

MALVERN FEDERAL BANCORP INC
Form 424B3
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PROSPECTUS

(Proposed holding company for Malvern Federal Savings Bank)
Up to 3,115,350 Shares of Common Stock
(Anticipated Maximum)

Malvern Federal Bancorp, Inc. is offering shares of common stock in an initial public offering. Malvern Federal Bancorp is being organized by Malvern Federal Savings Bank in connection with its reorganization into the mutual holding company form of organization. The shares we are offering will represent 43.0% of our outstanding common stock. Malvern Federal Mutual Holding Company, a mutual holding company being formed by Malvern Federal Savings Bank in connection with its reorganization, will own 55% of our outstanding common stock. The remaining 2.0% of our common stock will be contributed to the Malvern Federal Charitable Foundation, a charitable foundation to be formed by Malvern Federal Savings Bank as part of the reorganization. We expect that the common stock of Malvern Federal Bancorp, Inc. will be quoted on the Nasdaq Global Market under the symbol MLVF.

Stifel, Nicolaus & Company, Incorporated will use its best efforts to assist us in our selling efforts, but is not required to purchase any of the common stock that is being offered for sale. All shares offered for sale are being offered at a price of \$10.00 per share. Purchasers will not pay a commission to purchase shares of common stock in the offering.

We are offering up to 3,115,350 shares of common stock for sale on a best efforts basis, subject to certain conditions. We must sell a minimum of 2,302,650 shares to complete the offering. If, as a result of regulatory considerations, demand for the shares or changes in market or financial conditions, the independent appraiser determines our pro forma market value has increased, we may sell up to 3,582,653 shares without giving you further notice or the opportunity to change or cancel your order. The offering is expected to expire at 12:00 noon, Eastern time, on March 18, 2008. We may extend this expiration date without notice to you until May 2, 2008.

Certain current and former depositors and certain borrowers of Malvern Federal Savings Bank have priority rights to purchase shares. Orders placed by them will take priority over any orders placed by the public. The minimum purchase is 25 shares. Once submitted, orders are irrevocable unless the offering is terminated or extended beyond May 2, 2008. If the offering is extended beyond May 2, 2008, subscribers will be notified and will be given the right to confirm, change or cancel their orders, and funds will be returned promptly, with interest, to subscribers who do not respond to this notice. Funds received before completion of the offering, up to the minimum of the offering range, will be maintained in a segregated account at Malvern Federal Savings Bank. Funds received in excess of the minimum of the offering range may be held in a segregated account at Malvern Federal Savings Bank, or at our discretion, in an escrow account at an independent insured depository institution. In either case, we will pay interest on all funds received, at a rate equal to Malvern Federal Savings Bank's passbook rate, which is currently 0.7% per annum. If we do not sell the minimum number of shares or if we terminate the offering for any other reason, we will promptly return your funds, with interest calculated at Malvern Federal Savings Bank's passbook rate.

The Office of Thrift Supervision has conditionally approved our plans of reorganization and stock issuance. However, such approval does not constitute a recommendation or endorsement of this offering.

This investment involves a degree of risk, including the possible loss of principal. Please read Risk Factors beginning on page 16.

OFFERING SUMMARY
Price per Share: \$10.00

Minimum	Maximum	Maximum, as Adjusted
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Number of shares	2,302,650	3,115,350	3,582,653
Gross offering proceeds	\$ 23,026,500	\$ 31,153,500	\$ 35,826,530
Estimated offering expenses ⁽¹⁾	\$ 1,045,000	\$ 1,045,000	\$ 1,045,000
Estimated selling agent fees	\$ 205,000	\$ 279,000	\$ 321,000
Estimated net proceeds	\$ 21,776,500	\$ 29,829,500	\$ 34,460,530
Estimated net proceeds per share	\$ 9.46	\$ 9.58	\$ 9.62

(1) Excludes selling agent fees and expenses payable to Stifel, Nicolaus & Company, Incorporated in connection with the offering.

These securities are not deposits or 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 Office of Thrift Supervision, nor any state securities regulator has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

For assistance, please contact our Stock Information Center toll-free at (866) 790-MFSB(6372).

