NEILSEN ESTATE OF CRAIG H
Form 4
April 18, 2011

FORM 4

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
NEILSEN ESTATE OF CRAIG H

(Last) (First) (Middle)

C/O AMERISTAR CASINOS INC., 3773 HOWARD HUGHES PKWY SUITE 490S

(Street)

LAS VEGAS, NV 89169

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AMERISTAR CASINOS INC [ASCA]

3. Date of Earliest Transaction (Month/Day/Year)
04/15/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of

_____ Director
_____ Officer (give t

6. Individual or Joi
_X_ Form filed by O
___ Form filed by M

Table I - Non-Derivative Securities Acquired, Disposed of,

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/15/2011		S		1,900 (1)	D	$ 18.28	30,991,766	D	
Common Stock	04/15/2011		S		100 (1)	D	$ 18.285	30,991,666	D	
Common Stock	04/15/2011		S		1,300 (1)	D	$ 18.32	30,990,366	D	
Common Stock	04/15/2011		S		200 (1)	D	$ 18.3203	30,990,166	D	
Common Stock	04/15/2011		S		200 (1)	D	$ 18.321	30,989,966	D	
Common Stock	04/15/2011		S		900 (1)	D	$ 18.328	30,989,066	D	

Common Stock	04/15/2011	S		5,200 (1)	D	$ 18.33	30,983,866	D
Common Stock	04/15/2011	S		200 (1)	D	$ 18.335	30,983,666	D
Common Stock	04/15/2011	S		5,000 (1)	D	$ 18.34	30,978,666	D
Common Stock	04/15/2011	S		1,000 (1)	D	$ 18.3601	30,977,666	D
Common Stock	04/15/2011					**Minimum**		

Number of shares		5,278,542		6,210,199
Gross offering proceeds	$	52,785,420	$	62,101,990
Estimated offering expenses, excluding selling agent fees (1)	$	1,150,000	$	1,150,000
Estimated selling agent fees (2) (3)	$	1,009,000	$	1,188,000
Estimated net proceeds	$	50,626,420	$	59,763,990
Estimated net proceeds per share	$	9.59	$	9.62

(1)

- Includes an aggregate of $150,000 payable to Sandler O'Neill & Partners, L.P. which includes $100,000 for expenses o management and expenses related thereto.

(2)

- Includes: selling commissions payable by us to Sandler O'Neill & Partners, L.P. in connection with the subscription an the aggregate amount of common stock sold in the subscription offering (net of insider purchases and shares purchased and 3.0% of the aggregate amount of common stock sold in the community offering (net of insider purchases) or an ag the maximum of the offering range, assuming that 50% of the offering is sold in the subscription offering and 50% of t offering. See "Pro Forma Data" on page 46 and "The Conversion and the Offering — Plan of Distribution, Selling Ag

(3)

- In the event that a syndicated community offering or a firm commitment underwritten offering is conducted, Sandler O selling agent commissions (or discounts in the case of an underwritten public offering) equal to 5.5% of the aggregate a

syndicated community offering or underwritten public offering (net of insider purchases and any shares purchased by o
all shares of common stock are sold in the syndicated community offering or firm commitment underwritten offering, t
(or discounts in the case of an underwritten public offering) and expenses would be $3,103,198 at the minimum, $3,61
the maximum. In the event a syndicated community offering or a firm commitment underwritten offering is conducted,
offering expenses are reimbursed up to $150,000, inclusive of the $100,000 referenced above.

These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corpo
Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System nor any state securiti
disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a

The date of this prospectus is August 12, 2013

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MAP OF OUR MARKET AREA

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SUMMARY

This summary highlights material information from this prospectus and may not contain all the information that is important to
fully, you should read this entire prospectus carefully, including the consolidated financial statements and the notes to the conso
Prudential Bancorp and the section entitled "Risk Factors."

Prudential Bancorp–New

Prudential Bancorp–New is a newly formed Pennsylvania corporation. Prudential Bancorp–New is conducting this offering in
Prudential Mutual Holding Company from the mutual to the stock form of organization. The shares of common stock of Pruder
the 74.8% ownership interest, after adjustment for the assets of Prudential Mutual Holding Company, in existing Prudential Ba
Mutual Holding Company. The remaining 25.2% ownership interest, after adjustment for the assets of Prudential Mutual Holdi
Bancorp is currently owned by other shareholders (who are sometimes referred to as the "public shareholders") and will be exc
Prudential Bancorp–New based on an exchange ratio which will range from 0.6979 shares at the minimum of the offering rang
offering range. The actual exchange ratio will be determined at the closing of the offering and will depend on the number of sh
offering. The executive offices of Prudential Bancorp–New are located at 1834 West Oregon Avenue, Philadelphia, Pennsylvar
(215) 755-1500.

Prudential Savings Bank

Prudential Savings Bank is a Pennsylvania-chartered stock savings bank operating out of its headquarters and main office in So
other full-service banking offices in Philadelphia and Delaware Counties, Pennsylvania. Our business primarily consists of attr
and using those funds to originate loans and invest in securities. Prudential Savings Bank is a community oriented savings bank
Philadelphia dating back to 1886. Our primary market area is Philadelphia, in particular South Philadelphia and Center City, as
We also conduct business in Bucks, Chester and Montgomery Counties, Pennsylvania which, along with Delaware County, co
Philadelphia. We also make loans in contiguous counties in southern New Jersey. At March 31, 2013, Prudential Savings Bank
loans amounted to $242.0 million or 86.1% of its total loan portfolio. Prudential Savings Bank is subject to regulation and exa
of Banking and Securities, which we refer to as the Pennsylvania Department of Banking and by the Federal Deposit Insurance
headquarters and main office is located at 1834 West Oregon Avenue, Philadelphia, Pennsylvania and its telephone number is (

Prudential Mutual Holding Company

Prudential Mutual Holding Company is a Pennsylvania-chartered mutual holding company which currently is the parent of exis
holding company, Prudential Mutual Holding Company does not have shareholders. The principal business purpose of Prudent
a majority of the outstanding shares of common stock of existing Prudential Bancorp. Prudential Mutual Holding Company cu
common stock of existing Prudential Bancorp, which is 74.6% of the shares outstanding. Prudential Mutual Holding Company
the conversion and offering, and the shares of existing Prudential Bancorp common stock that it holds will be canceled.

Existing Prudential Bancorp

Existing Prudential Bancorp is a Pennsylvania-chartered corporation and currently is the mid-tier stock holding company for P
Prudential Bancorp was formed by Prudential Savings Bank in connection with the bank's reorganization into the mutual holdi
2005. At March 31, 2013, an aggregate of 2,545,433 shares of common stock, or

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25.4% of the outstanding shares, of existing Prudential Bancorp were owned by the public shareholders. The common stock of under the Securities Exchange Act of 1934, as amended, and is publicly traded on the Nasdaq Global Market. At the conclusion Prudential Mutual Holding Company, existing Prudential Bancorp will no longer exist. The public shareholders of existing Pru converted into shares of Prudential Bancorp–New common stock based on the exchange ratio, which will range from 0.6979 sh to 0.9442 shares at the maximum of the offering range. The shares of common stock being offered by Prudential Bancorp–New Company's current ownership interest in existing Prudential Bancorp after adjustment for the assets of Prudential Mutual Hold existing Prudential Bancorp had $479.1 million in total assets, $416.1 million in total deposits and $60.2 million in stockholder existing Prudential Bancorp are located at 1834 West Oregon Avenue, Philadelphia, Pennsylvania 19145, its telephone number www.prudentialsavingsbank.com. Information on our website should not be treated as part of this prospectus.

Our Current and Proposed Organizational Structure

We have been organized in the mutual holding company form since March 2005 when we completed our reorganization into th company structure.

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

Pursuant to the terms of our plan of conversion and reorganization, we are now converting from the partially public mutual hol public stock holding company form of organization, in what is known as a "second step" conversion transaction. As part of the majority ownership interest in existing Prudential Bancorp that is currently owned by Prudential Mutual Holding Company. Up offering, Prudential Mutual Holding Company and existing Prudential Bancorp will cease to exist, we will be fully owned by p continuing interest in Prudential Savings Bank by a mutual holding company. Upon completion of the conversion, public share will receive shares of common stock of Prudential Bancorp–New in exchange for their shares of existing Prudential Bancorp.

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

Our Business Strategy

Our mission is to operate as a profitable, independent community-oriented financial institution serving primarily retail custome area. We are focused on prudently increasing profitability and enhancing shareholder value. The following are key elements of

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- Improving Asset Quality. We are continuing our efforts to improve asset quality. At March 31, 2013, our total non-pe million, or 1.6% of total assets, reflecting an $8.6 million, or 53.5%, reduction compared to $16.0 million of total non-p (when total non-performing assets amounted to 3.3% of total assets). During fiscal years ended September 30, 2012 and non-performing assets and other problem assets, primarily related to construction and land development projects, signi operations as the high levels of provisions for loan losses and charge-offs and other expenses related to other real estate the reduced level of net income, in particular in fiscal 2011 in which we established $4.6 million in provisions for loan values and the difficulties we were experiencing in our construction and land development and commercial real estate p origination of these types of loans beginning in the latter part of 2010 in fiscal 2011. In our efforts to reduce the levels o assets in recent periods, we adopted and implemented a completely revised and enhanced loan policy. Recently, we als years of experience in loan underwriting and credit analysis including underwriting and analyzing commercial real esta loan compliance officer with more than 14 years of experience, including significant regulatory compliance capabilities

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- Growing and Diversifying Our Loan Portfolio. As part of our efforts to improve earnings, we plan to expand, on a rel favorable market conditions, our origination of construction and land development loans as well as commercial real est within our market area. Such loans will be underwritten in accordance with our revised loan underwriting standards and administration procedures. We believe that we can be a successful niche lender to small- and mid-sized commercial bo area. We also plan to modestly grow our loan portfolio while diversifying it. Such diversification may include becomin Business Administration ("SBA") lending and commercial lease lending. We believe that an expansion of our involven lending as

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well as commercial real estate and commercial business lending in a planned, deliberative fashion with the loan underwriting a
implemented in recent periods, together with modest loan growth, should increase our interest income and our returns in future

- Improving our Funding Mix by Attracting Lower Cost Core Retail Deposits. Core deposits include all deposit accoun Core deposits are our least costly source of funds and improve our interest rate spread. We believe that core deposits re customer relationships that enable us to cross-sell our full complement of products and services. Core deposits also con account-related fees and services and are generally less sensitive to withdrawal when interest rates fluctuate. At March 43.2% of our total deposits compared to 41.9% of total deposits at September 30, 2012 and 41.2% of total deposits at S continue our efforts to further increase core deposits. In addition, we will seek to develop commercial checking accoun and we plan to enhance our cross-marketing as part of our efforts to gain additional deposit relationships with our loan

- Continuing our Community-Oriented Focus. As a community-oriented financial institution, we emphasize providing e to attract and retain customers. We deliver personalized service and respond with flexibility to customer needs. We bel attractive to our customers and distinguishes us from the large banks that operate in our market area. Our management in, the community. We believe that we know our customers' banking needs and can respond quickly to address them.

Reasons for the Conversion and Offering

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

- Conversion to the fully public form of ownership will remove the uncertainties associated with the mutual holding com conversion and offering will result in a more familiar and flexible form of corporate organization and will better positio future regulatory requirements, including regulatory capital requirements which may be imposed on bank holding com and, in light of the portion of the net proceeds of the offering to be retained by the new stock-form holding company, w Bancorp–New to serve as a source of strength for Prudential Savings Bank.

- The number of our outstanding shares after the conversion and offering will be greater than the number of shares curre expect our stock to have greater liquidity.

- The additional funds resulting from the offering will increase our capital (although Prudential Savings Bank is deemed continued growth, as well as provide increased lending capability.

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Use of Proceeds from the Sale of Our Common Stock

We expect to use the proceeds from the offering as follows:

Use of Proceeds	Amount, at the minimum	Amount at the maxi
		(Dollars in Tho
Loan to our employee stock ownership plan	$ 2,111	$ 2,857
Repurchase of shares for our new recognition and retention plan	2,111	2,857
Investment in Prudential Savings Bank	25,313	34,450
General corporate purposes – dividend payments, possible acquisitions and stock repurchases	21,091	28,735
Total	$ 50,626	$ 68,899

We may use the portion of the proceeds that we retain to, among other things, invest in securities, pay dividends to shareholder policies), repurchase shares of common stock (subject to regulatory restrictions), or for general corporate purposes.

The proceeds to be contributed to Prudential Savings Bank will be available for general corporate purposes, including supporti our lending activities. The proceeds to be contributed to Prudential Savings Bank will also support the future growth of the ban existing offices or the establishment of new banking offices.

The Offering and Persons Who Can Purchase in the Offering

We are offering common stock which represents the 74.8% ownership interest, after adjustment for the assets of Prudential Mu Prudential Bancorp now owned by Prudential Mutual Holding Company. We are offering between 5,278,542 and 7,141,602 sh $10.00 per share. The actual number of shares we sell will depend on an independent appraisal performed by FinPro, Inc., an in exchanging shares of existing Prudential Bancorp, other than those held by Prudential Mutual Holding Company, for shares of exchange ratio which will range from 0.6979 shares at the minimum of the offering range to 0.9442 shares at the maximum of and Offering — How We Determined the Price Per Share, the Offering Range and the Exchange Ratio" at page 132. Shares a the following order of priority.

FIRST:	Eligible Account Holders (depositors at Prudential Savings Bank with $50 or more on deposi
SECOND:	Prudential Savings Bank's employee stock ownership plan;
THIRD:	Supplemental Eligible Account Holders (depositors at Prudential Savings Bank with $50 or r business on June 30, 2013).
FOURTH:	Other Depositors (depositors at Prudential Savings Bank as of the close of business on July 3 Eligible Account Holders or Supplemental Eligible Account Holders).

The offering will terminate at 4:00 p.m., Eastern Time, on September 16, 2013. We may extend this expiration date without no October 31, 2013. Once submitted, your order is irrevocable unless the offering is terminated or extended beyond October 31, 2 beyond October 31, 2013, but any such further extension may require the approval or non-objection of the Board of Governors we also refer to as the "Federal Reserve Board" or the "FRB"). In no event may the offering be extended beyond September 26 October 31, 2013, we will be required to notify each subscriber and give each subscriber the opportunity to confirm, change or

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Concurrently with the subscription offering, we may also offer shares of common stock to the public in a community offering. persons (and trusts of natural persons) who reside in Philadelphia and Delaware Counties, Pennsylvania, will have a first prefer Prudential Bancorp as of July 31, 2013 will have a second preference in the community offering after persons residing in Philad community offering, if commenced, is expected to terminate at 4:00 p.m., Eastern Time, on September 16, 2013, but may be ex 2013.

Shares not sold in the subscription and community offering may be offered for sale in a syndicated community offering, which public on a best efforts basis by a syndicate of selected broker-dealers. Instead of a syndicated community offering, shares not s offerings may be sold in an underwritten public offering managed by Sandler O'Neill & Partners, L.P.

We may begin the syndicated community offering at any time following the commencement of the subscription offering. Sandl sole book-running manager in any syndicated community offering, which will be conducted on a best efforts basis.

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

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

The purchase price is $10.00 per share. All investors will pay the same purchase price per share. Investors will not be charged a common stock in the offering. Sandler O'Neill & Partners, L.P. our conversion advisor and marketing agent in the offering, wi shares of our common stock. Sandler O'Neill & Partners, L.P. is not obligated to purchase any shares of common stock in the s and any syndicated community offering. If an underwritten public offering is conducted, the shares sold in such offering will be Partners, L.P. and any other underwriters participating in such offering.

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

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

The offering range and the exchange ratio are based on an independent appraisal by FinPro, Inc., an appraisal firm experienced pro forma market value is the estimated market value of our common stock assuming the sale of shares in the conversion and re in its opinion as of July 24, 2013, the estimated pro forma market value of our common stock was $83.0 million at the midpoin number of shares representing the proportionate number of shares currently owned by Prudential Mutual Holding Company as Mutual Holding Company, which results in an offering range between $52.8 million and $71.4 million, with a midpoint of $62 part upon existing Prudential Bancorp's financial condition and operations and the effect of the additional capital we will raise offering.

Accordingly, at the minimum of the offering range, given the purchase price per share of $10.00, we are offering 5,278,542 sha range we are offering 7,141,602 shares in the offering. The appraisal will be updated before the conversion is completed. If, pu the pro forma market value of the common stock at that time is either below $52.8 million or above $71.4 million, we will noti interest, or cancel their deposit account withdrawal authorizations. If we decide to set a new offering range, subscribers will hav See "The Conversion and Offering — How We Determined the Price Per Share, the Offering Range and the Exchange Ratio" used in determining the stock price and offering range.

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The appraisal was based in part upon existing Prudential Bancorp's financial condition and results of operations, the effect of th
the sale of common stock in this offering, and an analysis of a peer group of ten publicly traded savings and loan holding comp
to us. The appraisal peer group consists of the companies listed below. Total assets are as of March 31, 2013.

Company Name and Ticker Symbol	Exchange	Headquarters
Alliance Bancorp, Inc. of Pennsylvania (ALLB)	NASDAQ	Broomall, PA
Cape Bancorp, Inc. (CBNJ)	NASDAQ	Cape May Court House, NJ
Colonial Financial Services, Inc. (COBK)	NASDAQ	Vineland, NJ
FedFirst Financial Corporation (FFCO)	NASDAQ	Monessen, PA
Fox Chase Bancorp, Inc. (FXCB)	NASDAQ	Hatboro, PA
OBA Financial Services, Inc. (OBAF)	NASDAQ	Germantown, MD
Ocean Shore Holding Co. (OSHC)	NASDAQ	Ocean City, NJ
Oneida Financial Corp. (ONFC)	NASDAQ	Oneida, NY
Standard Financial Corp. (STND)	NASDAQ	Monroeville, PA
TF Financial Corporation (THRD)	NASDAQ	Newtown, PA

In preparing its appraisal, FinPro considered the information in this prospectus, including our financial statements. FinPro also
others:

- our historical, present and projected operating results including, but not limited to, historical income statement informa
equity, net interest margin trends, operating expense ratios, levels and sources of non-interest income, and levels of loa

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

- the economic, demographic and competitive characteristics of existing Prudential Bancorp's primary market area inclu
industry type, unemployment trends, size and growth of the population, trends in household and per capita income, dep
competitors by deposit market share;

- a comparative evaluation of the operating and financial statistics of existing Prudential Bancorp's with those of other si
companies, which included a comparative analysis of balance sheet composition, income statement ratios, credit risk, i
composition;

- the impact of the offering on existing Prudential Bancorp's consolidated shareholders' equity and earnings potential inc
consolidated equity resulting from the offering, the estimated increase in earnings resulting from the reinvestment of th
effect of higher consolidated shareholders' equity on existing Prudential Bancorp's future operations;

- the impact of consolidation of Prudential Mutual Holding Company with and into existing Prudential Bancorp, includi
Prudential Mutual Holding Company's assets and liabilities; and

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

Two of the measures investors use to analyze whether a stock might be a good investment are the ratio of the offering price to t
offering price to the issuer’s annual net income. FinPro considered these ratios, among other factors, in preparing its appraisal.
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same as total stockholders' equity, and represents the difference between the issuer's assets and liabilities. Tangible book value
intangible assets. FinPro's appraisal also incorporates an analysis of a peer group of publicly traded companies that FinPro cons
The following table presents a summary of selected pricing ratios for the peer group companies and for us on a reported basis a

	Price to last 12 months ("LTM") Earnings Multiple (2)		Price to LTM Core Earnings Multiple		Price t Value
Prudential Bancorp–New (pro forma) (1)					
Minimum	30.30	x	250.00	x	66.40
Midpoint	35.71		333.33		72.41
Maximum	41.67		500.00		77.58
Peer group companies as of July 24, 2013					
Average	24.06		29.51		95.71
Median	20.89		20.23		92.18

(1)

- The ratios for Prudential Bancorp–New are based upon earnings and book values at or for the 12 months ended June 3

(2)

- Peer group ratios are based on earnings for the most recent 12 months available on July 24, 2013, and share prices as o

(3)

- Peer group ratios are based on the most recent book value and tangible book value available on July 24, 2013 and share

Compared to the median pricing ratios of the peer group at the maximum of the offering range, our stock would be priced at a p
a price-to-earnings basis and a discount of 15.84% to the peer group on a price-to-book value basis and 17.20% on a price to ta
at the maximum of the offering range, a share of our common stock would be more expensive than the peer group based on an
expensive than the peer group based on a book value and tangible book value basis. See "Pro Forma Data" for the assumptions
Compared to the median pricing ratios of the peer group, at the minimum of the offering range our common stock would be pri
group on a price-to-earnings basis, a discount of 27.97% to the peer group on a price-to-book basis, and a discount of 29.13% t
book basis. This means that, at the minimum of the offering range, a share of our common stock would be more expensive than
less expensive than the peer group on a book value and tangible book value basis.
Our board of directors reviewed FinPro's appraisal report, including the methodology and the assumptions used by FinPro, and
reasonable and appropriate. Our board of directors has decided to offer the shares for a price of $10.00 per share. The purchase
determined by us, taking into account, among other factors, the market price of our stock prior to adoption of the plan of conve
stock be offered in a manner that will achieve the widest distribution of the stock, the desired trading liquidity in the common s
$10.00 per share is the most commonly used price in conversion offerings. Our board of directors also established the formula
Based upon such formula and the offering range, the exchange ratio ranged from a minimum of 0.6979 to a maximum of 0.944
common stock for each share of existing Prudential Bancorp common stock, with a midpoint of 0.8210.

