

MALVERN FEDERAL BANCORP INC
Form DEF 14A
January 11, 2011

SCHEDULE 14A

United States

Securities and Exchange Commission

Washington, D.C. 20549

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant x

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Malvern Federal Bancorp, Inc.
(Name of Registrant as Specified in Its Charter)

N/A
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MALVERN FEDERAL BANCORP, INC.

January 11, 2011

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Malvern Federal Bancorp, Inc. The meeting will be held at the Sheraton Great Valley Hotel, 707 East Lancaster Avenue, Frazer, Pennsylvania, on Thursday, February 3, 2011 at 10:00 a.m., Eastern Time. The matters to be considered by shareholders at the annual meeting are described in the accompanying materials.

It is very important that you be represented at the annual meeting regardless of the number of shares you own or whether you are able to attend the meeting in person. We urge you to mark, sign, and date your proxy card today and return it in the envelope provided, even if you plan to attend the annual meeting. This will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend.

Your continued support of and interest in Malvern Federal Bancorp, Inc. is sincerely appreciated.

Very truly yours,

/s/Ronald Anderson

Ronald Anderson
President and Chief Executive Officer

MALVERN FEDERAL BANCORP, INC.
42 East Lancaster Avenue
Paoli, Pennsylvania 19301
(610) 644-9400

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME 10:00 a.m., Eastern Time, Thursday, February 3, 2011

PLACE Sheraton Great Valley Hotel
707 East Lancaster Avenue
Frazer, Pennsylvania

ITEMS OF BUSINESS

- (1) To elect three directors for a three-year term expiring in 2014, and until their successors are elected and qualified;
- (2) To adopt a non-binding resolution to approve the compensation of our named executive officers;
- (3) To consider an advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers;
- (4) To ratify the appointment of ParenteBeard LLC as our independent registered public accounting firm for the fiscal year ending September 30, 2011; and
- (5) To transact such other business, as may properly come before the meeting or at any adjournment thereof. We are not aware of any other such business.

RECORD DATE Holders of Malvern Federal Bancorp common stock of record at the close of business on December 28, 2010 are entitled to vote at the meeting.

ANNUAL REPORT Our 2010 Annual Report is enclosed but is not a part of the proxy solicitation materials.

PROXY VOTING It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card sent to you. Most shareholders whose shares are held in "street" name can also vote their shares over the Internet or by telephone. If Internet or telephone voting is available to you, voting instructions are printed on your voting instruction form. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

/s/Shirley Stanke

Shirley Stanke
Corporate Secretary

Paoli, Pennsylvania
January 11, 2011

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PROXY STATEMENT
OF
MALVERN FEDERAL BANCORP, INC.

ABOUT THE ANNUAL MEETING OF SHAREHOLDERS

This proxy statement is furnished to holders of common stock of Malvern Federal Bancorp, Inc., the “mid-tier” holding company of Malvern Federal Savings Bank. Our Board of Directors is soliciting proxies to be used at the annual meeting of shareholders to be held at the Sheraton Great Valley Hotel, located at 707 East Lancaster Avenue, Frazer, Pennsylvania, on Thursday, February 3, 2011 at 10:00 a.m., Eastern Time, and any adjournment thereof, for the purposes set forth in the Notice of Annual Meeting of Shareholders. This proxy statement is first being mailed to shareholders on or about January 11, 2011.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on February 3, 2011. This proxy statement and our Annual Report on Form 10-K for the year ended September 30, 2010 as well as driving directions to the annual meeting are available on our website at www.malvernfederal.com under the “Investor Relations” tab.

What is the purpose of the annual meeting?

At our annual meeting, shareholders will act upon the matters outlined in the Notice of Annual Meeting, including the election of directors, a non-binding resolution to approve the compensation of our named executive officers, an advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers and the ratification of our independent registered public accounting firm.

Who is entitled to vote?

Only Malvern Federal Bancorp shareholders of record as of the close of business on the record date for the meeting, December 28, 2010, are entitled to vote at the meeting. On the record date, we had 6,102,500 shares of common stock issued and outstanding and no other class of equity securities outstanding. For each issued and outstanding share of common stock you own on the record date, you will be entitled to one vote on each matter to be voted on at the meeting, in person or by proxy.

How do I submit my proxy?

