

MALVERN BANCORP, INC.  
Form PRE 14A  
December 28, 2016

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Malvern Bancorp, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

January 13, 2017

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Malvern Bancorp, Inc. The meeting will be held at the Desmond Hotel, 1 Liberty Blvd, Malvern, Pennsylvania, on Wednesday, February 15, 2017 at 11:00 a.m., Eastern Time. The matters to be considered by shareholders at the annual meeting are described in the accompanying materials.

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

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

Very truly yours,

Anthony C. Weagley  
*President and Chief Executive Officer*

**MALVERN BANCORP, INC.**

**42 East Lancaster Avenue**

**Paoli, Pennsylvania 19301**

**(610) 644-9400**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TIME** 11:00 a.m., Eastern Time, Wednesday, February 15, 2017

The Desmond Hotel

**PLACE** 1 Liberty Blvd.

Malvern, Pennsylvania

**ITEMS OF BUSINESS**

- If Proposal 2 is approved, to elect eight directors for a one-year term expiring in 2018 and until (1) their successors are elected and qualified; or if Proposal 2 is not approved, to elect two directors for a three-year term expiring in 2020 and until their successors are elected and qualified;
- (2) To approve an amendment to the Articles of Incorporation of Malvern Bancorp, Inc. (the “Company”) to eliminate the classified board of directors;
- (3) To approve an amendment to the Company’s Articles of Incorporation to eliminate provisions prohibiting a shareholder from acquiring more than 10% of the Company’s common stock;
- (4) To approve an amendment of the supermajority voting requirement contained in the Company’s Articles of Incorporation for certain mergers and similar transactions.;
- (5) To adopt a non-binding resolution to approve the compensation of our named executive officers;
- (6) To ratify the appointment of BDO USA, LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2017; and
- (7) To transact such other business, as may properly come before the meeting or at any adjournment thereof. We are not aware of any other such business.

**RECORD DATE**

Holders of the Company’s common stock of record at the close of business on January 6, 2017 are entitled to vote at the meeting.

**ANNUAL REPORT**

Our fiscal 2016 Annual Report is enclosed but is not a part of the proxy solicitation materials.

It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card sent to you. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement.

**PROXY  
VOTING**

**Important notice regarding the availability of proxy materials for the 2017 annual meeting of shareholders:** This Proxy Statement for the 2017 Annual Meeting of Shareholders and our fiscal 2016 Annual Report to Shareholders are available at: <http://www.proxyvote.com>.

**BY ORDER OF THE BOARD OF DIRECTORS**

Joseph D. Gangemi  
*Corporate Secretary*

Paoli,  
Pennsylvania

January 13,  
2017

**TABLE OF CONTENTS**

	<b>PAGES</b>
<u>ABOUT THE ANNUAL MEETING OF SHAREHOLDERS</u>	1
<u>INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR, DIRECTORS AND EXECUTIVE OFFICERS</u>	3
<u>Election of Directors (Proposal 1)</u>	3
<u>Executive Officers who are Not Also Directors</u>	6
<u>Director Nominations</u>	7
<u>Committees and Meetings of the Board of Directors</u>	7
<u>Board Leadership Structure and the Board's Role in Risk Oversight</u>	8
<u>Directors' Attendance at Annual Meetings</u>	8
<u>Directors' Compensation</u>	8
<u>REPORT OF THE AUDIT COMMITTEE</u>	9
<u>EXECUTIVE COMPENSATION</u>	10
<u>Compensation Discussion and Analysis</u>	10
<u>Executive Compensation Philosophy</u>	10
<u>The Role of Management</u>	12
<u>Peer Review</u>	12
<u>Components of the Compensation Program</u>	13
<u>Base Salary</u>	13
<u>Executive Achievement Incentive Compensation Plan</u>	13
<u>Loan Incentive Plan</u>	14
<u>Employees' Savings &amp; Profit Sharing Plan</u>	14
<u>Employee Stock Ownership Plan</u>	14

