



PUBLIC DISCLOSURE

March 10, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Malvern Federal Savings Bank
Charter Number 700416

42 E Lancaster Ave, Paoli, PA 19301-1420

Office of the Comptroller of the Currency

1150 Northbrook Drive, Suite 303, Trevose, PA 19053

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The loan-to-deposit ratio is more than reasonable.
- A significant majority of primary loan products were originated within the bank's assessment area.
- The distribution of loans represents reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographical distribution of loans reflects a reasonable dispersion throughout the assessment area.
- The responsiveness to community development needs and opportunities in its assessment area is adequate.

Scope of Examination:

Malvern Federal Savings Bank ("Malvern") was evaluated under the Intermediate Small Bank examination procedures, which includes a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The lending test for Malvern covers its performance from January 1, 2012 through December 31, 2013, as this is representative of its lending strategy since the last CRA examination. The evaluation period for the CD test is from January 1, 2011 through March 10, 2014. CD loans, investments and services submitted by management were verified to ensure that they met the regulatory definition for community development.

Malvern's primary loan products are home mortgage loans, which include junior mortgage home equity loan products and account for 78% of all loan products. Home mortgage refinance loans are the primary home mortgage loan product, and account for 59% of all home mortgage loans. The home mortgage loan analysis is based upon the bank's Home Mortgage Disclosure Act-Loan Application Registers (HMDA-LAR). The HMDA-LAR data was tested prior to this review and found to be reliable for the purposes of our analysis.

Description of Institution

Malvern has total assets of \$584 million, and is a local thrift savings bank. Malvern is a full service, intrastate institution offering a standard array of traditional loan and deposit products. The bank's website at www.malvernfederal.com provides a listing and description of all deposit and loan products. Malvern is a wholly owned subsidiary of Malvern Bancorp, Inc., a one-bank holding company. Malvern Federal Investments, Inc. is a subsidiary of Malvern used to hold Malvern's investments. Subsidiary activities are not considered in this evaluation and do not impact the bank's capacity for community reinvestment. There have been no significant changes to Malvern's corporate structure, including merger and acquisition activities, since the last CRA examination.

Malvern has a single assessment area (AA), located in the Southeast portion of Pennsylvania, which services the entirety of the contiguous counties of Chester, Delaware, and Montgomery. There have been no changes to the AA since the last evaluation.

Branch locations, hours, accessibility, and services fully support the needs of the banking community in which it operates. The bank operates 8 full-service branches. Malvern did not open or close any branches during the current evaluation period. Malvern operates seven of the branches in Chester County, and one in Delaware County. Seven are in upper-income census tracts, and one is in a middle-income tract.

Extended hours are available at all of the branches, and all of the branches have Saturday hours. All branches operate ATMS, and six have drive-ins. All branches provide free notary service to their customers, and four branches offer free coin counting service.

The bank offers a full range of deposit and loan products and services. Residential mortgage loans and home equity loans are Malvern's primary loan products. Deposit products and services include free personal checking accounts as well as free internet banking and bill pay.

As of December 31, 2013 Malvern reported total loans of \$412.2 million, and had a total loan to total asset ratio of 70.5 percent. Table 1. below provides more detail.

Table 1. Loan Portfolio Summary by Loan Product			
December 31, 2013			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Secured by Mortgages on 1-4 Family	\$321,574	78%	54%
Commercial Real Estate	\$70,443	17%	12%
Construction and Land Development	\$9,361	2%	2%
Commercial & Industrial Loans	\$5,913	1%	0.9%
Consumer Loans	\$8,562	1%	1%
Other Loans	\$3,701	1%	0.6%
Total	\$412,151	100%	70.5%

Source: FFIEC Call Report Dec. 31, 2013

Since the previous CRA evaluation, Malvern’s total assets decreased from \$690.9 million (as reported on June 30, 2010) to \$584.0 million (as reported on December 31, 2013), a decrease of approximately 15.5 percent. Total loans have also decreased 28% from \$575.0 million at June 30, 2010 to \$412.1 million at December 31, 2013.

The institution has no financial or legal impediments to meeting the credit needs of the community. The institution was rated “Satisfactory” at the last CRA examination dated December 31, 2010 using Intermediate Small Bank procedures.

Description of Assessment Area

Malvern has a single assessment area, which consists of 471 census tracts within the entire contiguous counties of Chester, Delaware and Montgomery in the Philadelphia, Pa. MD 37964. The AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas. Table 2, illustrates demographic data on population, families, and housing units within the assessment area.

