Finch Jennifer Leigh
Form 5
January 17, 2013

FORM 5

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

OMB APPROVAL

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Form 3 Holdings Reported
Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
Finch Jennifer Leigh

(Last) (First) (Middle)

664 CHURCHMANS ROAD

(Street)

NEWARK, DE 19702

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ARTESIAN RESOURCES CORP [ARTNA]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President/Asst. Treasurer

6. Individual or Joint/Group Reporting

(check applicable line)

_X_ Form Filed by One Reporting Person
___ Form Filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Class A Non-voting Common Stock	12/31/2012	Â	J (1)	59	A	$ 0 (1)	182	I	401k Plan (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. of D Se Bo O En Is Fi (I
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Finch Jennifer Leigh 664 CHURCHMANS ROAD NEWARK,Â DEÂ 19702	Â	Â	Â Vice President/Asst. Treasurer	Â

Signatures

Jennifer L. Finch	01/17/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) reporting balance of Artesian stock held in 401K plan which was acquired through employee payroll deferrals

(2) Employee directed funds

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Ratio of non-performing loans to total loans

3.03% 3.60% 8.69% 11.14% 10.04% 3.50%

Other non-performing assets(2)

7,251 $7,734 $7,973 $8,174 $11,608 $4,065

Total non-performing assets

$24,276 $27,810 $58,234 $77,101 $81,869 $29,437

Total non-performing assets to total assets

3.19% 3.51% 7.40% 8.97% 8.97% 3.39%

Troubled debt restructuring(3)

$1,806 $3,041 $2,985 $ $

(1) Nonaccrual status denotes loans on which, in the opinion of management, the collection of additional interest is unlikely, or loans that meet the nonaccrual criteria established by regulatory authorities. Nonaccrual loans include all loans classified as doubtful or loss, and all loans greater than 90 days past due with a loan-to-value ratio greater than 60%.

(2) Other non-performing assets represent property acquired by Park View Federal through foreclosure or repossession.

(3) Excludes all nonaccrual loans disclosed as troubled debt restructurings in Note 5 of Notes to Consolidated Financial Statements for the Nine Months Ended March 31, 2013 and 2012 and Note 3 of Notes to Consolidated Financial Statements for Years Ended June 30, 2012, 2011 and 2010.

All nonperforming loans are specifically evaluated and an updated valuation obtained at least annually to determine the amount of impairment. Additionally, in determining the adequacy of the allowance for loan losses, a factor is applied to the amount of impaired loans to estimate possible declining values of the underlying collateral as well as possible valuation adjustments above the specific factor applied against collateral whose valuation is greater than twelve months old. As such, the length of time that a loan has been nonperforming is not additionally factored in determining the adequacy of the allowance for loan losses. The following is a schedule as of March 31, 2013, and as of June 30, 2012 and June 30, 2011 detailing the length of time our nonaccrual loans and accruing loans that were

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contractually past due 90 days have been contractually past due, along with detail as to the composition of these loans:

	At March 31, 2013 (In thousands)					
	90 days or less	91 to 365 days	1 to 2 Years	2 to 3 Years	Over 3 Years	Total
One-to-four residential	$ 1,527	$ 1,262	$ 1,508	$ 473	$ 713	$ 5,483
Home equity line of credit	525	781	282	823	79	2,490
Multi-family residential	491					491
Commercial real estate	938	600	966	1,016		3,520
Land	1,256	84	149	1,842	62	3,393
Residential construction	116					116
Multi-family construction						
Commercial construction					644	644
Non-mortgage	275	613				888
Total	$ 5,128	$ 3,340	$ 2,905	$ 4,154	$ 1,498	$ 17,025

	At June 30, 2012 (In thousands)					
	90 days or less	91 to 365 days	1 to 2 Years	2 to 3 Years	Over 3 Years	Total
One-to-four residential	$ 870	$ 1,721	$ 2,164	$ 1,225	$ 484	$ 6,464
Home equity line of credit	490	744	496	997		2,727
Multi-family residential		325				325
Commercial real estate	265	1,559	1,247	723	133	3,927
Land	671	299	3,004	764	458	5,196
Residential construction	119			111	125	355
Multi-family construction						
Commercial construction				644		644
Non-mortgage	200	238				438
Total	$ 2,615	$ 4,886	$ 6,911	$ 4,464	$ 1,200	$ 20,076

	At June 30, 2011 (In thousands)			
	90 days or less	91 to 365 days	Over 1 Year	Total
One-to-four residential	$ 1,885	$ 2,565	$ 5,731	$ 10,181
Home equity line of credit	401	633	2,506	3,540
Multi-family residential		1,836	368	2,204
Commercial real estate	2,718	4,301	5,071	12,090
Land	2,477	4,073	7,712	14,262
Residential construction	122	545	1,979	2,646
Multi-family construction				
Commercial construction		2,987	828	3,815
Non-mortgage	1,322	201		1,523
Total	$ 8,925	$ 17,141	$ 24,195	$ 50,261

The decrease in nonaccruals from 2011 is primarily the result of the change in methodology used to recognize specific impairment. Historically, PVF Capital recognized specific impairment on individual loans through the utilization of a specific valuation allowance, but did not charge off the

Explanation of Responses:

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impaired loan amount until the loan was disposed and removed from the loan accounting system. In 2012, Park View Federal implemented an enhanced loan accounting system, which provides for the systematic recording of charged-off loans for financial recognition without losing the ability to track the legal contractual amounts. As such, Park View Federal charged off those principal loan amounts which had previously been specifically impaired through a specific valuation allowance and continued to be carried in loans outstanding. In addition to reducing loan balances, including nonperforming loans, this new enhanced loan accounting system had the impact of elevating reported charge-offs for the periods and reducing the allowance for loan losses associated with specific reserves. Since these charge-offs associated with the implementation of this loan accounting system were previously specifically reserved and included in PVF Capital's historical loss factors, the allowance for loan losses did not need to be replenished after recording these charge-offs.

The level in nonaccrual loans and accruing loans which are contractually past due more than 90 days at June 30, 2012 and June 30, 2011 continues to remain elevated and is attributable to poor current local and national economic conditions. Residential markets locally and nationally have been impacted by a significant increase in foreclosures and value declines as a result of the problems faced by sub-prime borrowers and the resulting contraction of residential credit available to all but the most credit worthy borrowers. Land development projects nationally and locally have seen slow sales and price decreases. As a savings institution, Park View Federal has significant exposure to the residential market in the greater Cleveland, Ohio area. As a result, Park View Federal has seen a continued high level of non-performing loans. Due to an increase in foreclosure activity in the area, the foreclosure process in Cuyahoga County, one of Park View Federal's primary markets, has become elongated. As such, loans have remained past due for considerable periods prior to being collected, transferred to real estate owned ("OREO"), or charged off.

Of the $17.0 million in nonaccrual loans at March 31, 2013, $9.7 million were individually identified as impaired. All of these loans are collateralized by various forms of non-residential real estate or residential construction loans. These loans were reviewed for the likelihood of full collection based primarily on the value of the underlying collateral. To the extent Park View Federal believes the collection of loan principal is in doubt, it charges off all or a portion of the loan balance or establishes specific loss reserves. Management's evaluations of the underlying collateral include a consideration of the potential impact of erosion in real estate values due to poor local economic conditions and a potentially long foreclosure process. This evaluation involves discounting the original appraised values of the real estate and estimated disposition costs along with unpaid real estate taxes to arrive at an estimate of the net realizable value of the collateral. A new appraisal or evaluation is obtained within 90 days from the time a loan becomes criticized. Additionally, a new appraisal is obtained annually as long as the loan remains criticized, regardless of loan type. For criticized loans where the appraisal or evaluation is more than twelve months old, an additional adjustment is made to the existing appraised value until such time that an updated appraisal has been obtained. Based on actual experience for updating valuations, this additional adjustment approximates 10%. The estimated disposition costs are deemed to be 9% based on actual experience. In determining the adequacy of the allowance for loan losses, a factor is applied to the amount of impaired loans to estimate possible declining values of the underlying collateral as well as possible valuation adjustments above the specific factor applied against collateral whose valuation is greater than twelve months old.