After you have carefully read this proxy statement, indicate on your proxy form how you want your shares to be voted. Then sign, date and mail your proxy form in the enclosed prepaid return envelope as soon as possible. This will enable your shares to be represented and voted at the annual meeting even if you do not attend the meeting.

If my shares are held in “street name” by my broker, could my broker automatically vote my shares for me?

Your broker may not vote on the election of directors, the proposal to adopt a non-binding resolution to approve the compensation of our named executive officers or the advisory vote on the frequency of the non-binding resolution to approve such compensation if you do not furnish instructions for such proposals. You should use the voting instruction card provided by the institution that holds your shares to instruct your broker to vote your shares or else your shares will be considered “broker non-votes.”

Broker non-votes are shares held by brokers or nominees as to which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and the broker or nominee does not have discretionary voting power under rules applicable to broker-dealers. Under these rules, the proposals to elect directors, to adopt the non-binding resolution to approve the compensation of our named executive officers and the advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers are not items on which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions within ten days of the annual meeting.

Your broker may vote in his or her discretion on the ratification of the appointment of our independent registered public accounting firm if you do not furnish instructions.

Can I attend the meeting and vote my shares in person?

All shareholders are invited to attend the annual meeting. Shareholders of record can vote in person at the annual meeting. If your shares are held in street name, then you are not the shareholder of record and you must ask your broker or other nominee how you can vote at the annual meeting.

Can I change my vote after I return my proxy card?

Yes. If you are a shareholder of record, there are three ways you can change your vote or revoke your proxy after you have sent in your proxy form.

First, you may send a written notice to our Corporate Secretary, Ms. Shirley Stanke, Malvern Federal Bancorp, Inc., 42 East Lancaster Avenue, Paoli, Pennsylvania 19301, in advance of the meeting stating that you would like to revoke your proxy.

Second, you may complete and submit a new proxy form before the annual meeting. Any earlier proxies will be revoked automatically.

Third, you may attend the annual meeting and vote in person. Any earlier proxy will be revoked. However, attending the annual meeting without voting in person will not revoke your proxy.

If your shares are held in "street name" and you have instructed a broker or other nominee to vote your shares, you must follow directions from your broker or other nominee to change your vote.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of outstanding shares that all shareholders are entitled to vote on a particular matter will constitute a quorum. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting.

What are the Board of Directors' recommendations?

The recommendations of the Board of Directors are set forth under the description of each proposal in this proxy statement. In summary, the Board of Directors recommends that you vote FOR the nominees for director described herein, FOR the non-binding resolution to approve the compensation of our named executive officers, FOR THREE YEARS on the advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers and FOR the ratification of the appointment of ParenteBeard LLC for fiscal 2011.

The proxy solicited hereby, if properly signed and returned to us and not revoked prior to its use, will be voted in accordance with your instructions. If no contrary instructions are given, each proxy signed and received will be voted in the manner recommended by the Board of Directors and, upon the transaction of such other business as may properly come before the meeting, in accordance with the best judgment of the persons appointed as proxies. Proxies solicited hereby may be exercised only at the annual meeting and any adjournment of the annual meeting and will not be used for any other meeting.

What vote is required to approve each item?

The election of directors will be determined by a plurality of the votes cast at the annual meeting. The three nominees for director receiving the most “for” votes will be elected directors. The affirmative vote of a majority of the shares represented in person or by proxy at the annual meeting is required for approval of the proposals to approve the non-binding resolution to approve the compensation of our named executive officers and to ratify the appointment of ParenteBeard LLC for fiscal 2011. The frequency of the advisory vote on the non-binding resolution to approve the compensation of our named executive officers receiving the greatest number of votes (either every three years, every two years or every year) will be the frequency that shareholders approve. Abstentions are considered in determining the presence of a quorum and will count as a vote against the proposal to approve the non-binding resolution to approve the compensation of our named executive officers and to ratify the appointment of the independent registered public accounting firm.

Because the votes on the non-binding resolution to approve the compensation of our named executive officers and the frequency of the vote on such compensation are advisory, they will not be binding on the Board of Directors of the Company. However, the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation.

