

TIMBERLAND BANCORP INC

Form DEF 14A

December 18, 2017

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

Filed by the registrant [X]

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))

[X] Definitive proxy statement

[] Definitive additional materials

[] Soliciting material under Rule 14a-12

TIMBERLAND 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):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

N/A

(2) Aggregate number of securities to which transaction applies:

N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

N/A

(4) Proposed maximum aggregate value of transaction:

N/A

(5) Total fee paid:

N/A

[] Fee paid previously with preliminary materials:

N/A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

N/A

(2) Form, schedule or registration statement no.:

N/A

(3) Filing party:

N/A

(4) Date filed:

N/A

December 18, 2017

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Timberland Bancorp, Inc., to be held at the Hoquiam Grand Central, 427 7th Street, Hoquiam, Washington, on Tuesday, January 23, 2018 at 1:00 p.m., local time.

The Notice of Annual Meeting of Shareholders and Proxy Statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we will also report on our operations. Directors and officers of Timberland Bancorp, Inc., as well as a representative of Delap LLP, our independent auditor for the fiscal year ended September 30, 2017, will be present to respond to appropriate questions of shareholders.

It is important that your shares are represented at the meeting, whether or not you attend in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Jon C. Parker

Jon C. Parker
Chairman of the Board

TIMBERLAND BANCORP, INC.
624 SIMPSON AVENUE
HOQUIAM, WASHINGTON 98550
(360) 533-4747

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JANUARY 23, 2018

Notice is hereby given that the annual meeting of shareholders of Timberland Bancorp, Inc. will be held at the Hoquiam Grand Central, 427 7th Street, Hoquiam, Washington, on Tuesday, January 23, 2018 at 1:00 p.m., local time, for the following purposes:

Proposal 1. Election of three directors to each serve for a term of three years and one director to serve for a term of two years.

Proposal 2. Advisory (non-binding) approval of our executive compensation as disclosed in this Proxy Statement.

Proposal 3. Ratification of the Audit Committee's selection of Delap LLP as our independent auditor for 2018.

We will also consider and act upon such other business as may properly come before the meeting, or any adjournment or postponement thereof. As of the date of this notice, we are not aware of any other business to come before the annual meeting.

The Board of Directors has fixed the close of business on December 1, 2017 as the record date for the annual meeting. This means that shareholders of record at the close of business on that date are entitled to receive notice of, and to vote at the meeting and any adjournment thereof. To ensure that your shares are represented at the meeting, please take the time to vote by signing, dating and mailing the enclosed proxy card which is solicited by the Board of Directors. The proxy will not be used if you attend and vote at the annual meeting in person. Regardless of the number of shares you own, your vote is very important. Please act today.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ DEAN J. BRYDON

DEAN J. BRYDON
CORPORATE SECRETARY

Hoquiam, Washington
December 18, 2017

IMPORTANT: The prompt return of proxies will save us the expense of further requests for proxies in order to ensure a quorum. A pre-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United

States.

PROXY STATEMENT
OF
TIMBERLAND BANCORP, INC.
624 SIMPSON AVENUE
HOQUIAM, WASHINGTON 98550
(360) 533-4747

ANNUAL MEETING OF SHAREHOLDERS
JANUARY 23, 2018

The Board of Directors of Timberland Bancorp, Inc. is using this Proxy Statement to solicit proxies from our shareholders for use at the annual meeting of shareholders. We are first mailing this Proxy Statement and the enclosed form of proxy to our shareholders on or about December 18, 2017.

The information provided in this Proxy Statement relates to Timberland Bancorp, Inc. and its wholly-owned subsidiary, Timberland Bank. Timberland Bancorp, Inc. may also be referred to as "Timberland" and Timberland Bank may also be referred to as the "Bank." References to "we," "us" and "our" refer to Timberland and, as the context requires, Timberland Bank.

INFORMATION ABOUT THE ANNUAL MEETING

Time and Place of the Annual Meeting

Our annual meeting will be held as follows:

Date: Tuesday, January 23, 2018

Time: 1:00 p.m., local
time

Place: The Hoquiam Grand Central, 427 7th Street, Hoquiam, Washington

Matters to Be Considered at the Annual Meeting

At the meeting, you will be asked to consider and vote upon the following proposals:

Proposal 1. Election of three directors to each serve for a term of three years and one director to serve for a term of two years.