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Because of differences and important factors such as operating characteristics, location, financial performance, asset size, capit
between us and other fully converted institutions, you should not rely on these comparative valuation ratios as an indication as
appropriate investment for you. The independent valuation is not intended, and must not be construed, as a recommendation of
purchasing the common stock. Because the independent valuation is based on estimates and projections on a number of matters
time to time, no assurance can be given that persons purchasing the common stock in the offering will be able to sell their share
$10.00 purchase price. See "Risk Factors — Risks Related to this Offering — Our Stock Price May Decline When Trading
46 and "The Conversion and Offering — How We 46 and "The Conversion and Offering — How We Determined the Price
Ratio" at page 132.

Possible Change in Offering Range

FinPro will update its appraisal before we complete the conversion and related offering. If the pro forma market value of the co
$52.8 million or above $71.4 million, then, after consulting with the Federal Reserve Board, we may:

- terminate the offering and promptly return all funds;
- promptly return all funds, set a new offering range and give all subscribers the opportunity to place a new order; or
- take such other actions as may be permitted by the Federal Reserve Board and the Securities and Exchange Commissio

Termination of the Offering

We may terminate the offering at any time prior to the special meetings of depositors of Prudential Savings Bank and shareholc
are being called to vote on the plan of conversion and reorganization, and at any time thereafter with the approval of the Federa
terminate the offering, we will promptly return funds received, with interest, and we will cancel deposit account withdrawal au

Impact of Prudential Mutual Holding Company's Assets on Public Stock Ownership

In the exchange, the public shareholders of existing Prudential Bancorp will receive shares of common stock of Prudential Ban
common stock of existing Prudential Bancorp pursuant to an exchange ratio that ensures, subject to adjustment, that the shareho
the common stock of Prudential Bancorp–New after the conversion as they held in existing Prudential Bancorp immediately pr
effect to new shares purchased in the offering or cash paid in lieu of any fractional shares. However, consistent with the regulat
exchange ratio must be adjusted downward to reflect the aggregate amount of existing Prudential Bancorp dividends paid to Pr
the initial capitalization of Prudential Mutual Holding Company. Prudential Mutual Holding Company had net assets of $706,0
existing Prudential Bancorp common stock. The adjustments described above will decrease existing Prudential Bancorp's share
Bancorp–New from 25.4% to 25.2% at June 30, 2013. If existing Prudential Bancorp declares any further dividends before the
which is not anticipated, public shareholders' ownership interest in existing Prudential Bancorp would be further diluted.

The Exchange of Existing Prudential Bancorp Common Stock

If you are a shareholder of existing Prudential Bancorp, the existing publicly traded mid-tier holding company, your shares will
shares of Prudential Bancorp–New common stock. The number of shares you will receive will be based on an exchange ratio d
conversion. The actual number of shares you receive will depend upon the number of shares we sell in our offering, which in tu
value of Prudential

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Bancorp–New. The following table shows how the exchange ratio will adjust, based on the number of shares sold in our offerin
a hypothetical owner of existing Prudential Bancorp common stock would receive in the exchange, based on the number of sha

	Shares to be Sold in the Offering		Shares of Prudential Bancorp–New Stock to be Issued in Exchange for Existing Prudential Bancorp Common Stock		Total Shares of Prudential Bancorp–New Common Stock to be Outstanding after the Conversion (1)	Exchange Ratio
	Amount	Percent	Amount	Percent		
Minimum	5,278,542	74.82	1,776,458	25.18	7,055,000	0.6979
Midpoint	6,210,199	74.82	2,089,801	25.18	8,300,000	0.8210
Maximum	7,141,602	74.82	2,403,398	25.18	9,545,000	0.9442

(1)

- Valuation and ownership ratios reflect the dilutive impact of Prudential Mutual Holding Company's assets upon compl
Prudential Mutual Holding Company's Assets on Public Stock Ownership" on page 45.

(2)

- Cash will be paid instead of issuing any fractional shares.

(3)

- Represents the value of shares of Prudential Bancorp–New common stock to be received by a holder of one share of ex
at the exchange ratio, assuming a value of $10.00 per share.

Upon completion of the conversion and offering, if you own shares of existing Prudential Bancorp which are held in "street nar
action on your part. If you are the record owner of shares of existing Prudential Bancorp and hold stock certificates you will rec
completed, a transmittal form with instructions to surrender your stock certificates. Certificates for common stock of Prudential
business days after our exchange agent receives properly executed transmittal forms and certificates.

No fractional shares of Prudential Bancorp–New common stock will be issued to any public shareholder of existing Prudential
conversion. For each fractional share that would otherwise be issued, we will pay in cash an amount equal to the product obtair
interest to which the holder would otherwise be entitled by the $10.00 per share stock offering price. For further information, se
of the Conversion and Offering on Public Shareholders" beginning on page 127.

Conditions to Completion of the Conversion

We cannot complete our conversion and related offering unless:

- The plan of conversion and reorganization is approved by at least a majority of votes eligible to be cast by the deposito

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

- two-thirds of the outstanding shares of existing Prudential Bancorp common stock; and
- a majority of the outstanding shares of existing Prudential Bancorp common stock held by the public shareholders;
- We sell at least the minimum number of shares offered; and
- We receive the final approvals of the Federal Reserve Board and the Pennsylvania Department of Banking to complete transactions.

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Prudential Mutual Holding Company intends to vote its 74.6 % ownership interest in favor of the conversion. In addition, as of officers of existing Prudential Bancorp and their associates owned 166,456 shares of existing Prudential Bancorp or 1.7% of th those shares in favor of the plan of conversion and reorganization.

Limitations on the Amount of Stock You May Purchase

The minimum purchase is 25 shares. Generally, you may purchase no more than $1.0 million of common stock (100,000 shares of shares that a person together with any associates or group of persons acting in concert with such person may purchase, in all 260,000 shares of common stock. Your associates include the following persons:

•

• persons on joint accounts with you;

•

• your spouse and other relatives living in your house;

•

• companies, trusts or other entities in which you have a controlling interest or hold a position as an officer or a similar p

•

• trusts or other estates in which you have a substantial beneficial interest or as to which you serve as trustee or in anothe

In addition to the above, there is an ownership limitation for existing Prudential Bancorp public shareholders who wish to purc The number of shares of Prudential Bancorp–New common stock that a public shareholder may purchase in the offering indivi persons acting in concert, plus any shares of Prudential Bancorp–New received by them in exchange for their shares of existing 9.9% of the total shares of Prudential Bancorp–New common stock to be issued and outstanding at the completion of the conve that no one will be required to divest any shares of Prudential Bancorp–New received in exchange for shares of existing Pruder of exchange shares received.

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

We may decrease or increase the maximum purchase limitations, with the concurrence or non-objection of the Federal Reserve event the maximum purchase limitation(s) is increased, persons who subscribed for the maximum in the subscription offering v their subscription. For additional information, see "The Conversion and Offering — Limitations on Common Stock Purchase

How to Purchase Common Stock

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

1.

• personal check, bank check or money order made payable directly to "Prudential Bancorp, Inc." (Prudential Savings B checks of any type will not be accepted); or

2.

• authorizing withdrawal from an account at Prudential Savings Bank.

Prudential Savings Bank is not permitted to lend funds (including funds drawn on a Prudential Savings Bank line of credit) to a stock in the offering. Please do not send cash or pay by wire transfer.

You may not designate on your stock order form a direct withdrawal from a retirement account held at Prudential Savings Bank regarding use of retirement account funds. Additionally, you may not designate on your stock order form a direct withdrawal fr

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Bank accounts with check-writing privileges, instead, a check must be provided. If you request a direct withdrawal, we reserve
authorization to treat those funds as if we had received a check for the designated amount and we will immediately withdraw th
Personal checks will be immediately cashed, so the funds must be available within the account when your stock order form is re
submitted by check or money order will be held in a segregated account at Prudential Savings Bank. We will pay interest calcu
passbook savings rate from the date those funds are processed until completion or termination of the offering. Withdrawals fro
Prudential Savings Bank to purchase common stock in the offering may be made without incurring an early withdrawal penalty
from deposit accounts with Prudential Savings Bank must be available within the deposit accounts at the time the stock order fo
the amount of funds designated on your stock order form. Those funds will be unavailable to you during the offering: however,
the accounts until the offering is completed and will continue to earn interest at the applicable contractual deposit account rate u
You may deliver your stock order form in one of three ways: by mail, using the stock order reply envelope provided, by overni
Center at the address indicated on the stock order form or by hand-delivery to the Prudential Bancorp, Inc. Stock Information C
Street, Philadelphia, Pennsylvania. Stock order forms will not be accepted at our other Prudential Savings Bank offices. Please
Prudential Savings Bank. Once submitted, your order is irrevocable. We are not required to accept copies or facsimiles of order

Using IRA Funds to Purchase Shares in the Offering

You may be able to subscribe for shares of common stock using funds in your individual retirement account(s), or IRA. If you
your Prudential Savings Bank IRA or other retirement account, the applicable funds must first be transferred to a self-directed r
unaffiliated institutional trustee or custodian, such as a brokerage firm. An annual fee may be payable to the new trustee. If you
need to establish one and transfer your funds before placing your stock order. Our Stock Information Center can give you guida
stock using funds held in a retirement account at Prudential Savings Bank or elsewhere. Because processing retirement account
recommend that you contact our Stock Information Center for guidance promptly, preferably at least two weeks before the Sep
Whether you may use retirement funds for the purchase of shares in the offering will depend on timing constraints and, possibl
where the funds are held.

Deadline for Ordering Stock in the Subscription and Community Offerings

The subscription offering will end at 4:00 p.m., Eastern Time, on September 16, 2013. If you wish to purchase shares, a proper
order form, together with full payment for the shares of common stock, must be received (not postmarked) no later than this tim
offering, if held, will terminate at the same time, although it may continue until October 31, 2015, or longer, subject to the conc
Reserve Board to any such later date. No single extension may be for more than 90 days. We are not required to provide notice
the offering beyond October 31, 2013, in which case all subscribers in the subscription and community offerings will be notifie
change or cancel their orders. If you do not respond to this notice, we will promptly return your funds with interest calculated a
savings rate or cancel your deposit account withdrawal authorization. If we intend to sell fewer than 5,278,542 shares or more t
return all funds and set a new offering range. All subscribers will be notified and given the opportunity to place a new order.

Your Subscription Rights are Not Transferable

You may not assign or sell your subscription rights. Any transfer of subscription rights is prohibited by law. If you exercise sub
subscription offering, you will be required

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to acknowledge that you are purchasing shares solely for your own account and that you have no agreement or understanding r
We intend to pursue any and all legal and equitable remedies if we learn of the transfer of any subscription rights. We will reje
transfer of subscription rights. On the stock order form, you cannot add the names of others for joint stock registration. In addit
you list all qualifying deposit or loan accounts, giving all names on each account and the account number at the applicable elig
information, or providing incomplete or incorrect information, may result in a loss of part or all of your share allocation, in the

Benefits to Management from the Conversion and Offering

Our employees, officers and directors will benefit from the offering due to various stock-based benefit plans.

•

- Full-time employees, including officers, are participants in our existing employee stock ownership plan which will pur
in the offering;

•

- Subsequent to completion of the offering, we intend to implement:

•

- a new stock recognition and retention plan; and

•

- a new stock option plan;

which will benefit our employees and directors.

•

- Employee Stock Ownership Plan. The employee stock ownership plan provides retirement benefits to all eligible emp
plan will purchase a number of shares of Prudential Bancorp–New common stock equal to 4.0% of the shares sold in th
shares previously acquired by the employee stock ownership plan, as adjusted for the exchange ratio, the employee sto
aggregate of approximately 7.5% of the shares of Prudential Bancorp–New to be outstanding after the conversion and
make a loan to the employee stock ownership plan to finance its purchase of shares in the offering (in our discretion, th
open market after completion of the conversion and offering). As the loan is repaid and shares are released from collat
accounts of participants based on a participant's compensation as a percentage of total plan compensation. Non-employ
in the employee stock ownership plan. We will incur additional compensation expense as a result of this plan. See "Pro
effects of this plan.

•

- New Stock Option and Stock Recognition and Retention Plans. We intend to implement a new stock option plan and
plan after the conversion. Under these plans, we may award stock options and shares of restricted stock to employees a
will be awarded and options will be granted at no cost to the recipient. Stock options will be granted at an exercise pric
of our common stock on the option grant date. We will incur additional compensation expense as a result of both plans
of the effects of these plans. Under the new stock option plan, we may grant stock options in an amount up to 10.0% o
Bancorp–New to be sold in the offering. Under the stock recognition and retention plan, we may award restricted stock
of Prudential Bancorp–New sold in the offering. Federal regulations do not permit us to implement the new stock optio
plans permit earlier than six months after completion of the conversion. We have not determined whether we would ad
the completion of the conversion or more than 12 months following the completion of the conversion. The total numbe
stock-based benefit plans is subject to adjustment as may be required by federal regulations or policy to reflect shares o
previously granted by existing Prudential Bancorp. For stock-based benefit plans adopted within 12 months following

regulatory policy would require that the total number of shares of restricted stock and the

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total number of shares available for the exercise of stock options not exceed 4% and 10%, respectively, of our total outstanding stock-based benefit plans are adopted more than 12 months after the completion of the conversion, they would not be subject to above. We have not yet determined the number of shares that would be reserved for issuance under these plans which will be a such new stock-based benefit plans.

The following table summarizes, at the minimum and the maximum of the offering range, the total number and value of the sha stock ownership plan expects to acquire, the dilution resulting from these stock-based benefit plans and the total value of all res that are expected to be available under the anticipated new stock recognition and retention plan and stock option plan, respectiv recognition and retention plan and stock option plan reserve a number of shares equal to 4% and 10%, respectively, of the share

	Number of Shares to be Granted or Purchased					
	At Minimum of Offering Range	At Maximum of Offering Range	As a % of Shares in the Offering	As a % of Common Stock to be Outstanding After the Offering	Dilution Resulting From Issuance of Shares for Stock-Based Benefit Plans (3)	
				(Dollars in Thousands)		
Employee stock ownership plan (1)	211,141	285,664	4.0 %	2.99 %	2.91 %	$ 2
Recognition and retention plan awards (1)	211,141	285,664	4.0	2.99	2.91	2
Stock options (2)	527,854	714,160	10.0	7.48	6.96	2
Total	950,136	1,285,488	18.0 %	13.46 %	11.87 %	$ 6

(1)

- Assumes the value of the common stock of Prudential Bancorp–New is $10.00 per share for purposes of determining th

(2)

- Assumes the value of a stock option is $4.84, which was determined using the Black-Scholes option-pricing formula. S

(3)

- Represents the dilution of stock ownership interest assuming that we use newly issued shares for the proposed recognit option plan, and that shares are sold in the offering at the midpoint of the offering range. No dilution is reflected for the shares for it are assumed to be purchased in the offering.

The following table presents information regarding our existing employee stock ownership plan, our prior stock option plan and proposed new stock option plan and recognition and retention plan. The table below assumes that 9,545,000 shares are outstand the sale of 7,141,602 shares in the offering at the maximum of the offering range and the issuance of 2,403,398 shares in excha Bancorp common stock using an exchange ratio of 0.9442. It is also assumed that the value of the stock is $10.00 per share and in accordance with the exchange ratio at the maximum of the offering range.

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Existing and New Stock Benefit Plans	Participants	Number of Shares	
Employee Stock Ownership Plan:	All Employees		
Shares previously purchased (1)		427,056	$ 4,2
Shares to be purchased in this offering		285,664	2,8
Total employee stock ownership plan		712,720	7,1
Recognition and Retention Plans:	Directors and Officers		
2008 Recognition and Retention Plan (2) (3)		213,528	2,1
Proposed New Recognition and Retention Plan (4)		285,664	2,8
Total employee and retention plans		499,192	4,9
Stock Option Plans:	Directors and Officers		
2008 Stock Option Plan (2) (6) (7)		533,821	1,6
Proposed New Stock Option Plan (8)		714,160	3,4
Total stock option plans		1,247,981	5,0
Total stock benefits plans		2,459,893	$ 17

(1)

- Shares previously purchased by the employee stock ownership plan prior to the conversion have been adjusted for the 0 the offering range. Approximately 165,522 (175,305 shares prior to adjustment for the exchange ratio) of these shares l participants.

(2)

- Number of shares has been adjusted for the 0.9442 exchange ratio at the maximum of the offering range.

(3)

- As of March 31, 2013, of these shares, 209,846 (222,248 before adjustment) have been awarded and 3,682 (3,900 befo future awards.

(4)

- The actual value of new recognition and retention plan awards will be determined based on their fair value as of the da table, fair value is assumed to be the same as the offering price of $10.00 per share.

(5)

- The number of shares of restricted stock and shares reserved for stock options set forth in the table would exceed regul were adopted within one year of the completion of the conversion. Accordingly, the number of new shares of restricted options set forth in the table would have to be reduced such that the aggregate amount of stock awards and shares reser less and 10% or less, respectively, of our outstanding shares, unless we obtain a waiver from the Federal Reserve Boar 12 months after completion of the conversion. We have not determined whether we will implement a new stock-based completion of the conversion or more than 12 months after the completion of the conversion.

(6)

- As of March 31, 2013, of these shares, options for 523,649 shares (554,596 shares before adjustment) have been award
10,172 shares (10,773 shares before adjustment) remained available for future grants.

(7)

- The fair value of stock options granted and outstanding under the 2008 Stock Option Plan has been estimated using the
Before the adjustment for the exchange ratio, there were 554,596 outstanding options with a weighted average fair valu
and adjusting for the exchange ratio at the maximum of the offering range, the fair value of stock options granted or av
option Plan has been estimated at $3.03 per option.

(Footnotes continued on next page)

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(8)

- The fair value of stock options to be granted under the new stock option plan has been estimated at $4.84 per option us model with the following assumptions: exercise price, $10.00; trading price on date of grant, $10.00; dividend yield, ze volatility, 36.0%; and risk-free interest of 1.87%.

Market for Common Stock

Existing Prudential Bancorp's common stock is currently listed on the Nasdaq Global Market under the symbol "PBIP." Upon Prudential Bancorp–New shares will replace the currently listed shares of existing Prudential Bancorp. We have applied to hav Bancorp–New listed for trading on the Nasdaq Global Market. After the completion of the conversion and offering, Prudential under the symbol "PBIP."

Our Dividend Policy

Following completion of the conversion and offering, our Board of Directors will have the authority to declare dividends on th regulatory requirements, policies and agreements. However, while no decision has been made with respect to the amount, if an we do not expect to declare any dividends prior to the end of fiscal 2014. The payment and amount of any dividend payments v For further information, see "Our Dividend Policy."

Federal and State Income Tax Consequences

As a general matter, the conversion will not be a taxable transaction for purposes of federal or state income taxes to us or perso rights. Shareholders of existing Prudential Bancorp who receive cash in lieu of fractional share interests in shares of Prudential equal to the difference between the cash received and the tax basis of the fractional share. Elias, Matz, Tiernan & Herrick L.L.P opinions to this effect, see "The Conversion and Reorganization — Tax Aspects" at page 145.

Restrictions on the Acquisition of Prudential Bancorp–New and Prudential Savings Bank

Federal regulation, as well as provisions contained in the articles of incorporation and bylaws of Prudential Bancorp–New, con Prudential Bancorp–New or its capital stock. These restrictions include the requirement that a potential acquirer of common sto Federal Reserve Board before acquiring in excess of 10% of the stock of Prudential Bancorp–New. In addition, under Federal R Reserve Board approval would be required for us to be acquired within three years after the conversion.

In addition, the articles of incorporation and bylaws of Prudential Bancorp–New contain provisions that may discourage takeov

- prohibitions on the acquisition of more than 10% of our stock;
- limitations on voting rights of shares held in excess of 10% thereafter;
- staggered election of only approximately one-third of our board of directors each year;
- limitations on the ability of shareholders to call special meetings;
- advance notice requirements for shareholder nominations and new business;
-

- removals of directors only for cause and by a majority vote of all shareholders;

•

- requirement of a 75% vote of shareholders for certain amendments to the bylaws and certain provisions of the articles o

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- the right of the board of directors to issue shares of preferred or common stock without shareholder approval; and

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•

- a 75% vote of shareholders' requirement for the approval of certain business combinations not approved by two-thirds

For further information, see "Restrictions on Acquisitions of Prudential Bancorp–New and Prudential Savings Bank and Relate

Delivery of Stock Certificates

Certificates representing shares of common stock issued in the subscription and community offerings will be mailed by first-cla practicable following completion of the conversion and offering. Certificates will be mailed to purchasers at the registration ad form. Until certificates for common stock are available and delivered to purchasers, purchasers may not be able to sell their sha stock will have commenced. Your ability to sell the shares of common stock prior to your receipt of the stock certificate will de with your brokerage firm.

How You Can Obtain Additional Information — Stock Information Center

Our banking office personnel may not, by law, assist with investment-related questions about the offering. If you have any que our Stock Information Center. The toll-free telephone number is 1-(215) 391-4141. The Stock Information Center is open Mon 4:00 p.m., Eastern Time. The Stock Information Center will be closed weekends and bank holidays.

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RISK FACTORS

You should consider carefully the following risk factors in deciding how to vote on the conversion and before purchasing Prude

Risks Related to Our Business

Our Non-performing Assets Expose Us To Increased Risk of Loss

At March 31, 2013, we had total non-performing assets of $7.4 million, or 1.6% of total assets. Our non-performing assets adve ways. We do not accrue interest income on non-accrual loans and no interest income is recognized until the loan is performing borrower supports recording interest income on a cash basis. We must reserve for probable losses, which are established throug the provision for loan losses, and from time to time, write down the value of properties in our other real estate owned portfolio Additionally, there are legal fees associated with the resolution of problem assets as well as carrying costs such as taxes, insura real estate owned. Further, the resolution of non-performing assets requires the active involvement of management, which can of operations and other income-producing activities of Prudential Savings Bank. Finally, if our estimate of the allowance for lo increase the allowance accordingly. At March 31, 2013, our allowance for loan losses amounted to $2.5 million, or 0.9% of tota loans, compared to $1.9 million, or 0.7% of total loans and 13.4% of non-performing loans at September 30, 2012.

