MALVERN BANCORP, INC.
Form S-1/A
August 02, 2012

Table of Contents

As filed with the Securities and Exchange Commission on August 2, 2012

Registration No. 333-181798

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Pre-Effective Amendment No. 1 to

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MALVERN BANCORP, INC.

AND MALVERN FEDERAL SAVINGS BANK

EMPLOYEES SAVINGS AND PROFIT SHARING PLAN

(Exact name of registrant as specified in its articles of incorporation)

Pennsylvania	**6036**	**45-5307782**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

42 East Lancaster Avenue
Paoli, Pennsylvania 19301
(610) 644-9400
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Ronald Anderson
President and Chief Executive Officer
Malvern Bancorp, Inc.
42 East Lancaster Avenue
Paoli, Pennsylvania 19301

(610) 644-9400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.[X]

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $.01 par value per share	6,558,762 shares(1)	$10.00	$65,587,620(2)	$ 7,517 (3)
Participation interests	678,189 interests(2)			(2)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Regulation 457(o) under the Securities Act.

(2) The securities of Malvern Bancorp, Inc. to be purchased by the Malvern Federal Savings Bank Employees Savings and Profit Sharing Plan are included in the common stock being registered. Pursuant to Rule 457(h)(2) of the Securities Act of 1933, as amended, no separate fee is required for the participation interests.

(3) Previously paid.

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

Table of Contents

PROSPECTUS

MALVERN BANCORP, INC.
(Proposed holding company for Malvern Federal Savings Bank)

Up to 3,162,500 Shares of Common Stock for Sale
(Anticipated Maximum, Subject to Increase)

Malvern Bancorp, Inc., a newly formed Pennsylvania corporation (which we refer to as Malvern Bancorp New), is offering up to 3,162,500 shares of its common stock to the public in connection with the second step conversion of Malvern Federal Mutual Holding Company from the mutual to the stock form of organization. All shares of common stock being offered for sale will be sold at a price of $10.00 per share. The shares being offered represent Malvern Federal Mutual Holding Company s current 55.5% ownership interest in the existing mid-tier holding company for Malvern Federal Savings Bank, a federally chartered corporation known as Malvern Federal Bancorp, Inc. (which we refer to as Malvern Federal Bancorp). The remaining 44.5% ownership interest in Malvern Federal Bancorp is now owned by public shareholders and will be exchanged for shares of common stock of Malvern Bancorp New. The common stock of Malvern Federal Bancorp is currently listed on the Nasdaq Global Market under the symbol MLVF. We expect that the common stock of Malvern Bancorp New will trade on the Nasdaq Global Market under the symbol MLVFD for a period of 20 trading days after completion of the conversion and offering. Thereafter, the trading symbol will be MLVF.

If you are a current or former depositor or other member of Malvern Federal Savings Bank as of one of the eligibility record dates, you may have priority rights to purchase shares in the subscription offering.

If you are not a depositor, but are interested in purchasing shares of our common stock, you may be able to purchase shares in the community offering to the extent shares remain available after priority orders are filled.

If you are a shareholder of Malvern Federal Bancorp, the shares you own will be exchanged automatically for shares of Malvern Bancorp New based on an exchange ratio.

We are offering shares of common stock in a subscription offering to eligible depositors and certain borrowers of Malvern Federal Savings Bank. Shares of common stock not purchased in the subscription offering may be offered for sale to the public in a community offering, with a preference given to residents of our local communities and the shareholders of Malvern Federal Bancorp. We must sell a minimum of 2,337,500 shares to complete the offering. Stifel, Nicolaus & Company, Incorporated will assist us in selling our common stock on a best efforts basis in the subscription and community offerings. We also may offer for sale shares of common stock not purchased in the subscription offering or community offering in a syndicated community offering through a syndicate of selected broker-dealers, with Stifel, Nicolaus & Company, Incorporated serving as a sole book-running manager. We retain the right to accept or reject, in whole or in part, any order received in the community offering or the syndicated community offering. Stifel, Nicolaus & Company, Incorporated is not obligated to purchase any shares of common stock that are being offered for sale in the subscription offering, community offering and any syndicated community offering. Instead of a syndicated community offering, shares not purchased in the subscription offering or community offering may be sold in an underwritten public offering to be managed by Stifel, Nicolaus & Company, Incorporated.

The minimum order is 25 shares. The subscription offering will end at 2:00 p.m., Eastern Time, on , 2012. We expect that the community offering, if held, will terminate at the same time, although it may continue without notice to you until , 2012. The offering may be extended further, subject to the receipt of any necessary approvals or non-objections from the Board of Governors of the Federal Reserve System. No single extension may exceed 90 days, and the offering must be completed by , 2014. Once submitted, orders are irrevocable unless the offering is terminated or is extended beyond , 2012, or the number of shares of common stock to be sold is increased to more than 3,636,875 shares or decreased to less than 2,337,500 shares. If we extend the offering beyond , 2012, all subscribers will be notified and given the opportunity to confirm, change or cancel their orders. If you do not respond to this notice, we will promptly return your funds, with interest calculated at Malvern Federal Savings Bank s passbook savings rate or cancel your deposit account withdrawal authorization. If we intend to sell fewer than 2,337,500 shares or more than 3,636,875 shares, we will promptly return all funds, with interest, and set a new offering range. All subscribers will be notified and given the opportunity to place a new order. Funds received prior to the completion of the offering will be held in a segregated account at Malvern Federal Savings Bank and will earn interest calculated at Malvern Federal Savings Bank s passbook savings rate, which is currently % per annum.

This investment involves a degree of risk, including the possible loss of principal.
Please read Risk Factors beginning on page 19.

OFFERING SUMMARY
Price Per Share: $10.00

	Minimum	Midpoint	Maximum	Maximum, as Adjusted
Number of shares	2,337,500	2,750,000	3,162,500	3,636,875
Gross offering proceeds	$23,375,000	$ 27,500,000	$ 31,625,000	$ 36,368,750
Estimated offering expenses, excluding selling agent fees and expenses	$ 955,000	$ 955,000	$ 955,000	$ 955,000
Estimated selling agent fees or discounts (1)(2)	$933,000	$1,098,000	$1,263,000	$1,452,750
Estimated selling agent expenses (3)	$ 195,000	$ 195,000	$ 195,000	$ 195,000
Estimated net proceeds	$21,292,000	$ 25,252,000	$ 29,212,000	$ 33,766,000
Estimated net proceeds per share	$ 9.11	$ 9.18	$ 9.24	$ 9.28

(1) Includes: (i) selling commissions payable by us to Stifel, Nicolaus & Company, Incorporated in connection with the subscription and community offerings equal to 1.0% of the aggregate amount of common stock sold in the subscription and community offerings (net of insider purchases) or approximately $143,000, at the adjusted maximum of the offering range, assuming that 40% of the offering is sold in the subscription and community offerings and the remaining 60% of the offering will be sold either by a syndicate of broker-dealers in a syndicated community offering or in an underwritten public offering; and (ii) fees and selling commissions payable by us to Stifel, Nicolaus & Company, Incorporated and any other broker-dealers participating in the syndicated offering equal to 6.0% of the aggregate amount of common stock sold in the syndicated community offering, or, in the case of an underwritten public offering, a 6.0% discount to Stifel, Nicolaus & Company, Incorporated and any other underwriters on shares of common stock sold in any public underwritten offering, or, in either case approximately $1.3 million at the adjusted maximum of the offering range. See Pro Forma Data on page 46 and The Conversion and the Offering Marketing Arrangements on page 135.

(2) If all shares of common stock are sold in the syndicated community offering or underwritten public offering, the maximum selling agent commissions (or discounts in the case of an underwritten public offering) and expenses would be $1,597,500 at the minimum, $1,845,000 at the midpoint, $2,092,500 at the maximum, and $2,377,125 at the adjusted maximum.

(3) Consists of expenses of the offering payable to Stifel, Nicolaus & Company, Incorporated and the other broker-dealers that may participate in the syndicated community offering or underwritten public offering, including the assumptions regarding the number of shares that may be sold in the subscription offering and the syndicated community offering or underwritten public offering, as the case may be, to determine the estimated offering expenses.

These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

STIFEL NICOLAUS WEISEL

For assistance, please contact the Stock Information Center, toll-free, at ( ) -

The date of this prospectus is , 2012

Table of Contents

Table of Contents

TABLE OF CONTENTS

Table of Contents

SUMMARY

This summary highlights material information from this prospectus and may not contain all the information that is important to you. To understand the stock offering fully, you should read this entire prospectus carefully, including the consolidated financial statements and the notes to the consolidated financial statements of Malvern Federal Bancorp and the section entitled Risk Factors.

Malvern Bancorp New

Malvern Bancorp New is a newly formed Pennsylvania corporation. Malvern Bancorp New is conducting this offering in connection with the conversion of Malvern Federal Mutual Holding Company from the mutual to the stock form of organization. The shares of common stock of Malvern Bancorp New to be sold represent the 55.5% ownership interest in Malvern Federal Bancorp currently owned by Malvern Federal Mutual Holding Company. The remaining 44.5% ownership interest in Malvern Federal Bancorp is currently owned by other shareholders (who are sometimes referred to as the public shareholders) and will be exchanged for shares of common stock of Malvern Bancorp New based on an exchange ratio which will range from 0.6908 shares at the minimum of the offering range to 0.9346 shares at the maximum of the offering range. The exchange ratio may be increased to as much as 1.0748 shares in the event the maximum of the offering range is increased by 15%. The actual exchange ratio will be determined at the closing of the offering and will depend on the number of shares of common stock sold in the stock offering. The executive offices of Malvern Bancorp New are located at 42 East Lancaster Avenue, Paoli, Pennsylvania 19301, and its telephone number is (610) 644-9400.

Malvern Federal Savings Bank

Malvern Federal Savings Bank is a federally chartered stock savings bank operating out of its headquarters in Paoli, Pennsylvania and eight full service financial center offices in Chester and Delaware Counties, Pennsylvania. Our headquarters office in Paoli, Pennsylvania, is approximately 25 miles west of the City of Philadelphia. In addition to Chester County, our lending efforts are focused in neighboring Montgomery County and Delaware County, both of which are also in southeastern Pennsylvania. To a lesser extent, we provide services to other areas in the greater Philadelphia market.

Historically, Malvern Federal Savings Bank was a traditional thrift institution which emphasized the origination of loans secured by one-to four-family, or single-family residential real estate located in its market area. At March 31, 2012, single-family residential real estate loans amounted to $220.2 million, or 46.6% of our total loans. Approximately eight years ago, we decided to focus on increasing our originations of loans secured by non-residential or commercial real estate as well as construction and development loans and home equity loans and lines of credit. Such loans were deemed attractive due to their generally higher yields and shorter anticipated lives compared to single-family residential mortgage loans. However, commercial real estate loans, construction and development loans and home equity loans and lines of credit are all deemed to have a higher risk of default than single-family residential mortgage loans. At March 31, 2012, our commercial real estate loans amounted to $122.1 million, or 25.8% of our total loans, our total home equity loans and lines of credit amounted to $92.9 million, or 19.7% of our loan portfolio and our total construction and development loans amounted to $22.5 million, or 4.7% of our total loan portfolio.

Largely mirroring the effects of the national recession on the local economy, our non-performing assets have increased significantly since September 30, 2007. The increase in our non-performing assets was due primarily to increased levels of non-performing commercial real estate loans and construction and development loans. Given the increase in non-performing assets and in light of the increased risk represented by such loans, we generally ceased originating any new construction and development loans in October 2009, with certain exceptions, and we ceased originating new commercial real estate loans in August 2010. In October 2010, Malvern Federal Savings Bank, Malvern Federal Bancorp and Malvern Federal Mutual Holding Company entered into Supervisory Agreements with the Office of Thrift Supervision (which was our primary Federal regulator until July 2011). Among other things, the terms of the Supervisory Agreements, which remain in effect:

Table of Contents

- prohibit us from making or acquiring any new commercial real estate loans and/or commercial and industrial loans without the prior written non-objection of the Office of the Comptroller of the Currency (as successor to the Office of Thrift Supervision);
- required us to develop a plan to reduce our problem assets;
- required us to develop enhanced policies and procedures for identifying, monitoring and controlling the risks associated with concentrations of commercial real estate loans;
- required that an independent third party undertake reviews of our commercial real estate loans, construction and development loans, multi-family residential mortgage loans and commercial loans not less than once every six months; and
- prohibit Malvern Federal Bancorp from declaring or paying dividends or making any other capital distributions, such as repurchases of common stock, without the prior written approval of the Board of Governors of the Federal Reserve System (as successor to the Office of Thrift Supervision).