As indicated below under “Beneficial Ownership of Common Stock by Certain Beneficial Owners and Management,” Malvern Federal Mutual Holding Company owns a majority of our outstanding common stock. The Mutual Holding Company intends to vote all of the shares it owns for the nominees for director, for the non-binding resolution to approve the compensation of our named executive officers, for three years on the advisory vote on the frequency of the non-binding resolution to approve the compensation of our named executive officers and for the ratification of the appointment of ParenteBeard LLC, thereby ensuring a quorum at the annual meeting, and that each of such proposals will be adopted.

INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR, CONTINUING DIRECTORS AND EXECUTIVE OFFICERS

Election of Directors (Proposal One)

Our Bylaws provide that the Board of Directors shall be divided into three classes as nearly equal in number as possible. The directors are elected by our shareholders for staggered terms and until their successors are elected and qualified. One class shall be elected annually. At this meeting, you will be asked to elect one class of directors, consisting of three directors, for a three-year term expiring in 2014, and until their successors are elected and qualified.

Our Board of Directors has recommended the re-election of Ms. Camp and Messrs. Scartozzi and Steinmetz as directors. No director or nominee for director is related to any other director or executive officer by blood, marriage or adoption. Shareholders are not permitted to use cumulative voting for the election of directors. Our Board of Directors has determined that Messrs. Hughes, Scartozzi, Steinmetz, Palmer and Yerkes and Ms. Camp and Ms. Woodman are independent directors, as defined in the Nasdaq listing standards.

Unless otherwise directed, each proxy signed and returned by a shareholder will be voted for the election of the nominees for director listed below. If any person named as a nominee should be unable or unwilling to stand for election at the time of the annual meeting, the proxies will nominate and vote for any replacement nominee or nominees recommended by our Board of Directors. At this time, the Board of Directors knows of no reason why any of the nominees listed below may not be able to serve as a director if elected.

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The following tables present information concerning the nominees for director and our continuing directors. All of our current directors also serve as directors of Malvern Federal Savings Bank. With the exception of Ms. Woodman and Mr. Scartozzi, the indicated period of service as a director includes service as a director of Malvern Federal Savings Bank prior to the organization of Malvern Federal Bancorp in 2008. Ages are reflected as of September 30, 2010.

Nominees for Director for Three-Year Terms Expiring in 2014

Name	Age	Position with Malvern Federal Bancorp and Principal Occupation During the Past Five Years	Director Since
Kristin S. Camp	41	Director. Partner at the law firm Buckley, Brion, McGuire & Morris LLP, West Chester, Pennsylvania since 1996. As an attorney practicing in the Bank's market area, Ms. Camp brings valuable legal experience to the Board.	2007
George E. Steinmetz	49	Director. Owner, Matthews Paoli Ford, an automobile dealership, Paoli, Pennsylvania since 2002. Mr. Steinmetz's background as a small business owner in the Bank's market area position him as well qualified to serve as a Director.	2007
Stephen P. Scartozzi	59	Director. President of The Hardware Center, Inc., Paoli, Pennsylvania since 2008. Mr. Scartozzi's background as a small business owner in the Bank's market area make him well qualified to serve as a Director.	2010

The Board of Directors recommends that you vote FOR the election of the nominees for director.

Members of the Board of Directors Continuing in Office

Directors Whose Terms Expire in 2012

Name	Age	Position with Malvern Federal Bancorp and Principal Occupation During the Past Five Years	Director Since
Joseph E. Palmer, Jr.	70	Director. Co-owner and manager of Palmer Group Properties, a real estate investment and management company located in Paoli, Pennsylvania since 1994. Mr. Palmer's extensive experience as an owner and operator of a real estate company in the Bank's market area position him as well qualified to serve as a Director.	1986
Therese Woodman	58	Director. Township Manager of East Whiteland Township since February 2001. Ms. Woodman brings a wealth of experience to the Board with respect to local community matters, particularly in the areas of planning and development, which makes her well qualified to serve as a Director.	2009
John B. Yerkes, Jr.	72	Vice Chairman of the Board. Principal and Chief Executive Officer of Yerkes Associates, Inc., consulting civil engineers, West Chester, Pennsylvania, since 1961. Mr. Yerkes' background as a business owner and civil engineer, position him as well qualified to serve as a Director.	1975