Higher Loan Losses Could Require Us to Increase Our Allowance For Loan Losses Through a Charge to Earnings

When we loan money we incur the risk that our borrowers will not repay their loans. We reserve for loan losses by establishing earnings. The amount of this allowance is based on our assessment of loan losses inherent in our loan portfolio. The process for allowance is critical to our financial results and condition. It requires subjective and complex judgments about the future, inclu conditions that might impair the ability of our borrowers to repay their loans. We might underestimate the loan losses inherent in excess of the amount reserved. We might increase the allowance because of changing economic conditions. For example, in borrowers with adjustable-rate loans could see their payments increase. There may be a significant increase in the number of bo pay their loans, resulting in our charging off more loans and increasing our allowance. In addition, when real estate values decl real estate-secured loan can increase significantly, especially in the case of loans with high combined loan-to-value ratios. The loan economies of the areas in which our loans are concentrated could result in an increase in loan delinquencies, foreclosures increased charge-off amounts and the need for additional loan loss provisions in the future periods. In addition, our determinati loan losses is subject to review by our primary regulators, the Pennsylvania Department of Banking and the Federal Deposit Ins examination process, which may result in the establishment of an additional allowance based upon the judgment of such agenci available at the time of its examination. Our allowance for loan losses amounted to 0.9% of total loans and 40.7% of non-perfo allowance for loan losses at March 31, 2013 may not be sufficient to cover future loan losses. A large loss could deplete the allo provision to replenish the allowance, which would negatively affect earnings.

Higher Interest Rates Would Hurt Our Profitability

Management is unable to predict fluctuations of market interest rates, which are affected by many factors, including inflation, r policy, domestic and international disorder and instability in domestic and foreign financial markets, and investor and consume

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

A sustained increase in market interest rates could adversely affect our earnings. A significant portion of our loans have fixed i
deposits and borrowings and our net interest income could be adversely affected if the rates we pay on deposits and borrowings
earn on loans. As a result of our historical focus on the origination of one-to four-family residential mortgage loans, which focu
due to asset quality issues experienced by our construction and land development lending activities, the majority of our loans h
large percentage of our investment securities and mortgage-backed securities have fixed interest rates and are classified as held
banks and savings institutions, our emphasis on increasing the development of core deposits, those with no stated maturity date
liabilities having a shorter duration than our assets. As of March 31, 2013, 56.7% of our loan portfolio had maturities of 10 yea
only $26.5 million or 10.1% of the loans due after March 31, 2014 bear adjustable interest rates. At March 31, 2013, 43.2% of
and 34.0% consisted of certificates of deposit with maturities of one year or less. This imbalance can create significant earnings
over time and are currently at historical low levels. In addition, the market value of our fixed-rate assets for example, our inves
portfolios, would decline if interest rates increase. For example, we estimate that as of March 31, 2013, a 200 basis point increa
in our net portfolio value declining by approximately $20.9 million or 26.0%. Net portfolio value is the difference between inco
flows from assets, liabilities and off-balance sheet contracts. See "Management's Discussion and Analysis of Financial Conditi
Changes in Interest Rates."

Government Responses to Economic Conditions May Adversely Affect our Operation, Financial Condition and Earnings

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), among other things, has changed a
regulatory framework, created an independent Consumer Financial Protection Bureau that has assumed the consumer protectio
banking agencies, and established more stringent capital standards for insured financial institutions and their holding companie
regulations affecting the lending, funding, trading and investment activities of insured financial institutions and their holding co
Protection Bureau has broad rule-making authority for a wide range of consumer protection laws that apply to all insured financ
Savings Bank, including the authority to prohibit "unfair, deceptive or abusive" acts and practices. Insured financial institutions
continue to be examined by their applicable federal regulators. The new legislation also gives state attorneys general the ability
protection laws. Financial institution regulatory agencies also have been responding aggressively to concerns and adverse trend
uncertainty and adverse developments in the financial services industry and the domestic and international credit markets, and t
regulatory actions in response to these conditions, may adversely affect our operations by restricting our business activities, inc
loans, modify loan terms, or foreclose on property securing loans.

In addition, in July 2013, the federal banking regulators issued final rules that significantly increase regulatory capital requirem
introduce a new minimum common equity tier 1 capital ratio of 4.5% of risk-weighted assets and increase the minimum tier 1 c
risk-weighted assets. There is also a new "capital conservation buffer" that requires an

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institution to hold additional common equity tier 1 capital to risk-based assets of more than 2.5% in order to avoid restriction o
The new rules also impose stricter capital deduction requirements and revise certain of the current risk-weighting categories.
These measures are likely to increase our costs of doing business and increase our costs related to regulatory compliance, and n
our lending activities, financial performance and operating flexibility. In addition, these risks could affect the performance and
securities portfolios, which also would negatively affect our financial performance.

Future Legislative or Regulatory Actions Responding to Perceived Financial and Market Problems Could Impair Our Rights A

There have been proposals made by members of Congress and others that would reduce the amount distressed borrowers are ot
under their mortgage loans and limit an institution's ability to foreclose on mortgage collateral. If proposals such as these, or ot
creditor, are implemented, we could experience increased credit losses or increased expense in pursuing our remedies as a cred

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

Realization of a deferred tax asset requires us to exercise significant judgment and is inherently uncertain because it requires th
total deferred tax assets amounted to $5.7 million at March 31, 2013. At such date we had established a $2.3 million valuation a
resulting in total deferred tax assets, net of valuation allowance, of $3.5 million at March 31, 2013. In evaluating the need for a
our taxable income in future years. Our net deferred tax asset may be reduced in the future if estimates of future income or our
amount of the net deferred tax asset. If it is determined that an additional valuation allowance with respect to our net deferred ta
charge to earnings and a reduction to regulatory capital for the amount included therein.

The Loss of Senior Management Could Hurt Our Operations

We rely heavily on our executive officers, Messrs. Thomas A. Vento, Chairman, President and Chief Executive Officer, Joseph
and Chief Financial Officer, Salvatore Fratanduono, Senior Vice President and Chief Lending Officer, and Jack E. Rothkopf, S
loss of one or more members of senior management could have an adverse effect on us because, as a relatively small communit
have more responsibility than would be typical at a larger financial institution with more employees. In addition, we have fewe
in a position to assume the responsibilities of our senior executive officers.

We Are a Community Bank and Our Ability to Maintain Our Reputation is Critical to the Success of Our Business

We are a community bank, and our reputation is one of the most valuable components of our business. A key component of ou
reputation for customer service and knowledge of local markets to expand our presence by capturing new business opportunitie
customers in our current market and contiguous areas. As such, we strive to conduct our business in a manner that enhances ou
recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, del
and caring about our customers and associates. If our reputation is negatively affected by the actions of our employees, by our i
manner that is appealing to current or prospective customers, or otherwise, our business and, therefore, our operating results ma

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

We face intense competition in making loans, attracting deposits and hiring and retaining experienced employees. This compet
make new loans and attract deposits. Price

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competition for loans and deposits sometimes results in us charging lower interest rates on our loans and paying higher interest
net interest income. Competition also makes it more difficult and costly to attract and retain qualified employees. Some of the i
substantially greater resources and lending limits than we have and may offer services that we do not provide. We expect comp
result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services inc
our continued ability to compete successfully in our market area.

We Have a High Concentration of Loans Secured By Real Estate in Our Market Area; Adverse Economic Conditions in Our M
and May Continue to Adversely Affect, Our Financial Condition and Result of Operations

Substantially all of our loans are to individuals, businesses and real estate developers in Philadelphia and Delaware Counties, P
southern Pennsylvania and southern New Jersey and our business depends significantly on general economic conditions in thes
housing prices and property values have been particularly acute in our primary market areas in recent years. A further deteriora
prolonged delay in economic recovery in our primary market areas could result in the following consequences, any of which co
business:

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

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

As of March 31, 2013, the fair value of our investment securities portfolio was approximately $152.9 million. We have historic
strategy, with concentrations of securities that are backed by government sponsored enterprises. Factors beyond our control car
securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, bu
actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, and changes in market inte
capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized and/or unreali
in other comprehensive income, which could have a material adverse effect on us. The process for determining whether impair
other-than-temporary usually requires complex, subjective judgments about the future financial performance and liquidity of th
security in order to assess the probability of receiving all contractual principal and interest payments on the security.

We Are Dependent on Our Information Technology and Telecommunications Systems and Third-Party Servicers, and Systems
Security Could Have a Material Adverse Effect on Us

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecomm
servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any o
our operations. Because our information technology and telecommunications systems interface with and depend on third-party
denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If significant,

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sustained or repeated, a system failure or service denial could compromise our ability to operate effectively, damage our reputa business, and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material

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

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

Federal Reserve Board Policy Could Limit Our Ability to Pay Dividends to Our Shareholders

The Federal Reserve Board has issued a policy statement regarding the payment of dividends and the repurchase of shares of co companies. In general, the policy provides that dividends should be paid only out of current earnings and only if the prospective holding company appears consistent with the organization’s capital needs, asset quality and overall financial condition. These r of Prudential Bancorp–New to pay dividends, repurchase shares of common stock or otherwise engage in capital distributions.

Risks Related to this Offering

Our Stock Price May Decline When Trading Commences

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

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

Currently, shares of existing Prudential Bancorp common stock are listed on the Nasdaq Global Market. Since existing Prudent trading in 2005, trading in our shares has been relatively limited. There is no guarantee that the offering will improve the liquid market for our common stock does not develop, you may not be able to sell all of your shares of common stock in an efficient r shares at one time could temporarily depress the market price. There also may be a wide spread between the bid and asked pric wide spread between the bid and asked price, the price at which you may be able to sell our common stock may be significantly buy it at that time.

Our Return on Equity May Negatively Impact Our Stock Price

Return on equity, which equals net income (loss) divided by average equity, is a ratio used by many investors to compare the p other companies. Our return on

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average equity was 4.43% and 0.20% for the fiscal years ended September 30, 2012 and 2011, respectively, and on an annualiz ended March 31, 2013. These returns are lower than returns on equity for many comparable publicly traded financial institution return on average equity is expected to remain below that of many publicly traded financial institutions, due in part to our incre offering. Consequently, you should not expect a competitive return on equity in the near future. Failure to attain a competitive r investment in our common stock unattractive to some investors which might cause our common stock to trade at lower prices th returns on equity. The net proceeds from the stock offering, which may be as much as $68.9 million, will significantly increase basis and based on net income for the six months ended March 31, 2013, our annualized return on equity ratio, assuming shares range, would be approximately 0.02%. Based on trailing 12-month data through March 31, 2013, the ten companies comprising appraisal prepared by FinPro and all publicly traded mutual holding companies had average ratios of returns on equity of 3.39%

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

We intend to contribute approximately 50% of the net proceeds of the offering to Prudential Savings Bank. Prudential Bancorp that it retains to, among other things, invest in securities, pay cash dividends, or repurchase shares of common stock, subject to Savings Bank initially intends to use the net proceeds it retains to purchase investment and mortgage-backed securities. In the f the portion of the proceeds that it receives to fund new loans, expand and diversify its lending activities and invest in investmen Prudential Bancorp–New and Prudential Savings Bank may also use the proceeds of the offering to diversify their business acti to do so at this time. We have not allocated specific amounts of proceeds for any of these purposes, and we will have significan the net proceeds we apply to different uses and the timing of such applications. There is a risk that we may fail to effectively us negative effect on our future profitability.

Our Stock-Based Benefit Plans Will Increase Our Expenses And Reduce Our Income

We intend to adopt one or more new stock-based benefit plans after the conversion, subject to stockholder approval, which will benefit expenses related to the stock options and stock awards granted to participants under the stock-based benefit plan. The ac compensation and benefit expenses will depend on the number of options and stock awards actually granted under the plan, the on the date of grant, the vesting period and other factors which we cannot predict at this time. In the event we adopt the plan wi conversion, under current regulatory policy the total shares of common stock reserved for issuance pursuant to awards of restric our existing and proposed stock-based benefit plans will be limited to 4% and 10%, respectively, of the total shares of our com restricted shares of common stock or grant options in excess of these amounts under stock-based benefit plans adopted more th conversion, our costs would increase further.

In addition, we will recognize expense for our employee stock ownership plan when shares are committed to be released to par expense for restricted stock awards and stock options over the vesting period of awards made to recipients. The expense in the shares purchased in the offering has been estimated to be approximately $143,000 ($94,000 after tax) at the maximum of the of financial information under “Pro Forma Data,” assuming the $10.00 per share purchase price as fair market value. Actual exper depending on the price of our common stock. For further discussion of our proposed stock-based plans, see “Management —

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The Implementation of Stock-Based Benefit Plans May Dilute Your Ownership Interest; Historically, Stockholders Have Appr

We intend to adopt two new stock-based benefit plans following the stock offering. These plans may be funded either through o issuance of authorized but unissued shares of common stock. Our ability to repurchase shares of common stock to fund these pl including, but not limited to, applicable regulatory restrictions on stock repurchases, the availability of stock in the market, the levels, alternative uses for our capital and our financial performance. While our intention is to fund the new stock-based benefit stockholders would experience a 9.9% dilution in ownership interest at the midpoint of the offering range in the event newly iss used to fund stock options and shares of restricted common stock in an amount equal to 10% and 4%, respectively, of the share adopt the plan within 12 months following the conversion, under current regulatory policy the total shares of common stock res restricted stock and grants of options under our existing and proposed stock-based benefit plans would be limited to 4% and 10 common stock outstanding. In the event we adopt the plan more than 12 months following the conversion, the plan would not b stockholders could experience greater dilution. Although the implementation of the stock-based benefit plan will be subject to s overwhelming majority of stock-based benefit plans adopted by savings institutions and their holding companies following mu approved by stockholders.

We Have Not Determined When We Will Adopt One or More New Stock-Based Benefit Plans; Stock-Based Benefit Plans Ado The Completion of the Conversion May Exceed Regulatory Restrictions on the Size Of Stock-Based Benefit Plans Adopted Wi Increase Our Costs

If we adopt stock-based benefit plans more than 12 months following the completion of the conversion, then grants of shares of our existing and proposed stock-based benefit plans may exceed 4% and 10%, respectively, of our total outstanding shares. Sto awards in excess of these amounts would increase our costs beyond the amounts estimated in "— Our stock-based benefit plans income." Stock-based benefit plans that provide for awards in excess of these amounts could also result in dilution to stockhold implementation of stock-based benefit plans may dilute your ownership interest. Historically, stockholders have approved these implementation of stock-based benefit plans would be subject to stockholder approval, the determination as to the timing of the the discretion of our board of directors.

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

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

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

Provisions in our articles of incorporation and bylaws, as well as certain federal regulations, may make it difficult and expensiv control or takeover attempt that our board of directors opposes. As a result, our shareholders may not have an opportunity to pa trading price of our stock may not rise to the level of other institutions that are more vulnerable to hostile takeovers. Anti-takeo documents include:

•

- restrictions on acquiring more than 10% of our common stock by any person and limitations on voting rights for positi

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•

• the election of members of the board of directors to staggered three-year terms;

•

• the absence of cumulative voting by shareholders in the election of directors;

•

• provisions restricting the calling of special meetings of shareholders;

•

• advance notice requirements for shareholder nominations and new business;

•

• removals of directors only for cause and by a majority vote of all shareholders;

•

• requirement of a 75% vote of shareholders for certain amendments to the bylaws and certain provisions of the articles o

•

• a 75% vote requirement for the approval of certain business combinations not approved by two-thirds of our board of d

•

• our ability to issue preferred stock and additional shares of common stock without shareholder approval.

See "Restrictions on Acquisitions of Prudential Bancorp–New and Prudential Savings Bank and Related Anti-Takeover Provisi provisions in our corporate documents and federal regulations.

Our Stock Value May Suffer From Federal Regulations Restricting Takeovers

Regulations of the Federal Reserve Board prohibit, for a period of three years from the date of conversion, any person from acc 10% of the common stock of a stock holding company successor to a converted mutual holding company without the prior writ Board. We expect this FRB regulation to be applicable to the common stock of Prudential Bancorp–New. Accordingly, the like realize a gain on their investment through an acquisition of Prudential Bancorp–New within the three year period following con unlikely. See "Restrictions on Acquisitions of Prudential Bancorp–New and Prudential Savings Bank and Related Anti-Takeov discussion of applicable Federal Reserve Board regulations regarding acquisitions.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables contain certain information concerning the financial position and results of operations of existing Prudenti information in conjunction with the financial statements included in this prospectus. The data presented as of and for the fiscal 2011 has been derived in part from the audited financial statements included in this prospectus. The data presented at March 31 ended March 31, 2013 and 2012 are derived from unaudited condensed consolidated financial statements, but in the opinion of necessary to present fairly the results for these interim periods. The adjustments consist only of normal recurring adjustments. T months ended March 31, 2013 are not necessarily indicative of the results of operations that may be expected for the fiscal year other period.

	At March 31, 2013		At Septemb	
	2013	2012	2011	201
			(Dollars in Thousands)	
Selected Financial and Other Data:				
Total assets	$ 479,103	$ 490,504	$ 499,537	$ 529,080
Cash and cash equivalents	33,612	81,273	53,829	66,524
Investment and mortgage-backed securities:				
Held-to-maturity	87,976	63,110	108,956	112,673
Available-for-sale (2)	62,715	65,975	75,370	72,425
Loans receivable, net	278,237	260,684	240,511	255,091
Deposits	416,097	425,602	436,014	464,455
FHLB advances	340	483	570	615
Non-performing loans	6,178	14,018	12,631	3,479
Non-performing assets	7,436	15,990	14,899	6,676
Total stockholders' equity, substantially restricted	60,180	59,831	57,452	56,999
Banking offices	7	7	7	7

	Six Months Ended March 31,		Year Ended S		
	2013	2012	2012	2011	20
			(Dollars in Thousands, Except for Share		
Selected Operating Data:					
Total interest income	$ 8,650	$ 9,796	$ 18,979	$ 21,685	$ 25,1
Total interest expense	2,359	3,007	5,779	7,097	9,41
Net interest income	6,291	6,789	13,200	14,588	15,6
Provision for loan losses	—	250	725	4,630	1,11
Net interest income after provision for loan losses	6,291	6,539	12,475	9,958	14,5
Total non-interest income (charges)	398	306	3,068	938	387
Total non-interest expense	5,866	5,863	11,668	10,996	10,7
Income (loss) before income taxes	823	982	3,875	(100)	4,17
Income tax expense (benefit)	537	494	1,282	(212)	1,04
Net income (loss)	$ 286	$ 488	$ 2,593	$ 112	$ 3,13
Basic earnings (loss) per share	$ 0.03	$ 0.05	$ 0.27	$ 0.01	$ 0.33
Diluted earnings (loss) per share	$ 0.03	$ 0.05	$ 0.27	$ 0.01	$ 0.32
Dividends paid per common share	$ 0.00	$ 0.00	$ 0.00	$ 0.10	$ 0.20
Selected Operating Ratios (3):					
Average yield earned on interest-earning assets	3.70 %	4.09 %	3.96 %	4.42 %	5.08
Average rate paid on interest-bearing liabilities	1.12	1.38	1.33	1.58	2.06
Average interest rate spread (4)	2.58	2.71	2.63	2.84	3.02
Net interest margin (4)	2.69	2.83	2.76	2.97	3.17
	111.21	110.05	110.29	109.41	108.

	Six Months Ended March 31,			Year Ended S	
Average interest-earning assets to average interest-bearing liabilities					
Net interest income after provision for loan losses to non-interest expense	107.25	111.53	106.92	90.55	135.
Total non-interest expense to total average assets	2.41	2.34	2.33	2.15	2.07
Efficiency ratio (5)	87.70	82.64	71.72	70.83	67.1
Return on average assets	0.12	0.20	0.52	0.02	0.60
Return on average equity	0.95	1.68	4.43	0.20	5.58
Average equity to average total assets	12.32	11.58	11.71	10.90	10.7

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	At or For the Six Months Ended March 31,		At or For the Y	
	2013	2012	2012	2011
			(Dollars in Thousands	
Asset Quality Ratios (3) (6):				
Non-performing loans as a percent of total loans receivable (7)	2.22 %	5.30 %	5.38 %	5.25 %
Non-performing assets as a percent of total assets (7)	1.55	2.96	3.26	2.98
Allowance for loan losses as a percent of non-performing loans	40.66	24.14	13.42	26.63
Allowance for loan losses as a percent of total loans	0.89	1.23	0.71	1.36
Net charge-offs (recoveries) to average loans receivable	(0.47)	0.77	0.88	1.90
Capital Ratios (6):				
Tier 1 leverage ratio				
Prudential Bancorp	12.24	11.22	11.73	11.06
Prudential Savings Bank	11.47	10.43	10.95	10.23
Tier 1 risk-based capital ratio				
Prudential Bancorp	26.74	27.07	27.51	25.54
Prudential Savings Bank	25.06	25.16	25.69	23.62
Total risk-based capital ratio				
Prudential Bancorp	27.87	28.33	28.39	26.79
Prudential Savings Bank	26.19	26.42	26.57	24.87

(1)

- Amounts for 2008 were restated during the 2009 period.

(2)

- Includes impaired securities.

(3)

- With the exception of end of period ratios, all ratios are based on average monthly balances during the indicated period

(4)

- Average interest rate spread represents the difference between the average yield on interest-earning assets and the avera liabilities, and net interest margin represents net interest income as a percentage of average interest-earning assets.

(5)

- The efficiency ratio represents the ratio of non-interest expense divided by the sum of net interest income and non-inter

(6)

- Asset quality ratios and capital ratios are end of period ratios, except for net charge-offs to average loans receivable.

(7)

- Non-performing assets consist of non-performing loans and real estate owned. Non-performing loans consist of all loar excess of 90 days delinquent and still accruing interest. It is our policy to cease accruing interest on all loans 90 days or also include non-accrual troubled debt restructurings. Real estate owned consists of real estate acquired through foreclo of foreclosure.