Stifel Nicolaus

The date of this prospectus is February 11, 2008

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SUMMARY

This summary highlights selected information from this document and may not contain all the information that is important to you. To fully understand the reorganization and offering, you should read this entire document carefully, including the consolidated financial statements and the notes to consolidated financial statements of Malvern Federal Savings Bank.

Malvern Federal Mutual Holding Company

Upon completion of the reorganization, Malvern Federal Mutual Holding Company, a to-be-formed federally chartered mutual holding company, will become the mutual holding company parent of Malvern Federal Bancorp, Inc. Malvern Federal Mutual Holding Company is not currently an operating company and has not engaged in any business to date. Initially, Malvern Federal Mutual Holding Company will own 55.0% of Malvern Federal Bancorp's outstanding common stock after the reorganization and offering. So long as Malvern Federal Mutual Holding Company is our mutual holding company, it must always own at least a majority of the voting stock of Malvern Federal Bancorp. Presently, it is expected that the only business activity of Malvern Federal Mutual Holding Company will be to own a majority of Malvern Federal Bancorp's common stock. The directors and officers who manage Malvern Federal Savings Bank also will manage Malvern Federal Bancorp and Malvern Federal Mutual Holding Company.

Malvern Federal Bancorp, Inc.

Malvern Federal Bancorp, Inc. will be formed as a federal corporation and will be the mid-tier holding company for Malvern Federal Savings Bank following the reorganization. A federal corporation is generally not subject to state business organization laws. We are not currently an operating company and have not engaged in any business to date. Immediately upon completion of the reorganization and offering, it is expected that the business activities of Malvern Federal Bancorp will be to hold all of the issued and outstanding shares of common stock of Malvern Federal Savings Bank. Our executive offices will be located at the current headquarters of Malvern Federal Savings Bank at 42 East Lancaster Avenue, Paoli, Pennsylvania 19301, and our telephone number will be (610) 644-9400.

Malvern Federal Savings Bank

Malvern Federal Savings Bank is a federally chartered mutual savings bank which was originally organized in 1887. As of September 30, 2007, the bank had \$551.9 million in total assets, \$433.5 million in total deposits and \$44.0 million in equity. We operate out of our headquarters in Paoli, Pennsylvania, approximately 25 miles from downtown Philadelphia, and seven additional financial centers located throughout Chester County, Pennsylvania. Malvern Federal Savings Bank is a community oriented savings bank offering a variety of deposit products and services as well as providing single-family residential loans, commercial real estate and construction loans and, to a lesser degree, consumer loans, primarily to individuals, families and small to mid-sized businesses located in the Chester County market area as well as contiguous counties in southeastern Pennsylvania. As of September 30, 2007, \$193.5 million or 40.4% of the bank's total loans (including loans held for sale) consisted of one-to four-family residential mortgage loans and \$108.5 million or 22.7% consisted of commercial real estate loans.

Our Business Strategy

Malvern Federal Savings Bank's mission is to operate and grow a profitable community focused financial institution while protecting its franchise through prudent operating standards. We plan to achieve this by executing our strategy of:

- growing and diversifying our loan portfolio by, among other things, increasing our origination of commercial real estate loans;
- growing our franchise by expanding our financial center network in our market area and contiguous communities;
- increasing our market share in our current markets;

increasing our core deposits;

maintaining high asset quality; and

continuing to provide exceptional service to attract and retain customers.

We believe our mutual holding company reorganization and offering will assist us in implementing our business strategy by increasing our capital base which will support continuing growth in our lending operations and facilitate the expansion of our franchise through the opening of additional *de novo* branch offices or possible acquisitions of other financial institutions. After our reorganization and offering, we will also be able to use stock-related incentive programs to attract and retain executives and other personnel, which we expect will permit us to expand our lending capabilities. See Management's Discussion and Analysis of Financial Condition and Results of Operations Business Strategy on page 39.

Our Market Area

We conduct business from our headquarters in Paoli, Pennsylvania, approximately 25 miles west of Philadelphia, and seven financial centers located throughout Chester County, Pennsylvania. Our primary lending efforts are focused in Chester County and Delaware and Montgomery Counties, which are contiguous to Chester County and also are within the greater Philadelphia market area. The economy within our market area is relatively diverse, with a variety of operating sectors. Chester County, Pennsylvania is relatively affluent, and its population has grown at a faster rate than national and Pennsylvania growth rates. See Business of Malvern Federal Savings Bank Our Market Area.