Directors Whose Terms Expire in 2013

Name	Age	Position with Malvern Federal Bancorp and Principal Occupation During the Past Five Years	Director Since
Ronald Anderson	54	President and Chief Executive Officer of Malvern Federal Bancorp, Inc. since its organization in 2008 and President and Chief Executive Officer of Malvern Federal Savings Bank since September 2002. Previously, Executive Vice President and Chief Executive Officer of Malvern Federal Savings Bank from September 2001 to September 2002. Mr. Anderson's long service as an executive officer of Malvern Federal Bancorp and the Bank provide the Board with a wealth of knowledge and experience and make him well qualified to serve as a Director.	2006
F. Claire Hughes, Jr.	66	Chairman of the Board. Retired since January 2007. Previously Vice President, General Manager and Treasurer of Matthews Ford and President of Matthews Leasing Company, Paoli, Pennsylvania. Mr. Hughes business and financial experience as manager of a small business and president of a leasing company, make him well qualified	2001

to serve as a director.

Executive Officers Who are Not Also Directors

Dennis Boyle, who is 58 years old, currently is Senior Vice President and Chief Financial Officer of Malvern Federal Bancorp and Senior Vice President, Treasurer and Chief Financial Officer of Malvern Federal Savings Bank. Previously, Mr. Boyle served as Vice President and Treasurer of Malvern Federal Savings Bank and in various other capacities since joining the bank in 1974.

Richard J. Fuchs, who is 61 years old, joined Malvern Federal Savings Bank as Senior Vice President – Operations on September 1, 2009. Previously, Mr. Fuchs served as the Executive Vice President – Retail Banking and Chief Deposit Office of Fox Chase Bank, Hatboro, Pennsylvania, from April 2006 until September 2009, and prior thereto, he was Senior Vice President – Community Banking Division at The Bryn Mawr Trust Company, Bryn Mawr, Pennsylvania, and he also served as President and Chief Executive Officer of its subsidiary, the Bryn Mawr Brokerage Company from 2000 to 2005.

William E. Hughes, Jr., who is 53 years old, has served as Senior Vice President and Chief Lending Officer of Malvern Federal Savings Bank since 1997 and in various other capacities since joining the Bank in 1977.

Gerard M. McTear, Jr., who is 47 years old, has served as Chief Administrative Officer since June 2007. Previously, Mr. McTear served as Executive Vice President and Chief Operating Officer from July 2002 to June 2007, and, prior thereto, Mr. McTear served as Human Resources, Security, Retail Banking Manager.

Director Nominations

Nominations for director of Malvern Federal Bancorp are made by the full Board of Directors. The Board of Directors considers the recommendations of the Nominating and Corporate Governance Committee in selecting nominees for director. All of our directors participate in the consideration of director nominees and will consider candidates for director suggested by other directors, as well as our management and shareholders. A shareholder who desires to recommend a prospective nominee for the Board should notify our Secretary in writing with whatever supporting material the shareholder considers appropriate. Any shareholder wishing to make a nomination must follow our procedures for shareholder nominations, which are described under “Shareholder Proposals, Nominations and Communications with the Board of Directors.”

The charter of the Nominating and Corporate Governance Committee sets forth certain criteria the committee may consider when recommending individuals for nomination as a director including: (a) ensuring that the board of directors, as a whole, is diverse and consists of individuals with various and relevant career experience, relevant technical skills, industry knowledge and experience, financial expertise (including expertise that could qualify a director as a “financial expert,” as that term is defined by the rules of the SEC), local or community ties and (b) minimum individual qualifications, including strength of character, mature judgment, familiarity with our business and industry, independence of thought and an ability to work collegially. The committee also may consider the extent to which the candidate would fill a present need on the Board of Directors.

Committees and Meetings of the Board of Directors

During the fiscal year ended September 30, 2010, the Board of Directors of Malvern Federal Bancorp met 24 times. No director of Malvern Federal Bancorp attended fewer than 75% of the aggregate of the total number of Board meetings held during the period for which he has been a director and the total number of meetings held by all committees of the Board on which he served during the periods that he served.

Membership on Certain Board Committees. The Board of Directors of Malvern Bancorp has established an Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The following table sets forth the membership of such committees as of the date of this proxy statement.