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RECENT DEVELOPMENTS OF EXISTING PRUDENTIAL BANCORP

The following tables contain certain information concerning the financial position and results of operations of existing Prudenti
and nine months ended June 30, 2013 as well as the prior comparison periods. You should read this information in conjunction
included in this prospectus. The financial information as of June 30, 2013 and for the three months and nine months ended June
derived from our interim condensed consolidated financial statements. The selected financial condition information as of Septe
Prudential Bancorp's audited consolidated financial statements. In the opinion of management, financial information at June 30
months ended June 30, 2013 and 2012 reflect all adjustments, consisting only of normal recurring accruals, which are necessary
periods. Results for the three-month and nine-month periods ended June 30, 2013 may not be indicative of operations of existin
ending September 30, 2013.

	At June 30, 2013
	(Dolla
Selected Financial and Other Data:	
Total Assets	$ 466,049
Cash and cash equivalents	39,072
Investment and mortgage-backed securities:	
Held-to-maturity	84,792
Available-for-sale (1)	43,364
Loans receivable, net	283,174
Deposits	402,955
FHLB advances	340
Non-performing loans	5,519
Non-performing assets	6,195
Total stockholders' equity, substantially restricted	59,152
Banking offices	7

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	Three Months Ended June 30,		N
	2013	**2012**	**20**
		(Dollars in Thousands, Except Per Sh	
Selected Operating Data:			
Total interest income	$ 4,126	$ 4,828	$ 12,776
Total interest expense	1,037	1,432	3,396
Net interest income	3,089	3,396	9,380
Provision for loan losses	—	100	—
Net interest income after provision for loan losses	3,089	3,296	9,380
Total non-interest income	1,077	188	1,491
Total non-interest expense	2,717	2,936	8,599
Income before income taxes	1,449	548	2,272
Income tax expense	764	88	1,301
Net income	$ 685	$ 460	$ 971
Basic earnings per share	$ 0.07	$ 0.05	$ 0.10
Diluted earnings per share	$ 0.07	$ 0.05	$ 0.10
Dividends paid per common share	$ 0.00	$ 0.00	$ 0.00
Selected Operating Ratios(2):			
Average yield earned on interest-earning assets	3.62 %	4.03 %	3.70
Average rate paid on interest-bearing liabilities	1.02	1.32	1.10
Average interest rate spread(3)(4)	2.60	2.71	2.60
Net interest margin(3)(4)	2.71	2.83	2.72
Average interest-earning assets to average interest-bearing liabilities	111.86	110.34	110.46
Net interest income after provision for loan losses to non-interest expense	113.69	112.48	109.08
Total non-interest expense to total average assets	2.29	2.35	2.40
Efficiency ratio(5)	65.22	81.92	79.10
Return on average assets(4)	0.58	0.37	0.27
Return on average equity(4)	4.65	3.13	2.19
Average equity to average total assets	12.54	11.75	12.37

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	At or For Three Months Ended June 30, 2013		2012		20
			(Dollars in Thousands)		
Asset Quality Ratios (2) (6):					
Non-performing loans as a percent of total loans receivable (7)	1.94	%	4.95	%	1.94
Non-performing assets as a percent of total assets (7)	1.33		2.87		1.33
Allowance for loan losses as a percent of non-performing loans	48.03		25.33		48.03
Allowance for loan losses as a percent of total loans	0.93		1.23		0.93
Net charge-offs (recoveries) to average loans receivable	(0.05	)	0.06		(0.28
Capital Ratios (6):					
Tier 1 leverage ratio					
Prudential Bancorp	12.64		11.35		12.64
Prudential Savings Bank	11.87		10.56		11.87
Tier 1 risk-based capital ratio					
Prudential Bancorp	27.59		26.89		27.59
Prudential Savings Bank	25.91		25.04		25.91
Total risk-based capital ratio					
Prudential Bancorp	28.80		28.15		28.80
Prudential Savings Bank	27.12		26.29		27.12

(1)

• Includes impaired securities.

(2)

• With the exception of end of period ratios, all ratios are based on average monthly balances during the indicated period

(3)

• Average interest rate spread represents the difference between the average yield on interest-earning assets and the avera liabilities, and net interest margin represents net interest income as a percentage of average interest-earning assets.

(4)

• Ratios for the three and nine months ended June 30, 2013 and 2012 are annualized.

(5)

• The efficiency ratio represents the ratio of non-interest expense divided by the sum of net interest income and non-inter

(6)

• Asset quality ratios and capital ratios are end of period ratios, except for net charge-offs (recoveries) to average loans re

(7)

- Non-performing assets consist of non-performing loans and real estate owned. Non-performing loans consist of all loar excess of 90 days delinquent and still accruing interest. It is our policy to cease accruing interest on all loans 90 days or also include non-accrual troubled debt restructurings. Real estate owned consists of real estate acquired through foreclo of foreclosure.

Comparison of Financial Condition at June 30, 2013 and September 30, 2012

At June 30, 2013, we had total assets of $466.0 million, as compared to $490.5 million at September 30, 2012. The primary rea assets during the first nine months of fiscal 2013 were a $42.2 million decrease in cash and cash equivalents as well as a $22.6

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investment and mortgage-backed securities available for sale. These decreases were substantially offset by increases of $22.5 n
receivable and investment and mortgage-backed securities held to maturity, respectively, reflecting the deployment of our cash
proceeds from the call and sale of investment and mortgage-backed securities to fund the origination of loans, primarily one-to
as well as the purchase of investment and mortgage-backed securities held to maturity. The decline in cash and cash equivalent
fund our deposit outflows described below. For the nine months ended June 30, 2013, we originated a total of $65.0 million of
three months ended June 30, 2013, of which $58.2 million consisted of one-to four-family residential mortgage loans. Of the $5
residential mortgage loans originated, $16.7 million consisted of hybrid loans that have fixed interest rates for the initial five, s
thereafter by reference to an index plus a margin.

Total liabilities decreased to $406.9 million at June 30, 2013 from $430.7 million at September 30, 2012. The $23.8 million de
due to a $22.7 million decrease in deposits. The decrease in deposits primarily reflects our determination to let certain higher c
part of our asset/liability management strategy. The deposit outflows experienced during the nine months ended June 30, 2013
equivalents.

Total stockholders' equity decreased by $679,000 to $59.2 million at June 30, 2013 from $59.8 million at September 30, 2012.
decrease from an unrealized gain on our available for sale securities of $1.2 million at September 30, 2012 to a $1.0 million un
in part the effects of the sale of securities discussed below combined with the decline in the market value of the remaining avai
as of June 30, 2013 due to changes in market rates. Such decline was partially offset by the recognition of net income of $971,0
2013 as well as an increase of $674,000 in our equity associated with our stock benefit plans.

Comparison of Results of Operations for the Three and Nine Months Ended June 30, 2013 and 2012

General. For the nine months ended June 30, 2013, we recognized net income of $971,000 as compared to net income of $948
2012. For the three months ended June 30, 2013, we recognized net income of $685,000 as compared to $460,000 for the same
in fiscal 2013, the increase in net income in large part reflected the effects of an $842,000 (pre-tax) gain on sale of investment a
for sale. Also contributing to such increase in net income were lower provisions for loan losses as well as reductions in our non
nine months ended June 30, 2013.

Net Interest Income. For the nine months ended June 30, 2013, net interest income decreased $805,000 or 7.9% to $9.4 millio
same period in fiscal 2012. The decrease was due to a $1.8 million or 12.6% decrease in interest income partially offset by a $1
expense. The decrease in interest income resulted from a 37 basis point decrease to 3.70% in the weighted average yield earned
with an $18.5 million or 3.9% decrease in the average balance of interest-earning assets for the nine months ended June 30, 201
fiscal 2012. The decrease in the weighted average yield earned was primarily due to the reinvestment of the proceeds from call
mortgage-backed securities and the origination of new loans at lower current market rates of interest. The decrease in the avera
cash equivalents, including proceeds from the call, maturity or sale of investment and mortgage-backed securities, to fund the o
primarily certificates of deposit, as part of our asset/liability management strategy and interest rate risk management. The decre
from a 26 basis point decrease to 1.10% in the weighted average rate paid on interest-bearing liabilities, reflecting the continue
liabilities during the year combined with an $18.1 million or 4.2% decrease in the average balance of interest-bearing liabilities
nine months ended June 30, 2013, as compared to the same period in fiscal 2012. The decline in the weighted average rate paid
interest rate environment on our cost of funds as deposits repriced downward as well as our continued implementation of our as
our use of higher costing certificates of deposit as a funding source.

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For the three months ended June 30, 2013, net interest income decreased $307,000 or 9.0% to $3.1 million as compared to $3.4 2012. The decrease was due to a $702,000 or 14.5% decrease in interest income which was partially offset by a $395,000 or 27 decrease in interest income resulted from a 41 basis point decrease to 3.62% in the weighted average yield earned on interest-ea million or 4.6% decrease to $457.7 million in the average balance of interest-earning assets for the three months ended June 30 in fiscal 2012. The decrease in the weighted average yield earned was primarily due to the reinvestment of the proceeds from ca mortgage-backed securities and the origination of new loans at lower current market rates of interest. The decrease in the avera cash equivalents to fund the outflow of higher costing deposits, primarily certificates of deposit. The decrease in interest expen point decrease to 1.02% in the weighted average rate paid on interest-bearing liabilities, reflecting the continued repricing dow during the year combined with a $25.6 million or 5.9% decrease in the average balance of interest-bearing liabilities, primarily months ended June 30, 2013, as compared to the same period in 2012. As with the nine months ended June 30, 2013, the declin reflected the continued effect of the low interest rate environment on our cost of funds as deposits repriced downward as well a asset/liability strategies designed to reduce our use of higher costing certificates of deposit as a funding source.

For the nine months ended June 30, 2013, the net interest margin was 2.72%, as compared to 2.83% for the same period in fisca June 30, 2013, the net interest margin was 2.71% as compared to 2.83% for the same quarter in 2012. The decrease in the net in consistent with the decline in net interest income as the yields on interest-earning assets declined to a greater degree than the ra due to the already low level of our cost of funds.

Average Balances, Net Interest Income, and Yields Earned and Rates Paid. The following tables show for the periods indicate average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, ex net interest margin. Tax-exempt income and yields have not been adjusted to a tax-equivalent basis. All average balances are ba does not believe that the monthly averages differ significantly from what the daily averages would be.

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	Three Months Ended June 30,					
	2013					
	Average Balance	Interest	Average Yield/ Rate (1)		Average Balance	
	(Dollars in Thousands)					
Interest-earning assets:						
Investment securities	$ 92,209	$ 566	2.46	%	$ 80,634	$
Mortgage-backed securities	46,862	405	3.47		96,401	
Loans receivable (2)	279,172	3,134	4.50		241,149	
Other interest-earning assets	39,458	21	0.21		61,501	
Total interest-earning assets	457,701	4,126	3.62		479,685	
Non-interest-earning assets	18,561				20,147	
Total assets	476,262				499,832	
Interest-bearing liabilities:						
Savings accounts	76,571	63	0.33		70,284	
Checking and money market accounts	100,623	88	0.35		103,346	
Certificate accounts	229,933	885	1.54		259,200	
Total deposits	407,127	1,036	1.02		432,830	
FHLB advances	340	—	0.00		523	
Real estate tax escrow accounts	1,692	1	0.24		1,392	
Total interest-bearing liabilities	409,159	1,037	1.02		434,745	
Non-interest-bearing liabilities	7,396				6,347	
Total liabilities	416,528				441,092	
Stockholders' equity	59,708				58,740	
Total liabilities and stockholders' equity	$ 476,262				$ 499,832	
Net interest-earning assets	$ 50,575	$ 3,089			$ 44,940	$
Net interest income; interest rate spread			2.60	%		
Net interest margin (3)			2.71	%		
Average interest-earning assets to average interest-bearing liabilities			111.86	%		

(Footnotes on next page.)

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	Nine Months Ended June 30, 2013				
	Average Balance	Interest	Average Yield/ Rate (1)		Average Balance
	(Dollars in Thousands)				
Interest-earning assets:					
Investment securities	$ 83,415	$ 1,594	2.55	%	$ 85,915
Mortgage-backed securities	57,820	1,583	3.66		97,713
Loans receivable (2)	273,416	9,522	4.66		229,689
Other interest-earning assets	46,411	77	0.22		62,232
Total interest-earning assets	461,062	12,776	3.70		479,549
Non-interest-earning assets	18,784				20,659
Total assets	479,847				500,208
Interest-bearing liabilities:					
Savings accounts	72,050	182	0.32		69,829
Checking and money market accounts	100,780	269	0.36		104,069
Certificate accounts	238,965	2,941	1.65		259,455
Total deposits	411,795	3,392	1.09		433,353
FHLB advances	353	—	0.00		547
Real estate tax escrow accounts	1,798	4	0.30		1,483
Total interest-bearing liabilities	413,946	3,396	1.10		435,383
Non-interest-bearing liabilities	7,396				6,618
Total liabilities	420,449				442,001
Stockholders' equity	59,347				58,207
Total liabilities and stockholders' equity	$ 479,846				$ 500,208
Net interest-earning assets	$ 47,116	$ 9,380			$ 44,166
Net interest income; interest rate spread			2.60	%	
Net interest margin (3)			2.72	%	
Average interest-earning assets to average interest-bearing liabilities			110.46	%	

(1)

- Yields and rates for the three and nine-month periods ended June 30, 2013 and 2012 are annualized.

(2)

- Includes nonaccrual loans during the respective periods. Calculated net of deferred fees and discounts, loans in process

(3)

- Equals net interest income divided by average interest-earning assets.

Provision for Loan Losses. The allowance is maintained at a level sufficient to provide for estimated probable losses in the loa least quarterly, management performs an analysis to identify the inherent risk of loss in our loan portfolio. We determined that required for the nine and three months ended June 30, 2013, while we established a provision for loan losses of $350,000 for th 2012 and $100,000 for the three month period ended June 30, 2012. No provisions were deemed necessary for the 2013 periods $139,000 were recognized during the nine and three months ended June 30, 2013, respectively. Included in the recoveries for th

$899,000 related to a previously fully charged-off construction loan which increased the loan loss allowance to an amount suffi
known losses associated with the loan portfolio. For a discussion
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of our asset quality see “-Asset Quality” below. The allowance for loan losses totaled $2.6 million, or 0.9% of total loans and 4
2013 as compared to $2.5 million or 0.9% of total loans and 40.7% of total non-performing loans at March 31, 2013 and $1.9 m
of non-performing loans at September 30, 2012.

We will continue to monitor and modify our allowance for loan losses as conditions dictate. No assurances can be given that ou
cover all of the inherent losses on our loans or that future adjustments to the allowance for loan losses will not be necessary if e
substantially from the economic and other conditions used by management to determine the current level of the allowance for l

Asset Quality. The following table shows the amounts of non-performing assets (defined as non-accruing loans, accruing loan
estate owned) at the dates indicated.

(Dollars in Thousands)	June 30, 2013		March 31, 20
Non-accruing loans:			
One-to four-family residential	$ 3,131		$ 4,128
Multi-family residential	-		-
Commercial real estate	2,378	(1)	2,050
Construction and land development	—		—
Commercial business	—		—
Consumer	10		10
Total non—accruing loans	5,519		6,178
Accruing loans 90 days or more past due:			
One-to four-family residential	—		—
Multi-family residential	—		—
Commercial real estate	—		—
Construction	—		—
Commercial business	—		—
Consumer			—
Total accruing loans 90 days or more past due	—		—
Total non-performing loans (2)	5,519		6,178
Real estate owned, net (3)	676		1,258
Total non-performing assets	$ 6,195		$ 7,436
Total non-performing loans as a percentage of loans, net	1.95	%	2.22
Total non-performing loans as a percentage of total assets	1.33	%	1.29
Total non-performing assets as a percentage of total assets	1.33	%	1.55

(1)

- Includes at September 30, 2012, $8.1 million of troubled debt restructurings consisting of five loans to the same borrov
  project. At June 30, 2013 and March 31, 2013, includes one $1.3 million troubled debt restructuring.

(2)

- Non-performing loans consist of non-accruing loans plus accruing loans 90 days or more past due.

(3)

- Real estate owned balances are shown net of related loss allowances and consist solely of real property.

At June 30, 2013, our non-performing assets totaled $6.2 million or 1.3% of total assets as compared to $7.4 million or 1.6% of
$16.0 million or 3.3% of total assets at September 30, 2012. Non-performing assets included $5.5 million in non-performing lo
16 one-to four-family residential mortgage loans and $2.4 million consisted of

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eight commercial real estate loans. Non-performing assets also included three one-to four-family residential real estate owned p
decrease in non-performing assets during the nine months ended June 30, 2013 was primarily due to the January 2013 sale of a
project located in Philadelphia in which we were the lead lender and held a $9.2 million investment. We did not incur any addit
of the loans beyond the $968,000 loss already recognized in prior periods. In connection with the closing of the loan sale, we ar
loan to an affiliate of the borrower, the proceeds of which were used to reduce the principal balance due on the project. Our por
million. The new loan was classified as a troubled debt restructuring and is included in the non-performing commercial real est
is performing in accordance with its terms but is on non-accrual due to its status as a recently originated troubled debt restructu
Activities—Construction and Land Development Loans." The $1.2 million decline in non-performing assets during the quarter
the $997,000 decline in non-performing one-to four-family residential mortgage loans and the sale of four real estate owned pro
properties remaining as of June 30, 2013 are being marketed for sale.

At June 30, 2013, we had $1.7 million of loans delinquent 30-89 days as to interest and/or principal. Such amount consisted of
four-family residential mortgage loans.

Our total classified loans and real estate owned at June 30, 2013 amounted to $17.3 million as compared to $22.3 million at Ma
September 30, 2012. All of such assets were classified "substandard" and consisted of 65 loans and three real estate owned pro
classified as "doubtful" or "loss" at any of such dates. The $5.0 million decline in classified loans from March 31, 2013 to June
million no longer being adversely classified. Such amount consisted of seven loans totaling $1.7 million being upgraded to "pa
being satisfied in full, and the remainder being restored to "pass" status. Partially offsetting such improvement were the classifi
$2.2 million, 12 of which were one-to four-family residential mortgage loans totaling $1.8 million. At June 30, 2013, we also h
million that had been designated "special mention." All of the loans so designated related to various projects with one borrowe
with respect to future cash flows of the involved projects. We are in discussions with the borrower to explore various alternativ
projects' cash flow situation. No assurances can be given that the borrower will be able to materially improve the cash flows of
that the loans involved may not be classified. At March 31, 2013 and September 30, 2012, we had no assets designated "specia

Non-interest Income. Non-interest income amounted to $1.5 million for the nine months ended June 30, 2013 compared with
2012. With respect to the quarter ended June 30, 2013, non-interest income amounted to $1.0 million as compared to $188,000
both of the fiscal 2013 periods, the primary reason for the increase in non-interest income related to the recognition of $842,00
During the quarter ended June 30, 2013, we sold approximately $15.0 million of investment and mortgage-backed securities wi
The sale was undertaken to both preserve a portion of our $1.4 million deferred tax asset related to a capital loss generated in 2
our entire investment in a mutual fund as well as to mitigate the significant level of prepayment risk existing in the investment
portfolios in the current interest rate environment. To a lesser degree, the increase in non-interest income reflected the effect of
impairment charges related to non-agency mortgage-backed securities that we received as a result of the redemption in kind of
above.

Non-interest Expense. For the nine months ended June 30, 2013, non-interest expense decreased $201,000 to $8.6 million com
year. For the three months ended June 30, 2013, non-interest expense decreased $219,000 to $2.7 million as compared to the sa
for the nine months ended June 30, 2013 was primarily due to decreases in salary and employee benefit expense and profession
among other things, modest increases in advertising expense and real estate owned expense. For the three months ended June 3

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2013, the primary reasons for the decline in non-interest expense were the declines in salary and employee benefit expense and
by increased professional services expense related, in large part, to the continued resolution of asset quality issues.

Income Tax Expense. We recorded income tax expense for the nine months ended June 30, 2013 of $1.3 million, compared to
nine months ended June 30, 2012. For the three months ended June 30, 2013 we incurred income tax expense of $764,000 as co
in fiscal 2012. Income tax expense for the 2013 periods was adversely impacted by the decline in available unrealized capital g
valuation allowance recognized in the 2012 and 2013 periods related to the deferred tax asset for the capital loss carryforward c
redemption in kind referenced above of our entire investment in a mutual fund. As of June 30, 2013, the valuation allowance re
was increased by $154,000 to become fully reserved. As a result, management believes that on an ongoing basis, our effective t
within a more normalized range. The increases in income tax expense also reflected the significant increase in income before in
months ended June 30, 2013.

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FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which can be identified by the use of such words as “estimate,” “project,” and similar expressions. These forward-looking statements include, but are not limited to:

•

• statements of goals, intentions and expectations;

•

• statements regarding prospects and business strategy;

•

• statements regarding asset quality and market risk; and

•

• estimates of future costs, benefits and results.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including, among other things “Risk Factors” beginning at page __ that could affect the actual outcome of future events and the following factors:

•

• general economic conditions, either nationally or in our market area, that are worse than expected;

•

• changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instrumen

•

• increased competitive pressures among financial services companies;

•

• changes in consumer spending, borrowing and savings habits;

•

• legislative or regulatory changes that adversely affect our business;

•

• adverse changes in the securities markets;

•

• our ability to successfully manage our growth, including the planned growth and diversification of our loan portfolio;

•

- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Securities and Ex
  Accounting Standards Board (the "FASB"); and

-

- our ability to expand product offerings successfully and take advantage of growth opportunities.