Table 2 - Demographic Data	
(Based on 2010 U.S. Census Data)	
Demographic Data	2010 Census
Population	1,857,739
Total Families	475,442
1-4 Family Units	614,486
Multi-family Units	110,717
% Owner-Occupied Units	70%
% Rental-Occupied Units	24%
% Vacant Housing Units	5%
Weighted Average Median Housing	\$317,170

Source: 2010 Census Data

Table 3 indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 3 - Distribution of Geographies, Families and Housing Units In the Assessment Area						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2010 Census:	#	%	#	%	#	%
Low	18	3.82	70,852	14.90	22,547	3.67
Moderate	53	11.25	68,444	14.40	58,070	9.45
Middle	160	33.97	91,669	19.28	198,145	32.25
Upper	237	50.32	244,477	51.42	335,724	54.63
NA	3	0.64	0	0.00	0	0.00
Total	471	100.00	475,442	100.00	614,486	100.00

Source: 2010 Census Data

There are 471 census tracts within Malvern’s AA, of which 18 tracts, or 3.82%, are low-income tracts, and 53 tracts, or 11.25% are moderate-income tracts. There are 3 NA geographies, which have not been assigned an income classification. There are no families or housing units within the NA tracts. Household demographics based upon the 2010 Census show that 14.90% of all families in the AA are considered low-income and 14.40% are moderate-income families. Households below the poverty level are 4.67%. Upper income families are 51.42% of all families and support a median housing value of \$317 thousand. The AA has a total of 734 thousand housing units of which 516 thousand are owner-occupied housing units. Only 1.59% of owner-occupied housing units are in low- income tracts, and only 6.51% are in moderate-income tracts. There are 219 thousand rental housing units of which 24.33% are occupied and 5.44% are vacant. Information for boarded-up units is not available. The median rent in the AA is \$1,029 per month. The median age of housing stock is 44 years, and 90.87% of the housing stock is valued at \$150 thousand or greater with a 24.09% affordability ratio (\$76,400 HUD 2013 Median Family Income / \$317,170 Median Housing Value.) Using 2013 HUD Adjusted Median Family Income of \$76,400, 14.90% of the families in the assessment area are classified as low-income, 14.40% are classified as moderate-income, and 4.67% report income below the poverty level. Table 4 indicates the median family income ranges of each income category based on the 2013 HUD adjustment.

Table 4 - Median Family Income Ranges (*)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$38,199
Moderate (50% - 80%)	\$38,200	\$60,356
Middle (80% - 120%)	\$60,357	\$91,439
Upper (>= 120%)	>\$91,439	

*Based on HUD 2013 Adjusted Median Family Income of the AA.

The economy of Malvern’s AA is part and parcel of the economy of the locally defined Delaware Valley. This consists of Philadelphia-Reading-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area, and is the sixth-largest metropolitan area in the United States. Based upon the January 2014 Beige Book, aggregate business activity is optimistic, anticipatory, and continues to rise at a modest pace. Moderate growth is

expected in the future, however the start-up has been somewhat hampered by the number and severity of winter storms.

Auto sales had a robust year in 2013, with a slowing trend due to severe winter storms. Retail sales showed modest increases. Home sales slowed more than anticipated, yet commercial real estate leasing showed moderate expansion. Residential and commercial real estate construction did not expand, while land sales are challenging. The general services sector continues moderate growth, with very strong increases in transportation-trucking services. Loan volumes at Third District banks continued to grow at a modest pace across most categories, and credit quality continued to improve. There is little change to the slight overall increases in wages, home prices, and general price levels during the evaluation period. Manufacturing continues to increase orders, however decreased orders came from the paper, chemical and electronic manufacturing group.

Business owners continue to express confidence in the underlying economy. Confidence was bolstered for some as the climate for a less volatile federal fiscal policy seemed to improve. In regard to hiring and capital expenditure plans, firms continued to expand cautiously and will do so until the pace of growth strengthens and exhibits sustainability; in addition, they face ongoing uncertainty from implementation of the Affordable Care Act.

The largest private employers in Chester County are Vanguard, QVC Network, and Siemens Medical Solutions, Inc. Other industries that provide major sources of jobs are the federal government, county governments, healthcare industry, and public and private education.

The largest private employers in Delaware County are Boeing Corp., Jefferson Health Systems, and Crozier Healthcare. Other industries that provide major sources of jobs are the healthcare industry, county governments, public and private education, insurance and finance, retail and convenience stores and transportation.