Proposal 2. Advisory (non-binding) approval of our executive compensation as disclosed in this Proxy Statement.

Proposal 3. Ratification of the Audit Committee's selection of Delap LLP as our independent auditor for 2018.

We also will transact any other business that may properly come before the annual meeting. As of the date of this Proxy Statement, we are not aware of any other business to be presented for consideration at the annual meeting other than the matters described in this Proxy Statement.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on January 23, 2018

Our Proxy Statement and Annual Report to Shareholders are available at <https://www.materials.proxyvote.com/887098>. The following materials are available for review:

Proxy Statement;
proxy card; and
Annual Report to Shareholders.

Directions to attend the annual meeting, where you may vote in person, can be found online at <http://www.timberlandbank.com>.

Who is Entitled to Vote?

We have fixed the close of business on December 1, 2017 as the record date for shareholders entitled to notice of and to vote at our annual meeting. Only holders of record of Timberland's common stock on that date are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of Timberland common stock you own. On December 1, 2017, there were 7,364,627 shares of Timberland common stock outstanding and entitled to vote at the annual meeting.

How Do I Vote at the Annual Meeting?

Proxies are solicited to provide all shareholders on the voting record date an opportunity to vote on matters scheduled for the annual meeting and described in these materials. This answer provides voting instructions for shareholders of record. You are a shareholder of record if your shares of Timberland common stock are held in your name. If you are a beneficial owner of Timberland common stock held by a broker, bank or other nominee (i.e., in "street name"), please see the instructions in the following question.

Shares of Timberland common stock can only be voted if the shareholder is present in person or by proxy at the annual meeting. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the meeting if you are a shareholder of record.

Voting instructions are included on your proxy card. Shares of Timberland common stock represented by properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instruction as how to vote at the annual meeting, the persons named in the proxy will vote the shares FOR the election of each of our director nominees, FOR advisory approval of the compensation of our executive officers as disclosed in this Proxy Statement and FOR ratification of the selection of Delap LLP as our independent auditor. If any other matters are properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on these matters in accordance with their best judgment. We do not currently expect that any other matters will be properly presented for action at the annual meeting.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children. In this case, you will receive three separate proxy cards to vote.

What if My Shares Are Held in Street Name?

If you are the beneficial owner of shares held in street name by a broker, your broker, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If your common stock is held in street name, you will receive instructions from your broker that you must follow in order to have your shares voted. Your broker may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form that accompanies this Proxy Statement. If you do not give instructions to your broker, your broker may nevertheless vote the shares with respect to discretionary items, but will not be permitted to vote your shares with respect to non-discretionary items, pursuant to current industry practice. In the case of non-discretionary items, shares not voted are treated as "broker non-votes." The proposals to elect directors and provide advisory approval of

executive compensation are considered non-discretionary items; therefore, you must provide instructions to your broker in order to have your shares voted on these proposals.

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If your shares are held in street name, you will need proof of ownership to be admitted to the annual meeting. A recent brokerage statement or letter from the record holder of your shares are examples of proof of ownership. If you want to vote your shares of common stock held in street name in person at the annual meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

How Will My Shares of Common Stock Held in the Employee Stock Ownership Plan Be Voted?

We maintain the Timberland Bank Employee Stock Ownership and 401(k) Plan ("ESOP and 401(k) Plan") for the benefit of our employees. Each participant may instruct the trustee how to vote the shares of Timberland common stock allocated to his or her account under the ESOP portion of the plan by completing the voting instruction sheet distributed by the administrator. If a participant properly executes the voting instruction sheet, the administrator will instruct the trustee to vote the participant's shares in accordance with the participant's instructions. Unallocated shares of Timberland common stock held in the ESOP portion of the plan and allocated shares for which proper voting instructions are not received will be voted by the trustee in the same proportion as shares for which the trustee has received voting instructions.

How Many Shares Must Be Present to Hold the Meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of at least a majority of the shares of Timberland common stock entitled to vote at the annual meeting as of the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

What if a Quorum Is Not Present at the Meeting?