In addition, as a result of the Supervisory Agreements, Malvern Federal Savings Bank is subject to certain additional restrictions, including a limit on its growth in assets in any quarter to an amount which does not exceed the amount of net interest credited on deposits during the quarter, a requirement that it provide the Office of the Comptroller of the Currency (as successor to the Office of Thrift Supervision) with prior written notice of any new director or senior executive officer and it generally may not enter into, renew, extend or revise any contractual agreements related to compensation or benefits with any director or officer. See Regulation The Supervisory Agreements for further information regarding the Supervisory Agreements.

In December 2011, based in part upon communications with staff of the Office of the Comptroller of the Currency and upon consideration of the risk elements inherent in our loan portfolio, the Boards of Directors of Malvern Federal Bancorp and Malvern Federal Savings Bank determined that, while Malvern Federal Savings Bank exceeded the regulatory thresholds for well-capitalized status, it was prudent to increase its capital and, accordingly, Malvern Federal Bancorp made a $3.2 million capital infusion into the savings bank. In January 2012, the Boards of Directors adopted the plan of conversion and reorganization as a means to further augment the capital at Malvern Federal Savings Bank, put us in a stronger position to carry out our business strategy and to capitalize Malvern Bancorp New in order for it to serve as a source of strength for Malvern Federal Savings Bank.

Malvern Federal Savings Bank s headquarters is located at 42 East Lancaster Avenue, Paoli, Pennsylvania 19301 and its telephone number is (610) 644-9400.

Malvern Federal Mutual Holding Company

Malvern Federal Mutual Holding Company is a federally chartered mutual holding company which currently is the parent of Malvern Federal Bancorp. As a mutual holding company, Malvern Federal Mutual Holding Company does not have shareholders. The principal business purpose of Malvern Federal Mutual Holding Company is owning more than a majority of the outstanding shares of common stock of Malvern Federal Bancorp. Malvern Federal Mutual Holding Company currently owns 3,383,875 shares of common stock of Malvern Federal Bancorp, which is 55.5% of the shares outstanding. Malvern Federal Mutual Holding Company will no longer exist upon completion of the conversion and offering and the shares of Malvern Federal Bancorp common stock that it holds will be canceled.

Malvern Federal Bancorp

Malvern Federal Bancorp is a federally chartered corporation and currently is the mid-tier stock holding company for Malvern Federal Savings Bank. At March 31, 2012, an aggregate of 2,718,625 shares of common stock, or 44.5% of the outstanding shares, of Malvern Federal Bancorp were owned by the public shareholders. The common stock of Malvern Federal Bancorp is registered under the Securities Exchange Act of 1934, as amended, and is publicly traded on the Nasdaq Global Market. At the conclusion of the offering and the conversion of Malvern Federal Mutual Holding Company, Malvern Federal Bancorp will no longer

Table of Contents

exist. The existing public shareholders of Malvern Federal Bancorp will have their shares converted into shares of Malvern Bancorp New common stock based on the exchange ratio, which will range from 0.6908 shares at the minimum of the offering range to 0.9346 shares at the maximum of the offering range, and to 1.0748 shares if the maximum of the offering range is increased by 15%. The shares of common stock being offered by Malvern Bancorp New represent Malvern Federal Mutual Holding Company s current ownership interest in Malvern Federal Bancorp. As of March 31, 2012, Malvern Federal Bancorp had $651.6 million in total assets, $537.0 million in total deposits and $61.9 million in shareholders equity. The executive offices of Malvern Federal Bancorp are located at 42 East Lancaster Avenue, Paoli, Pennsylvania 19301, its telephone number is (610) 644-9400, and its website is *www.malvernfederal.com*. Information on our website should not be treated as part of this prospectus.

Our Current and Proposed Organizational Structure

We have been organized in the mutual holding company form since May 2008 when we completed our reorganization into the current two-tier mutual holding company structure. As a result, Malvern Federal Bancorp became the mid-tier holding company for Malvern Federal Savings Bank. As part of the 2008 reorganization, Malvern Federal Bancorp sold $26.5 million of its common stock (2,645,575 shares), at a purchase price of $10.00 per share, in a public offering and issued 3,383,875, or approximately 55.0%, of its shares of common stock to Malvern Federal Mutual Holding Company (Malvern Federal Mutual Holding Company s ownership interest has increased to 55.5% as of March 31, 2012). In addition, in the 2008 transaction, Malvern Federal Bancorp contributed 123,050 shares of its common stock to the Malvern Federal Charitable Foundation, which was a newly created foundation organized to support charitable causes and community development activities in the markets served by Malvern Federal Savings Bank.

The following chart shows our current ownership structure which is commonly referred to as the two-tier mutual holding company structure:

Pursuant to the terms of our plan of conversion and reorganization, we are now converting from the partially public mutual holding company structure to the fully public stock holding company form of organization, in what is known as a second step conversion transaction. As part of the conversion, we are offering for sale the majority ownership interest in Malvern Federal Bancorp that is currently owned by Malvern Federal Mutual Holding Company. Upon completion of the conversion and offering, Malvern Federal Mutual Holding Company and Malvern Federal Bancorp will cease to exist, we will be fully owned by public shareholders and there will be no continuing interest by a mutual holding company. Upon completion of the conversion, public shareholders of Malvern Federal Bancorp will receive shares of common stock of Malvern Bancorp New in exchange for their shares of Malvern Federal Bancorp. We are not contributing any

Table of Contents

additional shares to the Malvern Federal Charitable Foundation in connection with the conversion and offering.

Following the conversion and offering, we will be organized as a fully public holding company and our ownership structure will be as follows:

These transactions are commonly referred to as a second-step conversion.

Our Business Strategy

Our business strategy currently is focused on reducing the level of our non-performing assets, monitoring and overseeing our performing classified assets and troubled debt restructurings in an effort to limit the amount of additional non-performing assets in future periods, complying with the provisions of the Supervisory Agreements and conducting our traditional community-oriented banking business within these constraints. Below are certain of the highlights of our business strategy in recent periods.

Improving Asset Quality. We are continuing in our efforts to improve asset quality. At March 31, 2012, our total non-performing assets amounted to $16.5 million, or 2.53% of total assets, reflecting a reduction of $8.7 million, or 34.6%, compared to $25.2 million of total non-performing assets at September 30, 2010 (when total non-performing assets amounted to 3.49% of total assets). The relatively high levels of non-performing assets and other problem assets significantly impacted our results of operations in recent years as the high levels of provisions for loan losses and charge-offs and other expenses related to other real estate owned were the primary reasons that we reported net losses for the fiscal years ended September 30, 2011 and 2010. In our efforts to reduce the levels of our non-performing and other problem assets in recent periods, we have strengthened our loan underwriting policies and procedures and we have enhanced our loan administration and oversight policies and procedures. We have revised both our consumer loan policy and our commercial loan policy to strengthen certain of our minimum loan-to-value ratios, maximum gross debt ratio and minimum debt coverage ratio requirements. We have invested in and implemented a software which facilitates our ability to internally review and grade loans in our portfolio and to monitor loan performance. During the fiscal year ended September 30, 2011, we established a Credit Review Department (which is currently staffed by six persons). The primary focus of the Credit Review Department to date has been the resolution of our non-performing and other problem assets. In addition, as described below, we generally ceased originating new commercial real estate loans and construction and development loans during fiscal 2010, due to the increased risk elements inherent in such loans. We remain focused on continuing to reduce our non-performing and problem assets.

Managing Our Loan Portfolio. As part of our efforts to improve asset quality, we have been actively managing our loan portfolio in recent periods. In light of the increase in our non-performing assets and in order to reduce the risk profile of our loan portfolio, we generally ceased originating any new

Table of Contents

construction and development loans in October 2009, with certain exceptions, and, in August 2010, we generally ceased originating any new commercial real estate loans. In addition, the Supervisory Agreements that we entered into in October 2010 prohibit us from, among other things, originating new commercial real estate loans without the prior written non-objection of the Office of the Comptroller of the Currency, and limit our ability to grow our assets beyond the amount of net interest credited on our deposits in any quarter. These factors contributed to a $122.8 million or 20.6%, reduction in our total loans outstanding at March 31, 2012 compared to September 30, 2009, with the bulk of such reduction centered in construction and development loans, second mortgage loans and commercial real estate loans. At March 31, 2012 compared to September 30, 2009, we have reduced our commercial real estate loans by $20.8 million, or 14.5%, we have reduced our total construction and development loans by $18.3 million, or 44.8%, and we have reduced our second mortgage loans by $41.8 million, or 36.7%. Such reductions reflect lower volumes of loan originations and purchases in these portfolios.

Increasing Capital. In December 2011, based in part upon communications with staff of the Office of the Comptroller of the Currency and upon consideration of the risk elements inherent in our loan portfolio, the Boards of Directors of Malvern Federal Bancorp and Malvern Federal Savings Bank determined that it was prudent to increase the capital of Malvern Federal Savings Bank, although it exceeded the regulatory thresholds necessary to be deemed well-capitalized. Initially, Malvern Federal Bancorp made a $3.2 million capital infusion into Malvern Federal Savings Bank in December 2011. While the December capital infusion increased capital at Malvern Federal Savings Bank, it depleted capital at Malvern Federal Bancorp. In January 2012, we adopted the plan of conversion and reorganization as a means to further augment the capital at Malvern Federal Savings Bank and provide for stronger capital at our new holding company, Malvern Bancorp New. In addition, in January 2012, we decided to establish specific capital ratio targets for Malvern Federal Savings Bank which are higher than the regulatory thresholds necessary to be deemed well-capitalized. Our specific capital ratio targets are 8.5% for tier 1 core capital, 10.0% for tier 1 risk-based capital, and 12.0% for total risk-based capital. At March 31, 2012, our tier 1 core capital ratio was 8.27%, our tier 1 risk-based capital ratio was 12.45% and our total risk-based capital ratio was 13.71%. The conversion and offering will result in Malvern Federal Savings Bank exceeding all of the specific capital ratio targets which it has adopted. While Federal regulations require that a minimum of 50% of the net proceeds of the offering be contributed to Malvern Federal Savings Bank, we have determined to contribute 70% of the net offering proceeds. We believe that the maintenance of higher capital levels is appropriate in light of the current banking and economic environments and our risk profile. In addition, the increased capital will facilitate our ability to implement our business strategy.

Seeking Relief from the Supervisory Agreements. We entered into the Supervisory Agreements with the Office of Thrift Supervision in October 2010. Among other things, the Supervisory Agreements restrict our ability to make any new commercial real estate loans, limit our growth and require that we provide the Office of the Comptroller of the Currency with relatively extensive reports and data on our business and operations on a quarterly basis. Given the improvements we have seen in the levels of our non-performing and other problem assets, the enhancements we have made to our loan underwriting policies and procedures as well as our loan administration and oversight policies and procedures, and the increased capital that we will recognize as a result of the conversion and offering, we will seek relief from the Supervisory Agreements upon consummation of the conversion and offering. In the event that the Supervisory Agreements are not fully terminated, we will, at a minimum, seek the ability to resume making commercial real estate loans without the need to obtain specific approval from the Office of the Comptroller of the Currency and we will request that the asset growth limitations be removed.

Growing Our Loan Portfolio and Resuming Commercial Real Estate and Construction and Development Lending. Upon consummation of the conversion and offering, we plan to resume, subject to the receipt of relief from the Supervisory Agreements and any other necessary approvals or non-objections from Federal banking regulators, on a relatively modest basis, the origination of commercial

real estate loans and construction and development loans in our market area. Such loans will be underwritten in accordance with our strengthened loan underwriting standards and our enhanced credit review and administration procedures. We continue to believe that we can be a successful niche lender to small and mid-sized commercial borrowers and homebuilders in our market area. Upon receiving regulatory relief from the restrictions of the Supervisory Agreements, we also plan to resume modest growth of our loan portfolio commencing in fiscal 2013. We believe that a resumption of commercial real estate and construction and development lending in a planned, deliberative fashion with the loan underwriting and administration enhancements that we have implemented in recent periods, together with modest loan growth, should increase our interest income and our returns in future periods. However, no assurance can be given whether, or when, we will receive the necessary relief from the Supervisory Agreements and any other approvals or non-objections to engage in such expanded lending activities in the future.

Increasing Market Share Penetration. We operate in a competitive market area for banking products and services. In recent years, we have been working to increase our deposit share in Chester and Delaware Counties, and we increased our marketing and promotional efforts. However, as a result of the shrinkage of our balance sheet and the reduction in total deposits in fiscal 2011, our deposit market share in Chester and Delaware Counties decreased from 5.05% in 2010 to 4.84% in 2011. We are focused on continuing our efforts to increase market share. Subsequent to the conversion and offering, in our effort to increase market share as well as non-interest income, we plan to evaluate increasing our business in non-traditional products, such as insurance products through our existing insurance agency subsidiary, which currently is inactive, or, possibly, through the addition of other products and services, such as wealth management.