Reorganization to the Mutual Holding Company Structure and Stock Issuance

The reorganization involves a series of transactions by which Malvern Federal Savings Bank will reorganize from its current structure as a mutual savings bank to the mutual holding company structure. Following the reorganization, Malvern Federal Savings Bank will become a wholly owned subsidiary of Malvern Federal Bancorp. Malvern Federal Mutual Holding Company will own more than a majority of the to-be outstanding shares of Malvern Federal Bancorp common stock, and will be entitled to vote on matters required to be put to a vote of stockholders of Malvern Federal Bancorp. As a stock savings bank, Malvern Federal Savings Bank intends to continue to follow its existing business strategies and will remain subject to the regulation and supervision of the Office of Thrift Supervision and the Federal Deposit Insurance Corporation.

As part of the reorganization, we are offering between 2,302,650 and 3,115,350 shares of our common stock for sale at \$10.00 per share, which corresponds to the offering range based on our independent appraisal. Subject to regulatory approval, we may increase the amount of stock to be sold to 3,582,653 shares or \$35.8 million without any further notice to you if market or financial conditions change before we complete the reorganization and offering. In addition, we propose to contribute an amount equal to 2.0% of the to-be outstanding shares of our common stock to the Malvern Federal Charitable Foundation. The \$10.00 per share price was selected primarily because it is the price most commonly used in mutual holding company reorganizations and offerings. RP Financial, L.C.'s appraisal is based in part on our financial condition and results of operations, the effect of the additional capital raised by the sale of shares of common stock in the offering and an analysis of a peer group of ten publicly traded mutual holding company subsidiaries that RP Financial, considered comparable to us. The offering range is based on the appraisal report of RP Financial, L.C., which was originally issued on December 7, 2007 and which was subsequently updated as of January 25, 2008.

In the mutual holding company structure, we will be able to develop long-term growth opportunities and access the capital markets more easily in the future. The offering will increase the amount of funds available to us for lending and investment purposes. This will provide greater flexibility to diversify and expand operations in our current market area and neighboring communities. In addition, we will be able to provide stock-based incentives to our directors, officers and employees.

Unlike a standard mutual to stock conversion where all of the common stock of the holding company is sold to the public, a mutual holding company reorganization requires that a majority of the stock holding company's

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(i.e., Malvern Federal Bancorp) common stock be held by a mutual holding company (i.e., Malvern Federal Mutual Holding Company). The common stock we are offering represents a minority interest in Malvern Federal Bancorp.

This chart shows our proposed new structure after the reorganization and offering:

The Offering

We are offering between 2,302,650 shares and 3,115,350 shares of our common stock for sale at a purchase price of \$10.00 per share on a priority basis to depositors and certain borrowers of Malvern Federal Savings Bank, our employee stock ownership plan and the public. No commission will be charged to investors during the offering period. All purchasers of our common stock in the offering will pay the same cash price per share in the offering. Subject to regulatory approval, we may increase the amount of stock to be sold to 3,582,653 shares without any further notice to you if, as a result of regulatory conditions, demand for the shares or changes in market or financial conditions, the independent appraiser determines that the market value has increased. We also intend to make a charitable contribution of 2.0% of our to-be outstanding shares of common stock to the Malvern Federal Charitable Foundation. Shares may also be offered to the general public in a community offering, which may commence during or subsequent to the subscription offering to our depositors and certain borrowers, or in a syndicated community offering.

The Downturn In Market Prices For Financial Institution Stocks Has Affected Our Appraised Value