The remaining nonaccrual loans are homogeneous one-to-four family loans. The loss allocations applied to adversely classified loans are based on current appraisals on the underlying collateral, the potential impact of continuing erosion in real estate values and the estimated cost of disposal. Additionally, the loss allocations consider the potential that the value of this collateral may erode during the foreclosure process. Through this analysis, management established specific reserves for these loans to the extent such losses are identifiable.

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Impaired loans represent nonaccrual loans in the nonresidential real estate, non real estate and residential construction loan categories. Foreclosure proceedings for these loans are subject to external factors, such as bankruptcy and other legal proceedings that may delay the disposition of the loan, but generally occur within a period of time ranging from 12 to 60 months from the time they are initiated until the loan is ultimately collected, transferred to OREO, or charged off. Management is not aware of any loans where information known about a possible credit would cause serious doubts of the borrower to comply with payments terms related to the credit causing the credit to be deemed nonaccrual.

It is Park View Federal's policy not to record as income partial interest payments on nonaccrual loans. At March 31, 2013, gross interest income of $3.5 million would have been recorded on loans accounted for on a nonaccrual basis if such loans had been current and accruing.

Management has reviewed its non-accruing loans and believes that the allowance for loan losses is adequate to absorb probable losses on these loans.

Park View Federal has adversely classified $36.9 million and $33.9 million of loans at March 31, 2013 and June 30, 2012 respectively, including $17.0 and $20.1 million in non-performing loans. This compares to $64.0 million of adversely classified loans and $50.3 million in non-performing loans at June 30, 2011. A special mention loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects or in the institution's credit position at some future date.

Real estate acquired by Park View Federal as a result of foreclosure is classified as OREO until such time as it is sold. At March 31, 2013 and June 30, 2012, Park View Federal had 39 and 43 OREO properties totaling $7.3 million and $7.7 million, respectively. These properties include raw land, partially developed land and, in some cases, developed and partially developed commercial and residential properties. Park View Federal faces the possibility of declines in value of these properties below their carrying amount. During the year ended June 30, 2012, Park View Federal recognized a write-down on OREO of $1.7 million. Occasionally, Park View Federal will finish development or construction of these projects or homes. In these cases, Park View Federal also faces the risk that costs to complete construction will exceed original estimates or other execution risks.

The following table presents the activity in other real estate owned for the nine month period ended March 31, 2013 and the year ended June 30, 2012:

	March 31 2013	**June 30, 2012**
Beginning Balance	$ 7,733,578	$ 7,972,753
Additions	3,194,620	9,314,588
Dispositions	(2,683,159)	(7,824,966)
Impairment write-downs	(993,876)	(1,728,797)
Ending Balance	$ 7,251,163	$ 7,733,578

Asset Classification and Allowance for Loan Losses

Federal regulations require savings institutions to review their assets on a regular basis and to classify them as "substandard," "doubtful," or "loss," if warranted. If an asset or portion thereof is classified as a loss, the insured institution must either establish specific allowances for loan losses in the amount of 100% of the portion of the asset classified as a loss, or charge off such amount. An asset which does not currently warrant classification, but which possesses weaknesses or deficiencies deserving close attention is required to be designated as "special mention." As part of its Credit Policy, Park View Federal outlines its risk rating methodology to ensure appropriate grading of non-homogenous loans. The Asset Classification Committee reviews the recommendations of Park View Federal's Special Assets team for potential downgrades and allocation of specific reserve allowance to loans. Currently, general loss allowances (up to 1.25% of risk-based assets) established to cover losses related to assets classified substandard or doubtful may be included in determining an institution's regulatory capital, while specific valuation allowances for loan losses do not qualify as regulatory capital. For additional information regarding regulatory capital requirements, see the section captioned " Regulatory Capital Requirements" beginning on page 118. Examiners at the Office of the Comptroller of the Currency may disagree with the insured institution's classifications and amounts reserved. If an institution does not agree with an examiner's classification of an asset, it may appeal this determination. At March 31, 2013 and June 30, 2012, total nonaccrual and 90 days past due loans and other non-performing assets were $17.0 million and $20.1 million, all of which were classified as substandard. For additional information, see the section captioned " Non-performing Loans and Other Problem Assets" on page 106 and Note 5 of Notes to Consolidated Financial Statements for the Nine Months Ended March 31, 2013 and 2012 and Note 3 of Notes to Consolidated Financial Statements for Years Ended June 30, 2012, 2011 and 2010.

In originating loans, Park View Federal recognizes that credit losses will be experienced and that the risk of loss will vary with, among other things, the type of loan being made, the creditworthiness of the borrower over the term of the loan, general economic conditions and, in the case of a secured loan, the quality of the security for the loan. It is management's policy to maintain an adequate allowance for loan losses based on, among other things, Park View Federal's and the industry's historical loan loss experience, evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. Park View Federal increases its allowance for loan losses by charging provisions for loan losses against its income.

General allowances are made pursuant to management's assessment of risk in Park View Federal's loan portfolio as a whole. Specific allowances are provided for individual loans when ultimate collection is considered questionable by management after reviewing the current status of loans, which are contractually past due and considering the net realizable value of the security for the loan. Management continues to monitor Park View Federal's asset quality and to charge off loans against the allowance for loan losses when appropriate or to provide specific loss reserves when necessary. Although management believes it 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 economic conditions in the assumptions used in making the initial determinations.

As of December 31, 2011, PVF Capital implemented an enhanced loan accounting system, which provides for the systematic recording of charged-off loans for financial recognition without losing its ability to track the legal contractual amounts. As such, during the fiscal year ended June 30, 2012, PVF Capital charged off those loan amounts which had previously been specifically impaired through the use of the Specific Valuation Allowance approximately $13.0 million. As of June 30, 2012, any remaining specific impairments known in prior periods as specific valuation allowances are now tracked as specific allocations to the allowance. In addition to reducing loan balances, including nonperforming loans, this new enhanced loan accounting system had the impact of elevating reported charge-offs for the period and reducing the allowance for loan losses associated with specific reserves.

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The following table shows how Park View Federal's allowance for loan losses is allocated at each of the dates indicated:

	March 31, 2013	June 30, 2012
General allowance	$ 14,118,663	$ 14,634,531
Specific allowance	801,568	1,418,334
Total allowance	$ 14,920,231	$ 16,052,865

Management's approach includes establishing a specific valuation allowance by evaluating individual non-performing loans for probable losses based on a systematic approach involving estimating the realizable value of the underlying collateral. Additionally, management establishes a general valuation allowance for pools of performing loans segregated by collateral type. For the general valuation allowance, management is applying a prudent loss factor based on Park View Federal's historical loss experience, trends based on changes to non-performing loans and foreclosure activity, effectiveness of its credit administration processes and management's subjective evaluation of the local population and economic environment. The loan portfolio is segregated into categories based on collateral type and a loss factor is applied to each category. The initial basis for each loss factor is Park View Federal's loss experience for each category. Historical loss percentages are calculated and adjusted by taking charge-offs in each risk category during the past 18 months and dividing the total by the average balance of each category.