Increasing Our Core Deposits. We are attempting to increase our core deposits, which we define as all deposit products other than certificates of deposit. At March 31, 2012, our core deposits amounted to $242.7 million, or 45.2% of total deposits, compared to $239.9 million, or 43.3% of total deposits, at September 30, 2011 and $225.2 million, or 37.7% of total deposits, at September 30, 2010. We have continued our promotional efforts to increase core deposits. We review our deposit products on an on-going basis and we are considering additional deposit products as well as more flexible delivery options, such as mobile banking, as part of our efforts to increase core deposits. We expect to increase our commercial checking accounts when we resume commercial lending and we plan to enhance our cross-marketing as part of our efforts to gain additional deposit relationships with our loan customers.

Continuing to Provide Exceptional Customer Service. As a community oriented savings bank, we take pride in providing exceptional customer service as a means to attract and retain customers. We deliver personalized service to our customers that distinguish us from the large regional banks operating in our market area. Our management team has strong ties to, and deep roots in, the community. We believe that we know our customers banking needs and can respond quickly to address them.

Reasons for the Conversion and Offering

In recent periods we have focused on addressing our asset quality issues. While we are continuing our efforts to further reduce our non-performing and problem assets, we feel that we have made sufficient progress such that a second-step conversion is in our best interests at this time. We are pursuing the conversion and related offering for the following reasons:

In light of the risk profile posed by, among other factors, the increased levels of our non-performing assets in recent years and also based in part upon our communications with staff of the Office of the Comptroller of the Currency, we determined to increase the amount of capital we maintain at Malvern Federal Savings Bank. The additional funds raised in the offering will increase our capital such that we meet all of the specific capital ratio targets that we have established (which exceed the regulatory thresholds for well-capitalized status) and support our ability to operate in accordance with our business strategy in the future.

Table of Contents

Conversion to the fully public form of ownership will remove the uncertainties associated with the mutual holding company structure. We believe that the conversion and offering will result in a more familiar and flexible form of corporate organization and will better position us to continue to meet all current and future regulatory requirements, including regulatory capital requirements which may be imposed on savings and loan holding companies such as Malvern Bancorp New, and, in light of the portion of the net proceeds of the offering to be retained by the new stock-form holding company, will facilitate the ability of Malvern Bancorp New to serve as a source of strength for Malvern Federal Savings Bank.

The number of our outstanding shares after the conversion and offering will be greater than the number of shares currently held by public shareholders, so we expect our stock to have greater liquidity.

Use of Proceeds from the Sale of Our Common Stock

We will contribute 70% of the net proceeds from the offering to Malvern Federal Savings Bank. The remaining 30% of the net offering proceeds will be retained by Malvern Bancorp New. The portion of the proceeds retained by Malvern Bancorp New will be used to, among other things, invest in securities, and will be available for general corporate purposes which may, in the future, include the payment of dividends and repurchases of shares of common stock (subject to removal of the existing limitations of our Supervisory Agreements and any other applicable regulatory restrictions).

The proceeds to be contributed to Malvern Federal Savings Bank will be available for general corporate purposes, including the expansion of our lending activities, subject to the receipt of all necessary approvals or non-objections from Federal banking regulators. Subsequent to the conversion and offering we plan to resume, on a modest basis and assuming we receive the necessary approvals or non-objections from the Office of the Comptroller of the Currency, commercial real estate lending and construction and development lending in our market area as well as to modestly grow our loan portfolio consistent with our business strategy. The portion of the net proceeds contributed to Malvern Federal Savings Bank also may be used in the event we determine to increase our non-traditional banking activities, either through our existing insurance broker subsidiary, which currently is inactive, or possibly, the expansion into other non-traditional business lines, such as wealth management, although we have no specific plans regarding expansion of our non-traditional products at this time. The proceeds to be contributed to Malvern Federal Savings Bank also will augment its capital and facilitate the ability of Malvern Federal Savings Bank to exceed its target regulatory capital ratios, which are higher than the thresholds required in order for a savings bank to be considered well-capitalized for regulatory purposes. Such higher capital levels at Malvern Federal Savings Bank will provide an extra cushion to protect it against loan risk and, thereby, will further support its lending activities.

The Offering and Persons Who Can Purchase in the Offering

We are offering common stock which represents the 55.5% ownership interest in Malvern Federal Bancorp now owned by Malvern Federal Mutual Holding Company. We are offering between 2,337,500 and 3,162,500 shares of common stock, at a price of $10.00 per share. The number of shares to be sold may be increased to 3,636,875. The actual number of shares we sell will depend on an independent appraisal performed by RP Financial, LC, an independent appraisal firm. We are also exchanging shares of Malvern Federal Bancorp, other than those held by Malvern Federal Mutual Holding Company, for shares of Malvern Bancorp New based on an exchange ratio which will range from 0.6908 shares at the minimum of the offering range to 0.9346 shares at the maximum of the offering range. The exchange ratio may be increased to 1.0748 in the event the stock offering closes at the maximum, as adjusted of the valuation range. See The Conversion and Offering How We Determined the Price Per Share, the Offering Range and the Exchange Ratio at page 130. Shares are being offered in a subscription offering in the following order of priority.

FIRST: Eligible Account Holders (depositors at Malvern Federal Savings Bank with $50 or more on deposit as of December 31, 2010).

SECOND: Malvern Federal Savings Bank s employee stock ownership plan (although the employee stock ownership plan does not intend to exercise its priority subscription right to purchase shares in the offering).

THIRD: Supplemental Eligible Account Holders (depositors at Malvern Federal Savings Bank with $50 or more on deposit as of , 2012).

FOURTH: Other Members (depositors at Malvern Federal Savings Bank as of , 2012 and borrowers of Malvern Federal Savings Bank as of December 31, 1990 whose loans continued to be outstanding as of , 2012, and, in either case, who do not qualify as Eligible Account Holders or Supplemental Eligible Account Holders).

The subscription offering will terminate at 2:00 p.m., Eastern Time, on , 2012. We may extend this expiration date without notice to you for up to 45 days, until , 2012. Once submitted, your order is irrevocable unless the offering is terminated or extended beyond , 2012. We may extend the offering beyond , 2012, but any such further extension may require the approval or non-objection of the Board of Governors of the Federal Reserve System (which we also refer to as the Federal Reserve Board or the FRB). In no event may the offering be extended beyond , 2014. If the offering is extended beyond , 2012, we will be required to notify each subscriber and give each subscriber the opportunity to confirm, change or cancel their order.

Concurrently with the subscription offering, or commencing after the subscription offering begins, we may also offer shares of common stock to the public in a community offering. In the community offering, natural persons (and trusts of natural persons) who reside in Chester and Delaware Counties, Pennsylvania, will have a first preference, and public shareholders of Malvern Federal Bancorp as of , 2012 will have a second preference in the community offering after persons residing in Chester and Delaware Counties. The community offering, if commenced, is expected to terminate at 2:00 p.m., Eastern Time, on , 2012, but may be extended without notice until , 2012.

Shares not sold in the subscription and community offerings may be offered for sale in a syndicated community offering, which would be an offering to the general public on a best efforts basis by a syndicate of selected broker-dealers. Instead of a syndicated community offering, shares not sold in the subscription and community offerings may be sold in an underwritten public offering managed by Stifel, Nicolaus & Company, Incorporated.

We may begin the syndicated community offering at any time following the commencement of the subscription offering. Stifel, Nicolaus & Company, Incorporated will act as sole book-running manager in any syndicated community offering, which will be conducted on a best efforts basis.

We have the right to reject any orders of stock in the community offering and syndicated community offering either in whole or in part. If you submit an order which we reject in part, you cannot cancel the remainder of your order.

If we receive subscriptions for more shares than are to be sold in this offering, we may be unable to fill or may only partially fill your order. Shares will be allocated in order of the priorities described in the plan of conversion and reorganization. See The Conversion and Offering for a detailed description of the subscription, community and syndicated community offerings or public underwritten offering.

The purchase price is $10.00 per share. All investors will pay the same purchase price per share. Investors will not be charged a commission to purchase shares of common stock in the offering. Stifel, Nicolaus & Company, Incorporated, our conversion advisor and marketing agent in the offering, will use its best efforts to assist us in selling shares of our common stock. In the subscription offering, community offering and any syndicated community offering. Stifel, Nicolaus & Company, Incorporated is not obligated to purchase any shares of common stock in the subscription offering, community offering and any syndicated community offering. If an underwritten public offering is conducted, the shares sold in such offering will be purchased by Stifel, Nicolaus & Company, Incorporated and any other underwriters participating in such offering.

Table of Contents

You cannot transfer your rights to purchase shares in the subscription offering. If you attempt to transfer your rights, you may lose the right to purchase shares and may be subject to criminal prosecution and/or other sanctions.

How We Determined the Price Per Share, the Offering Range and the Exchange Ratio

The offering range and the exchange ratio are based on an independent appraisal by RP Financial, LC, an appraisal firm experienced in appraisals of savings institutions. The pro forma market value is the estimated market value of our common stock assuming the sale of shares in the conversion and related offering. RP Financial has indicated that in its opinion as of May 4, 2012, the estimated pro forma market value of our common stock was $49.6 million at the midpoint. In the offering, we are selling the number of shares representing the 55.5% of shares currently owned by Malvern Federal Mutual Holding Company, which results in an offering range between $23.4 million and $31.6 million, with a midpoint of $27.5 million. The appraisal was based in part upon Malvern Federal Bancorp s financial condition and operations and the effect of the additional capital we will raise from the sale of common stock in this offering.

Subject to regulatory approval, we may increase the amount of common stock offered by up to 15%. Accordingly, at the minimum of the offering range, given the purchase price per share of $10.00, we are offering 2,337,500 shares, and at the maximum of the offering range we are offering 3,162,500 shares in the offering. The appraisal will be updated before the conversion is completed. If the pro forma market value of the common stock at that time is either below $42.2 million or above $65.6 million, we will notify subscribers, return their funds, with interest, or cancel their deposit account withdrawal authorizations. If we decide to set a new offering range, subscribers will have the opportunity to place a new order. See The Conversion and Offering How We Determined the Price Per Share, the Offering Range and the Exchange Ratio for a description of the factors and assumptions used in determining the stock price and offering range.

The appraisal was based in part upon Malvern Federal Bancorp s financial condition and results of operations, the effect of the additional capital we will raise from the sale of common stock in this offering, and an analysis of a peer group of ten publicly traded savings and loan holding companies that RP Financial considered comparable to us. The appraisal peer group consists of the companies listed below. Total assets are as of December 31, 2011.

Company Name and Ticker Symbol	Exchange	Headquarters	Total Assets (in millions)
ESSA Bancorp, Inc. (ESSA)	NASDAQ	Stroudsburg, PA	$ 1,097
Cape Bancorp, Inc. (CBNJ)	NASDAQ	Cape May Court House, NJ	1,071
Beacon Federal Bancorp, Inc. (BFED)	NASDAQ	East Syracuse, NY	1,027
Ocean Shore Holding Co.(OSHC)	NASDAQ	Ocean City, NJ	995
Fox Chase Bancorp, Inc.(FXCB)	NASDAQ	Hatboro, PA	994
TF Financial Corp. (THRD)	NASDAQ	Newtown, PA	682

Company Name and Ticker Symbol	Exchange	Headquarters	Total Assets (in millions)
Oneida Financial Corp. (ONFC)	NASDAQ	Oneida, NY	656
Colonial Financial Services, Inc. (COBK)	NASDAQ	Vineland, NJ	604
Alliance Bancorp, Inc. of PA (ALLB)	NASDAQ	Broomall, PA	470
Standard Financial Corp. (STND)	NASDAQ	Monroeville, PA	437

In preparing its appraisal, RP Financial considered the information in this prospectus, including our financial statements. RP Financial also considered the following factors, among others:

our historical, present and projected operating results including, but not limited to, historical income statement information such as return on assets, return on equity, net interest margin trends, operating expense ratios, levels and sources of non-interest income, and levels of loan loss provisions;

our historical, present and projected financial condition including, but not limited to, historical balance sheet size, composition and growth trends, loan portfolio composition and trends, liability composition and trends, credit risk measures and trends, and interest rate risk measures and trends;

Table of Contents

the economic, demographic and competitive characteristics of Malvern Federal Bancorp s primary market area including, but not limited to, employment by industry type, unemployment trends, size and growth of the population, trends in household and per capita income, deposit market share and largest competitors by deposit market share;

a comparative evaluation of the operating and financial statistics of Malvern Federal Bancorp s with those of other similarly situated, publicly traded companies, which included a comparative analysis of balance sheet composition, income statement ratios, credit risk, interest rate risk and loan portfolio composition;

the impact of the offering on Malvern Federal Bancorp s consolidated shareholders equity and earnings potential including, but not limited to, the increase in consolidated equity resulting from the offering, the estimated increase in earnings resulting from the reinvestment of the net proceeds of the offering and the effect of higher consolidated shareholders equity on Malvern Federal Bancorp s future operations;

the impact of consolidation of Malvern Federal Mutual Holding Company with and into Malvern Federal Bancorp, including the impact of consolidation of Malvern Federal Mutual Holding Company s assets and liabilities; and

the trading market for securities of comparable institutions and general conditions in the market for such securities.