The largest private employers in Montgomery County are Glaxo-Smith-Kline, Mercy Health Systems of SE Pennsylvania, and Abington Memorial Hospital. Other industries that provide major sources of jobs are, county governments, healthcare industry, and public and private education.

Based upon current information from the Bureau of Labor Statistics, the preliminary unemployment rate (not seasonally adjusted) for Chester County as of January 2014, was 5.1%, and down from 6.9% at January 2013. The preliminary unemployment rate (not seasonally adjusted) for Delaware County as of January 2014 was 6.5%, and down from 9% at January 2013. The preliminary unemployment rate (not seasonally adjusted) for Montgomery County as of January 2014 was 5.7%, and down from 7.7% at January 2013. These rates compare favorably with the Philadelphia, Pa. Metropolitan Division, which has a preliminary rate of 6.9% as of January 2014, and down from 9.3% at January 2013, and the national preliminary unemployment rate of

6.7% as of February 2014. The average weekly salary for Chester County is \$1,240, Delaware County is \$1,057, and Montgomery County is \$1,290.

Malvern operates in an intensely competitive market. Competition comes from large nationwide and regional institutions, mortgage companies, savings banks, credit unions, captive finance companies, and large credit-card companies capturing the small business market. Based upon the most recent Federal Deposit Insurance Corporation (FDIC), Summary of Deposits Report, there are 63 financial institutions within Malvern's AA competing for deposits. The three largest competitors are Wells Fargo with 82 branches and an 18.20% market share; TD Bank with 49 branches and a 14.13% market share; and Citizens Bank with 80 branches and a 12.55% market share. Malvern has 8 branches and a 1.11% market share. There are 640 lending institutions within Malvern's AA competing for mortgage loans. The three largest competitors are Wells Fargo with a 21.44% market share; JP Morgan-Chase with a 5.81% market share; and Trident Mortgage with a 2.88% market share. Malvern has a market share of 0.25%.

Lending opportunities in Malvern's AA, which support low- and moderate housing, are severely limited. The demographics of low- and moderate-income borrowers and geographies do not support the volume necessary to satiate the CRA needs of the banks with large market shares as well as Malvern and other competing banks. During the evaluation period there were 140 thousand applicants among the 640 lending institutions within the AA. There were only 8 thousand low-income applicants, of which the top ten market-share banks received over 4 thousand applications. There were 21 thousand moderate-income applicants, of which the top ten market-share banks received 9 thousand applications. There were only 1,301 applications for loans secured by mortgages in low-income geographies, of which the top ten market share banks received over 540. There were only 6,645 thousand applications for loans secured by mortgages in moderate-income geographies, of which the top ten market share banks received 2,872 applications.

Due to a lack of lending opportunities to low- and- moderate individuals and geographies, Malvern's performance context supports community development lending through loan purchase participations via a community development corporation (CDC) consortium conduit. The CDC has the ability to reach borrowers that Malvern cannot, or is unable to service under their lending guidelines. This approach benefits all banks striving for the same LMI market share, and allows competing banks to become collaborators, thus benefiting the LMI marketplace.

In assessing the bank's CD performance, we contacted a local economic development organization. The contact indicated a need to fund real estate investment businesses and individuals that construct and rehabilitate single family and multi-family homes that are in turn, rented to low- and moderate-income families. By lending to qualified investors, economies of scale are created that allow quality of workmanship, better compliance with building codes, more reasonable priced units, understanding compliance with federal tax rebate and HUD Section 8 programs, and lower foreclosure

rates. While the name of the subject bank was not mentioned during the contact conversation, Malvern is clearly listed on the organization's web-site as one of its participants.

Conclusions with Respect to Performance Tests

LENDING TEST

Malvern's performance under the lending test is satisfactory, and generally meets the standards for a satisfactory rating for the lending test. The loan-to-deposit ratio is more than reasonable. A substantial majority of Malvern's primary loan products are within Malvern's AA. Considering a severe lack of lending opportunities to low- and moderate-income individuals and geographies, Malvern was found to have reasonable penetration among borrowers of different income levels, while geographical dispersion of loans was reasonable.

Loan-to-Deposit Ratio

Malvern's net loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, AA's credit needs, and intense competition for loans within its marketplace. The bank's net loan-to-deposit ratio averaged 88% over the last 13 quarters since the previous CRA examination. This ratio ranged from a quarterly low of 81% to a quarterly high of 95% during the evaluation period.