Any of the forward-looking statements that we make in this prospectus and in other public statements we make may turn out to
assumptions we might make, because of the factors illustrated above or because of other factors that we cannot foresee.
Because of these and other uncertainties, our actual future results may be materially different from the results indicated by thes
should not rely on such statements.
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USE OF PROCEEDS

The following table shows how we intend to use the net proceeds of the offering. The actual net proceeds will depend on the nu
the offering and the expenses incurred in connection with the offering. Payments for shares made through withdrawals from de
Bank will reduce Prudential Savings Bank's deposits and will not result in the receipt of new funds for investment. The net pro
relating to the offering may be more or less than our estimates. For example, our expenses would increase if fewer shares were
offerings than we have assumed and we sell shares in a syndicated or firm commitment underwritten offering. See "Pro Forma
these amounts.

	Minimum of Offering Range		Midpoint of Offering Range	
	5,278,542 Shares at $10.00 Per Share	Percent of Net Proceeds	6,210,199 Shares at $10.00 Per Share	Percent of Net Proceeds
	(Dollars in thousands)			
Offering proceeds	$ 52,785		$ 62,102	
Less: offering expenses	(2,159)		(2,338)	
Net offering proceeds	50,626	100.0 %	59,764	100.0 %
Less:				
Proceeds contributed to Prudential Savings Bank	(25,313)	50.00 %	(29,882)	50.00 %
Proceeds used for loan to employee stock ownership plan	(2,111)	4.17	(2,484)	4.16
Proceeds used to repurchase shares for stock recognition plan	(2,111)	4.17	(2,484)	4.16
Proceeds remaining for Prudential Bancorp–New	$ 21,091	41.66 %	$ 24,914	41.68 %

Prudential Bancorp–New intends to invest the proceeds it retains from the offering initially in short-term, liquid investments. A
Prudential Bancorp–New will invest the net proceeds in anything other than short-term, liquid investments, over time, Prudenti
retains from the offering:

- to invest in securities;
- to pay dividends to shareholders;
- to repurchase shares of its common stock, subject to regulatory restrictions; and
- for general corporate purposes.

Consistent with Federal Reserve Board regulations, Prudential Bancorp–New does not plan to repurchase shares of its common
offering, except to fund equity benefit plans or, with prior regulatory approval, when extraordinary circumstances exist.

Prudential Savings Bank intends to initially use the net proceeds it receives to purchase investment and mortgage-backed secur
Bank may use the proceeds that it receives from the offering, which is shown in the table above as the amount contributed to Pr

- to fund new loans;
- to invest in short-term investment securities and mortgage-backed securities;
- to finance the possible expansion of its business activities, including potentially relocating one or more existing branch locations; and
- for general corporate purposes.

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We may need regulatory approvals to engage in some of the activities listed above.

Except as described above, neither Prudential Bancorp–New nor Prudential Savings Bank has any specific plans for the investr has not allocated a specific portion of the proceeds to any particular use. For a discussion of our business reasons for undertakir Offering — Purposes of the Conversion and Offering."

OUR DIVIDEND POLICY

Following completion of the conversion and offering, our Board of Directors will have the authority to declare dividends on ou statutory and regulatory requirements, policies and agreements. However, while no decision has been made with respect to the to declare any dividends prior to the end of fiscal 2014. In determining whether to pay a cash dividend and the amount of such expected to take into account a number of factors, including capital requirements, our consolidated financial condition and resu statutory and regulatory limitations and general economic conditions. No assurances can be given that any dividends will be pa eliminated in the future. Special cash dividends, stock dividends or returns of capital, to the extent permitted by Pennsylvania D Reserve Board policy and regulations, may be paid in addition to, or in lieu of regulatory cash dividends. We will file a consoli Bank. Accordingly, it is anticipated that any cash distributions made by us to our shareholders would be treated as cash dividen capital for federal and state tax purposes. Additionally, during the three-year period following the offering, we will not take any dividend to shareholders that would be treated by recipients as a tax-free return of capital for federal income tax purposes.

Dividends from Prudential Bancorp–New may eventually depend, in part, upon receipt of dividends from Prudential Savings B initially will have no source of income other than dividends from Prudential Savings Bank, earnings from the investment of pro retained by us, and interest payments with respect to our loan to our employee stock ownership plan.

Any payment of dividends by Prudential Savings Bank to Prudential Bancorp–New which would be deemed to be drawn out of reserves would require a payment of taxes at the then-current tax rate by Prudential Savings Bank on the amount of earnings de for such distribution. Prudential Savings Bank does not intend to make any distribution to Prudential Bancorp–New that would "Taxation."

Unlike Prudential Savings Bank, Prudential Bancorp–New is not subject to the above regulatory restrictions on the payment of Bancorp–New is, however, subject to the requirements of Pennsylvania law, which generally limit the payment of dividends to making a corporation unable to pay its debts as they become due in the ordinary course of business or if the corporation's total liabilities plus the amount, if any, needed to satisfy any preferential rights that shareholders may have if the corporation were d Board has issued a policy statement regarding the payment of dividends and the repurchase of shares of common stock by bank policy provides that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention consistent with the organization's capital needs, asset quality and overall financial condition. These regulatory policies could af Bancorp–New to pay dividends, repurchase shares of common stock or otherwise engage in capital distributions.

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MARKET FOR OUR COMMON STOCK

Existing Prudential Bancorp's common stock is currently listed on the Nasdaq Global Market under the symbol "PBIP", and th common stock. We have applied to have the common stock of Prudential Bancorp–New listed on the Nasdaq Global Market an continue to be listed under the symbol "PBIP." In order to list our common stock on the Nasdaq Global Market, we are require will make a market in our common stock. We expect to have more than three registered market makers upon completion of the Making a market may include the solicitation of potential buyers and sellers in order to match buy and sell orders. The develop upon the existence of willing buyers and sellers, the presence of which is not within our control or the control of any market ma sellers of our common stock at any particular time may be limited, which may have an adverse effect on the price at which our view the common stock as a long-term investment. Furthermore, there can be no assurance that you will be able to sell your sha price in the offering.

The following table sets forth the high and low closing stock prices for existing Prudential Bancorp common stock and cash div indicated.

	Stock Price Per Sha	
Quarter ended:	High	
September 30, 2013 (through August 12, 2013)	$ 10.12	$ 9.0
June 30, 2013	9.97	8.0
March 31, 2013	9.17	6.7
December 31, 2012	7.07	5.8
September 30, 2012	6.31	5.4
June 30, 2012	5.59	5.2
March 31, 2012	5.99	5.1
December 31, 2011	5.37	4.8
September 30, 2011	6.29	5.0
June 30, 2011	8.00	5.6
March 31, 2011	7.95	6.0
December 31, 2010	7.33	5.5

At June 12, 2013, the business day immediately preceding the public announcement of the conversion, and at August 12, 2013, prices of existing Prudential Bancorp common stock as reported on the Nasdaq Global Market were $8.34 per share and $9.93 existing Prudential Bancorp had approximately 249 shareholders of record.

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REGULATORY CAPITAL REQUIREMENTS

At March 31, 2013, Prudential Savings Bank exceeded all of its regulatory capital requirements. The table below sets forth Pru
under accounting principles generally accepted in the United States of America and regulatory capital at March 31, 2013, and t
Savings Bank after giving effect to the offering, based upon the sale of the number of shares shown in the table. The pro forma
Prudential Savings Bank of 50% of the net offering proceeds. The pro forma risk-based capital amounts assume the investment
Prudential Savings Bank in assets which have a risk-weight of 20% under applicable regulations, as if such net proceeds had be
2013.

	Prudential Savings Bank Historical at March 31, 2013 (Unaudited)			Minimum of Offering Range 5,278,542 Shares At $10.00 per Share			Pro Forma at March 31, 20 Midpoint of Offering Range 6,210,199 Shares At $10.00 Per Share	
	Amount	Percent of Assets (1)		Amount	Percent of Assets (1)		Amount	Percent of Assets (
				(Dollars in Thousands)				
GAAP capital	$56,448	11.78	%	$77,539	15.50	%	$81,362	16.14
Tier 1 capital:								
Actual	$55,535	11.47	%	$76,626	15.17	%	$80,449	15.81
Requirement	19,363	4.00		20,207	4.00		20,360	4.00
Excess	$36,172	7.47	%	$56,419	11.17	%	$60,089	11.81
Tier 1 risk-based capital:								
Actual	$55,535	25.06	%	$76,626	33.93	%	$80,449	35.50
Requirement	8,866	4.00		9,035	4.00		9,065	4.00
Excess	$46,669	21.06	%	$67,591	29.93	%	$71,384	31.50
Total capital:								
Actual	$58,047	26.19	%	$79,138	35.04	%	$82,961	36.61
Requirement	17,732	8.00		18,069	8.00		18,130	8.00
Excess	$40,315	18.19	%	$61,069	27.04	%	$64,831	28.61
Reconciliation of capital infused into Prudential Savings Bank:								
Net proceeds infused				$25,313			$29,882	
Less:								
Common stock acquired by employee stock ownership plan				(2,111)			(2,484)	
Less:								
Shares acquired by stock recognition plan				(2,111)			(2,484)	
Pro forma increase in GAAP and regulatory capital				$21,091			$24,914	

(1)

- Adjusted total or adjusted risk-weighted assets, as appropriate.

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OUR CAPITALIZATION

The following table presents the historical capitalization of existing Prudential Bancorp at March 31, 2013, and the pro forma c
Bancorp–New after giving effect to the conversion and offering, based upon the sale of the number of shares shown below and
Forma Data."

	Existing Prudential Bancorp Historical Capitalization	Prudential Bancor Upon Sale at 5,278,542 Shares (Minimum of Offering Range)	6 (M O
		(In thousands)	
Deposits (1)	$ 416,097	$ 416,097	$ 416
FHLB advances	340	340	340
Total deposits and FHLB advances	$ 416,437	$ 416,437	$ 416
Stockholders' equity:			
Preferred stock, $.01 par value, 10,000,000 shares authorized; none to be issued	$ —	$ —	$ —
Common stock, $.01 par value, 40,000,000 shares authorized; shares to be issued as reflected (2)	126	71	83
Additional paid-in capital (2)	54,932	105,613	114
Retained earnings (3)	38,510	38,510	38,5
Plus:			
Equity received from mutual holding company	—	728	728
Less:			
Accumulated other comprehensive income	913	913	913
Common stock held by the employee stock ownership plan (4)	(2,676)	(4,787)	(5,1
Common stock held by the new recognition and retention plan (5)	—	(2,111)	(2,4
Treasury stock	(31,625)	(31,625)	(31,
Total stockholders' equity	$ 60,180	$ 107,312	$ 115
Ratio of total stockholders' equity to total assets	12.56 %	20.39 %	21.6

(Footnotes on next page)

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(1)

- Does not reflect withdrawals from deposit accounts for the purchase of common stock in the offering. Such withdrawal the amount of such withdrawals.

(2)

- Our pro forma amounts of common stock and additional paid-in capital have been increased to reflect the number of sh outstanding, which includes the exchange of all of the currently outstanding shares of existing Prudential Bancorp com except for the shares owned by Prudential Mutual Holding Company. No effect has been given to the issuance of additi to our proposed new stock option plan or pursuant to the exercise of options under our existing stock option plan. If the the first year after the closing of the offering, an amount up to 10% of the shares of Prudential Bancorp–New common for issuance upon the exercise of options under the plan, subject to adjustment as may be required by federal regulation previously reserved by existing Prudential Bancorp so that the total shares available for issuance upon the exercise of s Prudential Bancorp–New's outstanding shares immediately after the conversion and offering. Shareholder approval of required. Your ownership percentage would decrease by approximately 6.96% if all potential stock options are exercise stock. See "Pro Forma Data" and "Management — New Stock Benefit Plans — Stock Option Plan."

(3)

- The retained earnings of Prudential Savings Bank will be partially restricted after the offering.

(4)

- Assumes that 4.0% of the shares sold in the offering will be purchased by our employee stock ownership plan in additi employee stock ownership plan. The common stock acquired by our employee stock ownership plan is reflected as a re the funds used to acquire our employee stock ownership plan shares will be borrowed from us. See Note 1 to the tables "Management — Benefit Plans — Employee Stock Ownership Plan."

(5)

- Assumes a number of shares of common stock equal to 4.0% of the shares of common stock to be sold in the offering v proposed new stock recognition and retention plan. If the new recognition plan is adopted within 12 months following restricted stock awards would be subject to adjustment as may be required by federal regulations or policy to reflect res existing Prudential Bancorp so that the total shares reserved for restricted stock awards does not exceed 4% of Prudenti immediately after the conversion and offering. Shareholder approval of the new recognition and retention plan is requir table assumes that shareholder approval has been obtained and that such shares are purchased in the open market at $10 acquired by the recognition and retention plan is reflected as a reduction in stockholders' equity. If the shares are purch initial purchase price of $10.00 per share, such purchases would have a greater or lesser impact, respectively, on stockh retention plan purchases authorized but unissued shares from us, such issuance would dilute the voting interests of exis 2.91%. See "Pro Forma Data" and "Management — New Stock Benefit Plans — Recognition and Retention Plan."

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IMPACT OF PRUDENTIAL MUTUAL HOLDING COMPANY'S
ASSETS ON PUBLIC STOCK OWNERSHIP

The public shareholders of existing Prudential Bancorp will receive shares of common stock of Prudential Bancorp–New in exc
of existing Prudential Bancorp pursuant to an exchange ratio. Subject to adjustment, the exchange ratio ensures that the public s
percentage of the common stock of Prudential Bancorp–New after the conversion as they held in existing Prudential Bancorp in
without giving effect to new shares purchased in the offering or cash paid in lieu of any fractional shares. However, consistent w
the exchange ratio must be adjusted downward to reflect the aggregate amount of existing Prudential Bancorp dividends paid to
and the initial capitalization of Prudential Mutual Holding Company. Prudential Mutual Holding Company had assets of $706,0
existing Prudential Bancorp common stock. The adjustments described above will decrease existing Prudential Bancorp's share
Bancorp–New from 25.4% to 25.2% at June 30, 2013. If existing Prudential Bancorp were to declare any further dividends befo
conversion, which is not anticipated, public shareholders' ownership interest in existing Prudential Bancorp would be further d
In accordance with the process described above, the independent appraiser determined Prudential Bancorp–New's pro forma m
downward to account for the assets held by Prudential Mutual Holding Company other than the common stock of existing Prud
ownership interest held by the public shareholders of existing Prudential Bancorp accordingly.

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PRO FORMA DATA

The actual net proceeds from the sale of Prudential Bancorp–New common stock in the offering cannot be determined until the
proceeds are currently estimated to be between $50.6 million and $68.9 million, based upon the following assumptions:

- We will sell 50% of the shares of common stock in the subscription offering with the remaining 50% of the shares sold
- Our employee stock ownership plan will purchase an amount equal to 4.0% of the shares sold in the offering and that s $10.00 per share with a loan from Prudential Bancorp–New;
- 20,000 shares of common stock will be purchased by our employees, directors and their immediate families;
- Sandler O'Neill & Partners, L.P. will receive an aggregate management fee equal to 1.0% of the aggregate purchase pr offering, except that no fee will be paid with respect to shares purchased by our officers, directors and employees or mo our employee stock ownership plan;
- The sales commission and management fee for shares sold in the community offering will be equal to 3.0% of the aggr the community offering; and
- Total expenses of the offering, excluding sales commissions and management fees referenced above, will be approxima

We have prepared the following table, which sets forth our historical consolidated net income and stockholders' equity prior to forma consolidated net income and stockholders' equity following the conversion and offering. In preparing these tables and in assumptions have been made:

- Pro forma earnings have been calculated assuming the common stock had been sold at the beginning of the periods and average yield of 1.47%, which represents the average of the yield on the five-year U.S. Treasury Note for the week end 15-year fixed-rate mortgage-backed securities less 60 basis points (2.16%, based on Freddie Mac's Primary Mortgage I have used an assumed yield of 1.47% (0.97% after tax) in lieu of the arithmetic average method because we believe it r will receive on the net proceeds of the offering;
- An effective tax rate of 34.0%;
- No withdrawals were made from Prudential Savings Bank's deposit accounts for the purchase of shares in the offering;

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• Historical and pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the i
adjusted in the pro forma net income per share to give effect to the purchase of shares by the employee stock ownershi

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• Pro forma stockholders’ equity amounts have been calculated as if our common stock had been sold in the offering on
respectively, and, accordingly, no effect has been given to the assumed earnings effect of the transactions.

The following pro forma information may not be representative of the financial effects of the offering at the date on which the
be taken as indicative of future results of operations. Pro forma stockholders’ equity represents the difference between the state
computed in accordance with generally accepted accounting principles. Stockholders’ equity does not give effect to intangible
Prudential Savings Bank’s bad debt reserve. The pro forma stockholders’ equity is not intended to represent the fair market val
different than amounts that would be available for distribution to shareholders in the event of liquidation.
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The tables reflect the possible issuance of additional shares to be reserved for future issuance pursuant to our proposed new sto
following the offering and present, together with the stock recognition plan discussed below, to our shareholders for approval a
after the offering is completed. See “Management — New Stock Benefit Plans.” For purposes of the tables, we have assumed
exercise price of the stock options and the market price of the common stock at the date of grant were $10.00 per share, that the
and vested pro rata over five years, and that the new stock option plan granted options to acquire common stock equal to 10.0%
applied the Black-Scholes option pricing model to estimate a grant date fair value of $4.84 for each option. In addition to the te
Black-Scholes option pricing model incorporated an estimated volatility rate of 36.0% for the common stock, zero dividend yie
and a risk-free interest rate of 1.87%. There can be no assurance that shareholder approval of the stock option plan will be obta
options will be $10.00 per share or that the Black-Scholes option pricing model assumptions used to prepare the table will be th
granted.

The tables also give effect to the stock recognition and retention plan, which we expect to adopt following the offering and pres
plan discussed above, to our shareholders for approval at a meeting to be held at least six months after the offering is complete
recognition and retention plan intends to acquire an amount of common stock equal to 4.0% of the shares to be sold in the offer
purchases, if permissible, or from authorized but unissued shares of common stock. The tables assume that shareholder approva
acquired by the stock recognition and retention plan are purchased in the open market at $10.00 per share and vest over a five-y
There can be no assurance that shareholder approval of the stock recognition and retention plan will be obtained, that the shares
that the purchase price will be $10.00 per share.

The tables on the following pages are based on the assumptions set forth above and in the tables and should not be used as a ba
our common stock following the conversion and the offering.

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	At or For t Ma		
	5,278,542 Shares Sold at $10.00 per Share (Minimum of Range)		**Sh (1**
	(Dollars in T Sha		
Gross proceeds	$ 52,785		$ 62
Less: estimated offering expenses	(2,159	)	(2,
Estimated net proceeds	$ 50,626		$ 59
Less: common stock acquired by employee stock ownership plan (1)	(2,111	)	(2,
Less: common stock to be acquired by recognition and retention plan (2)	(2,111	)	(2,
Plus: assets received from mutual holding company	728		72
Estimated net investable proceeds	$ 47,132		$ 55
Pro Forma Net Income:			
Pro forma net income:			
Historical	$ 286		$ 28
Pro forma income on net investable proceeds (3):	229		26
Less: pro forma employee stock ownership plan adjustments (1)	(35	)	(41
Less: pro forma restricted stock award expense (2)	(139	)	(16
Less: pro forma stock option expense (4)	(255	)	(30
Pro forma net income	$ 86		$ 49
Pro forma net income per share:			
Historical (5)	$ 0.04		$ 0.0
Pro forma income on net investable proceeds:	0.04		0.0
Less: pro forma employee stock ownership plan adjustments (1)	(0.01	)	(0.
Less: pro forma restricted stock award expense (2)	(0.02	)	(0.
Less: pro forma stock option expense (4)	(0.04	)	(0.
Pro forma net income per share	$ 0.01		$ 0.0
Offering price as a multiple of pro forma net income per share	500.0	x	50
Number of shares used to calculate pro forma net income per share (6)	6,587,876		7,7
Pro Forma Stockholders' Equity:			
Pro forma stockholders' equity (book value) (4):			
Historical	60,180		60
Estimated net proceeds	50,626		59
Plus: equity increase from mutual holding company	728		72
Less: common stock acquired by employee stock ownership plan (1)	(2,111	)	(2,
Less: common stock to be acquired by recognition and retention plan (2)	(2,111	)	(2,
Pro forma stockholders' equity	$ 107,312		$ 11
Pro forma stockholders' equity per share (5):			
Historical	$ 8.53		$ 7.2
Estimated net proceeds	7.18		7.2
Plus: equity increase from mutual holding company	0.10		0.0
Less: common stock acquired by employee stock ownership plan (1)	(0.30	)	(0.
Less: common stock to be acquired by recognition and retention plan (2)	(0.30	)	(0.