Two of the measures investors use to analyze whether a stock might be a good investment are the ratio of the offering price to the issuer s book value and the ratio of the offering price to the issuer s annual net income. RP Financial considered these ratios, among other factors, in preparing its appraisal. Book value is the same as total stockholders equity, and represents the difference between the issuer s assets and liabilities. Tangible book value is equal to total stockholders equity less intangible assets. RP Financial s appraisal also incorporates an analysis of a peer group of publicly traded companies that RP Financial considered to be comparable to us.

The following table presents a summary of selected pricing ratios for the peer group companies and for us on a reported basis as utilized by RP Financial in its appraisal. These ratios are based on earnings for the 12 months ended March 31, 2012 and book value as of March 31, 2012 for us and December 31, 2011 for the peer group.

	Price to Earnings Multiple	Price to Book Value Ratio	Price to Tangible Book Value Ratio
Malvern Bancorp New (pro forma)			
Minimum	45.09x	50.61%	50.61%
Midpoint	51.68	56.85	56.85
Maximum	57.94	62.54	62.54
Maximum, as adjusted	64.77	68.49	68.49
Peer group companies as of May 4, 2012			
Average	18.40x	78.42%	85.17%
Median	17.00	74.90	83.11

Compared to the average pricing ratios of the peer group at the maximum of the offering range, our stock would be priced at a premium of 214.9% to the peer group on a price-to-earnings basis and a discount of 20.2% to the peer group on a price-to book value basis and 26.6% on a price to tangible book value basis. This means that, at the maximum of the offering range, a share of our common stock would be more expensive than the peer group based on an earnings per share basis and less expensive than the peer group based on a book value and tangible book value basis. See Pro Forma Data for the assumptions used to derive these pricing ratios.

Compared to the average pricing ratios of the peer group, at the minimum of the offering range our common stock would be priced at a premium of 145.1% to the peer group on a price-to-earnings basis, a

Table of Contents

discount of 35.5% to the peer group on a price-to-book basis, and a discount of 40.6% to the peer group on a price-to-tangible book basis. This means that, at the minimum of the offering range, a share of our common stock would be more expensive than the peer group on an earnings basis and less expensive than the peer group on a book value and tangible book value basis.

Our board of directors reviewed RP Financial s appraisal report, including the methodology and the assumptions used by RP Financial, and determined that the offering range was reasonable and appropriate. Our board of directors has decided to offer the shares for a price of $10.00 per share. The purchase price of $10.00 per share was determined by us, taking into account, among other factors, the market price of our stock prior to adoption of the plan of conversion, the requirement under Federal regulations that the common stock be offered in a manner that will achieve the widest distribution of the stock, the desired trading liquidity in the common stock after the offering, and the fact that $10.00 per share is the most commonly used price in conversion offerings. Our board of directors also established the formula for determining the exchange ratio. Based upon such formula and the offering range, the exchange ratio ranged from a minimum of 0.6908 to a maximum of 0.9346 shares of Malvern Bancorp New common stock for each share of Malvern Federal Bancorp common stock, with a midpoint of 0.8127.

Because of differences and important factors such as operating characteristics, location, financial performance, asset size, capital structure, and business prospects between us and other fully converted institutions, you should not rely on these comparative valuation ratios as an indication as to whether or not the stock is an appropriate investment for you. **The independent valuation is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing the common stock. Because the independent valuation is based on estimates and projections on a number of matters, all of which are subject to change from time to time, no assurance can be given that persons purchasing the common stock in the offering will be able to sell their shares at a price equal to or greater than the $10.00 purchase price.** See Risk Factors Our Stock Price May Decline When Trading Commences at page 24 and Pro Forma Data at page 46 and The Conversion and Offering How We Determined the Price Per Share, The Offering Range and the Exchange Ratio at page 130.

Possible Change in Offering Range

RP Financial will update its appraisal before we complete the conversion and related offering. If, as a result of regulatory considerations, demand for the shares or changes in financial market conditions, RP Financial determines that our estimated pro forma market value has increased, we may sell up to 3,636,875 shares without further notice to you. If our pro forma market value at that time is either below $42.2 million or above $65.6 million, then, after consulting with the Federal Reserve Board, we may:

terminate the offering and promptly return all funds;

promptly return all funds, set a new offering range and give all subscribers the opportunity to place a new order; or

take such other actions as may be permitted by the Board of Governs of the Federal Reserve System and the Securities and Exchange Commission.

Termination of the Offering

We may terminate the offering at any time prior to the special meetings of members of Malvern Federal Mutual Holding Company and shareholders of Malvern Federal Bancorp that are being called to vote on the plan of conversion and reorganization, and at any time thereafter with the approval of the Federal Reserve Board. If we terminate the offering, we will promptly return funds received, with interest, and we will cancel deposit account withdrawal authorizations.

Table of Contents

The Exchange of Malvern Federal Bancorp Common Stock

If you are a shareholder of Malvern Federal Bancorp, the existing publicly traded mid-tier holding company, your shares will be cancelled and exchanged for new shares of Malvern Bancorp New common stock. The number of shares you will receive will be based on an exchange ratio determined as of the closing of the conversion. The actual number of shares you receive will depend upon the number of shares we sell in our offering, which in turn will depend upon the final appraised value of Malvern Bancorp New. The following table shows how the exchange ratio will adjust, based on the number of shares sold in our offering. The table also shows how many shares a hypothetical owner of Malvern Federal Bancorp common stock would receive in the exchange, based on the number of shares sold in the offering.

Shares to be sold in the offering		Shares of Malvern Bancorp New stock to be issued in exchange for Malvern Federal Bancorp common stock					
Amount	Percent	Amount	Percent	Total shares of Malvern Bancorp New common stock to be outstanding after the conversion	Exchange ratio	100 shares of Malvern Federal Bancorp common stock would be exchanged for the following number of shares of Malvern Bancorp New(1)	Equivalent Per Share Value(2)

	Shares to be sold in the offering		Shares of Malvern Bancorp New stock to be issued in exchange for Malvern Federal Bancorp common stock					
Minimum	2,337,500	55.4506%	1,877,961	44.5494%	4,215,461	0.6908	69	$ 6.91
Midpoint	2,750,000	55.4506	2,209,366	44.5494	4,959,366	0.8127	81	8.13
Maximum	3,162,500	55.4506	2,540,771	44.5494	5,703,271	0.9346	93	9.35
Maximum, as adjusted	3,636,875	55.4506	2,921,887	44.5494	6,558,762	1.0748	107	10.75

(1) Cash will be paid instead of issuing any fractional shares.

(2) Represents the value of shares of Malvern Bancorp New common stock to be received by a holder of one share of Malvern Federal Bancorp common stock at the exchange ratio, assuming a value of $10.00 per share.

Upon completion of the conversion and offering, if you own shares of Malvern Federal Bancorp which are held in street name, they will be exchanged without any action on your part. If you are the record owner of shares of Malvern Federal Bancorp and hold stock certificates you will receive, after the conversion and offering is completed, a transmittal form with instructions to surrender your stock certificates. Certificates for common stock of Malvern Bancorp New will be mailed within five business days after our exchange agent receives properly executed transmittal forms and certificates.

No fractional shares of Malvern Bancorp New common stock will be issued to any public shareholder of Malvern Federal Bancorp upon consummation of the conversion. For each fractional share that would otherwise be issued, we will pay in cash an amount equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the $10.00 per share stock offering price. For further information, see The Conversion and Offering Effect of the Conversion and Offering on Public Shareholders beginning on page 124.

Conditions to Completion of the Conversion

We cannot complete our conversion and related offering unless:

The plan of conversion and reorganization is approved by at least a majority of votes eligible to be cast by members of Malvern Federal Mutual Holding Company (who are the depositors and certain borrowers of Malvern Federal Savings Bank);

The plan of conversion and reorganization is approved by at least:

two-thirds of the outstanding shares of Malvern Federal Bancorp common stock; and

a majority of the outstanding shares of Malvern Federal Bancorp common stock held by the public shareholders;

We sell at least the minimum number of shares offered; and

Table of Contents

We receive the final approval of the Board of Governors of the Federal Reserve System to complete the conversion and offering and related transactions.

Malvern Federal Mutual Holding Company intends to vote its 55.5% ownership interest in favor of the conversion. In addition, as of , 2012, directors and executive officers of Malvern Federal Bancorp and their associates owned 67,399 shares of Malvern Federal Bancorp or 1.1% of the outstanding shares. They intend to vote those shares in favor of the plan of conversion and reorganization.

After-Market Performance Information

The following table presents for all second-step offerings that began trading from January 1, 2011 to May 4, 2012, the percentage change in the trading price from the initial trading date of the offering to the dates shown in the table. The table also presents the average and median trading prices and percentage change in trading prices for the same dates. This information relates to stock performance experienced by other companies that may have no similarities to us with regard to market capitalization, offering size, earnings quality and growth potential, among other factors.

The table is not intended to indicate how our common stock may perform. Data represented in the table reflects a small number of transactions and is not necessarily indicative of general stock market performance trends or of price performance trends of companies that undergo second-step conversions. Furthermore, this table presents only short-term price performance and may not be indicative of the longer-term stock price performance of these companies. There can be no assurance that our stock price will appreciate or that our stock price will not trade below $10.00 per share. The movement of any particular company s stock price is subject to various factors, including, but not limited to, the amount of proceeds a company raises, the company s historical and anticipated operating results, the nature and quality of the company s assets, the company s market area and the quality of management and management s ability to deploy proceeds (such as through loans and investments, the acquisition of other financial institutions or other businesses, the payment of dividends and common stock repurchases). In addition, stock prices may be affected by general market and economic conditions, the interest rate environment, the market for financial institutions and merger or takeover transactions and the presence of professional and other investors who purchase stock on speculation, as well as other unforeseeable events not in the control of management. Before you make an investment decision, please carefully read this entire prospectus, including Risk Factors.

After Market Trading Activity
Completed Second-Step Offerings
Closing Dates between January 1, 2011 and May 4, 2012

			Percentage Price Change from Initial Trading Date			
Company Name and Ticker Symbol	**Closing Date**	**Exchange**	**One Day**	**One Week**	**One Month**	**Through May 4, 2012**
Cheviot Financial Corp. (CHEV)	1/18/12	NASDAQ	3.1%	2.6%	3.5%	9.7%
Naugatuck Valley Fin. Corp. (NVSL)	6/30/11	NASDAQ	(1.3)	(2.5)	1.9	(6.1)
Rockville Financial New, Inc. (RCKB)	3/4/11	NASDAQ	6.0	6.5	5.0	14.6
Eureka Financial Corp. (EKFC)	3/1/11	OTCBB	22.5	17.5	28.5	50.2
Atlantic Coast Fin. Corp. (ACFC)	2/4/11	NASDAQ	0.5	%	2.0	(77.5)
Alliance Bancorp, Inc. (ALLB)	1/18/11	NASDAQ	10.0	6.8	11.9	16.5
SI Financial Group, Inc. (SIFI)	1/13/11	NASDAQ	15.9	12.9	17.5	43.9
Minden Bancorp, Inc. (MDNB)	1/5/11	OTCBB	28.0	28.5	30.0	42.5
Average			10.6%	9.0%	12.5%	11.7%
Median			8.0	6.7	8.5	15.6

THERE CAN BE NO ASSURANCE THAT OUR STOCK PRICE WILL TRADE SIMILARLY TO THESE COMPANIES. THERE CAN ALSO BE NO ASSURANCE THAT OUR STOCK PRICE WILL NOT TRADE BELOW $10.00 PER SHARE, PARTICULARLY AS THE PROCEEDS RAISED AS A PERCENTAGE OF PRO FORMA STOCKHOLDERS EQUITY MAY HAVE A NEGATIVE EFFECT ON OUR STOCK PRICE PERFORMANCE.

Table of Contents

Limitations on the Amount of Stock You May Purchase

The minimum purchase is 25 shares. Generally, you may purchase no more than 5.0% of the shares of common stock sold in the offering (or 158,125 shares at the maximum of the offering range). The maximum amount of shares that a person together with any associates or group of persons acting in concert with such person may purchase, in all categories of the offering combined also is 5.0% of the shares sold in the offering. Your associates include the following persons:

- persons on joint accounts with you;
- your spouse and other relatives living in your house;
- companies, trusts or other entities in which you have a controlling interest or hold a position as an officer or a similar position; or
- trusts or other estates in which you have a substantial beneficial interest or as to which you serve as trustee or in another fiduciary capacity.

