Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2013

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 004

1c Effective date of plan 01/01/1994

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

3RD FED BANK

3 PENNS TRAIL
NEWTOWN, PA 18940-1812

2b Employer Identification Number (EIN)
23-1151162

2c Sponsor's telephone number
215-579-4000

2d Business code (see instructions)
522120

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2014	BETH GUINNESS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2014	DENNIS R. STEWART
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	172
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	144
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	34
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	178
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	178
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	178
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	10
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2I 2P

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- **(1)** [ ] Insurance
- **(2)** [ ] Code section 412(e)(3) insurance contracts
- **(3)** [X] Trust
- **(4)** [ ] General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- **(1)** [X] **R** (Retirement Plan Information)
- **(2)** [ ] **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** [ ] **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- **(1)** [X] **H** (Financial Information)
- **(2)** [ ] **I** (Financial Information – Small Plan)
- **(3)** [ ] 0 **A** (Insurance Information)
- **(4)** [ ] **C** (Service Provider Information)
- **(5)** [ ] **D** (DFE/Participating Plan Information)
- **(6)** [ ] **G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2013

This Form is Open to Public Inspection

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan
3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
3RD FED BANK

D Employer Identification Number (EIN)
23-1151162

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	3875	60283
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	6830822	7819976
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	6834697	7880259
Liabilities			
g Benefit claims payable	1g	0	53951
h Operating payables	1h		
i Acquisition indebtedness	1i	1208527	1064857
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	1208527	1118808
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	5626170	6761451

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	65027	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		65027
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		0
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	85341	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		85341
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	238857	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	213279	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		25578
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	1202442	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		1202442

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1378388
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	236561	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		236561
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		6082
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	464	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		464
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		243107
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		1135281
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: SR SNODGRASS **(2)** EIN: 25-1616561

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		3000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2013

This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

A Name of plan
3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 004

C Plan sponsor's name as shown on line 2a of Form 5500
3RD FED BANK

D Employer Identification Number (EIN)
23-1151162

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 74-2705049

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

11 a Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☒ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☒ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN

NEWTOWN, PENNSYLVANIA

AUDIT REPORT

DECEMBER 31, 2013

3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN
DECEMBER 31, 2013

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SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Trustees
3rd Fed Bank Employee Stock Ownership Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the 3rd Fed Bank Employee Stock Ownership Plan, formerly the Third Federal Savings Bank Employee Stock Ownership Plan, which comprise the statements of net assets available for benefit as of December 31, 2013 and 2012, the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the 3rd Fed Bank Employee Stock Ownership Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in accordance with the accounting principles generally accepted in the United States of America.

Other Matter - Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule, Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2013, is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the 3rd Fed Bank Employee Stock Ownership Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

A. R. Andgren, P.C.

Wexford, Pennsylvania
October 14, 2014

3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,

	2013			2012		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS						
Investment at fair value:						
TF Financial Corporation common stock	$ 5,280,375	$ 2,539,601	$ 7,819,976	$ 4,384,465	$ 2,446,357	$ 6,830,822
Cash and cash equivalents	60,283	-	60,283	3,875	-	3,875
Total assets	5,340,658	2,539,601	7,880,259	4,388,340	2,446,357	6,834,697
LIABILITIES						
Benefits payable	53,951	-	53,951	-	-	-
Loan payable	-	1,064,857	1,064,857	-	1,208,527	1,208,527
Total liabilities	53,951	1,064,857	1,118,808	-	1,208,527	1,208,527
Net assets available for benefits	$ 5,286,707	$ 1,474,744	$ 6,761,451	$ 4,388,340	$ 1,237,830	$ 5,626,170

The accompanying notes are an integral part of these financial statements.

3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2013

	Allocated	Unallocated	Total
Investment income:			
Net appreciation in market value of investments	$ 729,114	$ 498,442	$ 1,227,556
Dividends	54,546	30,795	85,341
Employer contributions	-	65,027	65,027
Allocation of 12,474 shares of TF Financial Corporation, common stock at market	351,268	-	351,268
Total additions	1,134,928	594,264	1,729,192
Benefits paid to employees	236,561	-	236,561
Allocation of 12,474 shares of TF Financial Corporation, common stock at market	-	351,268	351,268
Interest expense	-	6,082	6,082
Total deductions	236,561	357,350	593,911
Net increase	898,367	236,914	1,135,281
Net assets available for benefits:			
Beginning of year	4,388,340	1,237,830	5,626,170
End of year	$ 5,286,707	$ 1,474,744	$ 6,761,451

The accompanying notes are an integral part of these financial statements.

3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF PLAN AND BASIS OF PRESENTATION

The following description of the 3rd Fed Bank Employee Stock Ownership Plan (the "Plan"), formerly the Third Federal Savings Bank Employee Stock Ownership Plan, provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

3rd Fed Bank (the "Bank"), a wholly owned subsidiary of TF Financial Corporation (the "Company"), established the Plan effective as of January 1, 1994. The Plan operates as an internally leveraged employee stock ownership plan ("ESOP") and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986 (the "Code"), as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. The Plan's administrator and trustee is the ESOP Plan Committee of the Bank.