During the fourth quarter of 2007 and continuing into January 2008, market prices for stocks of thrifts and mutual holding company institutions trended downward. Market conditions for financial institution stocks resulted in a downward adjustment in the pro forma appraised value of the common stock we are offering. In its original appraisal report, dated as of December 7, 2007, our independent appraiser, RP Financial LC., made a moderate downward adjustment in the pro forma market value of our common stock due to market conditions for financial institution stocks. The amount of the downward adjustment was not quantified by RP Financial, consistent with the guidelines of the Office of Thrift Supervision. In its December 2007 appraisal report, RP Financial noted that the SNL Index for all publicly traded thrifts had decreased 34.1% over the preceding 12 months and 35.3% year-to-date. At December 7, 2007, the SNL MHC Index had decreased 9.8% over the preceding 12 months and 10.3% year-to-date. RP Financial updated its appraisal report as of January 25, 2008. As a result of the January 2008 appraisal update, our fully converted valuation range was reduced by 10% from \$70.0 million at the mid-point of the valuation range to \$63.0 million. As a result, we revised the offering range and the net proceeds of the offering will be approximately \$2.9 million, or 10.2%, less at the mid-point of the offering range from what we originally anticipated based on the December 2007 appraisal report. In updating its appraisal report, RP Financial noted that thrift stocks generally had experienced further deterioration since the date of its original appraisal report. RP Financial noted that the SNL Index for all publicly traded thrifts at January 25, 2008 had declined 12.1% since its original December 7, 2007 report, and the SNL MHC Index had decreased 7.7% since the original appraisal report. As a result, RP Financial concluded that a more significant downward adjustment was appropriate due to market conditions and, accordingly, reduced the appraised pro forma value of our common stock. While the market conditions for financial institution stocks has not had any material impact on Malvern Federal Savings Bank or Malvern Federal Bancorp, if the market prices for financial institution stocks had not declined in recent periods so

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that there was no downward market adjustment made in our appraisal valuation, all other things being equal, the pro forma appraised value of the Malvern Federal Bancorp common stock being offered would be higher. If we had a higher appraised value and were offering the same number of shares at the \$10.00 per share offering price, we would have higher net proceeds. However, a higher appraised value would result in higher price to pro forma net earnings multiples and higher price to pro forma book value ratios to subscribers.

Reasons for the Reorganization and Offering

We are pursuing the reorganization and offering for the following reasons:

The additional funds resulting from the reorganization and offering will support future growth and geographic expansion of our banking operations, as well as provide increased lending capability.

To enhance our future earnings and profitability through reinvesting and leveraging the net proceeds, primarily through traditional lending and investing activities.

To enhance our current compensation programs through the addition of stock-based benefit plans, which we expect will help us to attract and retain qualified directors, officers and employees.

The reorganization and offering will facilitate our ability to make acquisitions of other institutions in the future (although we do not currently have any plans, agreements or understandings regarding any acquisition transactions).

To form a charitable foundation to benefit the communities we serve.

To structure our organization in a form that will enable us to access the capital markets.

We believe that this is the right time for Malvern Federal Savings Bank to reorganize into the mutual holding company form and issue stock in the offering. We believe that we can continue to grow our loan portfolio, particularly in the commercial real estate and construction and development areas. The increased capital from the offering proceeds will enable us to have the flexibility to make larger loans than we have been able to in the past. In addition, we believe that there may be opportunities to make acquisitions of other financial institutions in the future as consolidation continues in the financial sector. The proceeds from the offering as well as the stock form of ownership will facilitate our ability to consider acquisitions in the future.

Conditions to Complete the Offering

We cannot complete the offering unless:

Our members approve the plan of reorganization at the special meeting to be held on March 28, 2008;

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

We receive the final approval of the Office of Thrift Supervision to complete the reorganization and the offering.

How We Determined the Price Per Share and the Offering Range

The offering range is based on an independent appraisal of Malvern Federal Bancorp's pro forma market value following the reorganization and offering by RP Financial, LC., an appraisal firm experienced in appraisals of savings institutions. The pro forma market value is the estimated market value of Malvern Federal Bancorp assuming the sale of shares in this offering. RP Financial has estimated that in its updated opinion as of January 25, 2008, our estimated pro forma market value on a fully converted basis (meaning an assumed issuance of 100% of our shares to the public, rather than 45%) was between \$53.6 million and \$72.5 million, with a midpoint of \$63.0 million (this is sometimes referred to as the valuation range). The appraisal was based in part upon Malvern Federal

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Savings Bank's financial condition and operations and the effect of the additional capital which will be raised in this offering.

The following shows the number of shares that will be issued to our mutual holding company, sold in the reorganization and offering and contributed to the Malvern Federal Charitable Foundation based on the valuation range and \$10.00 per share offering price.