In addition to the above, there is an ownership limitation for Malvern Federal Bancorp public shareholders who wish to purchase additional shares in the offering. The number of shares of Malvern Bancorp New common stock that a public shareholder may purchase in the offering individually, and together with associates or persons acting in concert, plus any shares of Malvern Bancorp New received by them in exchange for their shares of Malvern Federal Bancorp, may not exceed 9.9% of the total shares of Malvern Bancorp New common stock to be issued and outstanding at the completion of the conversion and offering, provided, however, that no one will be required to divest any shares of Malvern Bancorp New received in exchange for shares of Malvern Federal Bancorp or be limited in the number of exchange shares received.

We have the right to determine, in our sole discretion, whether subscribers are associates or acting in concert. Persons having the same address or with accounts registered to the same address generally will be assumed to be associates or acting in concert.

We may decrease or increase the maximum purchase limitations, with the concurrence of the Federal Reserve Board, without notifying you. In the event the maximum purchase limitation(s) is increased, persons who subscribed for the maximum in the subscription offering and who indicated on their stock order forms a desire to be resolicited, will be notified and permitted to increase their subscription. For additional information, see The Conversion and Offering Limitations on Common Stock Purchases at page 133.

How to Pay for Shares in the Subscription and Community Offerings

In the subscription offering and the community offering, you may pay for your shares by:

1. personal check, bank check or money order made payable directly to Malvern Bancorp, Inc. ; or
2. authorizing us to withdraw money from the types of Malvern Federal Savings Bank deposit accounts identified on the stock order form.

If you wish to pay by cash rather than by the above recommended methods, you must deliver your stock order form and payment in person to the headquarters of Malvern Federal Savings Bank, located at 42 East Lancaster Avenue, Paoli, Pennsylvania. Malvern Federal Savings Bank is not permitted to lend funds (including funds drawn on a Malvern Federal Savings Bank line of credit) to anyone for the purpose of purchasing shares of common stock in the offering. Additionally, you may not use a Malvern Federal Savings Bank line of credit check or any type of third party check or wire transfer to pay for shares of common stock.

You may not designate on your stock order form a direct withdrawal from an IRA or other retirement account at Malvern Federal Savings Bank. If you wish to use funds in a retirement account at Malvern Federal Saving Bank, see The Conversion and Offering Procedure for Purchasing Shares in the Subscription and Community Offerings Using Retirement Account Funds to Purchase Shares at page 139. Additionally, you may not designate on your stock order form a direct withdrawal from Malvern Federal

Table of Contents

Savings Bank accounts with check-writing privileges. Please submit a check instead. If you request a direct withdrawal, we reserve the right to interpret that as your authorization to treat those funds as if we had received a check for the designated amount, and we will immediately withdraw the amount from your checking account.

Checks will be immediately cashed, so, if you submit a personal check, the funds must be available within the account when your stock order form is received. Subscription funds will be held in a segregated account at Malvern Federal Savings Bank. We will pay interest calculated at Malvern Federal Savings Bank s passbook savings rate from the date those funds are processed until completion of or termination of the offering, at which time subscribers will receive interest checks. Withdrawals from certificate of deposit accounts at Malvern Federal Savings Bank for the purpose of purchasing common stock in the offering may be made without incurring an early withdrawal penalty. All funds authorized from withdrawal from deposit accounts with Malvern Federal Savings Bank must be available within the deposit accounts at the time the stock order form is received. A hold will be placed on the amount of funds designated on your stock order form. Those funds will be unavailable to you during the offering; however, the funds will not be withdrawn from the accounts until the offering is completed and will continue to earn interest at the applicable contractual deposit account rate until the completion of the offering.

Delivery of Stock Order Forms

You may deliver your stock order form in one of three ways: by mail, using the stock order reply envelope provided; by overnight delivery to the Stock Information Center at the address indicated on the stock order form; or by hand-delivery to Malvern Federal Savings Bank s headquarters, located at 42 East Lancaster Avenue, Paoli, Pennsylvania. Please do not deliver stock order forms to other Malvern Federal Savings Bank offices. Please do not mail stock order forms to Malvern Federal Savings Bank. Once submitted, your order is irrevocable. See The Conversion and Offering Procedure for Purchasing Shares in the Subscription and Community Offerings at page 138.

We may, in our sole discretion, reject orders received in the community offering, either in whole or in part. In addition, we may reject an order submitted by a person who we believe is making false representations or who we believe is attempting to violate, evade or circumvent the terms and conditions of the plan of conversion and reorganization. If your order is rejected in part, you cannot cancel the remainder of your order.

Using IRA Funds to Purchase Shares in the Offering

You may be able to subscribe for shares of common stock using funds in your individual retirement account, or IRA. If you wish to use some or all of the funds in your Malvern Federal Savings Bank IRA or other retirement account, the applicable funds must first be transferred to a self-directed retirement account maintained by an unaffiliated institutional trustee or custodian, such as a brokerage firm. An annual fee may be payable to the trustee. If you do not have such an account you will need to establish one and transfer your funds before placing your stock order. Our Stock Information Center can give you guidance if you wish to place an order for stock using funds held in a retirement account at Malvern Federal Savings Bank or elsewhere. Because processing retirement account transactions takes additional time, we recommend that you promptly contact our Stock Information Center, preferably at least two weeks before the , 2012 offering deadline. Whether you may use retirement funds for the purchase of shares in the offering will depend on timing constraints and possibly, limitations imposed by the institution where the funds are held. See The Conversion and Offering Procedure for Purchasing Shares in the Subscription and Community Offerings Using Retirement Account Funds to Purchase Shares at page 139.

Deadline for Orders of Stock in the Subscription and Community Offerings

The subscription offering will end at 2:00 p.m., Eastern Time, on , 2012. We expect that the community offering, if held, will terminate at the same time. If you wish to purchase shares, a properly completed and signed original stock order form, together with full payment for the shares of common stock,

Table of Contents

must be *received* (not postmarked) no later than this time. We are not required to accept copies or facsimiles of order forms. The subscription offering and/or community offering may be extended until , 2012, or longer if the Federal Reserve Board approves or provides its non-objection of a later date. No single extension may be for more than 90 days. We are not required to provide notice to you of an extension unless we extend the offering beyond , 2012, in which case all subscribers in the subscription and community offerings will be notified and given the opportunity to confirm, change or cancel their orders. If you do not respond to this notice, we will promptly return your funds, with interest calculated at Malvern Federal Savings Bank s passbook savings rate or cancel your deposit account withdrawal authorization. If we intend to sell fewer than 2,337,500 shares or more than 3,636,875 shares, we will promptly cancel all deposit account withdrawal authorizations, return all funds received, with interest, and set a new offering range. All subscribers will be notified and given the opportunity to place a new order.

Your Subscription Rights are Not Transferable

You may not assign or sell your subscription rights. Any transfer of subscription rights is prohibited by law. If you exercise subscription rights to purchase shares in the subscription offering, you will be required to acknowledge that you are purchasing shares solely for your own account and that you have no agreement or understanding regarding the sale or transfer of shares. We intend to pursue any and all legal and equitable remedies if we learn of the transfer of any subscription rights. We will reject orders that we determine to involve the transfer of subscription rights. On the stock order form, you may not add the names of others for joint stock registration who do not have subscription rights or who qualify only in a lower subscription offering priority than you do. You may add only those who were eligible to purchase shares of common stock in the subscription offering at your date of eligibility. In addition, the stock order form requires that you list all qualifying deposit or loan accounts, giving all names on each account and the account number at the applicable eligibility date. **Failure to provide this information, or providing incomplete or incorrect information, may result in a loss of part or all of your share allocation, in the event of an oversubscription.**

Stock-Based Compensation Plans

Typically, in conjunction with mutual-to-stock conversions, the converting institution may determine to utilize various stock benefit plans as a method to provide stock-based compensation to the converting institution s directors, officers and other employees. Such plans typically include an employee stock ownership plan, which are provided under Federal banking regulations with priority subscription rights to purchase shares in the conversion offering, as well as a stock option plan and management recognition plan, neither of which can be established during the first six months following the conversion but, if implemented during the first year following conversion, must be described in the converting institution s offering and proxy materials and are subject to other requirements of regulations of the Federal Reserve Board. In order to maximize the net proceeds from the offering and to avoid the additional compensation expense that would result from such employee benefit plans, we have decided that we will not utilize any stock benefit plans in conjunction with our conversion and offering. Accordingly, while our plan of conversion and reorganization, consistent with regulations of the Federal Reserve Board, grants second priority subscription rights to our existing employee stock ownership plan, our employee stock ownership plan will not be purchasing any shares of Malvern Bancorp New common stock in the offering. In addition, we will not implement any stock option plan or management recognition plan during the first year following our conversion. While we have no current intention to implement stock benefit plans after the one-year anniversary date of our conversion, we could do so, but any such determination would be evaluated by our Board of Directors at that time based upon, among other factors, our financial condition and results of operations and regulatory considerations.

Market for Common Stock

Malvern Federal Bancorp s common stock is currently listed on the Nasdaq Global Market under the symbol MLVF. Upon completion of the conversion and offering, Malvern Bancorp New shares will replace the currently listed shares of Malvern Federal Bancorp. We have applied to have the common stock of

Malvern Bancorp New listed for trading on the Nasdaq Global Market. For the first 20 trading days after the completion of the conversion and offering, we expect Malvern Bancorp New s common stock to trade under the symbol MLVFD. Thereafter it will trade under MLVF.

Our Dividend Policy

As a result of the October 2010 Supervisory Agreements, Malvern Federal Bancorp currently is precluded from declaring or paying any dividends without the prior written approval of the Board of Governors of the Federal Reserve System (as successor to the Office of Thrift Supervision). We have no current plans to pay dividends on the common stock of Malvern Bancorp-New upon consummation of the conversion and offering. In addition to receiving any required prior approval of the Board of Governors of the Federal Reserve System, our ability to pay dividends will depend on a number of other factors, including regulatory capital requirements, Federal statutes and regulatory limitations and our results of operations and financial condition. We cannot assure you that we will pay dividends after the conversion and offering or that, if we commence paying dividends, that we will not reduce or eliminate them in the future.

Federal and State Income Tax Consequences

As a general matter, the conversion will not be a taxable transaction for purposes of federal or state income taxes to us or persons who receive or exercise subscription rights. Shareholders of Malvern Federal Bancorp who receive cash in lieu of fractional share interests in shares of Malvern Bancorp New will recognize gain or loss equal to the difference between the cash received and the tax basis of the fractional share. Elias, Matz, Tiernan & Herrick L.L.P. and ParenteBeard LLC, have issued opinions to this effect, see The Conversion and Reorganization Tax Aspects at page 144.

Restrictions on the Acquisition of Malvern Bancorp New and Malvern Federal Savings Bank

Federal regulation, as well as provisions contained in the articles of incorporation and bylaws of Malvern Bancorp New, contain certain restrictions on acquisitions of Malvern Bancorp New or its capital stock. These restrictions include the requirement that a potential acquirer of common stock obtain the prior approval of the Federal Reserve Board before acquiring in excess of 10% of the stock of Malvern Bancorp New. Additionally, Federal Reserve Board approval would be required for us to be acquired within three years after the conversion.

In addition, the articles of incorporation and bylaws of Malvern Bancorp New contain provisions that may discourage takeover attempts and prevent you from receiving a premium over the market price of your shares as part of a takeover. These provisions include:

- prohibitions on the acquisition of more than 10% of our stock;
- limitations on voting rights of shares held in excess of 10% thereafter;
- staggered election of only approximately one-third of our board of directors each year;
- limitations on the ability of shareholders to call special meetings;
- advance notice requirements for shareholder nominations and new business;
- removals of directors only for cause and by a majority vote of all shareholders;
- requirement of a 75% vote of shareholders for certain amendments to the bylaws and certain provisions of the articles of incorporation;
- the right of the board of directors to issue shares of preferred or common stock without shareholder approval; and
- a 75% vote of shareholders requirement for the approval of certain business combinations not approved by two-thirds of the board of directors.

Table of Contents

For further information, see Restrictions on Acquisitions of Malvern Bancorp New and Malvern Federal Savings Bank and Related Anti-Takeover Provisions.

Receiving a Prospectus and an Order Form

To ensure that each purchaser in the subscription and community offerings receives a prospectus at least 48 hours before the offering deadline, we may not mail prospectuses any later than five days prior to such date or hand-deliver prospectuses later than two days prior to that date. Stock order forms may only be delivered if accompanied or preceded by a prospectus. We are not obligated to deliver a prospectus or order form by means other than U.S. mail.

We will make reasonable attempts to provide a prospectus and offering materials to holders of subscription rights. The subscription offering and all subscription rights will expire at 2:00 p.m., Eastern Time, on , 2012, whether or not we have been able to locate each person entitled to subscription rights.

Delivery of Stock Certificates

Certificates representing shares of common stock issued in the subscription and community offerings will be mailed by first-class mail by our transfer agent as soon as practicable following completion of the conversion and offering. Certificates will be mailed to purchasers at the registration address provided by them on the order form. **Until certificates for common stock are available and delivered to purchasers, purchasers may not be able to sell their shares, even though trading of the common stock will have commenced.** Your ability to sell the shares of common stock prior to your receipt of the stock certificate will depend on arrangements you may make with your brokerage firm.