The Plan purchased Company common shares using the proceeds of a borrowing from TF Investments Corporation a wholly owned subsidiary of the Company, and holds the stock in a trust established under the Plan. During 2011, TF Investments Corporation was merged into the Company. As of December 31, 1997, the borrowing agreement was amended to provide for the principal balance to be repaid over a period of 25 years by fully deductible Bank contributions to the trust fund. The contribution is made in the form of cash to the Plan which, when aggregated with the Plan's dividend income, equals the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. As the Plan makes each payment of principal on the loan, a percentage of stock will be allocated to eligible employees' accounts in accordance with the Plan. Shares allocated to employee accounts vest fully after five years of service. No vesting occurs in the first five years of service.

The borrowing is collateralized by the unallocated shares of stock. The Company has no rights against shares once they are allocated under the ESOP. The financial statements of the Plan as of December 31, 2013 and 2012, and for the year ended December 31, 2013, present separately the assets and liabilities and changes therein pertaining to:

a. The accounts of employees with rights in allocated stock (allocated) and
b. Stock not yet allocated to employees (unallocated).

Eligibility

Employees of the Bank are generally eligible to participate in the Plan after they have completed 1,000 hours of service during any six consecutive months, as defined. A participant is eligible for an allocation of the Bank's contribution for the year if the participant is employed on the last day of the Plan year and has completed at least 1,000 hours of service during the Plan year.

Participant Accounts and Forfeitures

Each participant's share in the contribution and Plan earnings is that amount which bears the same ratio to the total contribution as the participant's eligible compensation for the year and bears to the eligible compensation of all participants entitled to share in the allocation for the year. Forfeited balances of terminated participants' nonvested accounts are allocated to eligible participant accounts. The forfeited amount credited is the same ratio to total forfeitures as the participant's account bears to the total of all participant accounts. For 2013, the Plan had 937 shares of stock forfeited and $3 in cash forfeited. For 2012, the Plan had 1,769 shares of stock forfeited and $7 in cash forfeited.

NOTE 1 - DESCRIPTION OF PLAN AND BASIS OF PRESENTATION (Continued)

Payment of Benefits

No distributions from the Plan are made until a participant retires, dies, or otherwise terminates employment with the Bank. Distributions are made in cash or Company stock, or both, as determined by the Plan Administrator or, if a participant elects, in the form of Company stock plus cash for any fractional shares.

Voting Rights

Each participant is entitled to exercise voting rights attributable to shares allocated to the participant's account and is notified by the trustee prior to the time such rights are to be exercised. The trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The trustee is required, however, to vote all unallocated Company stock held by the trust as part of the Plan assets on behalf of the collective best interest of Plan participants and beneficiaries.

Plan Termination

The Bank has the right to terminate the Plan at any time, subject to Plan provisions. Upon any termination of the Plan, all amounts credited to participants' accounts become 100 percent vested and all unallocated amounts are allocated to the accounts of all participants in accordance with the provisions of the Plan. Upon termination of the Plan, the Plan loan will, at the option of the lender, immediately mature and become due.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan prepares its financial statements on the accrual basis of accounting.

Investment Valuation and Income Recognition

The shares of Company common stock are valued at fair value. See Note 4 for discussion on fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Administrative Expenses

Administrative expenses of the Plan relating to investment and recordkeeping fees are paid by the Plan. Fees relating to accounting and miscellaneous administrative expenses are paid by the Plan's sponsor. Such expenses amounted to $18,801 for the year ended December 31, 2013.

Related Party and Party-in-Interest Transactions

The Plan invests in Company common stock and has indebtedness guaranteed by the Company. These are related party and party-in-interest transactions. As described in Note 1, the Plan has a number of service providers. Such parties are parties in interest under ERISA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The Internal Revenue Service has determined and informed the Bank by a letter dated February 8, 1996, that the Plan is qualified and the trust established under the Plan is tax-exempt under the appropriate sections of the Code. The Plan has been amended since receiving that determination letter. However, the Plan Administrator believes that the Plan is in compliance with the applicable requirements of the Code. Therefore, the Plan Administrator believes that the Plan was qualified and the related trust was tax-exempt as of December 31, 2013.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2010.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Vesting

Vesting in the Plan is based on completion of credited service years. A credited service year is considered one in which the participant completed at least 1,000 hours of service. Employees become 100 percent vested after five service years.

Participant Accounts

Each participant's stock ownership account is credited with Plan earnings. Allocations are based upon units accumulated by each participant's account. Units are apportioned based upon participant earnings. The benefit to which each participant is entitled is that which can be provided from the participant's account.

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in company stock into investments which are more diversified.Participants who are at least age 55 with at least ten years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25 percent of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. Participants who elect to diversify receive a cash distribution.