	Shares At the Minimum of the Offering Range	Percentage of To-Be Outstanding Shares	Shares At the Maximum of the Offering Range	Percentage of To-Be Outstanding Shares
Shares issued to Malvern Federal Mutual Holding Company	2,945,250	55%	3,984,750	55%
Shares sold in offering	2,302,650	43%	3,115,350	43%
Shares contributed to charitable foundation	107,100	2%	144,900	2%
Total	5,355,000	100.0%	7,245,000	100.0%

RP Financial's appraisal incorporates an analysis of a peer group of publicly traded mutual holding company institutions that RP Financial considers to be comparable to Malvern Federal Bancorp, including an evaluation of the average and median price-to-earnings and price-to-book value ratios indicated by the market prices of the peer companies, with such ratios adjusted to their fully converted equivalent basis. The peer group is comprised of ten publicly-traded mutual holding company subsidiaries (that is, the companies which are in the peer group are not fully converted companies, and have the same corporate structure that Malvern Federal Bancorp will have upon completion of the reorganization) located in the Mid-Atlantic region of the United States with assets between \$350.0 million and \$1.0 billion and which were profitable on a reported and core earnings basis. RP Financial applied the peer group's fully converted pricing ratios, as adjusted for certain qualitative valuation adjustments to account for differences between us and the peer group, to our pro forma earnings and book value to derive our estimated pro forma market value. As is customary with appraisals for proposed initial public offerings by companies with a mutual holding company structure, RP Financial's primary methodology was to value our common stock assuming we were issuing 100% of our stock to the public rather than 45.0% to the public (including 2.0% to be contributed to the Malvern Federal Charitable Foundation) and 55.0% to the mutual holding company and to further assume that the companies in the peer group had completed a second-step conversion and that 100% of their stock also was held by the public. In addition, RP Financial's appraisal included limited information comparing certain publicly reported pricing ratios of the peer group (without adjusting them based on the assumption that they had completed a second-step conversion) with the pro forma value of the proposed 45.0% minority stock issuance by Malvern Federal Bancorp (including 2.0% of the to-be outstanding shares to be contributed to the Malvern Federal Charitable Foundation).

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The following table reflects the pricing ratios on a reported basis for the peer group (based upon publicly reported earnings and book value per share) and on a pro forma basis for the proposed 45.0% minority stock issuance by Malvern Federal Bancorp in the offering and the contribution to the Malvern Federal Charitable Foundation.

Selected Mutual Holding Company (not fully converted) Pricing Ratios			
	Price-to- Earnings Multiple	Price-to- Book Value Ratio	Price-to- Tangible Book Value
Malvern Federal Bancorp (pro forma)⁽¹⁾			
Maximum, as adjusted	42.82x	111.36%	111.36%
Maximum	37.26	102.46	102.46
Midpoint	32.42	93.81	93.81
Minimum	27.57	84.18	84.18
Valuation of peer group companies as of January 25, 2008⁽²⁾			
Averages	30.63x	149.18%	158.49%
Medians	32.27	130.58	145.71

(1) Based on earnings for the twelve months ended December 31, 2007 and book value as of December 31, 2007.

(2) Reflects earnings for the then-most recent trailing twelve-month period for the ten mutual holding company (not fully converted) subsidiaries in the peer group for which data was publicly available.

Compared to the average pricing of the peer group on a reported basis, Malvern Federal Bancorp's pro forma pricing ratios for the 45.0% minority stock issuance at the maximum of the offering range indicated a premium of 21.6% on a price-to-earnings basis and a discount of 31.3% on a price-to-book basis and 35.4% on a price-to-tangible book basis. At the midpoint of the offering range, our pro forma pricing ratios reflect a 5.8% premium on a price-to-earnings basis and discounts of 37.1% on a price-to-book basis and 40.8% on a price-to-tangible book basis compared to the averages for the peer group on an as reported basis. The estimated appraised value and the resulting premium/discount took into consideration the potential financial impact of the offering.

The following table presents a summary of selected pricing ratios for the peer group companies and the resulting pricing ratios for Malvern Federal Bancorp adjusted to their fully converted equivalent values.

Fully Converted Equivalent Pro Forma			
	Price-to- Earnings Multiple	Price-to- Book Value Ratio	Price-to- Tangible Book Value
Malvern Federal Bancorp (pro forma)⁽¹⁾			
Maximum, as adjusted	39.20x	72.46%	72.46%
Maximum	34.44	68.49	68.49
Midpoint	30.21	64.39	64.39
Minimum	25.92	59.59	59.59
Valuation of peer group companies as of January 25, 2008⁽²⁾			
Averages	27.73x	84.26%	87.20%
Medians	29.26	81.52	86.73

(1) Based on earnings for the twelve months ended December 31, 2007 and book value as of December 31, 2007.