How You Can Obtain Additional Information Stock Information Center

Our banking office personnel may not, by law, assist with investment-related questions about the offering. If you have any questions regarding the offering, please call our Stock Information Center. The toll-free telephone number is ( ) . The Stock Information Center is open Monday through Friday, from 10:00 a.m. to 4:00 p.m., Eastern Time. The Stock Information Center will be closed weekends and bank holidays.

Table of Contents

RISK FACTORS

You should consider carefully the following risk factors in deciding how to vote on the conversion and before purchasing Malvern Bancorp New common stock.

Risks Related to Our Business

We Have Incurred Losses in Each of Our Last Two Fiscal Years. There Can Be No Assurance That We Will Return to Profitability on a Sustained Basis

During the years ended September 30, 2010 and 2011, we incurred net losses of $3.1 million and $6.1 million, respectively. These losses were primarily due to deterioration in the quality of our loan portfolio which resulted in significantly higher provisions for loan losses and other real estate owned expenses. In addition, the operating restrictions imposed by the Supervisory Agreements to which we are subject restrict our ability to increase our lending and grow the assets of Malvern Federal Savings Bank. Finally, from September 30, 2010 to March 31, 2012, we have shrunk the assets of the Bank by approximately 9.6%, reducing our capacity to generate interest income.

Our ability to generate net income on a sustained basis depends on being able to reduce the costs associated with our non-performing assets and other problem assets we have experienced in recent years. In addition, our results in future periods will depend upon whether we are able to have the restrictions of the Supervisory Agreements abated such that we can resume originating commercial real estate loans and resume growing our balance sheet consistent with our business strategy. If we are unable to accomplish these items we may be unable to maintain profitability on a sustained basis. In addition, in the event we receive the regulatory approvals or non-objections necessary for us to resume originating commercial real estate loans, we will need to hire additional personnel for such purpose. We expect that, in such event, we would hire one or two additional loan officers and one additional staff employee, which will increase our salaries and benefits expense.

Our Portfolio of Loans Continues to Include a Significant Amount of Loans with a Higher Risk of Loss

Until we changed our lending emphasis during the fiscal year ended September 30, 2010 and as a result of the October 2010 Supervisory Agreements, which restrict our ability to originate new commercial loans, our business plan had included as a strategy the increased originations of commercial real estate loans, construction and development loans and second mortgages (home equity loans). These loans have a higher risk of default and loss than single-family residential mortgage loans. The aggregate amount of our commercial real estate loans, construction and development loans and second mortgages (home equity loans) amounted to $216.8 million, or 45.9%, of our total loan portfolio at March 31, 2012 and $245.8 million, or 47.9% of our total loan portfolio at September 30, 2011. At March 31, 2012, our non-performing assets included an aggregate of $7.1 million in non-accruing commercial real estate loans, construction and development loans and second mortgage loans, as well as $3.2 million in commercial real estate owned. Taken together, such non-performing commercial real estate, construction and development and second mortgage assets amounted to $10.2 million or 62.1% of our total non-performing assets at March 31, 2012. In addition, $1.2 million of our construction and development loans and $6.1 million of our commercial real estate loans were TDRs at March 31, 2012. Commercial real estate and construction and development loans generally are considered to involve a higher degree of risk due to a variety of factors, including generally larger loan balances and loan terms which often do not require full amortization of the loan over its term and, instead, provide for a balloon payment at the stated maturity date. Repayment of commercial real estate loans generally is dependent on income being generated by the rental property or underlying business in amounts sufficient to cover operating expenses and debt service. Repayment of construction and development loans generally is dependent on the successful completion of the project and the ability of the borrower to repay the loan from the sale of the property or obtaining permanent financing. Our second mortgage loans generally are considered to involve a higher degree of risk than single-family residential mortgage loans due to the generally higher loan-to-value ratios and their secondary position in the collateral to the existing first mortgage.

Our Provisions to Increase Our Allowance for Loan Losses and Our Net Charge-Offs to Our Allowance for Loan Losses Have Adversely Affected, and May Continue to Adversely Affect, Our Results of Operations

Our customers may not repay their loans according to the original terms, and the collateral securing the payment of those loans may be insufficient to pay any remaining loan balance. While we maintain an allowance for loan losses to provide for loan defaults and non-performance, losses may exceed the value of the collateral securing the loans and the allowance may not fully cover any excess loss.

We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. Our allowance for loan losses is based on these judgments, as well as historical loss experience and an evaluation of the other risks associated with our loan portfolio, including but not limited to, the size and composition of the loan portfolio, current economic conditions and geographic concentrations within the portfolio. Federal regulatory agencies, as part of their examination process, review our loans and allowance for loan losses. If our assumptions or judgments used to determine the allowance prove to be incorrect, if the value of the collateral securing the loans decreases substantially or if our regulators disagree with our judgments, we may need to increase the allowance in amounts that exceed our expectations. Material additions to the allowance would adversely affect our results of operations and financial condition.

We recorded provisions for loan losses of $25,000 during the six months ended March 31, 2012 compared to $12.4 million and $9.4 million during the fiscal years ended September 30, 2011 and 2010, respectively. We had net charge-offs to the allowance for loan losses of $2.1 million for the six months ended March 31, 2012, compared to $10.4 million and $6.9 million of net charge-offs for the fiscal years ended September 30, 2011 and 2010, respectively. The net charge-offs to our allowance for loan losses in the first six months in fiscal 2012 and in the fiscal years ended September 30, 2011 and 2010 and the provisions for loan losses in such periods adversely affected our reported results of operations. While our total non-performing assets improved to $16.5 million, or 2.53% of total assets, at March 31, 2012, compared to $21.2 million, or 3.19% of total assets, at September 30, 2011, and $25.2 million, or 3.49% of total assets, at September 30, 2010, no assurance can be given that additional provisions for loan losses or additional charge-offs may not be necessitated in future periods.

The Supervisory Agreements Limit Our Ability to Grow and to Pay Dividends and Impose Other Restrictions Which May Adversely Affect Our Results of Operations And the Market Value of Our Common Stock

In October 2010, Malvern Federal Savings Bank, Malvern Federal Bancorp and Malvern Federal Mutual Holding Company entered into Supervisory Agreements with the Office of Thrift Supervision. See Regulation The Supervisory Agreements. As a result of the Supervisory

Agreements, Malvern Federal Savings Bank must limit its asset growth in any quarter to an amount which does not exceed the amount of net interest credited on deposit liabilities during the quarter, unless otherwise permitted by the Office of the Comptroller of the Currency (as successor to the Office of Thrift Supervision). In addition, the Supervisory Agreements impose a number of operating restrictions, including a provision which prohibits, with certain exceptions, any new commercial real estate loans or commercial and industrial loans without the prior written non-objection of the Office of the Comptroller of the Currency, and imposes requirements that the Bank revise and/or implement and monitor various identified policies, procedures and reports. Compliance efforts related to the Supervisory Agreements have increased our non-interest expense. In addition, the restrictions in the Supervisory Agreements preclude us from declaring or paying dividends and prohibit any repurchase of shares of our common stock without the prior written approval of Federal banking regulators may adversely affect the market value of our common stock.

Higher Interest Rates Would Hurt Our Profitability

Management is unable to predict fluctuations of market interest rates, which are affected by many factors, including inflation, recession, unemployment, monetary policy, domestic and international disorder and instability in domestic and foreign financial markets, and investor and consumer demand.

Table of Contents

Our primary source of income is net interest income, which is the difference between the interest income generated by our interest-earning assets (consisting primarily of single-family residential loans) and the interest expense generated by our interest-bearing liabilities (consisting primarily of deposits). The level of net interest income is primarily a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are impacted by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the Federal Reserve Board of Governors (the FOMC), and market interest rates.

A sustained increase in market interest rates could adversely affect our earnings. A significant portion of our loans have fixed interest rates and longer terms than our deposits and borrowings and our net interest income could be adversely affected if the rates we pay on deposits and borrowings increase more rapidly than the rates we earn on loans. In addition, the market value of our fixed-rate assets would decline if interest rates increase. For example, we estimate that as of March 31, 2012, a 300 basis point increase in interest rates would have resulted in our net portfolio value declining by approximately $8.7 million or 13%. Net portfolio value is the difference between incoming and outgoing discounted cash flows from assets, liabilities and off-balance sheet contracts. See Management s Discussion and Analysis of Financial Condition and Results of Operations How We Manage Market Risk.

The Ability to Realize Our Deferred Tax Asset May Be Reduced, Which May Adversely Impact Results of Operations

Realization of a deferred tax asset requires us to exercise significant judgment and is inherently uncertain because it requires the prediction of future occurrences. Our net deferred tax asset amounted to $6.9 million at March 31, 2012. Other than a $296,000 allowance with respect to state net operating losses, we have not established a valuation allowance against our net deferred tax asset as we believe it is more likely than not that the remaining amount of the asset will be realized. In evaluating the need for a valuation allowance, we must estimate our taxable income in future years. Our deferred tax asset may be reduced in the future if estimates of future income or our tax planning strategies do not support the amount of the deferred tax asset. If it is determined that a valuation allowance with respect to our deferred tax asset is necessary, we may incur a charge to earnings and a reduction to regulatory capital for the amount included therein.

The Loss of Senior Management Could Hurt Our Operations

We rely heavily on our executive officers, Messrs. Anderson, Boyle, Hughes, Neiner and Fuchs. The loss of one or more members of senior management could have an adverse effect on us because, as a relatively small community bank, our senior executive officers have more responsibility than would be typical at a larger financial institution with more employees. In addition, we have fewer management-level personnel who are in a position to assume the responsibilities of our senior executive officers.

Strong Competition Within Our Market Area Could Hurt Our Profits and Slow Growth

We face intense competition in making loans, attracting deposits and hiring and retaining experienced employees. This competition has made it more difficult for us to make new loans and attract deposits. Price competition for loans and deposits sometimes results in us charging lower interest rates on our loans and paying higher interest rates on our deposits, which reduces our net interest income. Competition also makes it more difficult and costly to attract and retain qualified employees. Some of the institutions with which we compete have substantially greater resources and lending limits than we have and may offer services that we do not provide. We expect competition to increase in the future as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Our profitability depends upon our continued ability to compete successfully in our market area.

Table of Contents

The Effects of the Current Economic Conditions Have Been Particularly Severe in Our Primary Market Areas

Substantially all of our loans are to individuals, businesses and real estate developers in Chester County, Pennsylvania and neighboring areas in southern Pennsylvania and our business depends significantly on general economic conditions in these market areas. Severe declines in housing prices and property values have been particularly acute in our primary market areas. A further deterioration in economic conditions or a prolonged delay in economic recovery in our primary market areas could result in the following consequences, any of which could have a material adverse effect on our business:

- Loan delinquencies may increase further;
- Problem assets and foreclosures may increase further;
- Demand for our products and services may decline;
- The carrying value of our other real estate owned may decline further; and
- Collateral for loans made by us, especially real estate, may continue to decline in value, in turn reducing a customer s borrowing power, and reducing the value of assets and collateral associated with our loans.

Increased and/or Special Federal Deposit Insurance Corporation Assessments Will Hurt Our Earnings

There has been a high level of bank failures in recent years, which has dramatically increased Federal Deposit Insurance Corporation resolution costs and led to a significant reduction in the balance of the Deposit Insurance Fund. As a result, the Federal Deposit Insurance Corporation has significantly increased the initial base assessment rates paid by financial institutions for deposit insurance. Increases in the base assessment rate have increased our deposit insurance costs and negatively impacted our earnings. In addition, in May 2009, the Federal Deposit Insurance Corporation imposed a special assessment on all insured institutions. Our special assessment, which was reflected in earnings for the year ended September 30, 2009, was $320,000. In lieu of imposing an additional special assessment, the Federal Deposit Insurance Corporation required all institutions to prepay their assessments for the fourth quarter of 2009 and all of 2010, 2011 and 2012. Additional increases in the base assessment rate or special assessments would negatively impact our earnings.

We Operate In a Highly Regulated Environment and We May Be Adversely Affected By Changes in Laws and Regulations

We are subject to extensive regulation, supervision and examination by the Board of Governors of the Federal Reserve System, the primary federal regulator for Malvern Federal Bancorp and Malvern Federal Mutual Holding Company, the Office of the Comptroller of the Currency, the primary federal regulator for Malvern Federal Savings Bank, and by the Federal Deposit Insurance Corporation, as insurer of the deposits held at Malvern Federal Savings Bank. Such regulation and supervision governs the activities in which an institution and its holding company may engage and are intended primarily for the protection of the insurance fund and the depositors and borrowers of Malvern Federal Savings Bank rather than for holders of our common stock. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on our operations, the classification of our assets and determination of the level of our allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material impact on our operations.