			At or For t
			Ma
Pro forma stockholders' equity per share	$ 15.21		$ 13
Offering price as a percentage of pro forma stockholders' equity per share	65.75	%	71
Number of shares used to calculate pro forma stockholders' equity per share (6)	7,055,000		8,3

(Footnotes begin on page 50)

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			At or Fo Septe
	5,278,542 Shares Sold at $10.00 per Share (Minimum of Range)		Sh (1
	(Dollars in T Sha		
Gross proceeds	$ 52,785		$ 62
Less: estimated offering expenses	(2,159	)	(2,
Estimated net proceeds	$ 50,626		$ 59
Less: common stock acquired by employee stock ownership plan (1)	(2,111	)	(2,
Less: common stock to be acquired by recognition and retention plan (2)	(2,111	)	(2,
Plus: assets received from mutual holding company	728		72
Estimated net investable proceeds	$ 47,132		$ 55
Pro Forma Net Income:			
Pro forma net income:			
Historical	$ 2,593		$ 2,5
Pro forma income on net investable proceeds (3):	457		53
Less: pro forma employee stock ownership plan adjustments (1)	(70	)	(82
Less: pro forma restricted stock award expense (2)	(279	)	(32
Less: pro forma stock option expense (4)	(511	)	(60
Pro forma net income	$ 2,190		$ 2,1
Pro forma net income per share:			
Historical (5)	$ 0.40		$ 0.3
Pro forma income on net investable proceeds:	0.07		0.0
Less: pro forma employee stock ownership plan adjustments (1)	(0.01	)	(0.
Less: pro forma restricted stock award expense (2)	(0.04	)	(0.
Less: pro forma stock option expense (4)	(0.08	)	(0.
Pro forma net income per share	$ 0.34		$ 0.2
Offering price as a multiple of pro forma net income per share	29.41	x	35
Number of shares used to calculate pro forma net income per share (6)	6,515,828		7,6
Pro Forma Stockholders’ Equity:			
Pro forma stockholders’ equity (book value) (4):			
Historical	59,831		59
Estimated net proceeds	50,626		59
Plus: equity increase from mutual holding company	728		72
Less: common stock acquired by employee stock ownership plan (1)	(2,111	)	(2,
Less: common stock to be acquired by recognition and retention plan (2)	(2,111	)	(2,
Pro forma stockholders’ equity	$ 106,963		$ 11
Pro forma stockholders’ equity per share (5):			
Historical	$ 8.48		$ 7.2
Estimated net proceeds	7.18		7.2
Plus: equity increase from mutual holding company	0.10		0.0
Less: common stock acquired by employee stock ownership plan (1)	(0.30	)	(0.
Less: common stock to be acquired by recognition and retention plan (2)	(0.30	)	(0.
Pro forma stockholders’ equity per share	$ 15.16		$ 13

			At or Fo Septe
Offering price as a percentage of pro forma stockholders' equity per share	65.96	%	71
Number of shares used to calculate pro forma stockholders' equity per share (6)	7,055,000		8,3

(Footnotes begin on following page)

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(1)

- The employee stock ownership plan will borrow the funds used to acquire these shares from the net proceeds from the Bancorp–New. The amount of this borrowing has been reflected as a reduction from gross proceeds to determine estim Savings Bank intends to make contributions to the employee stock ownership plan in amounts at least equal to the prin debt. Interest income that Prudential Bancorp–New will earn on the loan will offset the interest paid on the loan by Pru down, shares will be released for allocation to participants' accounts and stockholders' equity will be increased. The ad employee stock ownership plan reflects the after-tax compensation expense associated with the plan, based on an assum Applicable accounting principles require that compensation expense for the employee stock ownership plan be based u that unallocated shares be excluded from earnings per share computations. An equal number of shares (1/20 of the total released each year over the term of the loan. The pro forma net income for the six months ended March 31, 2013 assun were committed to be released during the period at the minimum, midpoint and maximum of the offering range, respec 2012, the pro forma net income assumes that 10,557, 12,420 and 14,283 shares were committed to be released at the m offering range, respectively. The valuation of shares committed to be released would be based upon the average market which, for purposes of this calculation, was assumed to be equal to the $10.00 per share purchase price. If the average r $10.00 per share, total employee stock ownership plan expense would be greater.

(2)

- Assumes that Prudential Bancorp–New will purchase shares in the open market equal to 4.0% of the shares to be sold i retention plan proposed to be adopted following the offering. Such amount is subject to adjustment, as previously discu regulations or policy to reflect restricted stock previously reserved by existing Prudential Bancorp. The assumed cost o reduction from gross proceeds to determine estimated net investable proceeds. In calculating the pro forma effect of the that the required shareholder approval has been received, that the shares used to fund the awards were acquired at the b that the shares were acquired at the $10.00 per share purchase price. The issuance of authorized but unissued shares of repurchased in the open market would dilute the ownership interests of shareholders of Prudential Bancorp–New, by ap midpoint of the offering range. The adjustment to pro forma net income for the restricted stock awards reflects the after with the awards. The assumed effective tax rate is 34.0%. If the fair market value per share is greater than $10.00 per sh under the recognition and retention plan, total recognition and retention plan expense would be greater.

(3)

- Pro forma income on net investable proceeds is equal to the net proceeds of the offering, plus the cash and investment a Holding Company, less the cost of acquiring shares in the open market at the $10.00 per share purchase price to fund th the restricted stock awards under the recognition and retention plan multiplied by the after-tax reinvestment rate. The a 0.97% based on the following assumptions: combined federal and state income tax rate of 34.0% and a pre-tax reinvest

(4)

- The adjustment to pro forma net income for stock options reflects the compensation expense associated with the stock that may be granted under the new stock option plan to be adopted following the offering. Assumes that, if approved by the new stock option plan grants options to acquire an aggregate number of shares of common stock equal to 10% of th amount is subject to adjustment as may be required by federal regulations or policy to reflect stock options previously r Shareholder approval of the new plan may not occur earlier than six months after the completion of the conversion. The has been used to estimate the values of the options. Applicable accounting standards do not

(Footnotes continued on next page)

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prescribe a specific valuation technique to be used to estimate the fair value of employee stock options. Prudential Bancorp–Ne than the Black-Scholes option-pricing formula and that technique may produce a different value. In addition, if the fair market per share on the date options are awarded under the stock option plan, or if the assumptions used in the option-pricing formula preparing this pro forma data, the value of the stock options and the related expense would be different. The issuance of author stock to satisfy option exercises instead of shares repurchased in the open market would dilute the ownership interests of existin 6.96%, assuming the midpoint of the offering range.

(5)

- The historical net income per share has been adjusted to reflect the exchange ratio of the additional shares to be issued for the currently outstanding shares of existing Prudential Bancorp common stock. As reported, the net income per shar six months ended March 31, 2013 and year ended September 30, 2012 was $0.03 and $0.27, respectively.

(6)

- The number of shares used to calculate pro forma net income per share is equal to the total number of shares to be outs less the number of shares purchased by the employee stock ownership plan not committed to be released within one ye shares used to calculate pro forma stockholders' equity per share is equal to the total number of shares to be outstandin

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Existing Prudential Bancorp was formed by Prudential Savings Bank in connection with our reorganization into the mutual hol March 2005. Existing Prudential Bancorp Bancorp's results of operations are primarily dependent on the results of Prudential S subsidiary of existing Prudential Bancorp. Prudential Savings Bank currently operates seven banking offices, six of which are i and one in Drexel Hill in Delaware County. Prudential Savings Bank's primary business consists of attracting deposits from the together with funds we borrow to originate loans to our customers.

At March 31, 2013, we had total assets of $479.1 million, including $278.2 million in net loans and $150.7 million of investme deposits of $416.1 million and total stockholders' equity of $60.2 million.

While residential real estate values have improved significantly over the past year, nationally the median home price is well bel prices are approximately 30 percent below their average price prior to the financial crisis. Disruptions in the financial markets v financial crisis by September 2008, continue to impact the broader economy and real estate markets, particularly residential ma the Philadelphia area did not suffer the wholesale declines in the value of residential real estate as other areas of the country, th of the local economy, especially condominium sales, construction lending and lending to contractors. As a result of the signific experienced during the fiscal 2011 period necessitated large charge-offs and loan loss provision expense by Prudential Savings first quarter of calendar 2013, the housing market in many areas has stabilized and home building activity has strengthened. Th improvement both quarter over quarter as well as for the 12 months ended March 31, 2013.

We continue to focus on the credit quality of our customers, closely monitoring the financial status of borrowers located throug working on early detection of potential problems, taking pre-emptive steps where necessary and performing the analysis require losses.

Despite the current market and economic conditions, we continue to maintain capital in excess of regulatory requirements.

The information contained in this section should be read in conjunction with our consolidated financial statements and the acco financial statements contained elsewhere herein.

Business Strategy

Our mission is to operate as a profitable, independent community-oriented financial institution serving primarily retail custome our market area. We are focused on prudently increasing profitability and enhancing shareholder value. The following are key

•

- Improving Asset Quality. We are continuing our efforts to improve asset quality. At March 31, 2013, our total non-pe million, or 1.6% of total assets, reflecting an $8.6 million, or 53.5%, reduction compared to $16.0 million of total non-p (when total non-performing assets amounted to 3.3% of total assets). During fiscal years ended September 30, 2012 an non-performing assets and other problem assets, primarily related to construction and land development projects, signi operations as the high levels of provisions for loan losses and charge-offs and other expenses related to other real estate the reduced level of net income, in particular in fiscal 2011 in which we established $4.6 million in provisions for loan values and the difficulties we were

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experiencing in our construction and land development and commercial real estate portfolios, we substantially reduced our orig the later part of fiscal 2010. In our efforts to reduce the levels of our non-performing and other problem assets in recent periods completely revised and enhanced loan policy which provides for (i) a substantially enhanced loan underwriting and loan review systematic credit review process; (ii) an enhanced loan grading system that provides for the periodic grading of credit extension as periodically thereafter; (iii) an enhanced loan and lease loss allowance methodology; and (iv) a revised and enhanced loan ex have also adopted and implemented comprehensive credit memoranda and global cash flow and collateral analysis processes as procedures. We also hired recently a credit officer with more than 25 years of experience in loan underwriting and credit analys commercial real estate and commercial business credits and a loan compliance officer with more than 14 years of experience, in compliance capabilities.

- Growing and Diversifying Our Loan Portfolio. As part of our efforts to improve earnings, we plan to expand, on a rela favorable market conditions, the origination of construction and land loans as well as commercialreal estate and comme market area. Such loans will be underwritten in accordance with our strengthened loan underwriting standards and our administration procedures. We believe that we can be a successful niche lender to small and mid-sized commercial bor have had experience in our primary market area. We also plan to continue the modest growth of our loan portfolio that but with increased diversification. Such diversification may include becoming involved to a limited degree in SBA lend currently do not expect that our investment in such loans would exceed approximately 3.5% of the total loan portfolio. involvement in construction and land lending as well as commercial real estate and commercial business lending in a p loan underwriting and administration enhancements that we have implemented in recent periods, together with modest income and our returns in future periods.

- Improving our Funding Mix by Attracting Lower Cost Core Retail Deposits. Core deposits include all deposit accoun Core deposits are our least costly source of funds and improve our interest rate spread. We believe that core deposits re customer relationships that enable us to cross-sell our full complement of products and services. Core deposits also con account-related fees and services and are generally less sensitive to withdrawal when interest rates fluctuate. At March 43.2% of our total deposits compared to 41.9% of total deposits at September 30, 2012 and 41.2% of total deposits at S continue our efforts to increase core deposits. In addition, we will seek to develop commercial checking accounts as we plan to enhance our cross-marketing as part of our efforts to gain additional deposit relationships with our loan custome

- Continuing our Community-Oriented Focus. As a community-oriented financial institution, we emphasize providing e to attract and retain customers. We deliver personalized service and respond with flexibility to customer needs. We bel attractive to our customers and distinguishes us from the large banks that operate in our market area. Our management in, the community. We believe that we know our customers' banking needs and can respond quickly to address them.

Critical Accounting Policies

In reviewing and understanding financial information for existing Prudential Bancorp, you are encouraged to read and understa used in preparing our financial statements. These policies are described in Note 2 of the notes to our consolidated financial state

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included in the consolidated financial statements included elsewhere herein. The accounting and financial reporting policies of accounting principles generally accepted in the United States of America ("U.S. GAAP") and to general practices within the ba statements require certain estimates, judgments and assumptions, which are believed to be reasonable, based upon the informat assumptions affect the reported amounts of assets and liabilities as well as contingent assets and contingent liabilities at the date reported amounts of income and expenses during the periods presented. The following accounting policies comprise those that critical to aid in fully understanding and evaluating our reported financial results. These policies require numerous estimates or inaccurate or may be subject to variations which may significantly affect our reported results and financial condition for the per

Allowance for Loan Losses. The allowance for loan losses is established through a provision for loan losses charged to expens allowance for loan losses when management believes that the collectability in full of the principal of a loan is unlikely. Subsequ allowance. The allowance for loan losses is maintained at a level that management considers adequate to provide for estimated evaluation of known and inherent losses in the loan portfolio that are both probable and reasonable to estimate. Loan impairme collateral or estimated net realizable value. It is the policy of management to provide for losses on unidentified loans in its port classified loans.

Management monitors its allowance for loan losses at least quarterly and makes adjustments to the allowance through the provi conditions and other pertinent factors indicate. The quarterly review and adjustment of the qualitative factors employed in the a of historic loss experience allow for timely reaction to emerging conditions and trends. In this context, a series of qualitative fa measurement of how current circumstances are affecting the loan portfolio. Included in these qualitative factors are:

- Levels of past due, classified, criticized and non-accrual loans, troubled debt restructurings and loan modifications;
- Nature and volume of loans;
- Changes in lending policies and procedures, underwriting standards, collections, charge-offs and recoveries and for co approved with exceptions to lending policy;
- Experience, ability and depth of management and staff;
- National and local economic and business conditions, including various market segments;
- Quality of Prudential Savings Bank's loan review system and degree of Board oversight;
- Concentrations of credit and changes in levels of such concentrations; and
- Effect of external factors on the level of estimated credit losses in the current portfolio.

In determining the allowance for loan losses, management has established both specific and general pooled allowances. Values
those developed from historic loss experience provide a dynamic basis for the calculation of reserve factors for both pass-rated
those criticized and classified loans. The amount of the specific allowance is determined through a loan-by-loan analysis of cer
loans. Loans not individually reviewed are evaluated as a group using reserve factor percentages based on historical loss experi
described above. In determining the appropriate level of the general pooled allowance, management makes estimates based on
account such factors as debt service coverage, loan-to-value ratios and external factors. Estimates are periodically measured ag
This evaluation is inherently subjective as it requires material estimates including, among others, exposure at default, the amou
flows on impaired loans, value of collateral, estimated losses on our commercial, construction and residential loan portfolios ar
estimates may be susceptible to significant change.

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While management uses the best information available to make loan loss allowance evaluations, adjustments to the allowance r
economic and other conditions or changes in accounting guidance. In addition, the Pennsylvania Department of Banking and th
Corporation, as an integral part of their examination processes, periodically review our allowance for loan losses. The Pennsylv
Federal Deposit Insurance Corporation may require the recognition of adjustments to the allowance for loan losses based on the
them at the time of their examinations. To the extent that actual outcomes differ from management's estimates, additional prov
may be required that would adversely affect earnings in future periods.

Investment and Mortgage-Backed Securities Available For Sale. Where quoted prices are available in an active market, securi
valuation hierarchy. If quoted market prices are not available, then fair values are estimated using quoted prices of securities wi
cash flows and are classified within Level 2 of the fair value hierarchy. In certain cases where there is limited activity or less tra
valuation, securities are classified within Level 3 of the valuation hierarchy, although there were no securities with that classific
September 30, 2012 or 2011.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when e
such evaluation. We determine whether the unrealized losses are temporary in accordance with U.S. GAAP. The evaluation is b
creditworthiness of the issuers/guarantors, the underlying collateral, if applicable, and the continuing performance of the securi
likelihood that the security will be required to be sold by a regulatory agency, our internal intent not to dispose of the security p
cost basis of the security is expected to be recovered. In determining whether the cost basis will be recovered, management eva
may be indicative of an other-than-temporary impairment condition. This includes, but is not limited to, an evaluation of the typ
to which the fair value has been less than cost, and near-term prospects of the issuer.

In addition, certain assets are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair va
to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). We measure impaired l
properties transferred into real estate owned at fair value on a non-recurring basis.

Valuation techniques and models utilized for measuring financial assets and liabilities are reviewed and validated by manageme

Income Taxes. Existing Prudential Bancorp accounts for income taxes in accordance with U.S. GAAP. We record deferred inc
of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount
Management exercises significant judgment in the evaluation of the amount and timing of the recognition of the resulting tax as
estimates required for the evaluation are updated based upon changes in business factors and the tax laws. If actual results diffe
considerations used in estimating the amount and timing of tax recognized, there can be no assurance that additional expenses w

In evaluating our ability to recover deferred tax assets, we consider all available positive and negative evidence, including our p
future taxable income. In determining future taxable income, we make assumptions for the amount of taxable income, the rever
implementation of feasible and prudent tax planning strategies. These assumptions require us to make judgments about our futu
with the plans and estimates we use to manage our business. Any reduction in estimated future taxable income may require us t
allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense
significant impact on our future earnings.

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U.S. GAAP prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is rec
applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the consolidated inco
tax positions requires careful consideration of the technical merits of a position based on management's analysis of tax regulati
judgment may be involved in the assessment of the tax position.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is included in Note 2 to the consolidated financial statements set fortl

Derivative Financial Instruments, Contractual Obligations and Other Off Balance Sheet Arrangements

Derivative financial instruments include futures, forwards, interest rate swaps, option contracts, and other financial instruments
not used derivative financial instruments in the past and do not currently have any intent to do so in the future.

While we have not used derivative financial instruments, we are a party to financial instruments with off-balance sheet risk in t
financing needs of our customers. These financial instruments include commitments to extend credit and the unused portions o
involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated stat
Commitments to extend credit generally have fixed expiration dates and may require additional collateral from the borrower if
extend credit are not recorded as an asset or liability by us until the instrument is exercised.

Commitments. The following tables summarize our outstanding commitments to originate loans and to advance additional am
credit, lines of credit and undisbursed construction loans at March 31, 2013 and September 30, 2012.

	Total Amounts Committed at March 31, 2013	Less than 1 Year	Amount of Commitment E 1 – 3 Years	
			(In Thousands)	
Letters of credit	$ 187	$ 187	$ —	$
Lines of credit (1)	6,100	—	—	
Undisbursed portions of loans in process	1,872	1,757	115	
Commitments to originate loans	7,529	7,529	—	
Total commitments	$ 15,688	$ 9,473	$ 115	$

	Total Amounts Committed at September 30, 2012	Less than 1 Year	Amount of Commitment E 1 – 3 Years	
			(In Thousands)	
Letters of credit	$ 167	$ 167	$ —	$
Lines of credit (1)	6,471	—	—	
Undisbursed portions of loans in process	1,629	1,435	194	
Commitments to originate loans	14,054	14,054	—	
Total commitments	$ 22,321	$ 15,656	$ 194	$

(1)

- The majority of available lines of credit are for home equity loans.

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Contractual Cash Obligations. The following tables summarize our contractual cash obligations at March 31, 2013 and Septen

	Total	Less than 1 Year	At March 31, 2013 — P 1 – 3 Years	
			(In Thousands)	
Certificates of deposit	$ 236,220	$ 141,425	$ 53,103	$
FHLB advances (1)	340		340	
Total long-term debt				
Advances from borrowers for taxes and insurance	1,266	1,266	—	
Operating lease obligations	171	79	92	
Total contractual obligations	$ 237,997	$ 142,770	$ 53,535	$

	Total	Less than 1 Year	At September 30, 2012 — 1 – 3 Years	
			(In Thousands)	
Certificates of deposit	$ 247,414	$ 121,984	$ 105,863	$
FHLB advances (1)	483	143	340	
Total long-term debt	247,897	122,127	106,203	
Advances from borrowers for taxes and insurance	1,273	1,273	—	
Operating lease obligations	211	79	132	
Total contractual obligations	$ 249,381	$ 123,479	$ 106,335	$

(1)

- Does not include interest due annually on FHLB advances.

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Average Balances, Net Interest Income, and Yields Earned and Rates Paid

The following tables show for the periods indicated the total dollar amount of interest from average interest-earning assets and interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Tax-exe adjusted to a tax-equivalent basis. All average balances are based on monthly balances. Management does not believe that the from what the daily averages would be.

						Six Months Ended M	
	Yield/Rate at March 31, 2013		**2013**				
			Average Balance	**Interest**	**Average Yield/ Rate (1)**		**Av Ba**
			(Dollars in Thousands)				
Interest-earning assets:							
Investment securities	2.50	%	$81,182	$1,028	2.53	%	$88,5
Mortgage-backed securities	3.26		64,883	1,178	3.63		89,3
Loans receivable (2)	4.52		270,611	6,388	4.72		238
Other interest-earning assets	0.20		51,035	56	0.22		62,5
Total interest-earning assets	3.52		467,711	8,650	3.70		479
Non-interest-earning assets			20,085				20,9
Total assets			487,796				500
Interest-bearing liabilities:							
Savings accounts	0.20		71,314	119	0.33		69,6
Checking and money market accounts	0.33		104,512	181	0.35		104
Certificate accounts	1.66		245,528	2,057	1.70		259
Total deposits	1.08		418,354	2,357	1.13		433
FHLB advances	—		359	—	0.00		559
Real estate tax escrow accounts	0.20		1,853	2	0.22		1,52
Total interest-bearing liabilities	1.08		420,566	2,359	1.12		435
Non-interest-bearing liabilities			7,135				6,75
Total liabilities			427,701				442
Stockholders' equity			60,095				57,9
Total liabilities and stockholders' equity			487,796				500
Net interest-earning assets			$47,145	$6,291			$43,7
Net interest income; interest rate spread	2.44	%			2.58	%	
Net interest margin (3)					2.69	%	
Average interest-earning assets to average interest-bearing liabilities					111.21	%	

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	Year Ended September 30, 2012				2011				
	Average Balance	Interest	Average Yield/Rate		Average Balance	Interest	Average Yield/Rate		A
	(Dollars in Thousands)								
Interest-earning assets:									
Investment securities	$77,224	$2,102	2.72	%	$107,065	$3,569	3.33	%	$1
Mortgage-backed securities	89,089	3,726	4.18		89,666	4,300	4.80		9
Loans receivable (2)	242,780	13,008	5.36		246,188	13,724	5.57		2
Other interest-earning assets	70,024	143	0.20		47,918	92	0.19		2
Total interest-earning assets	479,117	18,979	3.96		490,837	21,685	4.42		4
Non-interest-earning assets	20,818				21,210				2
Total assets	499,935				512,047				5
Interest-bearing liabilities:									
Savings accounts	70,186	396	0.56		69,741	695	1.00		6
Checking and money market accounts	103,988	490	0.47		105,046	779	0.74		1
Certificate accounts	258,154	4,884	1.89		271,758	5,612	2.07		2
Total deposits	432,328	5,770	1.33		446,545	7,086	1.59		4
FHLB advances	537	4	0.74		591	6	1.02		1
Real estate tax escrow accounts	1,561	5	0.32		1,477	5	0.34		1
Total interest-bearing liabilities	434,426	5,779	1.33		448,613	7,097	1.58		4
Non-interest-bearing liabilities	6,979				7,624				6
Total liabilities	441,405				456,237				4
Stockholders' equity	58,530				55,810				5
Total liabilities and stockholders' equity	499,935				512,047				5
Net interest-earning assets	$44,691				$42,224				$3
Net interest income; interest rate spread		$13,200	2.63	%		$14,588	2.84	%	
Net interest margin (3)			2.76	%			2.97	%	
Average interest-earning assets to average interest-bearing liabilities			110.29	%			109.41	%	

(1)

- Yields and rates for the six-month periods ended March 31, 2013 and 2012 are annualized.