<u>Change in Control Arrangements</u>	14
<u>Shareholder Advisory Vote on Executive Compensation</u>	14
<u>Compensation-Related Risk Assessment</u>	15
<u>Risk Assessment Procedures</u>	15
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	15
<u>Summary Compensation Table</u>	16
<u>Grant of Plan Based Awards</u>	17
<u>Outstanding Equity Awards at Fiscal Year End</u>	18
<u>Equity Compensation Plan Information</u>	19
<u>Agreements with Named Executive Officers</u>	19
<u>Potential Payments Upon Termination of Employment</u>	21
<u>Related Party Transactions</u>	22
<u>BENEFICIAL OWNERSHIP OF COMMON STOCK BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	22
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	24
<u>PROPOSAL TO APPROVE AN AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO ELIMINATE THE CLASSIFIED BOARD OF DIRECTORS (PROPOSAL 2)</u>	25

PROPOSAL TO APPROVE AN AMENDMENT TO THE COMPANY'S ARTICLES OF INCORPORATION TO ELIMINATE PROVISIONS PROHIBITING A SHAREHOLDER FROM ACQUIRING MORE THAN 10% OF THE COMPANY'S COMMON STOCK (PROPOSAL 3) 26

PROPOSAL TO APPROVE AN AMENDMENT OF THE SUPERMAJORITY VOTING REQUIREMENT CONTAINED IN ARTICLE XI OF THE COMPANY'S ARTICLES OF INCORPORATION FOR CERTAIN MERGERS AND SIMILAR TRANSACTIONS (PROPOSAL 4) 27

PROPOSAL TO ADOPT A NON-BINDING RESOLUTION TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS (PROPOSAL 5) 28

RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL 6) 29

Audit Fees 29

SHAREHOLDER PROPOSALS, NOMINATIONS AND COMMUNICATIONS WITH THE BOARD OF DIRECTORS 30

ANNUAL REPORTS 30

OTHER MATTERS 30



## **PROXY STATEMENT**

**OF**

**MALVERN BANCORP, INC.**

## **ABOUT THE ANNUAL MEETING OF SHAREHOLDERS**

This proxy statement is furnished to holders of common stock of Malvern Bancorp, Inc. (the “Company”), the holding company of Malvern Federal Savings Bank (the “Bank”). Our Board of Directors is soliciting proxies to be used at the annual meeting of shareholders to be held at The Desmond Hotel, located at 1 Liberty Blvd., Malvern, Pennsylvania, on Wednesday, February 15, 2017 at 11:00 a.m., Eastern Time, and any adjournment thereof, for the purposes set forth in the Notice of Annual Meeting of Shareholders. This proxy statement is first being mailed to shareholders on or about January 13, 2017.

***Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on February 15, 2017.*** This proxy statement and our Annual Report on Form 10-K for the year ended September 30, 2016 as well as driving directions to the annual meeting are available at <http://www.proxyvote.com> and on our website at <http://ir.malvernfederal.com>.

### ***What is the purpose of the annual meeting?***

At our annual meeting, shareholders will act upon the matters outlined in the Notice of Annual Meeting, consisting of the election of directors, several proposed amendments to our Articles of Incorporation (consisting of an amendment to eliminate our classified board of directors, an amendment to eliminate provisions prohibiting a shareholder from acquiring more than 10% of our common stock and an amendment of the supermajority voting requirement for certain mergers and similar transactions), a non-binding resolution to approve the compensation of our named executive officers, and the ratification of our independent registered public accounting firm for the fiscal year ending September 30, 2017.

***Who is entitled to vote?***

Only Malvern Bancorp shareholders of record as of the close of business on the record date for the meeting, January 6, 2017, are entitled to vote at the meeting. On the record date, we had [6,560,713] shares of common stock issued and outstanding and no other class of equity securities outstanding. For each issued and outstanding share of common stock you own on the record date, you will be entitled to one vote on each matter to be voted on at the meeting, in person or by proxy.