NOTE 3 - INVESTMENT

The Plan's investment, at December 31, is presented in the following table:

	2013		2012	
	Allocated	Unallocated	Allocated	Unallocated
TF Financial Corporation, common shares:				
Number of shares	187,513	90,185	183,989	102,659
Cost	$ 1,785,124	$ 858,561	$ 1,752,191	$ 977,657
Market	$ 5,280,375	$ 2,539,601	$ 4,384,465	$ 2,446,357

The Plan's investment appreciated in value by $1,227,556 during the year ended December 31, 2013.

NOTE 4 - FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles establishes a fair value hierarchy which requires the Plan to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. A financial instrument's level within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement.

The three levels of the fair value hierarchy are described below:

Level I: Quoted prices are available in active markets for identical assets or liabilities as of the reported date.

Level II: Pricing inputs are other than the quoted prices in active markets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities includes items for which quoted prices are available but traded less frequently and items that are fair-valued using other financial instruments, the parameters of which can be directly observed.

Level III: Valuations are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Common stock: Valued at quoted prices in active markets.

The Plan believes its valuation methods are appropriate and consistent with other market participants; the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value measurement at the reporting date.

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2013 and 2012, respectively:

	December 31, 2013			
	Level I	Level II	Level III	Total
Assets:				
Common stock	$ 7,819,976	$ -	$ -	$ 7,819,976
Total assets at fair value	$ 7,819,976	$ -	$ -	$ 7,819,976

	December 31, 2012			
	Level I	Level II	Level III	Total
Assets:				
Common stock	$ 6,830,822	$ -	$ -	$ 6,830,822
Total assets at fair value	$ 6,830,822	$ -	$ -	$ 6,830,822

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are defined as cash, evidence of ownership interest in an entity, or a contract which creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced liquidation or sale. If a quoted market price is available for a financial instrument, the fair value would be calculated based upon the market price per trading unit of the instrument.

Investments in sponsor company common stock, cash and cash equivalents, and loan payable would be considered financial instruments. At December 31, 2013 and 2012, the carrying amounts of sponsor company common stock and cash and cash equivalents approximate fair value. The fair value of the loan payable as of December 31, 2013 and 2012 was $1,064,364 and $1,212,033, respectively, determined by using interest rates currently available for issuance of debt with similar terms and maturity date.

NOTE 6 - LOAN PAYABLE

In 1994, the Plan entered into a $4,230,000 term loan agreement. The scheduled amortization of the loan for each of the next five years and thereafter, as amended, is as follows:

2014	$ 144,757
2015	145,414
2016	146,073
2017	146,736
2018	147,402
Thereafter	334,475
	$ 1,064,857

The loan bears interest based on the Federal Home Loan Bank's one-year advance rate, which is reset each October 1, and was 0.45 percent as of December 31, 2013.

NOTE 7 - RISKS AND UNCERTAINTIES

The Plan invests in Company common stock, which is exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with such investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits. The risk of change in value is more significant due to the lack of diversification in the Plan.

NOTE 8 - ADMINISTRATION OF PLAN ASSETS

The Plan assets, which consist of Company common shares, are held by the Company.

Certain administrative functions are performed by officers or employees of the Company or its subsidiaries. No such officer or employer receives compensation from the Plan. Administrative expenses for the trustee's fees are paid directly by the Bank.

Company contributions are held and managed by the trustee, which invests cash received, interest, and dividend income and makes distributions to participants. The trustee also administers the payment of interest and principal on the loan, which is reimbursed to the trustee through contributions as determined by the Company.

NOTE 9 - EMPLOYER CONTRIBUTIONS

The Company is obligated to make contributions in cash to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan.

NOTE 10 - SUBSEQUENT EVENTS

The Plan assessed events occurring subsequent to December 31, 2013 through October 14, 2014, for potential recognition and disclosure in the financial statements. On June 3, 2014, National Penn Bancshares, Inc. ("National Penn"), the parent company of National Penn Bank, entered into an Agreement and Plan of Merger (the "Merger Agreement") with the Company pursuant to which the Company will merge with and into National Penn (the "Merger"). As part of the transaction, the Bank will also merge with and into National Penn Bank. Pursuant to the requirements contained in the Merger Agreement, the 3rd Fed Bank Employee Stock Ownership Plan will be terminated on October 24, 2014.

SUPPLEMENTAL SCHEDULE

3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EMPLOYER IDENTIFICATION NUMBER 23-1151162
PLAN NUMBER - 004
DECEMBER 31, 2013

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
*	TF Financial Corporation	common stock	$ 2,643,685	$ 7,819,976
	Total			$ 7,819,976

* Party in interest

3RD FED BANK EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EMPLOYER IDENTIFICATION NUMBER 23-1151162
PLAN NUMBER - 004
DECEMBER 31, 2013

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
*	TF Financial Corporation	common stock	$ 2,643,685	$ 7,819,976
	Total			$ 7,819,976

* Party in interest