(2)

- Includes non-accrual loans during the respective periods. Calculated net of deferred fees and discounts, loans in proces

(3)

- Equals net interest income divided by average interest-earning assets.

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Rate/Volume Analysis

The following table shows the extent to which changes in interest rates and changes in the volume of interest-earning assets anc interest income and expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabi changes attributable to (1) changes in rate, which is the change in rate multiplied by prior year volume, and (2) changes in volu multiplied by prior year rate. The combined effect of changes in both rate and volume has been allocated proportionately to the to volume.

	Six Months Ended March 31, 2013 vs. 2012 Increase (Decrease) Due to					Year Ended Septen 2012 vs. 2011 Increase (Decrease) Due to			
	Volume	Rate	Rate/ Volume	Total Increase (Decrease)	Rate	Volume	Rate/ Volume	Total Increase (Decrease)	Ra
					(In Thousands)				
Interest income:									
Investment securities	$(100)	$(82)	$7	$(175)	$(655)	$(995)	$183	$(1,467)	$(1,5
Mortgage-backed securities	(554)	(396)	109	(841)	(550)	(28)	4	(574)	(295
Loans receivable, net	863	(878)	(116)	(131)	(533)	(190)	7	(716)	(711
Other interest-earning assets	(12)	3	10	1	6	42	3	51	14
Total interest income	197	(1,353)	10	(1,146)	(1,732)	(1,171)	197	(2,706)	(2,5
Interest expense:									
Savings accounts	6	(108)	(3)	(105)	(302)	4	(1)	(299)	(533
Checking and money market accounts (interest-bearing and non-interest bearing)	—	(93)	—	(93)	(284)	(8)	3	(289)	(335
Certificate accounts	(165)	(302)	20	(447)	(471)	(281)	24	(728)	(868
Total deposits	(159)	(503)	17	(645)	(1,057)	(285)	26	(1,316)	(1,7
FHLB advances	(1)	(2)	—	(3)	(1)	(1)	—	(2)	(577
Total interest expense	(160)	(505)	17	(648)	(1,058)	(286)	26	(1,318)	(2,3
Increase (decrease) in net interest income	$357	$(848)	$(7)	$(498)	$(674)	$(885)	$171	$(1,388)	$(188

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Financial Condition

Comparison of Financial Condition at March 31, 2013 and September 30, 2012

At March 31, 2013, we had total assets of $479.1 million, a decrease of $11.4 million from $490.5 million at September 30, 20
decrease in cash and cash equivalents of $47.7 million. This decrease was substantially offset by increases of $21.6 million and
mortgage-backed securities portfolio and loan portfolio, respectively, reflecting the deployment of our cash and cash equivalen
loans in order to improve our earnings.

Total liabilities decreased $11.8 million to $418.9 million at March 31, 2013 from $430.7 million at September 30, 2012. The d
decrease in deposits and a $1.6 million decrease in accrued interest related to certificates of deposit as interest accrued on such
end of the calendar year. Allowing the runoff of higher costing certificates of deposit as part of our asset-liability management
assets described above as our cash and cash equivalents were used, in part, to fund such deposit outflows.

Stockholders' equity increased by $349,000 to $60.2 million at March 31, 2013 from September 30, 2012. The increase primar
with stock benefit plan expenses of $433,000. Also contributing to the increase was net income of $286,000 for the first six mo
decline in the unrealized gain on available for sale securities.

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

At September 30, 2012, we had total assets of $490.5 million, a decrease of $9.0 million from $499.5 million at September 30,
attributable to a $55.2 million decrease in the investment and mortgage-backed securities portfolio. This decrease was substanti
in cash and cash equivalents and $20.2 million in net loans. During fiscal 2012, in particular the third and fourth quarter, we rec
or called which we are in the process of deploying primarily into the purchase of U.S. government agency securities and the ori
As a result of the continued low interest rate environment, many issuers determined to call their securities since they bore yield
market.

Total liabilities decreased $11.4 million to $430.7 million at September 30, 2012 from $442.1 million at September 30, 2011. T
$10.4 million decrease in deposits as a result of our decision to lower rates paid on certificate accounts to facilitate a modest ru
deposit.

Stockholders' equity increased by $2.4 million to $59.8 million at September 30, 2012 from $57.5 million at September 30, 20
income of $2.6 million for the year ended September 30, 2012.

Comparison of Results of Operations for the Six Months Ended March 31, 2013 and 2012

General. For the six months ended March 31, 2013, we recognized net income of $286,000 as compared to net income of $48
The decreased level of earnings for the 2013 period primarily reflected the decrease in net interest income combined with the e
allowance related to a deferred tax asset.

Net Interest Income. For the six months ended March 31, 2013, net interest income decreased $498,000 or 7.3% to $6.3 millio
same period in 2012. The decrease was due to a $1.1 million or 11.7% decrease in interest income partially offset by a $648,00
The decrease in interest income resulted from a 39 basis point decrease to 3.70% in the weighted average yield earned on intere
$11.8 million or 2.5% decrease in the average balance of interest-earning assets for the six months ended March 31, 2013, as co
decrease in the weighted average yield earned was primarily due to the reinvestment of the proceeds from called investment se
at lower current market rates. The decrease in the average balance reflected the use of assets to fund the outflow of

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higher costing deposits, primarily certificates of deposit. The decrease in interest expense resulted primarily from a 26 basis po
average rate paid on interest-bearing liabilities, reflecting the continued repricing downward of interest-bearing liabilities durin
or 3.5% decrease in the average balance of interest-bearing liabilities, primarily certificates of deposit, for the six months ende
same period in 2012. The decline in the weighted average rate paid reflected the continued effect of the low interest rate enviro
repriced downward as well as our continued implementation of our asset/liability strategies designed to reduce our use of highe
funding source.

For the six months ended March 31, 2013, the net interest margin was 2.69%, as compared to 2.83% for the same period in 201
margin was consistent with the decline in net interest income as the yields on interest-earning assets declined to a greater degre
liabilities due to the already low level of our cost of funds.

Provisions for Loan Losses. The allowance is maintained at a level sufficient to provide for estimated probable losses in the lo
least quarterly, management performs an analysis to identify the inherent risk of loss in our loan portfolio. This analysis includ
concentrations of credit, past loss experience, current economic conditions, amount and composition of the loan portfolio (inclu
by management), estimated fair value of underlying collateral, delinquencies, and other factors.

Our methodology for assessing the adequacy of the allowance establishes both specific and general pooled allocations of the al
either individually for larger credits or in homogeneous pools, based on an internally developed grading system. The resulting
approved by senior management.

We did not establish a provision for loan loss for the six months period ended March 31, 2013, while the provision for loan los
ended March 31, 2012. No provision was deemed necessary for the 2013 period as recoveries totaling $785,000 were recognize
March 31, 2013 related to a previously fully charged-off construction loan which led to an increase in the loan loss allowance s
known losses associated with the loan portfolio. At March 31, 2013, our non-performing assets totaled $7.4 million or 1.6% of
or 3.3% of total assets at September 30, 2012. Non-performing assets included $6.2 million in non-performing loans of which
four-family residential loans and $2.1 million were commercial real estate loans. Non-performing assets also included six one-t
owned properties totaling $1.3 million. The decrease in non-performing assets during the six months ended March 31, 2013 wa
of a group of loans related to a condominium project located in Philadelphia in which we were the lead lender and held a $9.2
additional losses upon completion of the sale of the loans beyond the $968,000 loss already recognized in prior periods. In con
we and the other loan participants extended a loan to an affiliate of the borrower, the proceeds of which were used to reduce th
Our portion of such loan is approximately $1.3 million. The new loan was classified as a troubled debt restructuring and is incl
non-performing assets described above. The new loan is performing in accordance with its terms but is on non-accrual due to it
debt restructuring. See “Business — Lending Activities — Construction and Land Development Lending.” The allowance f
loans and 40.7% of non-performing loans at March 31, 2013 as compared to $1.9 million, or 0.7% of total loans and 13.4% of
2012.

Non-interest Income. Non-interest income amounted to $414,000 for the six months ended March 31, 2013, compared with $
2012. The increase was primarily related to decreases in the other than temporary impairment charges related to non-agency m
received as a result of our redemption in kind of an investment in a mutual fund.

Non-interest Expense. For the six months ended March 31, 2013, non-interest expense increased $19,000 compared to the sa
for the 2013 period primarily related to increased writedowns due to declines in the value of real estate owned properties under
the quarter ending June 30, 2013 as well as to increased advertising expense. The increase was partially offset by decreases in
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Income Tax Expense. We recorded income tax expense for the six months ended March 31, 2013 of $537,000, compared to in six months ended March 31, 2012. The tax expense was adversely impacted by the decline in available unrealized capital gains allowance recognized in the 2012 and 2013 periods related to the deferred tax asset for the capital loss carryforward created in referenced above of our investment in a mutual fund.

Comparison of Operating Results for the Years Ended September 30, 2012 and September 30, 2011

General. For the fiscal year ended September 30, 2012, we recognized net income of $2.6 million as compared to net income o September 30, 2011. The increase in net income experienced for the fiscal year ended September 30, 2012 as compared to fisca lower level of provisions for loan losses in fiscal 2012. During fiscal 2011, $4.6 million in provisions were established includin as declines in the collateral values related to two significant construction loans were recognized. Also contributing to the increa $1.4 million after-tax gain recognized on the sale of $21.6 million of mortgage-backed securities.

Net Interest Income. For the year ended September 30, 2012, net interest income decreased $1.4 million or 9.5% to $13.2 mill fiscal 2011. The decrease was due to a $2.7 million or 12.5% decrease in interest income partially offset by a $1.3 million or 18 decrease in interest income resulted primarily from a 46 basis point decrease to 3.96% in the weighted average yield earned on to the decrease was an $11.7 million or 2.4% decrease in the average balance of interest-earning assets due primarily to a $29.8 investment securities partially offset by a $22.1 million increase in the average balance of other interest-earning assets. The ma reflected the 62 basis point decline in the yield earned on the investment portfolio as the proceeds of sold and called investmen market interest rates. The decrease in interest expense resulted from a 25 basis point decrease to 1.33% in the weighted average The decline in the weighted average rate paid reflected the continued effect of the low interest rate environment on our cost of f certificates of deposit, repriced downward. Also contributing to the decrease was a $14.2 million or 3.2% decrease in the avera for the year ended September 30, 2012, as compared to fiscal 2011.

Provision for Loan Losses. For the year ended September 30, 2012, we established a $725,000 provision for loan losses as co The higher level of the provision for fiscal 2011 reflected primarily the recognition of the decrease in the value of the collateral projects as a result of declines in the real estate market. At September 30, 2012, our non-performing assets totaled $16.0 millio $14.9 million or 3.0% of total assets at September 30, 2011. Non-performing assets at September 30, 2012 included $14.0 milli $12.7 million were one-to four-family residential loans, $517,000 were construction and land development loans and $755,000 Included in the $12.7 million of non-performing one-to four-family residential loans were $8.1 million of troubled debt restruct restructurings relate to a 133-unit completed condominium project in Philadelphia and consist of five loans extended to the sam included seven one-to four-family residential real estate owned properties totaling $2.0 million. The allowance for loan losses t loans and 13.4% of non-performing loans at September 30, 2012 as compared to $3.4 million, or 1.4% of total loans and 26.6% September 30, 2011. The decline in the allowance resulted from the charge-off of $2.2 million of loans, a portion of which wer established and charged to provision expense in prior periods. For additional information regarding non-performing assets and "Business — Lending Activities — Construction and Land Development Lending" and " — Asset Quality — Non-Perfo

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Non-interest Income. Non-interest income amounted to $3.1 million for the year ended September 30, 2012, compared with $
fiscal 2012 was due to a sale of $21.6 million in mortgage-backed securities resulting in a pre-tax gain of $2.1 million. The sale
million deferred tax asset related to the capital loss that was generated in 2008 in connection with the redemption of our investr
mitigated the risk associated with the significant level of prepayment risk existing in the investment and mortgage-backed secu
environment.

Non-interest Expense. For the year ended September 30, 2012, non-interest expense increased $672,000 to $11.7 million com
The increase in fiscal 2012 primarily related to an increase of $427,000 in write-downs for declines in market value and expens
maintenance of real estate owned properties in fiscal 2012 as compared to fiscal 2011.

Income Tax Expense. We recorded income tax expense of $1.3 million for the year ended September 30, 2012 compared to ar
year ended September 30, 2011. Income tax expense increased in the 2012 period primarily due to the corresponding increase i
recognized in the 2011 period was due in part to the reduction in the valuation allowance recognized related to the capital loss c
the previously noted mutual fund redemption in kind.

Liquidity and Capital Resources

Liquidity is the ability to maintain cash flows that are adequate to fund our operations and meet our other obligations on a time
market conditions. Our ability to meet our current financial obligations is a function of balance sheet structure, the ability to liq
alternative sources of funds. To meet the needs of clients and manage our risk, we engage in liquidity planning and managemer
Our primary sources of funds are from deposits, scheduled principal and interest payments on loans, loan prepayments and the
securities and other investments, and other funds provided from operations. While scheduled payments from the amortization c
and maturing investment securities are relatively predictable sources of funds, deposit flows and loan prepayments can be great
economic conditions and competition. We also maintain excess funds in short-term, interest-bearing assets that provide additior
cash and cash equivalents amounted to $33.6 million. In addition, our available for sale investment and mortgage-backed secur
million at March 31, 2013.

We use our liquidity to fund existing and future loan commitments, to fund maturing certificates of deposit and demand deposit
interest-earning assets, and to meet operating expenses. At March 31, 2013, we had $7.5 million in outstanding commitments to
not including loans in process. We also had commitments under unused lines of credit of $6.1 million and letters of credit outst
At March 31, 2013, we had certificates of deposit maturing within the next 12 months amounting to $141.4 million. Based upo
that a significant portion of the maturing certificates of deposit will be redeposited with us unless we determine to lower rates to
the reduction of higher cost deposits during periods when there is excess cash on hand or in order to satisfy our asset/liability g
March 31, 2013 requiring the pledging of collateral.

In addition to cash flows from loan and securities payments and prepayments as well as from sales of available for sale securiti
capacity available to fund liquidity requirements should the need arise. Our borrowings consist solely of advances from the FH
member. Under terms of the collateral agreement with the FHLB of Pittsburgh, we pledge residential mortgage loans as well as
collateral for such advances. At March 31, 2013, we had $340,000 in outstanding FHLB of Pittsburgh advances and we had the
in additional FHLB of Pittsburgh advances. A borrowing line of credit has also been established with the Federal Reserve Bank
the ability to generate brokered certificates of deposit.

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We anticipate that we will continue to have sufficient funds and alternative funding sources to meet our current commitments.

Impact of Inflation and Changing Prices

Our consolidated financial statements, accompanying notes, and related financial data have been prepared in accordance with U measurement of financial position and operating results in terms of historical dollars without considering the changes in purcha inflation. The impact of inflation is reflected in the increased cost of operations. Most of our assets and liabilities are monetary interest rates has a greater impact on our performance than the effects of general levels of inflation. Interest rates do not necess same extent as the prices of goods and services.

Exposure to Changes in Interest Rates

Gap Analysis. The matching of assets and liabilities may be analyzed by examining the extent to which such assets and liabili monitoring our interest rate sensitivity "gap." An asset or liability is said to be interest rate sensitive within a specific time peri time period. The interest rate sensitivity gap is defined as the difference between the amount of interest-earning assets maturing period and the amount of interest-bearing liabilities maturing or repricing within that same time period. A gap is considered pos sensitive assets exceeds the amount of interest rate sensitive liabilities. A gap is considered negative when the amount of intere amount of interest rate sensitive assets. During a period of rising interest rates, a negative gap would tend to affect adversely ne would tend to result in an increase in net interest income. Conversely, during a period of falling interest rates, a negative gap w interest income while a positive gap would tend to affect adversely net interest income.

The table below sets forth the amounts of our interest-earning assets and interest-bearing liabilities outstanding at March 31, 20 assumptions, to reprice or mature in each of the future time periods shown (the "GAP Table"). Except as stated below, the amo reprice or mature during a particular period were determined in accordance with the earlier of term to repricing or the contractu table sets forth an approximation of the projected repricing of assets and liabilities at March 31, 2013, on the basis of contractu and scheduled rate adjustments within a three month period and subsequent selected time intervals. The loan amounts in the tab be redeployed and/or repriced as a result of contractual amortization and anticipated prepayments of adjustable-rate loans and f contractual rate adjustments on adjustable-rate loans. Annual prepayment rates for adjustable-rate and fixed-rate single-family commercial mortgage loans are assumed to range from 10.4% to 31.1%. The annual prepayment rate for mortgage-backed secu 25.0%. Money market deposit accounts, savings accounts and interest-bearing checking accounts are assumed to have annual ra on information from an internal analysis of our accounts up to a maximum of ten years.

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	3 Months or Less	More than 3 Months to 1 Year	More than 1 Year to 3 Years	More than 3 Years to 5 Years
			(Dollars in Thousands)	
Interest-earning assets (1):				
Investment and mortgage-backed securities (2)	$ 6,412	$ 17,755	$ 16,951	$ 10,528
Loans receivable (3)	32,029	48,342	93,750	46,702
Other interest-earning assets (4)	32,826	—	—	—
Total interest-earning assets	71,267	66,097	110,701	57,230
Interest-bearing liabilities:				
Savings accounts	1,923	5,110	9,869	9,049
Checking and money market accounts	3,957	11,871	23,657	17,765
Certificate accounts	55,226	86,199	53,103	41,692
FHLB advances	—	—	340	—
Real estate tax escrow accounts	1,266	—	—	—
Total interest-bearing liabilities	62,372	103,180	86,969	68,506
Interest-earning assets less interest-bearing liabilities	$ 8,895	$ (37,083)	$ 23,732	$ (11,276)
Cumulative interest-rate sensitivity gap (5)	$ 8,895	$ (28,188)	$ (4,456)	$ (15,732)
Cumulative interest-rate gap as a percentage of total assets at March 31, 2013	1.86 %	(5.88)%	(0.93)%	(3.28)%
Cumulative interest-earning assets as a percentage of cumulative interest-bearing liabilities at March 31, 2013	114.26 %	82.97 %	98.24 %	95.10 %

(1)

- Interest-earning assets are included in the period in which the balances are expected to be redeployed and/or repriced a scheduled rate adjustments and contractual maturities.

(2)

- For purpose of the gap analysis, investment securities are stated at amortized cost.

(3)

- For purposes of the gap analysis, loans receivable includes non-performing loans, gross of the allowance for loan losse discounts and deferred loan fees.

(4)

- Includes FHLB stock.

(5)

- Interest-rate sensitivity gap represents the difference between total interest-earning assets and total interest-bearing liab

Certain shortcomings are inherent in the method of analysis presented in the foregoing table. For example, although certain asse maturities or periods to repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in mark such as adjustable-rate loans, have features which restrict changes in interest rates both on a short-term basis and over the life o change in interest rates, prepayment and early withdrawal levels would likely deviate significantly from those assumed in calcu many borrowers to service their adjustable-rate loans may decrease in the event of an interest rate increase.

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Net Portfolio Value Analysis. Our interest rate sensitivity also is monitored by management through the use of a model which our net portfolio value ("NPV") over a range of interest rate scenarios. NPV is the present value of expected cash flows from as contracts. The NPV ratio, under any interest rate scenario, is defined as the NPV in that scenario divided by the market value of following table sets forth our NPV as of March 31, 2013 and reflects the changes to NPV as a result of immediate and sustained

Change in Interest Rates In Basis Points (Rate Shock)	**Net Portfolio Value**			**NPV as %**
	Amount	**$ Change**	**% Change**	**NPV Ratio**
			(Dollars in Thousands)	
300	$ 48,130	$ (32,171)	(40.06)%	11.29
200	59,451	(20,850)	(25.96)	13.32
100	71,057	(9,244)	(11.51)	15.20
Static	80,301	—	—	16.50
(100)	79,887	(414)	(0.52)	16.10
(200)	80,366	65	0.08	15.95
(300)	87,379	7,078	8.81	17.04

At March 31, 2013, our NPV was $80.3 million or 16.50% of the market value of assets. Following a 200 basis point increase i would be $59.5 million or 13.32% of the market value of assets. The change in our NPV ratio of sensitivity measure was an inc

As is the case with the GAP Table, certain shortcomings are inherent in the methodology used in the above interest rate risk me require the making of certain assumptions which may or may not reflect the manner in which actual yields and costs respond to regard, the models presented assume that the composition of our interest sensitive assets and liabilities existing at the beginning period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve re repricing of specific assets and liabilities. Accordingly, although the NPV model provides an indication of interest rate risk exp model is not intended to and does not provide a precise forecast of the effect of changes in market interest rates on net interest i results.

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BUSINESS

General

Prudential Bancorp–New is a Pennsylvania corporation which was organized in June 2013. Upon completion of the conversion will become the holding company of Prudential Savings Bank and will succeed to all of the business and operations of existing Prudential Bancorp and Prudential Mutual Holding Company will cease to exist.