***How do I submit my proxy?***

***VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)***

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

***VOTE BY PHONE - 1-800-690-6903***

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

*VOTE BY MAIL*

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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

Your broker may not vote on the election of directors, any of the amendments to our Articles of Incorporation or the non-binding proposal on compensation of our named executive officers unless you provide your broker with instructions on how to vote. You should use the voting instruction card provided by the institution that holds your shares to instruct your broker to vote your shares or else your shares will be considered “broker non-votes.”

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

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

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

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

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

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

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

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

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

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

***What constitutes a quorum?***

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

*What are the Board of Directors' recommendations?*

The recommendations of the Board of Directors are set forth under the description of each proposal in this proxy statement. In sum, the Board of Directors recommends that you vote FOR the nominees for director described herein, FOR each of the proposals to amend certain provisions of the Company's Articles of Incorporation, FOR the non-binding resolution to approve the compensation of our named executive officers, and FOR the ratification of the appointment of BDO USA, LLP to serve as our independent registered public accounting firm for fiscal 2017.

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

*What vote is required to approve each item?*

The election of directors will be determined by a majority of votes cast by shareholders at the annual meeting. The affirmative vote of a majority of the outstanding shares entitled to vote at the annual meeting is required to approve each proposed amendment to the Articles of Incorporation. The affirmative vote of a majority of the votes cast on the proposal is required to approve the non-binding resolution approving the compensation of our named executive officers and to ratify the appointment of BDO USA, LLP for fiscal 2017. Under the Pennsylvania Business Corporation Law, abstentions and broker "non-votes" are not counted as votes cast.

**INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR,  
DIRECTORS AND EXECUTIVE OFFICERS  
PROPOSAL ONE  
ELECTION OF DIRECTORS**

Our Articles of Incorporation and our Bylaws currently provide that our Board of Directors will be divided into three classes as nearly equal in number as possible, and that directors are elected by our shareholders for staggered terms and until their successors are elected and qualified. Generally, one class is elected annually.

Our Bylaws also provide that our Board will consist of not less than five nor more than 15 members, as determined from time to time by resolution of the Board. Our Board has set the number of directors, effective as of the 2017

Annual Meeting, at eight.

On February 17, 2016, our Board adopted resolutions to be presented to shareholders at our 2017 annual meeting to amend the Company's Articles of Incorporation to declassify the Board, such that each director will be elected to a one-year term rather than the staggered three-year terms currently provided in the Articles of Incorporation. All of our current directors whose terms would otherwise extend after the 2017 annual meeting have agreed that, if our shareholders approve the proposed amendment to the Articles of Incorporation to declassify the Board, they will relinquish the remaining unexpired portion of their respective terms and be re-nominated for election to a one-year term at our 2017 annual meeting.

Our Board of Directors has nominated the following eight individuals for election at the 2017 annual meeting, to serve for a one-year term and until their successors are elected and qualified, if Proposal 2 is approved by the shareholders: Howard Kent, Therese Woodman, Norman Feinstein, Andrew Fish, Cynthia Felzer Leitzell, Steve Scartozzi, George Steinmetz and Anthony C. Weagley.

In the event that Proposal 2 is not approved by the shareholders, our Board has nominated Steve Scartozzi and George Steinmetz for election at the 2017 annual meeting to serve for three-year terms (until the 2020 annual meeting) and until their successors are elected and qualified.

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

Under our current Bylaws, nominees for director will be elected by a majority of votes cast by shareholders at the 2017 annual meeting. If a nominee for director does not receive at least a majority of the votes cast at the 2017 annual meeting, he or she is required to tender his or her resignation to the Board, and the Board, after considering the recommendation of the Nominating and Corporate Governance Committee, will thereafter consider whether to accept or reject the tendered resignation, or whether other action should be taken.

Unless otherwise directed, each proxy signed and returned by a shareholder will be voted for the election of the nominees for director as described herein. If any person named as a nominee should be unable or unwilling to stand for election at the time of the 2017 annual meeting, the proxies will nominate and vote for any replacement nominee or nominees recommended by our Board of Directors. At this time, the Board of Directors knows of no reason why any of the nominees named herein may not be able to serve as a director if elected.