Based upon Industry Analysis Reports, prepared by the FDIC, all federally insured institutions had an average loan-to-deposit ratio of 73% over the last 13 quarters, ranging from a quarterly low of 69% to a quarterly high of 78%. The same analysis shows savings institutions in the Commonwealth of Pennsylvania, <\$1 Billion, had an average of 73% over the same period with a low of 70% and a high of 78%.

Lending in the Assessment Area

A substantial majority of home loans originated and purchased were within Malvern's assessment area during the review period.

Table 5 illustrates the total number and dollar amount of HMDA-reportable loans (home purchase, refinance and home improvement loans) originated in and outside the assessment area during the evaluation period of January 1, 2012 until December 31, 2013.

Table 5. Lending Activity in Malvern’s AA

Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	211	87.92	29	12.08	240	64,328	90.23	6,964	9.77	71,292
Home Refinance	468	86.99	70	13.01	538	94,144	88.32	12,445	11.68	106,589
Home Improvement	128	94.12	8	5.88	136	19,214	95.81	841	4.19	20,055
Totals	807	88.29	107	11.71	914	177,686	89.77	20,250	10.23	197,936

Source: HMDA-LARS 2012 and 2013

Lending to Borrowers of Different Incomes

The distribution of loans for the bank’s AA reflects reasonable penetration among individuals of different income levels. This conclusion is based upon the premise that home refinance loans are the bank’s primary product. Less weight was given to home purchase, and home improvement loans. Malvern’s performance ranged from lower than the percentage of families within the AA to near the percentage of families within the AA.

Home Loans

The percent of bank home purchase loans originated to low-income borrowers within the AA is lower than the percentage of low-income families within the AA. It is also lower than the aggregate. The percent of bank home purchase loans originated to moderate-income borrowers within the AA is also lower than the percentage of moderate-income families, as well as lower than the aggregate.

6 (a) Home Purchase Loans			
Borrower Income Category	% of Families	% of Bank Loans	% of Aggregate
Low	14.90	1.12	6.31
Moderate	14.40	4.49	21.55
Middle	19.28	12.92	26.11
Upper	51.42	81.46	46.03

Source: HMDA LARS 2011 – 2013

The percent of bank home improvement loans originated to low-income borrowers within the AA is lower than the percentage of low-income families within the AA. It is also lower than the aggregate. The percent of bank home improvement loans originated to moderate-income borrowers within the AA is near to the percentage of moderate-income families, and slightly lower than the aggregate.

6 (b) Home Improvement Loans			
Borrower Income Category	% of Families	% of Bank Loans	% of Aggregate
Low	14.90	0.91	7.88
Moderate	14.40	11.82	18.18
Middle	19.28	15.45	23.48
Upper	51.42	71.82	50.46

Source: HMDA LARS 2012 – 2013

The percent of bank home refinance loans originated to low-income borrowers within the AA is lower than the percentage of low-income families within the AA and somewhat lower than the aggregate. However, after subtracting the applications made to the top ten lenders, there were only 2.5 thousand low-income borrower applications to share among the remaining 560 financial institutions in the AA competing for home refinance loans. Even then, the percentage of bank loans compared to the percentage of aggregate would be reasonable.

The percent of bank home refinance loans originated to moderate-income borrowers within the AA is lower than the percentage of low-income families within the AA, and somewhat lower than the aggregate. However, after subtracting the applications made to the top ten lenders, there were only 7 thousand moderate-income borrower applications to share among the remaining 570 financial institutions in the AA competing for home refinance loans. In this instance, the percentage of bank loans compared to the percentage of aggregate would be reasonable.

6 (c) Home Refinance Loans			
Borrower Income Category	% of Families	% of Bank Loans	% of Aggregate
Low	14.90	1.99	3.94
Moderate	14.40	8.93	12.94
Middle	19.28	15.14	22.92
Upper	51.42	73.95	60.21

Source: HMDA LARS 2012 – 2013

Overall, lending opportunities for home loans to low-income borrowers is very limited within the bank's AA. The given median housing value of \$317 thousand severely limits the ability for low-income families to purchase or own homes. A low-income family within the AA would be < 50% of the median income of \$76,400. Affording home acquisition and ownership of a median housing value of \$317 thousand would be extremely difficult on an income of \$38 thousand or less. Also, over 90% of all homes within the AA exceed \$150 thousand in value, which also would be difficult to maintain for a low-income borrower.