Directors	Audit	Compensation	Nominating and Corporate Governance
Camp			*
Hughes	*	**	
Palmer	*	*	
Scartozzi	*		
Steinmetz	**	*	
Woodman			*
Yerkes		*	**

* Member

** Chair

Audit Committee. The Board of Directors has established an Audit Committee consisting of Messrs. Steinmetz, Hughes, Scartozzi and Palmer. The Audit Committee reviews with management and the independent registered public accounting firm the systems of internal control, reviews the annual financial statements, including the Form 10-K, and monitors Malvern Federal Bancorp's adherence in accounting and financial reporting to generally accepted accounting principles. The Audit Committee is comprised of four directors who are independent directors as defined in the Nasdaq listing standards and the rules and regulations of the Securities and Exchange Commission. The Board of Directors has determined that Mr. Steinmetz meets the qualifications established for an audit committee financial expert in the regulations of the Securities and Exchange Commission. The Audit Committee met 11 times in fiscal 2010. The Audit Committee charter as presently in effect is available on the Company's website, www.malvernfederal.com.

Nominating and Corporate Governance Committee. It is the responsibility of the Nominating and Corporate Governance Committee to, among other functions, recommend nominees for the consideration of the Board of Directors in selecting nominees for election at the Annual Meeting. The Nominating and Corporate Governance Committee met four times in fiscal 2010. The Nominating and Corporate Governance Committee members are independent directors, as defined in the Nasdaq listing standards. The committee's charter is available on our website at www.malvernfederal.com under the Investor Relations heading.

Compensation Committee. It is the responsibility of the Compensation Committee to set the compensation of our Chief Executive Officer as well as the other named executive officers. The Compensation Committee did not meet in fiscal 2010 as the entire Board of Directors determined not to increase salaries or pay bonuses to executive officers in fiscal 2010. Each of the members of the Compensation Committee is an independent director as defined in the Nasdaq listing standards. The committee's charter is available on our website at www.malvernfederal.com under the Investor Relations heading.

Board Leadership Structure and the Board's Role in Risk Oversight

Ronald Anderson serves as our President and Chief Executive Officer and F. Claire Hughes, Jr. serves as Chairman of the Board. The Board of Directors has determined that that separation of the offices of Chairman of the Board and President enhances Board independence and oversight. Further, the separation of the Chairman of the Board permits

the President and Chief Executive Officer to better focus on his responsibilities on managing the daily operations of Malvern Federal Bancorp, enhancing shareholder value and expanding and strengthening our franchise while allowing the Chairman to lead the Board of Directors in its fundamental role of providing independent oversight and advice to management. Mr. Hughes is an independent director under the rules of the Nasdaq Stock Market.

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Risk is inherent with every business, particularly financial institutions. We face a number of risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputational risk. Management is responsible for the day-to-day management of the risks Malvern Federal Bancorp faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to ensure that the risk management processes designed and implemented by management are adequate and functioning as designed. In this regard, the Chairman of the Board meets regularly with management to discuss strategy and risks facing the company. Members of senior management regularly attend the Board meetings and are available to address any questions or concerns raised by the Board on risk management or other matters. The Chairman of the Board and independent directors work together to provide strong, independent oversight of Malvern Federal Bancorp's management and affairs through its committees and meetings of independent directors.

Directors' Attendance at Annual Meetings

Directors are expected to attend the annual meeting of shareholders absent a valid reason for not doing so.

Directors' Compensation

We do not pay separate compensation to directors for their service on the Board of Directors of Malvern Federal Bancorp. Fees are paid to directors by the Bank only. Our directors, except for our President and Chief Executive Officer and Chairman of the Board, currently receive a fee of \$400 for attending regularly scheduled monthly Board meetings of the Bank for a maximum of \$800 per month. Directors, with the exception our President and Chief Executive Officer, also receive fees for attending property/loan committee meetings and reviewing loans. The Bank's Chairman of the Board currently receives an annual retainer of \$60,000 and the Vice Chairman receives \$30,000. The remaining directors, other than Mr. Anderson, receive annual retainers of \$25,000.

The table below summarizes the total compensation paid by Malvern Federal Savings Bank to our non-employee directors for the fiscal year ended September 30, 2010.