The following tables present information concerning the nominees for director. **All nominees listed below are being nominated for a one-year term expiring at the 2018 annual meeting if Proposal 2 is approved at the 2017 annual meeting. If Proposal 2 is not approved by the shareholders and our classified Board of Directors continues, Messrs. Scartozzi and Steinmetz are being nominated to serve for three-year terms and the other individuals named below will continue in office, in the classes indicated below.**

The indicated period of service as a director includes, with respect to periods prior to 2008, service as a director of the Bank. Ages are reflected as of September 30, 2016.

**The Board of Directors recommends that you vote FOR the election of the nominees named in this proxy statement for director.**

#### **Nominees for Director for Three-Year Terms Expiring in 2020**

**(If Proposal 2 is not approved)**

<b>Name</b>	<b>Age</b>	<b>Position with Malvern Bancorp and</b>	<b>Director</b>
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**Principal Occupation During the Past Five Years** **Since**  
Director and former Chairman of the Board (October 2014 to February 2016). Owner, Matthews Paoli Ford, an automobile dealership in Paoli, PA since 2002.

George E.  
Steinmetz 55

2007

Mr. Steinmetz's background as a small business owner in the local market along with his prior experience as a CPA with Ernst & Young and as an Executive with Carmax in charge of their Mid Atlantic operations, qualifies him to serve as a director.

Director. President of The Hardware Center, Inc., Paoli, Pennsylvania, since 2008.

Stephen P.  
Scartozzi 64

2010

Mr. Scartozzi's background as a small business owner in the Bank's market area makes him well qualified to serve as a Director.



**Directors Whose Terms Expire in 2018**

**(If Proposal 2 is not approved)**

Name	Age	Position with Malvern Bancorp and Principal Occupation During the Past Five Years	Director Since
Anthony C. Weagley	54	<p>Chief Executive Officer and President of Malvern Bancorp, Inc. and Malvern Federal Savings Bank from September 23, 2014 to Present; President and Chief Executive Officer of Center Bancorp, Inc. and Union Center National Bank from 2007 to June 2014.</p> <p>Mr. Weagley is recognized as a leader in the financial services industry with over 35 years of industry experience. His prior experience of serving as President and CEO and Director of a \$1.7 billion national bank makes him well qualified to serve as a Director.</p> <p>Director and, since October 2014, Vice-Chair of the Board. Township Manager of East Whiteland Township since February 2001.</p>	2014
Therese Woodman	64	<p>Ms. Woodman brings a wealth of experience to the Board with respect to local community matters, particularly in the areas of planning and development, which makes her well qualified to serve as a Director.</p> <p>Director and, since February 2016, Chairman of the Board. Mr. Kent is a principal and co-founder of Real Estate Equities Group, LLC and its affiliated entities in Englewood, NJ. Mr. Kent also served as a Chairman of the Board of Union Center National Bank from 2013 to 2014 and as a Director of Center Bancorp, Inc. from 2008 to 2014.</p>	2009
Howard Kent	69	<p>Mr. Kent brings a strong banking background and 40 years of real estate investment and management experience along with years of leadership and community involvement, which make him well qualified to serve as a Director.</p>	2015