Geographic Distribution of Loans

The bank's distribution of loans in low- and moderate-income geographies is reasonable and meets the standard for satisfactory performance in this criterion. The geographic distribution of loans is given the least weight in the lending test, due to the small amount of loan applications made in these geographies during the evaluation period. There were 640 financial institutions making home mortgage loans in the AA, and there were only 1,301 loan applications submitted to all of the lending institutions within the low-income geographies. This is only 0.93% of all home loan applications made within the AA. For this reason, no weight was given to the measure of the percentage of bank loans made within low-income geographies.

There were a total of 6,645 home loan applications made within the moderate-income tracts to be vied for among 640 lending institutions. The top ten large nationwide financial institutions absorbed 43% of these applications, leaving 3,773 applications to be vied for among 630 lending institutions. Table 7 illustrates loan originations, categorized by geography income level, reported during the review period, and compares the percentage of bank loans to the percentage of owner-occupied housing units in each income tract. The second portion of the table compares the percentage of bank loans made in the low- and moderate-income tracts to the 2012 activity of aggregate lenders within the AA.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.59	0.00	6.51	1.12	31.80	20.79	60.11	78.09
Home Improvement	1.59	0.00	6.51	1.82	31.80	13.64	60.11	84.55
Home Mortgage Refinance	1.59	0.00	6.51	1.48	31.80	19.21	60.11	79.31
Type Loan	% of Bank Loans In Low Income Geographies		% of Bank Loans in Moderate Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
					Low	Mod	Mid	Upp
Home Purchase		0.00		1.12	0.81	5.00	31.38	62.80
Home Improvement		0.00		1.82	1.32	5.77	30.81	62.11
Home Refinance		0.00		1.48	0.45	3.33	25.33	70.89

Source: 2012 Peer Mortgage Data (USPR)

Response to Complaints

During the review period, the bank received no known written complaints pertaining to its performance in helping to meet the credit needs within the assessment area.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated satisfactory. The bank's level of CD responsiveness to CD needs of the AA through CD lending, investments, and services is adequate.

In keeping with its performance context of meeting the low- and moderate-income lending needs of the community, by purchasing participations in community development loans, Malvern funded \$260 thousand of thirteen available offerings during the evaluation period. Malvern is one of thirty-two member banks in the CDC, and Malvern's participations are limited to 3.8% of any offering. In 2014, Malvern will be eligible to purchase 7.5% of new offerings. Malvern's balance of loans purchased prior to the present evaluation period is \$461 thousand. Total outstandings of community development loans as of December 31, 2013 is \$721 thousand, or 1% of tier-one capital.

During the evaluation period, Malvern made 17 donations totaling \$26,550 to organizations that promote community development by providing community services for LMI individuals such as, youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers.

During the evaluation period, more than 14 bank employees afforded technical assistance to qualified community development organizations, provided financial services training to staff and members, contributed accounting and bookkeeping expertise, assisted in fundraising activities, and provided manual labor to assist in housing repairs to low- and moderate-income home owners.

Number and Amount of Community Development Loans

During the evaluation period, Malvern participated 3.8% of a total of \$6.8 million of community development loans through a CDC conduit. The loans are as follows:

- Malvern purchased a \$15,384 portion of a first mortgage to a non-denominational church to fund the purchase and rehabbing of a 70-unit senior citizen housing facility in a low-income geography, the City of Chester, Pa. for low- and moderate-income residents.
- Malvern purchased a total of \$25,426 of four offerings to a non-profit residential organization to fund the acquisition and rehabbing of four residential units housing low- and moderate-income individuals. One loan prevented the

displacement of six handicapped individuals after the property owner decided to sell. Another loan increased the LMI stock by 4 units.

- Malvern purchased a total of \$45,274 of two offerings to a non-profit organization for facility acquisition, whose mission is to assist low- and moderate-income families and individuals to move toward economic self-sufficiency and reduce their dependence on public support. This is accomplished through the teaching of life skills and employment training.
- Malvern purchased a \$9,615 portion of an offering to acquire and rehab a former bank building into headquarters for a non-profit police related athletic organization. This action contributed to the revitalization of a vacant building in an LMI geography and provides community youth program services, a majority of which are to LMI individuals.
- Malvern purchased a \$19,423 portion of an offering to a housing development corporation that provides housing assistance to low-income residents through the management of the federal Housing Choice Voucher Program-Section 8. The loan funded the acquisition and revitalization of LMI geography locations in the North Philadelphia area.
- Malvern purchased a \$31,730 portion of an offering to fund the construction of a 240- unit mixed-income senior housing development that includes affordable housing for LMI families.
- Malvern purchased a \$41,600 portion of an offering to fund the rehabbing and revitalization of a non-profit mental health organization in a low-income geography and serving primarily low- and moderate-income individuals.
- Malvern purchased a \$68,571 portion of an offering to a non-profit housing organization to fund the rehabbing of a multi-unit residential apartment facility for the elderly and disabled. The organization is part of the HUD network, and strives to provide assistance to those with low-income needs through management of Section 8 vouchers.