A provision for loan losses is recorded when necessary to bring the allowance to a level consistent with this analysis. Management believes it uses the best information available to make a determination as to the adequacy of the allowance for loan losses. The current period provision for loan losses reflects the impact on the loss factors applied to pools of performing loans due to the recent increase in Park View Federal's historical loss experience.

Management's ongoing analysis of the allowance for loan losses considers changes in nonaccrual loans and changes in probable loan losses as economic conditions deteriorate and the underlying collateral is subjected to an elongated foreclosure process.

Investment Activities

Park View Federal's investment policy currently allows for investment in various types of liquid assets, including U.S. government and U.S. government-sponsored enterprise securities, time deposits at the FHLB of Cincinnati, certificates of deposit or bankers' acceptances at other federally insured depository institutions, and Trust Preferred, corporate and mortgage-backed securities. The general objective of Park View Federal's investment policy is to maximize returns without compromising liquidity or creating undue credit or interest rate risk. Park View Federal's equity investments consisted of floating rate preferred stock issued by Freddie Mac and Fannie Mae. During 2010, these securities were sold, resulting in a pre-tax gain of $24,000.

Park View Federal reports its investments, other than marketable equity securities and securities available for sale, at cost as adjusted for discounts and unamortized premiums. Park View Federal has the intent and ability and generally holds all securities until maturity.

During both the nine months ended March 31, 2013 and the fiscal year ended June 2012, Park View Federal did not sell mortgage-backed securities available for sale. At present, management is not aware of any conditions or circumstances which could impair its ability to hold its remaining securities to maturity. In accordance with its general investment policy, Park View Federal held U.S. government sponsored enterprise, Trust Preferred, corporate and mortgage-backed securities, and FHLB of Cincinnati stock at March 31, 2013 and at June 30, 2012. For additional information regarding Park

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View Federal's investment activities, see Note 4 of Notes to Consolidated Financial Statements for the Nine Months Ended March 31, 2013 and 2012 and Note 2 of Notes to Consolidated Financial Statements for Years Ended June 30, 2012, 2011 and 2010.

Deposit Activity and Other Sources of Funds

General

Deposits are the primary source of Park View Federal's funds for lending, investment activities and general operational purposes. In addition to deposits, Park View Federal derives funds from loan principal and interest repayments, maturities of securities and interest payments thereon. Although loan repayments are a relatively stable source of funds, deposit inflows and outflows are significantly influenced by general interest rates and money market conditions. Borrowings may be used on a short-term basis to compensate for reductions in the availability of funds, or on a longer term basis for general operational purposes.

Deposits

Park View Federal attracts deposits principally from within its primary market area by offering a variety of deposit instruments, including checking accounts, money market accounts, regular savings accounts and certificates of deposit, which generally range in maturity from seven days to five years. Deposit terms vary according to the minimum balance required, the length of time the funds must remain on deposit and the interest rate. Maturities, terms, service fees and withdrawal penalties for its deposit accounts are established by Park View Federal on a periodic basis. Park View Federal generally reviews its deposit mix and pricing on a weekly basis. In determining the characteristics of its deposit accounts, Park View Federal considers the rates offered by competing institutions, funds acquisition costs and liquidity requirements, growth goals and federal regulations. Under the terms of the Stipulation and Consent to the Issuance of Order to Cease and Desist that Park View Federal entered into with the Office of Thrift Supervision on October 19, 2009, in which Park View Federal consented to the issuance of an Order to Cease and Desist without admitting or denying that grounds exist for an administrative proceeding against the bank, Park View Federal was prohibited from accepting brokered deposits or offering rates more than 75 basis points above the national average rate. On August 27, 2012, the Office of the Comptroller of the Currency, which had replaced the Office of Thrift Supervision as Park View Federal's primary regulator, terminated the Order to Cease and Desist. See Note 11 of Notes to Consolidated Financial Statements for the Nine Months Ended March 31, 2013 and 2012 and Note 21 of Notes to Consolidated Financial Statements for Years Ended June 30, 2012, 2011 and 2010 for additional information with respect to the Order to Cease and Desist and its termination.

Park View Federal competes for deposits with other institutions in its market area by offering deposit instruments that are competitively priced and providing customer service through convenient and attractive offices, knowledgeable and efficient staff, and hours of service that meet customers' needs. To provide additional convenience, Park View Federal participates in the nationwide MoneyPass® ATM/debit card Automated Teller Machine network, through which customers can gain access to their accounts at any time.

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The following table sets forth the deposits in Park View Federal as of March 31, 2013:

Weighted Average Interest Rate	Category	Minimum Balance	Balance (in thousands)	Percentage of Total Deposits
0.16%	NOW accounts	$ 50	$ 38,718	6.23%
0.10	Passbook statement accounts	5	48,567	7.82
0.43	Money market accounts	1,000	148,023	23.83
0.00	Non-interest earning demand accounts	50	62,603	10.08
			297,911	47.96
	Certificates of Deposit			
0.83	3 months or less	500	49,578	7.98
0.77	3 - 6 months	500	43,142	6.95
0.81	6 - 12 months	500	86,764	13.97
1.04	1 - 3 years	500	115,580	18.61
1.68	More than three years	500	28,192	4.54
0.97	Total certificates of deposit		323,256	52.04
	Total deposits		$ 621,167	100.00%

The following table sets forth the average balances and average interest rates based on month-end balances for interest-bearing demand deposits and time deposits during the periods indicated:

	For the Nine Months Ended March 31, 2013		
	Interest-Bearing Demand Deposits	Savings Deposits	Time Deposits
Average balance	$ 183,826	$ 47,039	$ 347,559
Average rate paid	0.45%	0.10%	1.09%

	For the Year Ended June 30,								
	2012			2011			2010		
	Interest-Bearing Demand Deposits	Savings Deposits	Time Deposits	Interest-Bearing Demand Deposits	Savings Deposits	Time Deposits	Interest-Bearing Demand Deposits	Savings Deposits	Time Deposits
Average balance	$ 168,005	$ 47,722	$ 406,142	$ 137,140	$ 51,707	$ 431,439	$ 108,232	$ 64,995	$ 497,236
Average rate paid	0.50%	0.11%	1.03%	0.71%	0.23%	1.91%	0.97%	0.86%	2.56%

The rates currently paid on certificates maturing within one year or less are lower than the rates currently being paid on similar certificates of deposit maturing thereafter. Park View Federal will seek to retain these deposits to the extent consistent with its long-term objective of maintaining positive interest rate spreads. Depending upon interest rates existing at the time such certificates mature, Park View Federal's cost of funds may be significantly affected by the rollover of these funds. A decrease in such cost of funds, if any, may have a material impact on Park View Federal's operations. To the extent such deposits do not roll over, Park View Federal may, if necessary, use other sources of funds, including borrowings from the FHLB of Cincinnati, to replace such deposits. For additional information, see the section captioned " Borrowings" on page 115.