Federal Home Loan Bank of Pittsburgh May Not Pay Dividends Or Repurchase Capital Stock In The Future

In 2008, the Federal Home Loan Bank of Pittsburgh (FHLB) announced that it would voluntarily suspend the payment of dividends and the repurchase of excess capital stock until further notice. The FHLB announced at that time that it expected its ability to pay dividends and add to retained earnings to be significantly curtailed due to low short-term interest rates, an increased cost of maintaining liquidity, other

than temporary impairment charges, and constrained access to debt markets at attractive rates. While FHLB announced on February 22, 2012 that a dividend would be paid and capital stock repurchases would resume, capital stock repurchases from member banks are reviewed on a quarterly basis by the FHLB. Such dividends and capital stock repurchases may not continue in the future. As of March 31, 2012, we held $4.8 million of FHLB capital stock.

The Fair Value of Our Investment Securities Can Fluctuate Due to Market Conditions Outside of Our Control

As of March 31, 2012, the fair value of our investment securities portfolio was approximately $82.4 million. We have historically taken a conservative investment strategy, with concentrations of securities that are backed by government sponsored enterprises. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized and/or unrealized losses in future periods and declines in other comprehensive income, which could have a material adverse effect on us. The process for determining whether impairment of a security is other-than-temporary usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security.

We Are Dependent On Our Information Technology and Telecommunications Systems and Third-Party Servicers, and Systems Failures, Interruptions or Breaches of Security Could Have a Material Adverse Effect On Us

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems and third-party servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If significant, sustained or repeated, a system failure or service denial could compromise our ability to operate effectively, damage our reputation, result in a loss of customer business, and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on us.

In addition, we provide our customers with the ability to bank remotely, including over the Internet and over the telephone. The secure transmission of confidential information over the Internet and other remote channels is a critical element of remote banking. Our network could be vulnerable to unauthorized access, computer viruses, phishing schemes and other security breaches. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. To the extent that our activities or the activities of our customers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, regulatory scrutiny, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could materially and adversely affect us.

Additionally, financial products and services have become increasingly technology-driven. Our ability to meet the needs of our customers competitively, and in a cost-efficient manner, is dependent on the ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of our competitors have greater resources to invest in technology than we do and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so could have a material adverse impact on our business and therefore on our financial condition and results of operations.

Table of Contents

Risks Related to this Offering

Our Stock Price May Decline When Trading Commences

We cannot guarantee that if you purchase shares in the offering that you will be able to sell them at or above the $10.00 purchase price. The trading price of the common stock will be determined by the marketplace, and will be influenced by many factors outside of our control, including prevailing interest rates, investor perceptions, securities analyst research reports and general industry, geopolitical and economic conditions. Publicly traded stocks, including stocks of financial institutions, often experience substantial market price volatility. These market fluctuations might not be related to the operating performance of particular companies whose shares are traded.

There May Be a Limited Market For Our Common Stock, Which May Adversely Affect Our Stock Price

Currently, shares of Malvern Federal Bancorp common stock are listed on the Nasdaq Global Market. Since Malvern Federal Bancorp common stock began trading in 2008, trading in our shares has been relatively limited. There is no guarantee that the offering will improve the liquidity of our stock. If an active trading market for our common stock does not develop, you may not be able to sell all of your shares of common stock in an efficient manner and the sale of a large number of shares at one time could temporarily depress the market price. There also may be a wide spread between the bid and asked price for our common stock. When there is a wide spread between the bid and asked price, the price at which you may be able to sell our common stock may be significantly lower than the price at which you could buy it at that time.

Our Return on Equity May Negatively Impact Our Stock Price

Return on equity, which equals net income (loss) divided by average equity, is a ratio used by many investors to compare the performance of a particular company with other companies. Our return on average equity was negative 9.64% and negative 4.53% for the fiscal years ended September 30, 2011 and 2010, respectively, and on an annualized basis, was 4.77% for the six months ended March 31, 2012. These returns are lower than returns on equity for many comparable publicly traded financial institutions. Upon completion of the offering, our return on average equity is expected to remain below that of many publicly traded financial institutions, due in part to our increased capital level upon completion of the offering. Consequently, you should not expect a competitive return on equity in the near future. Failure to attain a competitive return on equity ratio may make an investment in our common stock unattractive to some investors which might cause our common stock to trade at lower prices than comparable companies with higher returns on equity. The net proceeds from the stock offering, which may be as much as $33.8 million, will significantly increase our shareholders equity. On a pro forma basis and based on net income for the six months ended March 31, 2012, our annualized return on equity ratio, assuming shares are sold at the maximum of the offering range, would be approximately 3.07%. Based on trailing 12-month data for the most recent publicly available financial information (as of December 31, 2011), the ten companies comprising our peer group in the independent appraisal prepared by RP Financial and all publicly traded mutual holding companies had average ratios of returns on equity of 4.35% and 2.80%, respectively.

We Have Broad Discretion in Allocating the Proceeds of the Offering. Our Failure to Effectively Utilize Such Proceeds Would Reduce Our Profitability

We intend to contribute approximately 70% of the net proceeds of the offering to Malvern Federal Savings Bank. Malvern Bancorp New may use the portion of the proceeds that it retains to, among other things, invest in securities, pay cash dividends, subject to the receipt of prior written approval of the Federal Reserve Board, or repurchase shares of common stock, subject to regulatory restriction. Malvern Federal Savings Bank initially intends to use the net proceeds it retains to purchase investment and mortgage-backed securities. In the future, Malvern Federal Savings Bank may use the portion of the proceeds that it receives to fund new loans, invest in securities and expand its lending activities. Malvern Bancorp New and Malvern Federal Savings Bank may also use the proceeds of the offering to diversify their business activities, although we have no specific plans to do so at this time. We have not allocated specific amounts of proceeds for any of these purposes, and we will have significant flexibility in determining how much of the net proceeds we apply to different uses and the

Table of Contents

timing of such applications. There is a risk that we may fail to effectively use the net proceeds which could have a negative effect on our future profitability.

We Intend to Remain Independent Which May Mean You Will Not Receive a Premium for Your Common Stock

We intend to remain independent for the foreseeable future. Because we do not plan on seeking possible acquirors, it is unlikely that we will be acquired in the foreseeable future. Accordingly, you should not purchase our common stock with any expectation that a takeover premium will be paid to you in the near term.

Our Stock Value May Suffer from Anti-Takeover Provisions That May Impede Potential Takeovers That Management Opposes

Provisions in our corporate documents, as well as certain federal regulations, may make it difficult and expensive to pursue a tender offer, change in control or takeover attempt that our board of directors opposes. As a result, our shareholders may not have an opportunity to participate in such a transaction, and the trading price of our stock may not rise to the level of other institutions that are more vulnerable to hostile takeovers. Anti-takeover provisions contained in our corporate documents include:

- restrictions on acquiring more than 10% of our common stock by any person and limitations on voting rights for positions of more than 10%;
- the election of members of the board of directors to staggered three-year terms;
- the absence of cumulative voting by shareholders in the election of directors;
- provisions restricting the calling of special meetings of shareholders;
- advance notice requirements for shareholder nominations and new business;
- removals of directors only for cause and by a majority vote of all shareholders;
- requirement of a 75% vote of shareholders for certain amendments to the bylaws and certain provisions of the articles of incorporation;
- a 75% vote requirement for the approval of certain business combinations not approved by two-thirds of our board of directors; and
- our ability to issue preferred stock and additional shares of common stock without shareholder approval.

See Restrictions on Acquisitions of Malvern Bancorp New and Malvern Federal Savings Bank and Related Anti-Takeover Provisions for a description of anti-takeover provisions in our corporate documents and federal regulations.

Our Stock Value May Suffer From Federal Regulations Restricting Takeovers

For three years following the offering, regulations of the Board of Governors of the Federal Reserve System prohibit any person from acquiring or offering to acquire more than 10% of our common stock without the prior written approval of the Federal Reserve Board. Accordingly, the likelihood that shareholders will be able to realize a gain on their investment through an acquisition of Malvern Bancorp New within the three year period following completion of the conversion is highly unlikely. See Restrictions on Acquisitions of Malvern Bancorp New and Malvern Federal Savings Bank and Related Anti-Takeover Provisions Regulatory Restrictions for a discussion of applicable Federal Reserve Board regulations regarding acquisitions.

Table of Contents

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables contain certain information concerning the financial position and results of operations of Malvern Federal Bancorp. You should read this information in conjunction with the financial statements included in this prospectus. The data presented as of and for the years ended September 30, 2011 and 2010 has been derived in part from the audited financial statements included in this prospectus. The data presented at March 31, 2012 and for the six month periods ended March 31, 2012 and 2011 are derived from unaudited condensed consolidated financial statements, but in the opinion of management reflect all adjustments necessary to present fairly the results for these interim periods. The adjustments consist only of normal recurring adjustments. The results of operations for the six months ended March 31, 2012 are not necessarily indicative of the results of operations that may be expected for the year ending September 30, 2012 or for any other period.

	At March 31, 2012	At September 30, 2011	2010	2009	2008	2007
Selected Financial Condition Data:	(Dollars in thousands)					
Total assets	$651,604	$666,568	$720,506	$691,639	$639,509	$551,932
Loans receivable, net	467,028	506,019	547,323	593,565	571,536	466,192
Securities held to maturity	696	3,797	4,716	4,842	2,870	1,479
Securities available for sale	81,701	74,389	40,719	27,098	21,969	29,098
FHLB borrowings	48,593	49,098	55,334	99,621	113,798	71,387
Deposits	537,029	554,455	596,858	516,511	453,493	433,488
Shareholders equity	61,903	60,284	66,207	69,842	68,836	44,039
Allowance for loan losses	8,076	10,101	8,157	5,718	5,505	4,541
Non-accrual loans	11,730	12,915	19,861	14,195	8,585	2,267
Non-performing assets	16,473	21,236	25,176	20,070	8,815	2,494
Performing troubled debt restructurings	8,305	10,340	11,976	25	103	121
Non-performing assets and performing troubled debt restructurings	24,778	31,576	37,152	20,095	8,918	2,615

	Six Months Ended March 31, 2012	2011	Year Ended September 30, 2011	2010	2009	2008	2007
Selected Operating Data:	(Dollars in thousands, except per share data)						
Total interest and dividend income	$13,346	$15,118	$29,726	$33,148	$34,701	$33,592	$32,769
Total interest expense	4,404	5,411	10,198	13,641	18,681	19,105	19,235
Net interest income	8,942	9,707	19,528	19,507	16,020	14,487	13,534
Provision for loan losses	25	10,042	12,392	9,367	2,280	1,609	1,298
Net interest income (loss) after provision for loan losses	8,917	(335)	7,136	10,140	13,740	12,878	12,236
Total other income	1,868	871	1,729	1,941	2,013	1,846	1,453
Total other expenses	8,727	8,958	18,556	17,105	14,501	12,642	10,154
Income tax (benefit) expense	588	(2,979)	(3,579)	(1,895)	242	630	1,123
Net (loss) income	$ 1,470	$ (5,443)	$ (6,112)	$ (3,129)	$ 1,010	$ 1,452	$ 2,412
Earnings (loss) per share (1)	$ 0.25	$ (0.92)	$ (1.04)	$ (0.53)	$ 0.17	$ 0.05	N/A
Dividends per share	$	$ 0.03	$ 0.03	$ 0.12	$ 0.14	$ 0.04	N/A

Table of Contents

	Six Months Ended March 31,		Year Ended September 30,				
	2012	**2011**	**2011**	**2010**	**2009**	**2008**	**2007**
Selected Financial Ratios and Other Data:							
Performance Ratios:							
Return on assets (ratio of net income to average total assets)	0.44%	(1.57)%	(0.90)%	(0.45)%	0.15%	0.25%	0.45%
Return on average equity (ratio of net income to average equity)	4.77	(16.57)	(9.64)	(4.53)	1.46	2.78	5.76
Interest rate spread (2)	2.74	2.83	2.88	2.78	2.13	2.18	2.25
Net interest margin (3)	2.86	2.96	3.02	2.98	2.46	2.61	2.65
Non-interest expenses to average total assets	2.64	2.59	2.72	2.48	2.13	2.19	1.92
Efficiency ratio (4)	80.73	84.69	87.29	79.75	80.42	77.40	67.75
Asset Quality Ratios:							
Non-accrual loans as a percent of gross loans	2.48	3.05	2.52	3.60	2.38	1.52	0.51
Non-performing assets as a percent of total assets	2.53	3.20	3.19	3.49	2.90	1.38	0.45
Non-performing assets and performing troubled debt restructurings as a percent of total assets	3.80	4.89	4.74	5.16	2.91	1.39	0.47
Allowance for loan losses as a percent of gross loans	1.71	1.97	1.97	1.48	0.96	0.96	0.97
Allowance for loan losses as a percent of non-accrual loans	68.85	64.50	78.21	41.07	40.28	64.12	200.31
Net charge-offs to average loans outstanding	0.84	2.91	1.97	1.19	0.35	0.12	0.03
Capital Ratios (5)**:**							
Total risk-based capital to risk weighted assets	13.71	12.51	12.01	12.85	12.67	13.33	11.24
Tier 1 risk-based capital to risk weighted assets	12.45	11.25	10.76	11.83	11.96	12.40	10.36
Tangible capital to tangible assets	8.27	8.01	7.54	8.24	9.07	9.64	8.03
	8.27	8.01	7.54	8.24	9.07	9.64	8.03

	Six Months Ended March 31,		Year Ended September 30,				
Tier 1 leverage (core) capital to adjusted tangible assets							
Shareholders equity to total assets	9.50	8.90	9.04	9.19	10.10	10.76	7.98
Tangible shareholders equity to total assets	9.50	8.90	9.04	9.19	10.10	10.76	7.98
Other Data:							
Number of full service financial center offices	8	8	8	8	7	7	7

(1) Earnings per share for the fiscal year ended September 30, 2008, is for period from May 20, 2008, the date of Malvern Federal Bancorp s initial stock issuance, through September 30, 2008.