(2) Reflects earnings for the then-most recent trailing twelve-month period for which data was publicly available.

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Compared to the average pricing of the peer group, Malvern Federal Bancorp's pro forma pricing ratios at the maximum of the offering range on a fully converted basis indicated a premium of 24.2% on a price-to-earnings basis and discounts of 18.7% on a price-to-book basis and 21.5% on a price-to-tangible book basis. The term "fully-converted" means that RP Financial assumed that all of our common stock had been sold to the public, rather than the 45% minority position to be issued in this offering. At the midpoint of the offering range, our pricing ratios on a

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fully converted basis reflect a premium of 8.9% on a price-to-earnings basis and discounts of 23.6% on a price-to-book basis and 26.2% on a price-to-tangible book basis compared to the averages for our peer group.

It is customary that stock offerings of newly converting savings institutions are offered at some discount to their pro forma book value per share. This is due in part to the fact that federal regulations require that the shares be offered and sold at their independently appraised fair value and that such institutions usually already have significant equity. In addition, as the offering price approaches 100% of the pro forma book value per share, it is more likely to substantially exceed the price-to-earnings ratios of comparable peer group institutions.

RP Financial's calculation of the fully converted pricing multiples for the peer group companies assumed the pro forma impact of selling the mutual holding company shares of each of the peer group companies at their respective trading prices as of the January 25, 2008 valuation date.

In accordance with the regulations and policies of the Office of Thrift Supervision, the reorganization and offering range is based upon the estimated pro forma market value of our common stock, as determined on the basis of an independent valuation. We retained RP Financial to provide us with such valuation. Our board of directors carefully reviewed the information contained in the appraisal prepared by RP Financial, including the price-to-earnings and price-to-book and price-to-tangible book information summarized in the tables above, and approved the appraisal of RP Financial and the 45.0% minority stock issuance (including the shares to be contributed to the Malvern Federal Charitable Foundation). The appraisal report of RP Financial indicated that, in comparing Malvern Federal Bancorp to the peer group, certain adjustments to their pricing multiples should be made including an upward adjustment for market area. RP Financial made a downward adjustment due to stock market conditions for thrift stocks. The board did not consider one valuation approach to be more important than any other, but approved the valuation upon consideration of the totality of the information included in RP Financial's report.

The \$10.00 per share was selected primarily because \$10.00 is the price per share most commonly used in stock offerings involving mutual holding company reorganizations of banking institutions. Subject to regulatory approval, we may increase the amount of common stock offered by up to 15%. We are offering 43% of our shares of common stock for sale to the public in the offering and we are contributing 2% of the to-be outstanding shares to the Malvern Federal Charitable Foundation. Accordingly, at the minimum of the reorganization and offering range, we are offering 2,302,650 shares, and at the maximum, as adjusted, of the offering range we are offering 3,582,653 shares in the subscription offering. The appraisal will be updated before the offering is completed. If the pro forma market value of the 43% minority interest in the common stock to be sold in the offering at that time is either below \$23.0 million or above \$35.8 million, we will notify subscribers, cancel their orders and return their subscription funds and provide subscribers with the opportunity to place new orders for stock. See [The Reorganization and Offering - How We Determined the Price Per Share and the Offering Range](#) for a description of the factors and assumptions used in determining the stock price and offering range.

The independent appraisal does not indicate market value. Do not assume or expect that our valuation discussed above means that the common stock will trade at or above the \$10.00 purchase price after the reorganization.

After-Market Stock Price Performance of Mutual Holding Company Offerings

The following table provides information regarding the after-market performance of the first-step mutual holding company offerings completed from January 1, 2007 through January 25, 2008. First-step mutual holding company offerings are initial public offerings by companies in the mutual holding company form of organization.