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The following table indicates the amount of Park View Federal's certificates of deposit of $100,000 or more by time remaining until maturity as of March 31, 2013:

Maturity Period	Certificates of Deposit
	(In thousands)
Three months or less	$ 17,258
Over three through six months	18,727
Three through six months	28,874
Over six through 12 months	46,972
Over 12 months	12,693
Total	$ 124,524

Borrowings

Savings deposits historically have been the primary source of funds for Park View Federal's lending, investments and general operating activities. Park View Federal is authorized, however, to use advances from the FHLB of Cincinnati to supplement its supply of lendable funds and to meet deposit withdrawal requirements. The FHLB of Cincinnati functions as a central reserve bank providing credit for savings institutions and certain other member financial institutions. As a member of the FHLB, Park View Federal is required to own stock in the FHLB of Cincinnati and is authorized to apply for advances. Advances are made pursuant to several different programs, each of which has its own interest rate and range of maturities. Park View Federal has a Blanket Agreement for advances with the FHLB under which Park View Federal may borrow up to 50% of its assets subject to normal collateral and underwriting requirements. Park View Federal currently has two commitments with the FHLB of Cincinnati for flexible lines of credit, referred to as a cash management advance ("CMA") and a Repo advance ("REPO"), in the amounts of $30 million and $200 million, respectively, which can be drawn on to the extent of collateral pledged. At March 31, 2013 and June 30, 2012, Park View Federal had borrowing capacity of $230.0 million on these lines of credit, subject to available collateral. The CMA and the REPO were not drawn down at March 31, 2013. Advances from the FHLB of Cincinnati are secured by Park View Federal's stock in the FHLB of Cincinnati and other eligible assets. In addition, PVF Service Corporation had a loan with an outstanding balance of $1.0 million as of March 31, 2013 collateralized by real estate. For additional information, refer to Note 7 of Notes to Consolidated Financial Statements for Years Ended June 30, 2012, 2011 and 2010.

The following table sets forth certain information regarding Park View Federal's advances from the FHLB of Cincinnati for the periods indicated:

	March 31, 2013	At June 30, 2012	2011	2010
	(Dollars in thousands)			
Amounts outstanding at end of period	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Weighted average rate	2.96%	2.96%	2.96%	2.96%
Maximum amount outstanding at any month end	$ 35,000	$ 35,000	$ 35,000	$ 45,000
Approximate average outstanding balance	$ 35,000	$ 35,000	$ 35,000	$ 35,056
Weighted average rate	2.96%	2.96%	2.96%	2.95%

Subsidiary Activities

Park View Federal is required to give the FDIC and the Office of the Comptroller of the Currency 30 days prior notice before establishing or acquiring a new subsidiary or commencing a new activity

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through an existing subsidiary. Both the FDIC and the Office of the Comptroller of the Currency have the authority to prohibit the initiation of, and to order the termination of, subsidiary activities determined to pose a risk to the safety or soundness of the institution.

As a federally chartered savings bank, Park View Federal is permitted to invest an amount equal to 2% of its assets in subsidiaries, with an additional investment of 1% of assets where such investment serves primarily community, inner-city and community development purposes. Under such limitations, as of March 31, 2013, Park View Federal was authorized to invest up to approximately $24 million in the shares of, or as loans to, subsidiaries, including the additional 1% investment for community, inner-city and community development purposes. Institutions meeting their applicable minimum regulatory capital requirements may invest up to 50% of their regulatory capital in conforming first mortgage loans to subsidiaries in which they own 10% or more of the capital stock. Park View Federal currently exceeds its regulatory capital requirements.

PVF Capital has three active subsidiaries, Park View Federal, PVF Service Corporation and Mid Pines Land Company. PVF Service Corporation is engaged in the activities of land acquisition and real estate investment and Mid Pines Land Company holds an investment in land adjacent to PVF Capital's Corporate Center. PVF Capital has three nonactive subsidiaries, PVF Community Development Corp., PVF Mortgage Corp. and PVF Holdings, Inc., which have been chartered for future activity. Park View Federal has also created various limited liability companies that have taken title to property acquired through or in lieu of foreclosure.

PVF Service Corporation

At March 31, 2013, PVF Service Corporation had the following investments: (1) a $.1 million investment in a joint venture that owns real estate leased to Park View Federal for use as a branch office in Avon, Ohio; (2) a $0.1 million investment in a joint venture for a branch office location in Mayfield Heights, Ohio; (3) an interest in Park View Plaza, a joint venture, which is a strip center in Cleveland, Ohio that includes Park View Federal's Cleveland branch office; (4) an interest in a joint venture containing a title company, PVF Title Services, LLC; and (5) a $4.2 million investment in office properties used by PVF Capital and Park View Federal that includes the Corporate Center in Solon, Ohio, and branch offices in Bainbridge, Ohio and Chardon, Ohio. In November 2008, PVF Service Corporation refinanced a line of credit loan for $1.6 million. The balance at March 31, 2013 and at June 30, 2012 was $1.0 million, and the loan is secured by the Corporate Center in Solon, Ohio.

Mid Pines Land Company

At March 31, 2013, Mid Pines Land Company had an investment of $0.6 million in land adjacent to PVF Capital's Corporate Center in Solon, Ohio.

Competition

Park View Federal faces strong competition both in originating real estate and other loans and in attracting deposits. Park View Federal competes for real estate and other loans principally on the basis of interest rates and the loan fees it charges, the type of loans it originates and the quality of services it provides to borrowers. Its competition in originating real estate loans comes primarily from other savings institutions, commercial banks and mortgage bankers making loans secured by real estate that are located in Park View Federal's market area.

Park View Federal generally attracts all its deposits through its branch offices primarily from the communities in which these branch offices are located. Consequently, competition for deposits is principally from other savings institutions, commercial banks, credit unions and brokers in these communities. Park View Federal competes for deposits and loans by offering a variety of deposit accounts at competitive rates, a wide array of loan products, convenient business hours and branch

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locations, a commitment to outstanding customer service and a well-trained staff. In addition, Park View Federal believes it has developed strong relationships with local businesses, realtors, builders and the public in general, giving it an excellent image in the community.

Employees

PVF Capital and its subsidiaries had 173 full-time employees and 29 part-time employees, as of March 31, 2013, none of whom was represented by a collective bargaining agreement. PVF Capital believes it enjoys a good relationship with its personnel.

Regulation

General

For the fiscal year ended June 30, 2012 and continuing to date, PVF Capital and Park View Federal, as a federally chartered savings and loan holding company and federal savings association, respectively, have been subject to examination and comprehensive federal regulation and oversight by the Office of the Comptroller of the Currency. Park View Federal has also been and continues to be subject to regulation and examination by the FDIC, which insures the deposits of Park View Federal to the maximum extent permitted by law, and certain other requirements established by the Federal Reserve Board.

The investment and lending authority of savings institutions is prescribed by federal laws and regulations, and such institutions are prohibited from engaging in any activities not permitted by such laws or regulations. Such regulations and supervision primarily are intended for the protection of depositors and not for the purpose of protecting shareholders.

Federal law provides federal banking regulators, including the Office of the Comptroller of the Currency, the Federal Reserve Board and the FDIC, with substantial enforcement powers. The enforcement authority of the Office of the Comptroller of the Currency and the Federal Reserve Board over savings institutions and their holding companies includes, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to initiate injunctive actions. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe and unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with the Office of the Comptroller of the Currency and the Federal Reserve Board.

Recently Enacted Regulatory Reform

Federal regulators continue to implement many provisions of the Dodd-Frank Act, which was signed into law by President Obama on July 21, 2010. The following discussion summarizes significant aspects of the new law that affect or are already affecting PVF Capital and Park View Federal:

Effective July 21, 2011, the Office of the Comptroller of the Currency assumed responsibility from the Office of Thrift Supervision for the examination, supervision and regulation of federal savings associations and rulemaking for federal and state savings associations, and the authority of the other remaining bank regulatory agencies has been restructured;

The Consumer Financial Protection Bureau has been established and empowered to exercise broad regulatory, supervisory and enforcement authority with respect to both new and existing consumer financial protection laws;

New capital regulations for thrift holding companies have been adopted and any new trust preferred securities no longer count toward Tier 1 capital;

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The prohibition on the payment of interest on demand deposits has been repealed, effective July 21, 2011;

The deposit insurance assessment base calculation has been expanded to equal a depository institution's total assets minus the sum of its average tangible equity during the assessment period; and

New corporate governance requirements, which are generally applicable to most larger public companies, now require new compensation practices, including, but not limited to, providing shareholders the opportunity to cast a non-binding vote on executive compensation, to consider the independence of compensation advisors and requiring new executive compensation disclosure.