**Directors Whose Terms Expire in 2019****(If Proposal 2 is not approved)**

<b>Name</b>	<b>Age</b>	<b>Position with Malvern Bancorp and Principal Occupation During the Past Five Years</b>	<b>Director Since</b>
Norman Feinstein	69	Director. Mr. Feinstein is a Principal and Vice Chairman of The Hampshire Companies, a full-service, privately held, fully integrated real estate firm, with assets valued at over \$2.5 billion. He serves as the Manager of The Hampshire Generational Fund and is a member of Hampshire's Investment Committee. Prior to joining Hampshire in 1998, Mr. Feinstein had been a practicing attorney for over 25 years, specializing in real estate law.	2016
		Mr. Feinstein's experience and vast knowledge in real estate make him well qualified to serve as a Director.	
Cynthia Felzer Leitzell	67	Director. Ms. Leitzell is a partner and president of Leitzell & Economidis PC, a full-service firm of Certified Public Accountants located in Media, PA. Ms. Leitzell has served as chairman of the board of the Chester Water Authority since 2012. She also served two four-year elected terms as Delaware County controller. Previously, she was a partner with Rudney Solomon Cohen & Felzer PC, a full-service accounting and auditing firm in located in Broomall, PA.	2016
		Ms. Leitzell's experience in audit and accounting, and her experience and years of leadership and community involvement make her well qualified to serve as a Director.	
Andrew Fish	33	Director. Mr. Fish is a Director of The Real Estate Equity Company ("TREECO") in Englewood, New Jersey, where he is responsible for leasing of the entire firm's real estate portfolio, acquisitions and development projects. TREECO owns and manages over 1.5 million square feet of shopping centers. Prior to joining TREECO in 2009, Mr. Fish had been the director of leasing for Vornado Realty Trust. Mr. Fish is also currently a director of American Spraytech, Branchburg, New Jersey. During his career he served on various boards including Union Center National Bank's Advisory Board, and the Board of the Englewood Chamber of Commerce.	2016
		Mr. Fish's vast real estate experience makes him well qualified to serve as a Director.	

**Executive Officers who are Not Also Directors**

Joseph D. Gangemi, age 36, has served as Senior Vice President, Chief Financial Officer and Secretary of the Company and the Bank since May 26, 2015. Mr. Gangemi previously served as Treasurer/Investment Officer of the Company and the Bank from September 2014 to May 26, 2015. Prior thereto, Mr. Gangemi served as Senior Vice President, Corporate Secretary, Chief of Staff and head of Treasury at Union Center National Bank from 2004 to September 2014.

William J. Boylan, age 52, has served as Senior Vice President and Chief Lending Officer of the Company and the Bank since April 25, 2016. He served as Senior Vice President and Chief Lending Officer of the Bank's New Jersey Division from August 2015 to April 25, 2016. He previously served as Senior Vice President of Commercial Lending for ConnectOne Bank and its predecessor, Union Center National Bank, from 2008 to August 2015.

William Woolworth, age 51, joined the Bank on August 13, 2015, as Senior Vice President and Chief Risk Officer. Mr. Woolworth also serves as Senior Vice President & Chief Risk Officer of Malvern Bancorp, Inc. since August 25, 2015. Previously, Mr. Woolworth was Senior Vice President and Director of Enterprise Risk Management, Chief Auditor and Chief Compliance Officer for Customers Bank, Phoenixville and Wyomissing, Pennsylvania from March 2010 to July 2015. Additionally, he was the Chief Risk Officer at First National Bank of Chester County, West Chester, Pennsylvania from 2007 to 2010 and the Director of Internal Audit for the Brokerage firm of Ferris, Baker Watts, Inc. Baltimore, Maryland from 2005 to 2007.

## **Director Nominations**

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

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

## **Committees and Meetings of the Board of Directors**

During the fiscal year ended September 30, 2016, the Board of Directors of Malvern Bancorp met 10 times. No director of Malvern Bancorp attended fewer than 75% of the aggregate of the total number of Board meetings held during the period for which he or she has been a director and the total number of meetings held by all committees of the Board on which he or she served during the periods that he served.

**Membership on Certain Board Committees.** The Board of Directors of Malvern Bancorp has established an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The membership of the committees set forth in the following paragraphs is as of the date of this proxy statement.

**Audit Committee.** The Board of Directors has established an Audit Committee consisting of Ms. Leitzell (Chair) and Messrs. Scartozzi, Steinmetz and O’Grady. The Audit Committee reviews with management and the independent registered public accounting firm the systems of internal control, reviews the annual financial statements, including the Form 10-K, and monitors Malvern Bancorp’s adherence in accounting and financial reporting to generally accepted accounting principles. The Audit Committee is comprised of four directors who are independent directors as defined

in the Nasdaq listing standards and the rules and regulations of the Securities and Exchange Commission. The Board of Directors has determined that Ms. Leitzell meets the qualifications established for an audit committee financial expert in the regulations of the Securities and Exchange Commission. The Audit Committee met five times in fiscal 2016. The Audit Committee charter as presently in effect is available on the Company's website, [ir.malvernfederal.com](http://ir.malvernfederal.com).