Issuer (Market/Symbol)	Date of IPO	Gross Proceeds (In millions)	Appreciation (Depreciation) From Initial Offering Price			
			One Day	After 1 Week	After 1 Month	Through 01/25/08
Meridian Interstate Bancorp, Inc. (Nasdaq: EBSB)	01/23/2008	\$ 100.5	(4.0)%	n/a	n/a	(4.4)%
Sound Financial, Inc. (OTCBB: SNFL)	01/09/2008	13.0	(10.0)	(9.4)	n/a	(8.5)
Northfield Bancorp, Inc. (Nasdaq: NFBK)	11/08/2007	192.7	4.5	16.7	4.9	2.5
LaPorte Bancorp, Inc. (Nasdaq: LPSB)	10/15/2007	13.0	(8.1)	(17.2)	(18.7)	(28.6)
FSB Community Bancshares, Inc. (Nasdaq: FSBC)	08/15/2007	8.4	0.0	0.0	(5.0)	(14.3)
Beneficial Mutual Bancorp, Inc. (Nasdaq: BNCL)	07/16/2007	236.1	(7.9)	(6.2)	(13.0)	(2.1)
Hometown Bancorp, Inc (OTCBB: HTWC)	06/29/2007	10.7	0.0	0.0	(5.0)	(28.0)
TFS Financial Corporation (Nasdaq: TFSL)	04/23/2007	1,002.0	17.9	17.2	23.3	13.2
Sugar Creek Financial Corp. (OTCBB: SUGR)	04/04/2007	4.1	0.0	5.0	6.0	(9.0)
Delanco Bancorp, Inc. (OTCBB: DLNO)	04/02/2007	7.4	0.0	0.0	(5.0)	(27.5)
Oritani Financial Corp. (Nasdaq: ORIT)	01/24/2007	121.7	59.7	53.5	55.0	20.0
Polonia Bancorp (OTCBB: PBCP)	01/16/2007	14.9	1.0	0.1	0.6	2.7
MSB Financial Corp. (Nasdaq: MSBF)	01/05/2007	25.3	23.0	21.2	19.3	(4.5)
Average all transactions		134.6	5.9	6.7	5.7	(6.8)
Median		14.9	0.0	0.1	0.6	(4.5)

This table is not intended to be indicative of how our stock may perform. Furthermore, this table presents only short-term price performance with respect to several companies that only recently completed their initial public offerings and may not be indicative of the longer-term stock price performance of these companies. Stock price appreciation is affected by many factors, including, but not limited to: general market and economic conditions; the interest rate environment; the amount of proceeds a company raises in its offering; and numerous factors relating to the specific company, including the experience and ability of management, historical and anticipated operating results, the nature and quality of the company's assets, and the company's market area. The companies listed in the table above may not be similar to Malvern Federal Bancorp, the pricing ratios for their offerings were in some cases different from the pricing ratios for Malvern Federal Bancorp's common stock and the market conditions in which these offerings were completed were, in some cases, different from current market conditions. Any or all of these differences may cause our stock to perform differently from these other offerings. Before you make an investment decision, we urge you to carefully read this prospectus, including, but not limited to, the Risk Factors section.

You should be aware that, in certain market conditions, stock prices of thrift initial public offerings have decreased. For example, as the above table illustrates, the stock of several companies traded at or below their initial offering price at various times through January 25, 2008. We can give you no assurance that our stock will not trade below the \$10.00 purchase price or that our stock will perform similarly to other recent mutual holding company reorganizations.

You should bear in mind that stock price appreciation or depreciation is affected by many factors. **There can be no assurance that our stock price will not trade below \$10.00 per share, as has been the case for some recent mutual holding company offerings. Before you make an investment decision, we urge you to carefully read this prospectus, including, but not limited to, the section entitled Risk Factors beginning on page 16.**

We Will Form the Malvern Federal Charitable Foundation

We intend to establish a charitable foundation, to be named the Malvern Federal Charitable Foundation, as part of the reorganization. Subject to approval by at least a majority of the votes eligible to be cast by members of Malvern Federal Savings Bank, we intend to make a contribution of shares of Malvern Federal Bancorp equal to 2.0% of the to-be outstanding shares. The number of shares to be contributed to the charitable foundation will range from 107,100 shares to 144,900 shares, based upon the minimum and maximum of offering range, respectively, or 166,635 shares in the event we sell shares at the maximum, as adjusted, of the offering range. The charitable foundation will continue the commitment of Malvern Federal Savings Bank to the communities we serve and will provide funding to support charitable causes and community development activities. Our contribution to the charitable foundation at the maximum of the offering range will reduce our net income by \$891,135, after tax, in the year in which the charitable foundation is established, which is expected to be fiscal 2008. The amount of common stock that we are offering for sale would be greater if the reorganization did not include the formation of, and contribution to, the Malvern Federal Charitable Foundation. If the members approve the plan of reorganization but not the establishment of, and contribution to, the Malvern Federal Charitable Foundation, Malvern Federal Savings Bank intends to complete the reorganization without establishing the foundation. For a further discussion of the financial impact of the foundation, see Comparison of Independent Valuation and Pro Forma Financial Information With and Without The Foundation.