Many provisions of the Dodd-Frank Act have not yet been implemented and will require interpretation and rule making by federal regulators. PVF Capital is closely monitoring all relevant sections of the Dodd-Frank Act to ensure continued compliance with the applicable portions of the law and its rules and regulations. While the ultimate effect of the Dodd-Frank Act on us cannot currently be determined, the law and its implementing rules and regulations are increasing compliance costs and may restrict our operations, all of which may have a material adverse effect on our operating results and financial condition.

Regulation of Park View Federal

General

As a savings institution, Park View Federal is subject to extensive regulation by federal banking regulators, and its deposits are insured by the Deposit Insurance Fund, which is administered by the FDIC. The lending activities and other investments of Park View Federal must comply with various federal regulatory requirements. The Office of the Comptroller of the Currency periodically examines Park View Federal for compliance with various regulatory requirements. The FDIC also has the authority to conduct special examinations of FDIC-insured savings institutions. Park View Federal must regularly file reports describing its activities and financial condition. Park View Federal is also subject to certain reserve requirements promulgated by the Federal Reserve Board. This supervision and regulation is intended primarily for the protection of depositors. Certain of these regulatory requirements are referred to below or elsewhere herein. The discussion is not intended to be a complete explanation of all applicable laws and regulations and is qualified in its entirety by reference to the actual statutes and regulations involved.

Regulatory Capital Requirements

Under current regulations of the Office of the Comptroller of the Currency, savings institutions must maintain "tangible" capital equal to at least 1.5% of adjusted total assets, Tier 1 capital (core) equal to at least 4.0% (or 3.0% if the institution is the highest rated under the Office of the Comptroller of the Currency's examination rating system) of adjusted total assets and "total capital," a combination of Tier 1 and "supplementary" capital, equal to at least 8.0% of "risk-weighted" assets. The Office of the Comptroller of the Currency continues to enforce regulations which impose certain restrictions on savings associations that have a total risk-based capital ratio that is less than 8.0%, a ratio of Tier 1 capital to risk-weighted assets of less than 4.0% or a ratio of Tier 1 capital to adjusted total assets of less than 4.0% (or 3.0% if the institution is the highest rated). For purposes of these regulations, Tier 1 capital generally consists of common shareholders' equity (including retained earnings), certain noncumulative perpetual preferred stock and related surplus and minority interests in equity accounts of consolidated subsidiaries, less intangibles other than certain mortgage servicing rights and credit card relationships. For additional information regarding regulatory capital requirements, see the section captioned " Prompt Corrective Regulatory Action" on page 121. Investments in

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subsidiaries that are engaged as principal in activities not permissible for national banks must also be deducted from Tier 1 capital. Park View Federal was in compliance with all applicable regulatory capital requirements at both March 31, 2013 and June 30, 2012.

In determining compliance with the risk-based capital requirement, a savings institution calculates its total capital, which may include both core capital and supplementary capital, provided the amount of supplementary capital does not exceed the savings institution's core capital. Supplementary capital is defined to include certain preferred stock issues, certain approved subordinated debt, certain other capital instruments, a portion of the savings institution's allowances for loan and lease losses allowances, and up to 45% of unrealized net gains on equity securities. Total core and supplementary capital are reduced by the amount of capital instruments held by other depository institutions pursuant to reciprocal arrangements and equity investments other than those deducted from core and tangible capital. At both March 31, 2013 and June 30, 2012, Park View Federal had no equity investments for which federal regulations require a deduction from total capital.

The risk-based capital requirements are measured against risk-weighted assets, which equal the sum of each asset and the credit-equivalent amount of each off-balance sheet item after being multiplied by an assigned risk weight. Under the Office of the Comptroller of the Currency's risk-weighting system, one- to four-family first mortgages not more than 90 days past due with loan-to-value ratios under 80% and multi-family mortgages (or residential property consisting of five or more dwelling units) with loan-to-value ratios under 80% are assigned a risk weight of 50%. Consumer, home equity and land loans, residential and nonresidential construction loans and commercial real estate loans are assigned a risk weight of 100%. Mortgage-backed securities issued, or fully guaranteed as to principal and interest, by Fannie Mae or Freddie Mac are assigned a 20% risk weight. Cash and United States government securities backed by the full faith and credit of the United States government are given a 0% risk weight. At March 31, 2013 and June 30, 2012, Park View Federal's risk-weighted assets were $607.4 million and $595.1 million, and its total risk-based capital was $83.6 million and $77.3 million, or 13.76% and 13.00%, of risk-weighted assets, respectively.

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The table below presents Park View Federal's capital position at March 31, 2013 and June 30, 2012, relative to its various minimum regulatory capital requirements:

	At March 31, 2013			At June 30, 2012		
	Amount	Percent of Assets(1)		Amount	Percent of Assets(1)	
	(Dollars in thousands)			(Dollars in thousands)		
Tangible Capital	$ 75,932	9.92%		$ 69,787	8.66%	
Tangible Capital Requirement	11,478	1.50		12,084	1.50	
Excess	64,454	8.42%		57,703	7.16%	
Tier 1 Risk-Based Capital	$ 75,932	12.50%		$ 69,787	11.73%	
Tier 1 Risk-Based Capital Requirement	36,449	6.00		35,704	6.00	
Excess	39,483	6.50%		34,083	5.73%	
Tier 1/Core Capital	$ 75,932	9.92%		$ 69,787	8.66%	
Tier 1/Core Capital Requirements	38,259	5.00		64,448	8.00	
Excess	37,673	4.92%		5,339	0.66%	
Risk-Based Capital	$ 83,616	13.76%		$ 77,332	13.00%	
Risk-Based Capital Requirement	60,748	10.00		71,407	12.00	
Excess	22,868	3.76%		5,925	1.00%	

(1) Based upon adjusted total assets for purposes of the tangible, core and Tier 1 capital requirements, and risk-weighted assets for purposes of the Tier 1 risk-based and risk-based capital requirements.

In addition to requiring generally applicable capital standards for savings institutions, the Office of the Comptroller of the Currency has the authority to establish the minimum level of capital for a savings institution at such amount or at such ratio of capital-to-assets as is determined to be necessary or appropriate for such institution in light of the particular circumstances of the institution. The failure of any savings institution to maintain capital at or above such level is an unsafe or unsound practice and such a savings institution may be issued a directive requiring such savings institution to submit and adhere to a plan for increasing capital. On October 19, 2009, Park View Federal was directed by the Office of Thrift Supervision to raise its Tier 1 core capital and total risk-based capital ratios to 8.0% and 12.0%, respectively. As of June 30, 2012, Park View Federal continued to exceed the minimum capital ratios required under the Order to Cease and Desist of the Office of Thrift Supervision. As discussed in Note 11 of Notes to Consolidated Financial Statements for the Nine Months Ended March 31, 2013 and 2012, the Office of the Comptroller of the Currency, which had replaced the Office of Thrift Supervision as Park View Federal's primary regulator, has terminated the Order to Cease and Desist.

The banking regulators have proposed and are considering new regulations that would increase the amount and the calculation of capital required for all financial institutions.