**Nominating and Corporate Governance Committee.** It is the responsibility of the Nominating and Corporate Governance Committee to, among other functions, recommend nominees for the consideration of the Board of Directors in selecting nominees for election at the annual meeting. The Nominating and Corporate Governance Committee consists of Ms. Woodman (Chair), Mr. Kent and Ms. Leitzell. The Nominating and Corporate Governance Committee met two times in fiscal 2016. The Nominating and Corporate Governance Committee members are independent directors, as defined in the Nasdaq listing standards. The committee's charter is available on our website at <http://ir.malvernfederal.com>.

**Compensation Committee.** It is the responsibility of the Compensation Committee to set the compensation of our Chief Executive Officer as well as the other named executive officers. The Compensation Committee consists of Mr. Kent (Chair), Ms. Leitzell and Mr. Steinmetz. The Compensation Committee met four times in fiscal 2016. Each of the members of the Compensation Committee is an independent director as defined in the Nasdaq listing standards. The committee's charter is available on our website at <http://ir.malvernfederal.com>.

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

Anthony C. Weagley serves as our President and Chief Executive Officer, Howard Kent serves as Chairman of the Board and Therese Woodman serves as Vice Chair of the Board. The Board of Directors has determined that separation of the offices of Chairman of the Board and President enhances Board independence and oversight. Further, the separation of the Chairman of the Board permits the President and Chief Executive Officer to better focus on his responsibilities of managing the daily operations of Malvern Bancorp, enhancing shareholder value and expanding and strengthening our franchise while allowing the Chairman to lead the Board of Directors in its fundamental role of providing independent oversight and advice to management. Mr. Kent is an independent director under the rules of the Nasdaq Stock Market.

Risk is inherent with every business, particularly financial institutions. We face a number of risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputational risk. Management is responsible for the day-to-day management of the risks Malvern Bancorp encounters, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to ensure that the risk management processes designed and implemented by management are adequate and functioning as designed. The Board of Directors receives reports on this topic from executive management, other officers of the Company and the Chairpersons of the Audit and Compliance Committees. The Chairman of the Board and independent directors work together to provide strong, independent oversight of Malvern Bancorp's management and affairs through its committees and meetings of independent directors. The Company believes that its Board leadership structure supports this approach to risk management.

## **Directors' Attendance at Annual Meetings**

Directors are expected to attend the annual meeting of shareholders absent a valid reason for not doing so. In 2016, all of our directors attended our annual meeting of shareholders.

## **Directors' Compensation**

We do not pay separate compensation to directors for their service on the Board of Directors of Malvern Bancorp. Fees are paid to directors by the Bank only. Each of our directors, other than Mr. Weagley, receives an annual retainer of \$25,000. The Bank's Chairman of the Board currently receives an additional annual retainer of \$10,000 and the Vice Chair receives an additional annual retainer of \$7,500. Our directors, except for our President and Chief Executive Officer, currently receive a fee of \$800 for attending regularly scheduled monthly Board meetings of the Bank and for special meetings of the Board beginning with the fourth special Board meeting. The Chair of the Audit Committee receives an additional fee \$7,500 per year. Board members receive a fee of \$300 for attending committee meetings,

except for members of the Nominating and Corporate Governance Committee.

-8-

The table below summarizes the total compensation paid by Malvern Federal Savings Bank to those persons who served as our non-employee directors for the fiscal year ended September 30, 2016. As Andrew Fish was appointed to the Board on October 25, 2016, he is not included in the table.

Name	Fees Earned or Paid in Cash	<b>Stock Options</b>	All Other Compensation (1)	Total
Norman Feinstein (2)	\$ 9,550	—	—	\$9,550
Howard Kent	\$ 47,108	\$ 5,150	—	\$52,258
Cynthia Felzer Leitzell (3)	\$ 22,850	—	—	