(2) Represents the difference between the weighted average yield on interest earning assets and the weighted average cost of interest bearing liabilities.

(3) Net interest income divided by average interest earning assets.

(4) Represents the ratio obtained from dividing non-interest expense by the sum of net interest income and total other income.

(5) Other than shareholders equity to total assets and tangible shareholders equity to total assets, all capital ratios are for Malvern Federal Savings Bank only.

Table of Contents

RECENT DEVELOPMENTS OF MALVERN FEDERAL BANCORP

The following tables contain certain information concerning the financial position and results of operations of Malvern Federal Bancorp at and for the three months and nine months ended June 30, 2012 as well as the prior comparison periods. You should read this information in conjunction with the audited financial statements included in this prospectus. The financial information as of June 30, 2012 and for the three months and nine months ended June 30, 2012 and 2011 are unaudited and are derived from our interim condensed consolidated financial statements. The selected financial condition data as of September 30, 2011 is derived from Malvern Federal Bancorp s audited consolidated financial statements. In the opinion of management, financial information at June 30, 2012 and for the three months and nine months ended June 30, 2012 and 2011 reflect all adjustments, consisting only of normal recurring accruals, which are necessary to present fairly the results for such periods. Results for the three-month and nine-month periods ended June 30, 2012 may not be indicative of operations of Malvern Federal Bancorp for the fiscal year ending September 30, 2012.

	At June 30, 2012	At September 30, 2011
	(Dollars in thousands)	
Selected Financial Condition Data		
Total assets	$ 654,051	$ 666,568
Loans receivable, net	465,618	506,019

	At June 30, 2012	At September 30, 2011
Securities held to maturity	679	3,797
Securities available for sale	84,795	74,389
FHLB borrowings	48,340	49,098
Deposits	538,245	554,455
Shareholders equity	62,204	60,284
Allowance for loan losses	7,983	10,101
Non-accrual loans	10,628	12,915
Non-performing assets	14,844	21,236
Performing troubled debt restructurings	8,258	10,340
Non-performing assets and performing troubled debt restructurings	23,102	31,576

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2012	2011	2012	2011
	(Dollars in thousands, except per share amounts)			
Selected Operating Data				
Total interest and dividend income	$ 6,321	$ 7,430	$ 19,667	$ 22,548
Total interest expense	2,016	2,428	6,420	7,839
Net interest income	4,305	5,002	13,247	14,709
Provision for loan losses	335	600	360	10,642
Net interest income after provision for loan losses	3,970	4,402	12,887	4,067
Total other income	506	434	2,374	1,305
Total other expenses	4,172	4,476	12,899	13,434
Income tax (benefit) expense	32	(4)	620	(2,983)
Net (loss) income	$ 272	$ 364	$ 1,742	$ (5,079)
Earnings (loss) per share	$ 0.05	$ 0.06	$ 0.29	$ (0.86)

(continued on next page)

Table of Contents

	As of or For the Three Months Ended June 30,		As of or For the Nine Months Ended June 30,	
	2012	2011	2012	2011
Selected Financial Ratios and Other Data(1):				
Performance Ratios:				
Return on assets (ratio of net income to average total assets)	0.17%	0.22%	0.35%	(0.99)%
Return on average equity (ratio of net income to average equity)	1.74	2.39	3.75	(10.36)

	As of or For the Three Months Ended June 30,		As of or For the Nine Months Ended June 30,	
Interest rate spread[2]	2.67	3.03	2.70	2.89
Net interest margin[3]	2.80	3.16	2.84	3.03
Non-interest expenses to average total assets	2.57	2.67	2.62	2.61
Efficiency ratio[4]	86.72	83.34	82.58	83.89
Asset Quality Ratios:				
Non-accrual loans as a percent of gross loans	2.26%	3.51%	2.26%	3.51%
Non-performing assets as a percent of total assets	2.27	3.65	2.27	3.65
Non-performing assets and performing troubled debt restructurings as a percent of total assets	3.53	5.42	3.53	5.42
Allowance for loan losses as a percent of gross loans	1.69	1.91	1.69	1.91
Allowance for loan losses as a percent of non-accrual loans	75.11	54.57	75.11	54.57
Net charge-offs to average loans outstanding	0.09	0.18	0.68	2.18
Capital Ratios[5]:				
Total risk-based capital to risk weighted assets	14.13%	12.03%	14.13%	12.03%
Tier 1 risk-based capital to risk weighted assets	12.87	10.77	12.87	10.77
Tangible capital to tangible assets	8.39	7.62	8.39	7.62
Tier 1 leverage (core) capital to adjusted tangible assets	8.39	7.62	8.39	7.62
Shareholders equity to total assets	9.51	9.03	9.51	9.03
Tangible shareholders equity to total assets	9.51	9.03	9.51	9.03
Other Data:				
Number of full service financial center offices	8	8	8	8

(1) With the exception of end of period ratios, all ratios are based on average monthly balances during the period and have been annualized where appropriate.

(2) Represents the difference between the weighted average yield on interest earning assets and the weighted average cost of interest bearing liabilities.

(3) Net interest income divided by average interest earning assets.

(4) Represents the ratio obtained from dividing non-interest expense by the sum of net interest income and total other income.

(5) Other than shareholders equity to total assets and tangible shareholders equity to total assets, all capital ratios are for Malvern Federal Savings Bank only.

Table of Contents

Comparison of Financial Condition at June 30, 2012 and September 30, 2011

The Company s total assets amounted to $654.1 million at June 30, 2012 compared to $666.6 million at September 30, 2011. The primary reasons for the $12.5 million decrease in assets during the first nine months of fiscal 2012 were a decrease of $40.4 million in net loans receivable and a $4.1 million reduction in other real estate owned (REO). These decreases were partially offset by an aggregate $26.7 million increase in cash and cash equivalents and a $7.3 million increase in investment securities. The decrease in loans receivable during the first nine months of fiscal 2012 was due to a $10.7 million loan sale securitization, as well as decreased demand from consumers, the internal lending restrictions we adopted early in fiscal 2010, and the restrictions imposed by the Supervisory Agreement that the Bank entered into with the OTS in October 2010. The $4.1 million reduction in REO at June 30, 2012 compared to September 30, 2011, was due to $4.4 million of net sales in REO properties, at a net loss of $70,000, and $812,000 in reductions to REO fair values, which is included in other real estate owned expense during the first nine months of fiscal 2012. The Company s total REO amounted to $4.2 million at June 30, 2012 compared to $8.3 million at September 30, 2011.

Our total liabilities at June 30, 2012, amounted to $591.8 million compared to $606.3 million at September 30, 2011. The $14.5 million, or 2.4% decrease in total liabilities was due primarily to a decrease in total deposits of $16.2 million, which was partially offset by $2.5 million increase in total escrow advances for taxes and insurance in the first nine months of fiscal 2011. Our total deposits amounted to $538.2 million at June 30, 2012 compared to $554.5 million at September 30, 2011. There was a $758,000 reduction in our FHLB advances during the nine months ended June 30, 2012.

Total shareholders equity increased by $1.9 million to $62.2 million at June 30, 2012 compared to $60.3 million at September 30, 2011 primarily due to an increase in retained earnings and the effect of an increase in our accumulated other comprehensive income at June 30, 2012. Retained earnings increased by $1.7 million to $38.4 million at June 30, 2012 primarily as a result of the $1.7 million of net income during the first nine months of fiscal 2012. Our ratio of equity to assets was 9.51% at June 30, 2012.

Asset Quality

The following table sets forth our non-performing assets and performing troubled debt restructurings which are neither non-accruing nor more than 90 days past due and still accruing at the dates indicated.

	June 30, 2012	March 31, 2012	September 30, 2011
		(Dollars in thousands)	
Non-accruing loans:			
Residential mortgage	$ 4,118	$ 4,425	$ 2,866
Construction and Development:			
Residential and commercial	2,659	3,210	6,617
Commercial:			
Commercial real estate	2,814	2,822	1,765
Multi-family			
Other	201	201	229
Consumer:			
Home equity lines of credit	23	43	61
Second mortgages	813	1,029	1,377
Other			
Total non-accruing loans	10,628	11,730	12,915
Accruing loans delinquent more than 90 days past due			

Table of Contents

	June 30, 2012	March 31, 2012	September 30, 2011
		(Dollars in thousands)	
Real estate owned and other foreclosed assets:			
Residential mortgage	$ 1,341	$ 1,374	$ 3,872
Construction and Development:			
Residential and commercial			

	June 30, 2012	March 31, 2012	September 30, 2011
Land	99	164	
Commercial:			
Commercial real estate	2,742	3,171	4,415
Multi-family			
Other	34	34	34
Consumer:			
Second mortgages			
Total	4,216	4,743	8,321
Total non-performing assets	$ 14,844	$ 16,473	$ 21,236
Performing troubled debt-restructurings:			
Residential mortgage	870	876	1,049
Construction and Development:			
Land loans	1,151	1,154	1,160
Commercial:			
Commercial real estate	6,062	6,100	7,919
Multi-family			
Other	175	175	175
Consumer:			
Home equity lines of credit			37
Total performing troubled debt restructurings	8,258	8,305	10,340
Total non-performing assets and performing troubled debt restructurings	$23,102	$ 24,778	$ 31,576
Ratios:			
Total non-accrual loans as a percent of gross loans	2.26%	2.48%	2.52%
Total non-performing assets as a percent of total assets	2.27%	2.53%	3.19%
Total non-performing assets and performing troubled debt restructurings as a percent of total assets	3.53%	3.80%	4.74%

During the quarter ended June 30, 2012, our total non-accruing loans decreased by $1.1 million and amounted to $10.6 million at June 30, 2012 compared to $11.7 million at March 31, 2012. The primary reasons for the decrease in non-accruing loans was a $512,000 repayment received on a $2.4 million participation interest in a non-performing construction and development loan for the development of commercial and mixed use facilities on approximately 40 acres located in Mount Laurel, New Jersey. In addition, other real estate owned improved by $527,000 in the quarter ended June 30, 2012 and amounted to $4.2 million at such date compared to $4.7 million at March 31, 2012. The primary reasons for such improvement in other real estate owned during the third quarter of fiscal 2012 were sales of $589,000 and reductions in fair values of $340,000, which were partially offset by $402,000 in additions to other real estate owned during the quarter. Subsequent to June 30, 2012, we have sold an additional $991,000 in other real estate owned at an aggregate gain of $123,000. We also have entered into agreements of sale on $662,000 of other real estate owned, and we expect the sales of such properties to be completed in the fourth quarter of fiscal 2012.

Table of Contents

The following table sets forth information concerning delinquent loans as of June 30, 2012.

At June 30, 2012 Loans Delinquent For:

	At June 30, 2012 Loans Delinquent For:								
	31-89 Days			90 Days and Over			Total Delinquent Loans		
	Number	Amount	Percent of Total Delinquent Loans 31-89 Days	Number	Amount	Percent of Total Delinquent Loans 90 Days and Over	Number	Amount	Percent of Total Delinquent Loans Greater Than 30 Days
	(Dollars in thousands)								
Residential mortgage	7	$ 1,225	29.2%	17	$ 4,118	38.8%	24	$ 5,343	36.1%
Construction and Development:									
Residential and commercial	2	1,050	25.1	3	2,659	25.0	5	3,709	25.0
Commercial:									
Commercial real estate				3	2,814	26.5	3	2,814	19.0
Multi-family	1	587	14.0				1	587	4.0
Other				1	201	1.9	1	201	1.3
Consumer:									
Home equity lines of credit	1	15	0.4	1	23	0.2	2	38	0.3
Second mortgages	19	1,313	31.3	11	813	7.6	30	2,126	14.3
Other									
Total	30	$ 4,190	100.00						