Regulatory Agreements

On October 19, 2009, PVF Capital and Park View Federal each entered into a Stipulation and Consent to the Issuance of Order to Cease and Desist with the Office of Thrift Supervision, in which they each consented to the issuance of an Order to Cease and Desist without admitting or denying that grounds existed for the Office of Thrift Supervision to initiate an administrative proceeding against them. Effective July 21, 2011, the Office of the Comptroller of the Currency and the Federal Reserve

Explanation of Responses:

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Board succeeded to all powers, authorities, rights and duties of the Office of Thrift Supervision relating to the cease and desist orders as a result of the Dodd-Frank Act.

The cease and desist order against Park View Federal required Park View Federal to take several actions, including but not limited to: (i) by December 31, 2009, meet and maintain (1) a Tier 1 (core) capital ratio of at least 8.0% and (2) a total risk-based capital ratio of at least 12.0% after the funding of an adequate allowance for loan and lease losses and submit a detailed plan to accomplish this; (ii) if Park View Federal fails to meet these capital requirements at any time after December 31, 2009, within 15 days thereafter prepare a written contingency plan detailing actions to be taken, with specific time frames, providing for (a) a merger with another federally insured depository institution or holding company thereof, or (b) voluntary liquidation; (iii) adopt revisions to Park View Federal's liquidity policy to, among other things, increase its minimum liquidity ratio; (iv) reduce the level of adversely classified assets to no more than 50% of core capital plus allowance for loan and lease losses by December 31, 2010 and reduce the level of adversely classified assets and assets designated as special mention to no more than 65% of core capital plus allowance for loan and lease losses by December 31, 2010; (v) submit a new business plan to the Office of Thrift Supervision for approval that will include the requirements contained in the cease and desist order and that also will include well-supported and realistic strategies to achieve consistent profitability by September 30, 2010; (vi) restrict quarterly asset growth to an amount not to exceed net interest credited on deposit liabilities until the Office of Thrift Supervision approves of the new business plan; (vii) cease to accept, renew or roll over any brokered deposit or act as a deposit broker, without the prior written waiver of the FDIC; and (viii) not declare or pay dividends or make any other capital distributions from Park View Federal without receiving prior approval of the Office of Thrift Supervision.

The cease and desist order against PVF Capital required PVF Capital to take several actions, including, but not limited to: (i) submit a capital plan that includes, among other things, (1) the establishment of a minimum tangible capital ratio of tangible equity capital to total tangible assets commensurate with PVF Capital's consolidated risk profile, and (2) specific plans to reduce the risks to PVF Capital from its current debt levels and debt servicing requirements; (ii) not declare, make or pay any cash dividends or other capital distributions or purchase, repurchase or redeem or commit to purchase, repurchase or redeem PVF Capital equity stock without the prior non-objection of the Office of Thrift Supervision, except that this provision does not apply to immaterial capital stock redemptions that arise in the normal course of PVF Capital's business in connection with its share-based compensation plans; and (iii) not incur, issue, renew, roll over or increase any debt or commit to do so without the prior non-objection of the Office of Thrift Supervision (debt includes loans, bonds, cumulative preferred stock, hybrid capital instruments such as subordinated debt or trust preferred securities, and guarantees of debt).

The cease and desist orders against PVF Capital and Park View Federal also imposed certain on-going reporting obligations and additional restrictions on severance and indemnification payments, changes in directors and management, employment agreements and compensation arrangements, third party service contracts and transactions with affiliates.

On August 27, 2012, the cease and desist order against Park View Federal was terminated by Office of the Comptroller of the Currency, which had replaced the Office of Thrift Supervision as Park View Federal's primary regulator. On December 15, 2012, the cease and desist order against PVF Capital was terminated by the Federal Reserve Board, which had replaced the Office of Thrift Supervision as PVF Capital's primary regulator.

Prompt Corrective Regulatory Action

Under the Federal Deposit Insurance Corporation Improvement Act of 1991, federal banking regulators are required to take prompt corrective action if an insured depository institution fails to

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satisfy certain minimum capital requirements. All institutions, regardless of their capital levels, are restricted from making any capital distribution or paying any management fees if the institution would thereafter fail to satisfy any of its capital requirements. An institution that fails to meet the minimum level for any relevant capital measure (an "undercapitalized institution") is: (i) subject to increased monitoring by the appropriate federal banking regulator; (ii) required to submit an acceptable capital restoration plan within 45 days; (iii) subject to asset growth limits; and (iv) required to obtain prior regulatory approval for acquisitions, branching and new lines of businesses. The capital restoration plan must include a guarantee by the institution's holding company that the institution will comply with the capital restoration plan until it has been adequately capitalized on average for four consecutive quarters, under which the holding company would be liable up to the lesser of 5% of the institution's total assets or the amount necessary to bring the institution into capital compliance as of the date it failed to comply with its capital restoration plan. A "significantly undercapitalized" institution, as well as any undercapitalized institution that did not submit an acceptable capital restoration plan, may be subject to regulatory demands for recapitalization, broader application of restrictions on transactions with affiliates, limitations on interest rates paid on deposits, asset growth and other activities, possible replacement of directors and officers, and restrictions on capital distributions by any bank holding company controlling the institution. Any company controlling the institution could also be required to divest the institution or the institution could be required to divest subsidiaries. The senior executive officers of a significantly undercapitalized institution may not receive bonuses or increases in compensation without prior approval and the institution is prohibited from making payments of principal or interest on its subordinated debt. In their discretion, the federal banking regulators may also impose the foregoing sanctions on an undercapitalized institution if the regulators determine that such actions are necessary to carry out the purposes of the prompt corrective action provisions. If an institution's ratio of tangible capital to total assets falls below a "critical capital level," the institution will be subject to conservatorship or receivership within specified time periods.

Under regulations jointly adopted by the federal banking regulators, a savings institution's capital adequacy for purposes of the prompt corrective action rules under the FDIC Improvement Act is determined on the basis of the institution's total risk-based capital ratio (the ratio of its total capital to risk-weighted assets), Tier 1 risk-based capital ratio (the ratio of its core capital to risk-weighted assets) and leverage ratio (the ratio of its Tier 1 or core capital to adjusted total assets). The following table shows the capital ratio requirements for each prompt corrective action category:

	Well Capitalized	**Adequately Capitalized**	**Undercapitalized**	**Significantly Undercapitalized**
Total risk-based capital ratio	10.0% or more	8.0% or more	Less than 8.0%	Less than 6.0%
Tier 1 risk-based capital ratio	6.0% or more	4.0% or more	Less than 4.0%	Less than 3.0%
Leverage ratio	5.0% or more	4.0% or more*	Less than 4.0%*	Less than 3.0%

* 3.0% if the institution has the highest examination rating.

A "critically undercapitalized" savings institution is defined as a savings institution that has a ratio of "tangible equity" to total assets of less than 2.0%. Tangible equity is defined as core capital plus cumulative preferred stock less all intangibles other than qualifying supervisory goodwill and certain servicing rights. The Office of the Comptroller of the Currency may reclassify a well-capitalized savings association as adequately capitalized and may require an adequately capitalized or undercapitalized institution to comply with the supervisory actions applicable to institutions in the next lower capital category (but may not reclassify a significantly undercapitalized institution as critically undercapitalized) if the Office of the Comptroller of the Currency determines, after notice and an opportunity for a hearing, that the savings institution is in an unsafe or unsound condition or that the institution has received and not corrected a less-than-satisfactory rating for any examination rating category. At March 31, 2013, Park View Federal met the capital requirements to be deemed a well-capitalized

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institution for purposes of the prompt corrective action regulations. For more information regarding the position of Park View Federal with respect to the prompt corrective action rules under the FDIC Improvement Act, see Note 11 of Notes to Consolidated Financial Statements for the Nine Months Ended March 31, 2013 and 2012 and Notes 13 and 21 of Notes to Consolidated Financial Statements for Years Ended June 30, 2012, 2011 and 2010.