If a quorum is not present at the scheduled time of the meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given unless the adjourned meeting is set to be held 120 days or more after the original meeting. An adjournment will have no effect on the business that may be conducted at the meeting.

Vote Required to Approve Proposal 1: Election of Directors

Directors are elected by a plurality of the votes cast, in person or by proxy, at the annual meeting by holders of Timberland common stock. Accordingly, the four nominees for election as directors who receive the highest number of votes actually cast will be elected. Pursuant to our Articles of Incorporation, shareholders are not permitted to cumulate their votes for the election of directors. Votes may be cast for or withheld from each nominee. Votes that are withheld and broker non-votes will have no effect on the outcome of the election because the nominees receiving the greatest number of votes will be elected. Our Board of Directors unanimously recommends that you vote FOR the election of each of its director nominees.

Vote Required to Approve Proposal 2: Advisory Approval of Executive Compensation

Approval on an advisory (non-binding) basis of our executive compensation requires the affirmative vote of a majority of the votes cast at the annual meeting. Abstentions and broker non-votes do not constitute votes cast and therefore will have no effect on the proposal. Our Board of Directors unanimously recommends that you vote FOR approval of the compensation of our named executive officers.

Vote Required to Approve Proposal 3: Ratification of the Selection of the Independent Auditor

Ratification of the selection of Delap LLP as our independent auditor for the fiscal year ending September 30, 2018 requires the affirmative vote of a majority of the votes cast at the annual meeting. Abstentions do not constitute votes cast and therefore will have no effect on the proposal. Our Board of Directors unanimously recommends that you vote FOR the ratification of the selection of the independent auditor.

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May I Revoke My Proxy?

You may revoke your proxy before it is voted by:

- submitting a new proxy with a later date;
- notifying the Corporate Secretary of Timberland in writing before the annual meeting that you have revoked your proxy; or
- voting in person at the annual meeting.

If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in street name, you must bring a validly executed proxy from the nominee indicating that you have the right to vote your shares.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of December 1, 2017, the voting record date, information regarding share ownership of:

- those persons or entities (or groups of affiliated persons or entities) known by management to beneficially own more than five percent of Timberland's common stock other than directors and executive officers;
- each director and director nominee of Timberland;
- each executive officer of Timberland or Timberland Bank named in the Summary Compensation Table appearing under "Executive Compensation" below (known as "named executive officers"); and
- all current directors and executive officers of Timberland and Timberland Bank as a group.

Persons and groups who beneficially own in excess of five percent of Timberland's common stock are required to file with the Securities and Exchange Commission ("SEC"), and provide us a copy, reports disclosing their ownership pursuant to the Securities Exchange Act of 1934. To our knowledge, no other person or entity, other than the ones set forth below, beneficially owned more than five percent of the outstanding shares of Timberland's common stock as of the close of business on the voting record date.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In accordance with Rule 13d-3 of the Securities Exchange Act, a person is deemed to be the beneficial owner of any shares of common stock if he or she has voting and/or investment power with respect to those shares. Therefore, the table below includes shares owned by spouses, other immediate family members in trust, shares held in retirement accounts or funds for the benefit of the named individuals, shares held in the ESOP and 401(k) Plan, and other forms of ownership, over which shares the persons named in the table may possess voting and/or investment power. In addition, in computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to outstanding options that are currently exercisable or exercisable within 60 days after the voting record date are included in the number of shares beneficially owned by the person and are deemed outstanding for the purpose of calculating the person's percentage ownership. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

As of the voting record date, there were 7,364,627 shares of Timberland common stock outstanding.