Number and Amount of Qualified Investments

During the evaluation period, Malvern made 17 qualified donations to 7 organizations totaling \$26,550. They are as follows:

- \$2,000 to a rehabilitation organization which will assist low- and moderate-income patients who can no longer afford to continue their care, by awarding grants to qualified applicants to help with therapy, follow-up care, and prosthetic and assistive devices ranging from splints to powered wheelchairs.
- \$1,750 to a non-profit organization whose mission is to improve the quality of life for low-to-moderate income people of Chester County, by providing the ability to acquire and maintain decent affordable housing.
- \$10,500 to a non-profit battered-women’s facility that promotes community development by providing community services for LMI individuals.
- \$5,250 to a non-profit veteran’s organization that promotes community development by providing community services for LMI individuals.

- \$5,000 to a non-profit organization that provides free home repair to bring homes of low- and moderate-income homeowners up to construction codes.
- \$1,800 to a non-profit organization that assists in revitalization of housing units in LMI geographies in Montgomery County, as well as economic education and foreclosure prevention.
- \$250 to a psychological counseling agency that provides counseling to LMI individuals at drastically reduced rates.

Malvern did not purchase any qualifying community development securities during the evaluation period. The sale of CRA Investment securities are limited in the Chester-Delaware-Montgomery County AA and are extremely hard to come by given the fierce competition for such opportunities.

Extent to Which the Bank Provides Community Development Services

DNB provides convenient, accessible, and free or reasonably priced community development services to meet the financial needs of its AA with the following products and services:

- All bank branches have extended hours, Saturday hours, accessible ATMs, and drive-ups where structurally permissible. All branches provide free notary service to their depositors, and four branches provide free coin counting machines.
- The bank offers two totally free checking accounts. There is no minimum deposit amount, and free bill paying service is provided. One account is totally electronic, and does not process paper checks. The other is traditional free checking. Overdraft protection is available if desired by the customer.
- A statement saving account requires a \$200 minimum opening deposit. However, there is no minimum balance requirement. There are no maintenance fees regardless of balance.
- The bank offers low opening deposit IRA saving accounts similar to statement savings.
- The bank offers a student saving account with a \$10 minimum opening deposit and no maintenance fees.
- Free online banking provides full accessibility plus smart-phone mobile banking services
- Telephone banking services are also available.
- First time buyer home mortgage loans.
- Unsecured lines of credit are available for smaller loan requests.
- Eleven employees contributed construction assistance for a weekend, to an organization that provides free home repairs to low- and moderate-income homeowners to bring homes up to code.
- Fourteen employees belong to a farming group, that grows fresh vegetables and produce, which in turn, is given to a local Chester County food bank for distribution to the needy.

- Various bank employees donate their time on an ongoing basis to a worldwide habitat construction organization, and provide extensive repairs to homes of low- and moderate-income individuals.
- Various bank employees donate their time on an ongoing basis to an equestrian organization that provides therapy by interaction with animals to low- and moderate-income individuals who cannot afford equestrian activities.
- Various bank employees devote volunteer efforts to a home for battered woman that serve the needs of low- and moderate-income individuals.

Responsiveness to Community Development Needs

Malvern's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in its AA. The bank's performance context identifies the need to participate in CDC loans in order to collaborate with competing financial organizations to meet the banking needs of the low- and moderate-income population and geography. Malvern also meets these needs by:

- Operating accessible branches and providing products that are reasonably priced and meet the needs and accessibility of low- and moderate-income individuals.
- By funding \$260 thousand in participations of a total of \$6.9 million in CD loans made through a community development corporation. The present balance of CD loans is equal to 1% of tier one capital.
- Granting \$26 thousand in grants and donations that benefit low- and moderate-income families.
- More than 22 of Malvern's employees and executives are actively involved in providing technical and physical assistance to community development organizations that benefit low- and moderate-income individuals and families.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