Safety and Soundness Standards

Interagency Guidelines Establishing Standards for Safety and Soundness require savings institutions to maintain internal controls and information systems and internal audit systems that are appropriate for the size, nature and scope of the institution's business. The guidelines also establish certain basic standards for loan documentation, credit underwriting, interest rate risk exposure, and asset growth. The guidelines further provide that savings institutions should maintain safeguards to prevent the payment of compensation, fees and benefits that are excessive or that could lead to material financial loss, and should take into account factors such as comparable compensation practices at peer institutions. If the Office of the Comptroller of the Currency determines that a savings institution is not in compliance with the safety and soundness guidelines, it may require the institution to submit an acceptable plan to achieve compliance with the guidelines. Failure to submit or implement a compliance plan may subject the institution to regulatory sanctions. Additionally, a savings institution should maintain systems, commensurate with its size and the nature and scope of its operations, to identify problem assets and prevent deterioration in those assets as well as to evaluate and monitor earnings and ensure that earnings are sufficient to maintain adequate capital and reserves.

Federal Home Loan Bank System

Park View Federal is a member of the FHLB, which consists of 12 regional FHLBs subject to supervision and regulation by the Federal Housing Finance Agency. The FHLB provides a central credit facility primarily for member institutions. As a member of the FHLB, Park View Federal is required to acquire and hold specified amounts of capital stock in the FHLB of Cincinnati. Park View Federal was in compliance with this requirement with an investment in FHLB of Cincinnati stock at March 31, 2013 of $12.8 million. The FHLB of Cincinnati's ability to pay dividends to its shareholders is subject to a variety of factors such as legal requirements, Park View Federal's financial condition and income and economic conditions.

Long-term advances may be made only for the purpose of providing funds for residential housing finance, small business loans, small farm loans and small agri-business loans. At March 31, 2013, Park View Federal had $35 million in advances outstanding from the FHLB of Cincinnati. For more information regarding Park View Federal's sources of funds, see the section captioned " Borrowings" on page 115.

Loan and Investment Powers

Federal savings associations, such as Park View Federal, are subject to certain lending and investment restrictions imposed by the Home Owners' Loan Act and the Office of the Comptroller of the Currency's implementing regulations thereunder. Under these laws and regulations, federal savings associations may invest in mortgage loans secured by residential and commercial real estate, commercial and consumer loans, certain types of debt securities and certain other assets. Federal savings associations may also establish service corporations that may engage in activities not otherwise permissible, including certain real estate equity investments and securities and insurance brokerage activities. These investment powers are subject to various limitations. At March 31, 2013, Park View Federal met all lending restrictions imposed under the Home Owners' Loan Act.

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Qualified Thrift Lender Test

Pursuant to the provisions of the Home Owners' Loan Act, a savings association must meet the standard of a qualified thrift lender. Under the qualified thrift lender test, Park View Federal is required to maintain at least 65% of its "portfolio assets" in certain "qualified thrift investments" on a monthly basis in at least nine months of the most recent twelve-month period. "Portfolio assets" means, in general, an association's total assets less the sum of: (1) specified liquid assets up to 20% of total assets; (2) goodwill and other intangible assets; and (3) the value of property used to conduct Park View Federal's business. "Qualified thrift investments" include various types of loans made for residential and housing purposes, investments related to such purposes, including certain mortgage-backed and related securities and consumer loans. If a savings association fails the qualified thrift lender test, it must operate under certain restrictions on its activities. The Dodd-Frank Act made non-compliance potentially subject to agency enforcement action for violation of law. At March 31, 2013, Park View Federal qualified as a qualified thrift lender. Additionally, Park View Federal had also met the qualified thrift lender test in each of the prior 12 months.

Uniform Lending Standards

Under current federal banking regulations, savings institutions must adopt and maintain written policies that establish appropriate limits and standards for extensions of credit that are secured by liens or interests in real estate or are made for the purpose of financing permanent improvements to real estate. These policies must establish loan portfolio diversification standards, prudent underwriting standards including loan-to-value limits that are clear and measurable, loan administration procedures and documentation, approval and reporting requirements. Park View Federal believes that its current lending policies conform to these guidelines.

Insurance of Deposit Accounts

The deposits of Park View Federal are insured to the maximum extent permitted by the Deposit Insurance Fund and are backed by the full faith and credit of the U.S. government. Under the FDIC's risk-based assessment system, insured institutions are assigned to one of four risk categories based on supervisory evaluations, regulatory capital levels, and certain other factors, with less risky institutions paying lower assessments. An institution's assessment rate depends upon the category to which it is assigned.

In order to cover losses to the Deposit Insurance Fund, the FDIC imposed on all insured institutions a special emergency assessment of five basis points of total assets minus Tier 1 capital, as of June 30, 2009 (capped at ten basis points of an institution's deposit assessment base). The amount of Park View Federal's special assessment, which was paid on September 30, 2009, was $430,387. The FDIC provided for similar assessments during the final two quarters of 2009, if deemed necessary. However, in lieu of further special assessments, the FDIC required insured institutions to prepay estimated quarterly risk-based assessments for the fourth quarter of 2009 through the fourth quarter of 2012. Nevertheless, pursuant to discretionary authority granted to the FDIC, the FDIC determined to exempt Park View Federal from having to prepay its quarterly risk-based assessment for the fourth quarter of 2009, and all of 2010, 2011 and 2012.

The Emergency Economic Stabilization Act of 2008 ("EESA") instituted two temporary programs effective through December 31, 2009 to further insure customer deposits at FDIC-member banks: deposit accounts were insured up to $250,000 per customer (up from $100,000) and noninterest-bearing transactional accounts were fully insured (unlimited coverage). The Dodd-Frank Act made permanent the $250,000 per customer insurance limit for deposit accounts, and in November 2010, the FDIC issued a final rule under the Dodd-Frank Act that continued temporary unlimited coverage for

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noninterest-bearing transaction accounts. The separate coverage for noninterest-bearing transaction accounts became effective on December 31, 2010 and terminated on December 31, 2012.

All FDIC-insured depository institutions must pay an additional quarterly assessment, based on deposit levels, to provide funds for the payment of interest on bonds issued by the Financing Corporation ("FICO"), a federal corporation chartered under the authority of the Federal Housing Finance Board. The FICO bonds were issued to capitalize the Federal Savings and Loan Insurance Corporation. The FICO assessments are adjusted quarterly to reflect changes in the assessment bases of the FDIC's insurance funds and do not vary regardless of a depository institution's capitalization or supervisory evaluations.

The FDIC has authority to increase insurance assessments. A significant increase in insurance premiums would likely have an adverse effect on the operating expenses and results of operations of PVF Capital. Management cannot predict what insurance assessment rates will be in the future. As insurer, the FDIC is authorized to conduct examinations of, and to require reporting by, insured institutions. It also may prohibit any insured institution from engaging in any activity determined by regulation or order to pose a serious threat to the FDIC. In addition, the FDIC has the authority to initiate enforcement actions against savings institutions, after giving the Office of the Comptroller of the Currency an opportunity to take such action.

Dividend Limitations

Under applicable federal regulations, Park View Federal may not pay dividends on its capital stock if its regulatory capital would thereby be reduced below the amount then required for the liquidation account established for the benefit of certain depositors of Park View Federal at the time of its conversion from mutual to stock form.