Benefits to Management from the Reorganization and Offering

Our employees, officers and directors will benefit from the reorganization and offering due to the implementation of various stock-based benefit plans either adopted in connection with the reorganization and offering or subsequent to its completion.

Full-time employees, including officers, will be participants in our employee stock ownership plan which will purchase shares of common stock in the offering;

Subsequent to completion of the reorganization, we intend to implement a:

stock recognition and retention plan; and

stock option plan

which will benefit our employees and directors.

Our employee stock ownership plan will buy 3.92% of the total shares of common stock to-be outstanding with a loan from Malvern Federal Bancorp using a portion of the net proceeds received in the offering. The shares will be allocated to the employee participants in the employee stock ownership plan over a period of time at no cost to the employees.

Applicable regulations of the Office of Thrift Supervision require that the stock recognition and retention and stock option plans adopted after completion of the reorganization be approved by a majority of the total votes cast by stockholders other than Malvern Federal Mutual Holding Company. Such shareholder approval cannot be obtained earlier than six months after the reorganization. If the stock recognition and retention and stock option plans are approved by our shareholders, we intend to grant stock awards and options to our employees and directors. The stock awards will consist of shares of Malvern Federal Bancorp common stock which will be issued at no cost to the recipients. The options will likewise be issued to directors and employees without cost to them but they will be required to pay the applicable exercise price at the time of exercise to receive the shares of common stock covered by the options. Malvern Federal Bancorp intends that such plans will comply with all then applicable regulations of the Office of Thrift Supervision.

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You will find more information about our employee stock ownership plan and the stock recognition and retention and stock option plans by reading the section of this document entitled "Our Management - New Stock Benefit Plans" on page 93.

The following table summarizes the stock benefits that our directors, officers and employees may receive at the midpoint of the offering range.

Plan	Individuals Eligible To Receive Awards	Percentage of Shares Issued ⁽¹⁾	Number of Shares Based on Midpoint of Offering Range	Value of Shares Based on Midpoint of Offering Range
Employee stock ownership plan	All full-time employees	3.92%	246,960	\$ 2,469,600 ⁽²⁾
Stock recognition and retention plan	Directors, officers and selected employees	1.96	123,480	1,234,800 ⁽²⁾
Stock option plan	Directors, officers and selected employees	4.90	308,700	1,191,582 ⁽³⁾

(1) Based on the total shares to-be outstanding, including shares issued to Malvern Federal Mutual Holding Company and to the Malvern Federal Charitable Foundation.

(2) Based on the \$10.00 per share offering price. Number of shares in the stock recognition and retention plan assumes that Malvern Federal Savings Bank has tangible capital of at least 10% at the time of the plan's implementation.

(3) Stock options will be granted with a per share exercise price at least equal to the market price of our common stock on the date of grant. The value reflected for stock options is assumed to be \$3.86 per share, which was determined using the Black-Scholes option-pricing formula. See "Unaudited Pro Forma Data."

The following table presents the total value of all shares available for award and issuance under the stock recognition and retention plan assuming the shares for the plan are issued in a range of market prices from \$8.00 per share to \$14.00 per share, and assuming Malvern Federal Savings Bank's tangible capital is at least 10% at the time of the plan's implementation.

Share Price	104,958 Shares Awarded at Minimum of Range	123,480 Shares Awarded at Midpoint of Range	142,002 Shares Awarded at Maximum of Range	163,302 Shares Awarded at Maximum of Range, as Adjusted
\$ 8.00	\$ 839,664	\$ 987,840	\$ 1,136,016	\$ 1,306,416
10.00	1,049,580	1,234,800	1,420,020	1,633,020