140	\$1,948	\$-		\$2,088
Loans collectively evaluated for impairment	82,910	24,651	233		