Federal regulations require that savings institutions submit notice to the Office of the Comptroller of the Currency prior to making a capital distribution (which includes dividends, share repurchases and amounts paid to shareholders of another institution in a cash merger) if the institution is a subsidiary of a holding company. A savings institution must make application to the Office of the Comptroller of the Currency to pay a capital distribution if: (1) the institution would not be adequately capitalized following the distribution; (2) the institution's total distributions for the calendar year exceed the institution's net income for the calendar year to date plus its net income (less distributions) for the preceding two years; or (3) the distribution would otherwise violate applicable law or regulation or an agreement with or conditions imposed by the Office of the Comptroller of the Currency. As a subsidiary of a savings and loan holding company, Park View Federal must, at a minimum, provide prior notice to the Office of the Comptroller of the Currency of capital distributions. The Office of the Comptroller of the Currency may disapprove or deny a capital distribution if in the view of the Office of the Comptroller of the Currency, the capital distribution would constitute an unsafe or unsound practice.

In addition to the foregoing, earnings of Park View Federal appropriated to bad debt reserves and deducted for federal income tax purposes are not available for payment of cash dividends without payment of taxes at the then current tax rate by Park View Federal on the amount of earnings removed from the reserves for such distributions. For additional information regarding federal income taxes, see the section titled " Taxation" on page 129. Park View Federal intends to make full use of this favorable tax treatment and does not contemplate using any of its earnings in a manner which would limit its bad debt deduction or create Federal tax liabilities.

Federal Reserve System

Federal Reserve Board regulations require federally chartered savings associations to maintain non-interest-earning cash reserves against their transaction accounts (primarily NOW and demand deposit accounts). At March 31, 2013, Park View Federal met its reserve requirements. Since required reserves must be maintained in the form of either vault cash, an account at a Federal Reserve Bank or a pass-through account as defined by the Federal Reserve Board, the effect of this reserve requirement is to reduce Park View Federal's interest income.

Interstate Branching

Federal law permits federal savings institutions to branch in any state or states of the U.S. and its territories, subject to certain exceptions. Except in supervisory cases or when interstate branching is otherwise permitted by state law or other statutory provision, an institution may not establish an out-of-state branch unless: (i) the institution qualifies as a "domestic building and loan association" under §7701(a)(19) of the Internal Revenue Code or meets the qualified thrift lender test and the total assets attributable to all branches of the association in the state would qualify such branches taken as a whole for treatment as a domestic building and loan association or as a qualified thrift lender; and (ii) such branch would not result in (1) formation of a prohibited multi-state multiple savings and loan holding company, or (2) a violation of certain statutory restrictions on branching by savings institution subsidiaries of bank holding companies. Federal savings institutions generally may not establish new branches unless the institution meets or exceeds minimum regulatory capital requirements. The Office of the Comptroller of the Currency will also consider the institution's record of compliance with the Community Reinvestment Act in connection with any branch application.

Loans to One Borrower Limitations

Under federal law, loans and extensions of credit, to anyone may generally not exceed 15% of the unimpaired capital and surplus of the savings institution. Loans and extensions of credit fully secured by certain readily marketable collateral may represent an additional 10% of unimpaired capital and surplus. At March 31, 2013, Park View Federal's lending limit under this restriction is $13.6 million.

Enforcement

Effective July 21, 2011, the Office of the Comptroller of the Currency assumed primary enforcement responsibility over federal savings institutions. In this regard, the Office of the Comptroller of the Currency has the authority to bring actions against the institution and all institution-affiliated parties, including shareholders, and any attorneys, appraisers and accountants, who knowingly or recklessly participate in wrongful action likely to have an adverse effect on an insured institution. Formal enforcement action may range from the issuance of a capital directive or cease and desist order to removal of officers and/or directors to institution of receivership, conservatorship or termination of deposit insurance. Civil penalties cover a wide range of violations and can amount to $25,000 per day, or even $1 million per day in especially egregious cases. The FDIC has the authority to recommend to the Office of the Comptroller of the Currency that enforcement action to be taken with respect to a particular savings institution. If action is not taken by the Office of the Comptroller of the Currency, the FDIC has authority to take such action under certain circumstances. Federal law also establishes criminal penalties for certain violations.

Transactions with Affiliates

Transactions between savings institutions and any affiliate are governed by Sections 23A and 23B of the Federal Reserve Act. An affiliate of a savings institution is any company or entity which controls, is controlled by or is under common control with the savings institution. In a holding company context,

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the parent holding company of a savings institution (such as PVF Capital) and any companies which are controlled by such parent holding company are affiliates of the savings institution. Generally, Sections 23A and 23B: (i) limit the extent to which the savings institution or its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of such institution's capital stock and surplus, and contain an aggregate limit on all such transactions with all affiliates to an amount equal to 20% of such capital stock and surplus; (ii) specify certain collateral requirements for particular transactions with affiliates; and (iii) require that all such transactions be on terms substantially the same, or at least as favorable, to the institution or subsidiary as those provided to an unaffiliated customer. The term "covered transaction" includes the making of loans, purchase of assets, issuance of a guarantee and similar other types of transactions. In addition to the restrictions imposed by Sections 23A and 23B, no savings institution may: (i) loan or otherwise extend credit to an affiliate, except for any affiliate which engages only in activities which are permissible for bank holding companies; or (ii) purchase or invest in any stocks, bonds, debentures, notes or similar obligations of any affiliate, except for affiliates which are subsidiaries of the savings institution. Park View Federal is also prohibited from extending credit to or offering any other services, or fixing or varying the consideration for such extension of credit or service, on condition that the customer obtain some additional services from the institution or certain of its affiliates or not obtain services of a competitor of the institution, subject to certain exceptions.

Savings institutions are also subject to the restrictions contained in Section 22(h) and Section 22(g) of the Federal Reserve Act on loans to executive officers, directors and principal shareholders. Under Section 22(h), loans to a director, executive officer or to a greater than 10% shareholder of a savings institution, and certain affiliated entities of the foregoing, may not exceed, together with all other outstanding loans to such person and affiliated entities, the institution's loan to one borrower limit (generally equal to 15% of the institution's unimpaired capital and surplus and an additional 10% of such capital and surplus for loans fully secured by certain readily marketable collateral). Section 22(h) also prohibits loans above specified amounts to directors, executive officers and greater than 10% shareholders of a savings institution, and their respective affiliates, unless such loan is approved in advance by a majority of the board of directors of the institution, with any "interested" director not participating in the voting. The specified amounts are the greater of $25,000 or 5% of capital and surplus (and any loan or loans aggregating to $500,000 or more). Further, loans to directors, executive officers and principal shareholders must be made on terms substantially the same as offered in comparable transactions to other persons. There is an exception to that requirement where such loans are made pursuant to a benefit or compensation program that is widely available to employees of the institution and the program does not give preference to directors or executive officers over other employees.

Section 22(g) of the Federal Reserve Act and Regulation O promulgated by the Federal Reserve Board requires that loans to executive officers of depository institutions not be made on terms more favorable than those afforded to other borrowers, requires approval for such extensions of credit by the board of directors of the institution, and imposes reporting requirements for and additional restrictions on the type, amount and terms of credits to such officers. Extensions of credit to executive officers, directors, and greater than 10% shareholders of a depository institution by any other institution which has a correspondent banking relationship with the institution are prohibited, unless such extension of credit is on substantially the same terms as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features.

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Regulation of PVF Capital

General

PVF Capital is a savings and loan holding company as defined by the Home Owners' Loan Act. Effective July 21, 2011, the Dodd-Frank Act regulatory restructuring transferred to the Federal Reserve Board the responsibility for regulating and supervising savings and loan holding companies, such as PVF Capital. As a subsidiary of a savings and loan holding company, Park View Federal is subject to certain restrictions in its dealings with PVF Capital and affiliates thereof.