Name	Fees Earned or		Total
	Paid in Cash	All Other Compensation(1)	
F. Claire Hughes, Jr.	\$ 60,500	\$ 2,271	\$ 62,771
Kristin S. Camp	35,420	--	35,420
Joseph E. Palmer, Jr.	35,080	3,048	38,128
David R. Prizer(2)	16,900	11,584	28,484
Edward P. Shanaughy(2)	33,400	18,185	51,585
George E. Steinmetz	35,700	--	35,700
Therese Woodman	35,000	--	35,000
John B. Yerkes, Jr.	39,920	3,485	43,405
Stephen P. Scartozzi(3)	14,417	--	14,417

(1) Consists of accruals and payments under the Directors' Retirement Plan.

(2) Mr. Prizer retired from the Board on February 23, 2010 and Mr. Shanaughy retired from the Board on November 10, 2010.

(3) Mr. Scartozzi was appointed to the Board on April 14, 2010.

Malvern Federal Savings Bank has entered into Director Retirement Plan ("DRP") Agreements with directors Hughes, Palmer and Yerkes and former directors Prizer and Shanaughy. The DRP Agreements provide the subject directors

with retirement benefits for a five-year period at normal retirement age, defined as 80 years. The normal annual retirement benefit amounts are \$17,400, \$15,500, and \$14,300 in the case of Messrs. Hughes, Palmer and Yerkes, respectively, and \$9,700 and \$10,500 in the case of Messrs. Prizer and Shanaughy, respectively. The DRP Agreements also provide for reduced benefits upon early retirement and for benefits upon the director's death or disability or separation of service following a change-in-control, as defined, of the Bank. The DRP Agreements provide that in the event any of the payments to be made thereunder are deemed to constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code (the "Code"), then such payments and benefits received thereunder shall be reduced by the minimum amount necessary to result in no portion of the payments and benefits being non-deductible by Malvern Federal Savings Bank for federal income tax purposes. The DRP Agreements also include non-compete provisions.

REPORT OF THE AUDIT COMMITTEE

The functions of the Audit Committee include the following: performing all duties assigned by the Board of Directors, reviewing with management and independent public accountants the basis for the reports issued by Malvern Federal Saving Bank and Malvern Federal Bancorp, Inc. pursuant to federal regulatory requirements, meeting with the independent registered public accounting firm to review the scope of audit services, significant accounting changes and audit conclusions regarding significant accounting estimates, assessments as to the adequacy of internal controls and the resolution of any significant deficiencies or material control weaknesses, and assessing compliance with laws and regulations and overseeing the internal audit function. The Audit Committee also reviews and assesses the adequacy of its Charter on an annual basis.

The Audit Committee has reviewed and discussed Malvern Federal Bancorp's audited financial statements with management. The Audit Committee has discussed with Malvern Federal Bancorp's independent registered public accounting firm, ParenteBeard LLC, the matters required to be discussed by the Statement on Auditing Standards ("SAS") No. 61, as amended (AICPA, Professional Standards, Vol. I, AU Section 380), as adopted by the Public Accounting Oversight Board in Rule 3800T. The Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding ParenteBeard LLC's communications with the audit committee concerning independence, and has discussed with ParenteBeard LLC, the independent auditor's independence. Based on the review and discussions referred to above in this report, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Malvern Federal Bancorp's Annual Report on Form 10-K for the fiscal year ended September 30, 2010 for filing with the Securities and Exchange Commission.

Members of the Audit Committee

George Steimmetz, Chairman
F. Claire Hughes, Jr.
Joseph E. Palmer
Stephen P. Scartozzi

MANAGEMENT COMPENSATION

Summary Compensation Table

The following table sets forth a summary of certain information concerning the compensation paid by Malvern Federal Savings Bank for services rendered in all capacities during the fiscal years ended September 30, 2010 and 2009 to our principal executive officer and the other two most highly compensated executive officers. Malvern Federal Bancorp, the holding company of Malvern Federal Savings, has not paid separate cash compensation to our executive officers.

Name and Principal Position	Fiscal	All Other			Total
	Year	Salary	Bonus	Compensation(1)	
Ronald Anderson President and Chief Executive Officer	2010	\$ 201,000	\$ --	\$ 41,784	\$ 242,784
	2009	208,731	7,432	46,791	262,954
Dennis Boyle Senior Vice President and Chief Financial Officer	2010	163,000	--	43,341	206,341
	2009	169,269	6,352	46,315	221,936
Gerard M. McTear, Jr.					