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Name	Number of Shares Beneficially Owned (1)	Percent of Shares Outstanding (%)
Beneficial Owners of More Than 5%		
Timberland Bank Employee Stock Ownership and 401(k) Plan (2) 624 Simpson Avenue Hoquiam, Washington 98550	711,411	9.7
Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	652,271(3)	8.9
Dimensional Fund Advisors LP 6300 Bee Cave Road, Building One Austin, Texas 78746	587,782(4)	8.0
Siena Capital Partners I, L.P. 100 North Riverside Plaza, Suite 1630 Chicago, Illinois 60606	375,899(5)	5.1
Directors		
Andrea M. Clinton	9,765	*
James A. Davis	--	--
Larry D. Goldberg	10,175	*
Kathy D. Leodler	205	*
Jon C. Parker	61,752	*
David A. Smith	19,173	*
Michael J. Stoney	10,050	*
Named Executive Officers		
Michael R. Sand (6)	187,095	2.5
Robert A. Drugge	38,284	*
Dean J. Brydon	68,318	*
Jonathan A. Fischer	23,268	*
Edward C. Foster	13,190	*
All Executive Officers and Directors as a Group (13 persons)	455,122	6.1

*Less than one percent of shares outstanding.

The amounts shown also include the following number of shares which the indicated individuals have the right to acquire within 60 days of the voting record date through the exercise of stock options: Ms. Clinton, and Messrs. (1)Goldberg, Parker, Smith and Stoney, 2,800 shares each; Mr. Sand, 22,600 shares; Mr. Brydon, 18,600 shares; Mr. Drugge, 14,600 shares; Mr. Fischer, 10,400 shares; Mr. Foster, 5,100 shares; and all executive officers and directors as a group, 87,600 shares.

(2)Represents shares held in the ESOP and 401(k) Plan, consisting of 203,487 shares in the 401(k) portion of the Plan and 507,924 shares in the ESOP portion of the Plan. The Plan has shared voting and dispositive power with respect

to shares held by participants. As of the voting record date, 59,174 shares in the 401(k) portion of the Plan were in the accounts of executive officers and included in their totals above. As of the voting record date, 455,020 shares in the ESOP portion of the Plan have been allocated to participants' accounts including 95,247 shares to executive officers which is included in their totals above.

(3) Based solely on a Schedule 13G/A dated January 18, 2017, reporting sole voting and dispositive power over the shares. According to this filing, various accounts managed by Royce & Associates, LLC have the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of the shares reported. One account, Royce Value Trust, Inc. held over five percent of Timberland's outstanding shares.

(Footnotes continue on following page)

Based solely on a Schedule 13G/A dated February 9, 2017, reporting sole voting power over 584,906 shares and sole dispositive power over 587,782 shares. According to this filing, Dimensional Fund Advisors LP furnishes investment advice to four investment companies and serves as investment manager or sub-adviser to certain other commingled funds, group trusts and separate accounts (collectively, the "Funds"). In certain cases, subsidiaries of (4) Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, "Dimensional") may possess voting and/or investment power over the shares reported, and may be deemed to be the beneficial owner of the shares held by the Funds. However, the shares reported are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.

Based solely on a Schedule 13G dated February 3, 2017, reporting that Siena Capital Partners I, L.P. has shared voting and dispositive power over 370,899 shares, Siena Capital Partners Accredited, L.P. has shared voting and (5) dispositive power over 5,000 shares and Siena Capital Management, LLC has shared voting and dispositive power over 375,899 shares.

(6) Mr. Sand is also a director of Timberland.

PROPOSAL 1 – ELECTION OF DIRECTORS

Our Board of Directors currently consists of eight members and is divided into three classes. Approximately one-third of the directors are elected annually to serve for a three-year period or until their respective successors are elected and qualified. The table below sets forth information regarding each director of Timberland and each nominee for director. Director James C. Mason retired in March 2017 and Directors James A. Davis and Kathy D. Leodler were appointed to the Board in April 2017 and May 2017, respectively. Mr. Davis and Ms. Leodler were recommended for appointment by the Chief Executive Officer.

The Nominating Committee of the Board of Directors selects nominees for election as directors and has nominated for election as director Michael R. Sand to serve for the two-year term created by Mr. Mason's retirement. The Nominating Committee has also nominated as directors Andrea M. Clinton, James A. Davis and Kathy D. Leodler, each to serve for a three-year term. If elected, the directors will serve for the term specified or until their respective successors have been elected and qualified. Each of our nominees currently serves as a Timberland director, and has consented to being named in this Proxy Statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. At this time, we are not aware of any reason why a nominee might be unable to serve if elected.

The Board of Directors recommends a vote FOR the election of Mr. Sand, Ms. Clinton, Mr. Davis and Ms. Leodler.

Age as of Year First Elected or