Initially following the completion of the conversion and offering, Prudential Bancorp–New will have no significant assets other common stock of Prudential Savings Bank and the net proceeds it retains from the offering and it will have no significant liabil Bancorp–New intends to use the support staff and offices of Prudential Savings Bank. If Prudential Bancorp–New expands or c hire its own employees.

Existing Prudential Bancorp is a Pennsylvania corporation which was organized as a mid-tier holding company for Prudential S FDIC-insured savings bank. Prudential Savings Bank is a wholly owned subsidiary of existing Prudential Bancorp. Existing Pr are primarily dependent on the results of Prudential Savings Bank. As of March 31, 2013, existing Prudential Bancorp on a con approximately $479.1 million, total deposits of approximately $416.1 million, and total stockholders' equity of approximately $

Existing Prudential Bancorp was formed when Prudential Savings Bank reorganized from a mutual savings bank into a mutual March 2005. Prudential Mutual Holding Company, a Pennsylvania mutual holding company, is the mutual holding company pa of March 31, 2013, Prudential Mutual Holding Company owned 74.6% (7,478,062 shares) of existing Prudential Bancorp's out

Prudential Savings Bank is a community-oriented savings bank headquartered in South Philadelphia which was originally orga Pennsylvania-chartered building and loan association known as "The South Philadelphia Building and Loan Association No. 2. number of mergers with other mutual institutions and converted to a Pennsylvania-chartered savings bank in August 2004. The consists of the headquarters and main office and six full-service branch offices. Six of the banking offices are located in Philade in Drexel Hill in neighboring Delaware County, Pennsylvania. Prudential Savings Bank maintains ATMs at six of the banking services.

We are primarily engaged in attracting deposits from the general public and using those funds to invest in loans and securities. deposits, repayments of loans and mortgage-backed securities, maturities and calls of investment securities and interest-bearing operations and funds borrowed from the Federal Home Loan Bank of Pittsburgh. These funds are primarily used for the origina single-family residential mortgage loans, construction and land development loans, non-residential or commercial real estate m lines of credit, commercial business loans and consumer loans. We are an active originator of residential home mortgage loans excess of $417,000 (which are referred to as "jumbo loans"). Traditionally, we focused on originating long-term single-family Although, we had been involved in construction lending beginning in fiscal 2003, we began to significantly increase our involv development lending. With the decline in real estate values starting in 2008, we curtailed new construction and land developme existing construction lending customers to complete projects that were underway and renewed our focus on residential lending. loans decreased from $42.6 million or 16.5% of the total loan portfolio at September 30, 2008 to $14.8 million or 5.3% of the t real estate values recover and market conditions improve for residential construction lending, we expect to increase our constru "— Asset Quality".

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At March 31, 2013, our non-performing assets totaled $7.4 million or 1.6% of total assets as compared to $16.0 million or 3.3%
and $14.9 million or 3.0% of total assets at September 30, 2011. Non-performing assets at March 31, 2013 included $6.2 millio
million consisted of one-to four-family residential loans and $2.1 million consisted of commercial real estate loans. Included in
commercial real estate loans was a $1.3 million troubled debt restructuring, while performing in accordance with its restructure
troubled debt restructuring relates to a loan extended in connection with the sale of all the loans related to a 133-unit completed
See "— Lending Activities — Construction and Land Development Lending." Non-performing assets also included six one-
properties totaling $1.3 million at March 31, 2013. The allowance for loan losses totaled $2.5 million, or 0.9% of total loans an
March 31, 2013. See "— Asset Quality".

The investment and mortgage-backed securities portfolio decreased by $55.2 million to $129.1 million at September 30, 2012 f
2011 but increased to $150.7 million at March 31, 2013. The decrease from September 30, 2011 to September 30, 2012 was du
proceeds of which at September 30, 2012 were still in the process of being deployed primarily into the purchase of U.S. govern
origination of residential mortgage loans. During the six months ended March 31, 2013, the proceeds of such calls and sales we
investment securities consist of debt and mortgage-backed securities issued by government sponsored enterprises ("GSEs") or
2013, the investment and mortgage-backed securities held for sale had an aggregate gross unrealized loss of $266,000 which re
related to non-agency mortgage-backed securities in the portfolio due in large part to continued turbulence in the mortgage indu

Our executive offices are located at 1834 West Oregon Avenue, Philadelphia, Pennsylvania and our telephone number is (215)
www.prudentialsavingsbank.com and we provide our customers with on-line banking and telephone banking services. The info
currently and in the future, is not considered to be part of this prospectus.

Market Area and Competition

Our primary market area is Philadelphia, in particular South Philadelphia and Center City, as well as Delaware County. We als
Montgomery Counties which, along with Delaware County, comprise the suburbs of Philadelphia. We also make loans in conti
This area is referred to as the Delaware Valley region.

Philadelphia is the fifth largest metropolitan region in the United States and home to over 63 colleges and universities. Traditio
metropolitan area was driven by the manufacturing and distribution sectors. Currently, the leading employment sectors in the re
services; (ii) transportation, trade and utilities services; (iii) professional and business services; and (iv) due to the region's num
hospitality services. The region's leading employers include Jefferson Health System, the University of Pennsylvania Health Sy
Comcast Corporation. The Philadelphia metropolitan area has also evolved into one of the major corporate centers in the Unite
access to transportation, significant number of educational facilities to supply technical talent and available land for corporate a
Philadelphia metropolitan area is currently home to 13 Fortune 500 companies, including AmerisourceBergen, Comcast, Sunoc
Financial. It is also a major health care area with a number of teaching and research hospitals being operated.

The Philadelphia region is slowly recovering from the effects of the recent economic recession where falling home prices and s
significantly contributed to a recession that officially lasted until June 2009, although the effects continued thereafter. Home pr
modest increase in 2012 and continued to increase in the first quarter of 2013. The unemployment rate for the Philadelphia met
compared to a Pennsylvania unemployment rate of 7.9% and a national unemployment rate of 7.6% in March 2013.

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We face significant competition in originating loans and attracting deposits. This competition stems primarily from commercial associations and mortgage-banking companies. Many of the financial service providers operating in the market area are signific resources, than us. We face additional competition for deposits from short-term money market funds and other corporate and go and from other non-depository financial institutions such as brokerage firms and insurance companies.

Lending Activities

General. At March 31, 2013, the net loan portfolio totaled $278.2 million or 58.1% of total assets. Historically, the principal le of residential real estate loans collateralized by one-to four-family, also known as “single-family” homes, secured by properties The types of loans that we may originate are subject to federal and state banking laws and regulations. Interest rates charged by the demand for such loans and the supply of money available for lending purposes and the rates offered by competitors. These and economic conditions, the monetary policy of the federal government, including the Board of Governors of the Federal Rese Federal Reserve Board), legislative tax policies and governmental budgetary matters.

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Loan Portfolio Composition. The following table shows the composition of the loan portfolio by type of loan at the dates indi

	March 31, 2013 Amount	%	2012 Amount	%	2011 Amount	%	September 30, 2010 Amount	%	Amou
					(Dollars in Thousands)				
Real estate loans:									
One- to four-family residential (1)	$241,968	86.07 %	$222,793	84.64 %	$196,533	79.53 %	$197,164	74.96 %	$201,39
Multi-family residential	4,751	1.69	5,051	1.92	5,723	2.32	4,006	1.52	4,178
Commercial real estate	18,599	6.62	19,333	7.35	21,175	8.57	19,710	7.49	19,907
Construction and land development	14,800	5.26	14,873	5.65	22,226	9.00	40,650	15.46	36,764
Total real estate loans	280,118	99.64	262,050	99.56	245,657	99.42	261,530	99.43	262,24
Commercial business	593	0.21	632	0.24	814	0.33	893	0.34	2,232
Consumer	421	0.15	523	0.20	613	0.25	595	0.23	586
Total loans	281,132	100.00%	263,205	100.00%	247,084	100.00%	263,018	100.00%	265,06
Less:									
Undisbursed portion of loans in process	1,872		1,629		3,773		5,366		6,281
Deferred loan costs	(1,489)		(989)		(564)		(590)		(644
Allowance for loan losses	2,512		1,881		3,364		3,151		2,732
Net loans	$278,237		$260,684		$240,511		$255,091		$256,69

(1)

- Includes home equity loans and lines of credit totaling $6.6 million and $10.6 million, respectively, at March 31, 2013 respectively, at September 30, 2012.

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Contractual Terms to Final Maturities. The following tables show the scheduled contractual maturities of loans as of March 3
giving effect to net items. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts
The amounts shown below do not take into account loan prepayments.

	March 31, 2013				
	One-to Four-Family Residential	Multi-family Residential	Commercial Real Estate	Construction and Land Development	Comme Busi
	(In Thousands)				
Amounts due after March 31, 2013 in:					
One year or less	$ 10,193	$ 1	$ 1,296	$ 6,632	$ —
After one year through two years	4,866	—	1,233	3,950	8
After two years through three years	3,309	167	3,261	3,746	42
After three years through five years	8,837	1,976	4,753	472	—
After five years through ten years	57,038	2,128	7,372	—	88
After ten years through fifteen years	69,671	373	311	—	323
After fifteen years	88,054	106	373	—	132
Total	$ 241,968	$ 4,751	$ 18,599	$ 14,800	$ 593

	September 30, 2012				
	One-to Four-Family Residential	Multi-family Residential	Commercial Real Estate	Construction and Land Development	Comm Busi
	(In Thousands)				
Amounts due after September 30, 2012 in:					
One year or less	$ 8,594	$ 166	$ 1,196	$ 4,970	$ 20
After one year through two years	11,933	—	1,302	5,216	—
After two years through three years	2,004	170	2,930	4,201	53
After three years through five years	9,861	520	4,936	486	—
After five years through ten years	56,104	3,672	8,324	—	92
After ten years through fifteen years	60,656	381	317	—	332
After fifteen years	73,641	142	328	—	135
Total	$ 222,793	$ 5,051	$ 19,333	$ 14,873	$ 632

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The following table shows the dollar amount of all loans due after one year from March 31, 2013 and September 30, 2012, as s
fixed interest rates or which have floating or adjustable interest rates.

	Fixed-Rate	Marc Fl Adju (In T
One- to four-family residential (1)	$ 213,677	$ 18,098
Multi-family residential	4,750	—
Commercial real estate	16,470	833
Construction and land development	630	7,538
Commercial business	593	—
Consumer	351	—
Total	$ 236,471	$ 26,469

	Fixed-Rate	Septem Fl Adju (In T
One- to four-family residential (1)	$ 206,804	$ 7,395
Multi-family residential	4,885	—
Commercial real estate	17,303	834
Construction and land development	1,368	8,535
Commercial business	612	—
Consumer	442	—
Total	$ 231,414	$ 16,764

(1)

- Includes home equity loans and lines of credit.

Prudential Savings Bank originates five, seven and 10 year adjustable-rate mortgage loan, consisting primarily of one-to four-fa
interest rate is initially fixed for a specified period (five, seven or 10 years) and then converts to an adjustable interest rate whic
remainder of the loan term. The seven and 10 year adjustable-rate mortgages have artificially low initial interest rates at the dat
"teaser rates." Most of the "hybrid" loans are originated in connection with the origination of jumbo residential mortgage loans

Loan Originations. The lending activities are subject to underwriting standards and loan origination procedures established by
Loan originations are obtained through a variety of sources, primarily existing customers as well as new customers obtained fro
promotional efforts. We also use loan correspondents and brokers as a source for a substantial part of our residential mortgage l
loans using our documentation or purchasing such loans from them immediately upon closing. Loans obtained from loan corres
same underwriting standards as loans originated internally. Consumer loan applications are taken at any of our offices while loa
loans, including home equity loans and home equity lines of credit, are taken only at our main office. All loan applications are p
our main office.

Single-family residential mortgage loans are written on standardized documents used by the Federal Home Loan Mortgage Cor
National Mortgage Association ("FNMA" or "Fannie Mae"). Property valuations of loans secured by real estate are undertaken
approved by the board of directors. At March 31, 2013, September 30,

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2012 and September 30, 2011, we had no real estate loans that would be considered subprime loans, which we define as mortga
not qualify for loans bearing market interest rates because of problems with their credit history. We do not originate and have n
In addition, we utilize correspondent brokers to assist in the origination of single-family residential loans. However, all of such
underwriting criteria and are approved in accordance with the procedures established by our loan policy prior to loan closing. W
participation interests in larger balance loans, typically commercial real estate loans, from other financial institutions in our ma
reviewed for compliance with our underwriting criteria and are approved by the Management Loan Committee and either the E
Directors before they are purchased. Generally, loan purchases have been without any recourse to the seller. However, we activ
loans through the receipt of regular updates, including inspections reports, from the lead lender regarding the loan's performanc
lender on a regular basis and receiving copies of updated financial statements of the borrower from the lead lender.

We also have sold participation interests in construction and land development loans originated by us to other institutions in its
participation interests, it has been done without recourse. We generally have sold participation interests in loans only when a lo
one borrower limits. With respect to the sale of participation interests in such loans, we have received commitments to purchase
time the loan is closed. In addition, we have sold loans in the past to the Federal Home Loan Bank of Pittsburgh pursuant to the
consisting of long-term, fixed-rate single-family residential loans originated which had interest rates below certain levels establ
sales provide for a limited amount of recourse. At March 31, 2013, our recourse exposure was approximately $64,000, we have
program for several years. During the six months ended March 31, 2013, we sold $9.2 million of loans consisting of all the loan
project located in Philadelphia. See "— Lending Activities — Construction and Land Development Lending." No loan sales
September 30, 2012, 2011 or 2010.

As part of our loan policy, we are permitted, subject to certain exceptions as approved by the loan committee, to make loans to
up to 15% of the capital accounts of Prudential Savings Bank which consist of the aggregate of its capital, surplus, undivided p
for loan losses. At March 31, 2013, our loans to one borrower limit pursuant to our loan policy was approximately $8.7 million
loans to one borrower and related entities amounted to $9.4 million (an exception to our loan policy was granted in order to pro
loans), $5.0 million, and $4.3 million. The largest loan relationship consists of six loans primarily to fund single-family residen
The second largest relationship consists of commercial real estate loans. The third largest relationship consists primarily of loan
properties. All of such loans were performing in accordance with their terms as of March 31, 2013. For more information regar
Activities — Construction and Land Development Lending".

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The following table shows our total loans originated, purchased, sold and repaid during the periods indicated.

	Six Months Ended March 31, 2013	2012	Yea 2012 (In Thousands)
Loan originations (1)			
One- to four-family residential	$ 39,741	$ 20,590	$ 60,913
Multi-family residential	—	770	770
Commercial real estate	1,321	1,576	1,576
Construction and land development	2,021	2,950	7,960
Commercial business	379	577	1,049
Consumer	36	74	193
Total loan originations	43,497	26,537	72,461
Loans purchased	—	—	1,624
Total loans originated and acquired	43,497	26,537	74,085
Loans sold	9,240	—	—
Loans transferred to real estate owned	236	199	223
Loan principal repayments	16,521	28,470	53,302
Total loans sold and principal repayments	25,997	28,669	53,525
(Increase/decrease) due to other items, net (2)	53	(148)	(387)
Net increase (decrease) in loan portfolio	$ 17,553	$ (2,280)	$ 20,173

(1)

- Includes loan participations with other lenders.

(2)

- Other items consist of the undisbursed portion of loans in process, deferred fees and the allowance for loan losses. The consisted of the accretion of deferred loan fee income. The 2012 balance consisted primarily of the $725,000 loan loss $338,000 accretion of deferred loan fee income. The 2011 balance consisted primarily of $4.6 million loan loss provisi accretion of deferred loan fee income. The 2010 balance consisted primarily of the $1.1 million loan loss provision exp accretion of deferred loan fee income.

One-to Four-Family Residential Mortgage Lending. Our primary lending activity continues to be the origination or purchase c one-to four-family residential properties located in our market area. Our single-family residential mortgage loans are obtained t branch personnel as well as through correspondents. The balance of such loans increased from $191.3 million or 74.0% of total million or 86.1% of total loans at March 31, 2013.

Single-family residential mortgage loans generally are underwritten on terms and documentation conforming to guidelines issu jumbo loans also conform to Freddie Mac and Fannie Mae Guidelines except of for the size limitation. We generally have retai the single-family residential mortgage loans that we originate, including our jumbo residential mortgage loans, only selling cert interest rates below certain levels established by the board. All of such loans have been sold to the Federal Home Loan Bank of Partnership Finance Program. No sales pursuant to this program occurred during the past three fiscal years or during the first si all loans that we have originated, including loans that we subsequently sell. We currently offer adjustable-rate mortgage and ba shorter term fixed-rate loans (generally 15 years or less) followed by a final payment of the full amount of the principal due at t environment, originations of such loans have been limited in recent years. However,

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in recent periods we have offered "hybrid" adjustable-rate loans as described below in order to increase the interest-rate sensitiv been more attractive to customers than traditional adjustable-rate loans since the initial interest rate is fixed for a specified perio 7.6%, of our one-to four-family residential loan portfolio (excluding home equity loans and lines of credit) consisted of adjusta fixed-rate, fully amortizing mortgage loans with maturities of 15, 20 or 30 years.

In light of the historically low current interest rate environment and to assist in the implementation of its asset/liability manage been increasing our emphasis on the origination of adjustable-rate single-family mortgage loans. The adjustable-rate loans curr which are fixed for the first five, seven or 10 years and then adjust every year thereafter for the remainder of the term of the loa currently one-year U.S. Treasury obligations, adjusted to a constant maturity ("CMT"), plus a stipulated margin. Our adjustable loans generally have a cap of 2% on any increase or decrease in the interest rate at any adjustment date, and a maximum adjust decrease over the life of the loan. Our adjustable-rate loans require that any payment adjustment resulting from a change in the sufficient to result in full amortization of the loan by the end of the loan term and, thus, do not permit any of the increased pay of the loan, creating negative amortization. Although we offer adjustable-rate loans with initial rates below the fully indexed ra one-year CMT are underwritten using methods approved by Freddie Mac or Fannie Mae which require borrowers to be qualifie under certain conditions.

We underwrite one-to four-family residential mortgage loans with loan-to-value ratios of up to 95%, provided that the borrowe loans that exceed 80% of the appraised value or sales price, whichever is less, of the secured property. We also require that title appropriate, flood insurance be maintained on all properties securing real estate loans. A licensed appraiser appraises all proper mortgage loans. Our mortgage loans generally include due-on-sale clauses which provide us with the contractual right to deem the event the borrower transfers ownership of the property.

Our single-family residential mortgage loans also include home equity loans and lines of credit, which amounted to $6.6 millio March 31, 2013. The unused portion of home equity lines was $4.9 million at such date. Our home equity loans are fully amort 20 years. While home equity loans also are secured by the borrower's residence, we generally obtain a second mortgage positio provides that our home equity loans have loan-to-value ratios, when combined with any first mortgage, of 80% or less at time o preponderance of our home equity loans have combined loan-to-value ratios of 75% or less at time of origination. We also offe with interest tied to the Wall Street Journal prime rate. Generally, we have a second mortgage on the borrower's residence as co addition, our home equity lines generally have loan-to-value ratios (combined with any loan secured by a first mortgage) of 75 customers may apply for home equity lines as well as home equity loans at any banking office. While there has been recent dec weak real estate market, we believe our conservative underwriting guidelines have minimized our exposure in that regard.

Construction and Land Development Lending. We have been involved in construction and land development lending for man construction loan originations because construction loans had shorter terms to maturity, provided an attractive yield and they g interest rates. However, since 2008, our construction loan portfolio has decreased as market conditions made these loans less de estate market resulting in slower sales and reduced housing prices in certain instances, resulting in certain of our construction lo We have focused our construction lending on making loans to developers and homebuilders with whom we have long-standing area to acquire, develop and build single-family residences or condominium projects. Our construction loans include, to a lesse multi-family residential or mixed-use properties. At March 31, 2013, our construction and land development loans amounted to

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total loan portfolio. This amount includes $1.9 million of undisbursed loans in process. The average size of our construction an
loans to our largest lending relationship, was approximately $600,000 at March 31, 2013. Our construction loan portfolio has d
September 30, 2008 when construction loans amounted to $42.6 million or 16.5% of our total loan portfolio.

Loans to finance the construction of condominium projects or single-family homes and subdivisions are generally offered to ex
area with whom we have an established relationship. Residential construction and development loans are offered with terms of
terms are 12 to 24 months. The maximum loan-to-value limit applicable to these loans is 75% of the appraised post constructio
amortization of the principal during the term of the loan. We often establish interest reserves and obtain personal and corporate
construction loans. Interest reserves are used to pay the monthly interest payments during the development phase of the loan an
balance. Interest reserves pose an additional risk to us if we do not become aware of deterioration in the borrower's financial co
utilized. In order to help monitor the risk, financial statements and tax returns are obtained from borrowers on an annual basis.
reviewed at least annually pursuant to a third-party loan review. Construction loan proceeds are disbursed periodically in increm
inspection by approved appraisers or loan inspectors warrants. Construction loans are negotiated on an individual basis but typi
upon the Wall Street Journal prime rate. Additional fees may be charged as funds are disbursed. In addition to interest payment
loan, we typically require that payments to reduce the principal outstanding be made as units are completed and released. Gene
equal to 110% of the amount attributable to acquisition and development of the lot plus 100% of the amount attributable to con
permit a pre-determined number of model homes to be constructed on an unsold or "speculative" basis. Generally, speculative
and to no more than two projects per developer. All other units must be pre-sold before we will disburse funds for construction
acquire land and loans to develop the basic infrastructure, such as roads and sewers. The majority of our construction loans are
Philadelphia metropolitan statistical area. In addition, we have sold participation interests in a number of the larger constructio
at least a 20% interest. Such sales do not provide for any recourse against the Bank.

Set forth below is a brief description of the four largest construction loans.

In June 2010, we extended a $5.1 million loan to a local real estate developer for the construction of 19 single-family homes in
has a 36 month term with interest only due during the term and a variable interest rate indexed to the Wall Street Journal prime
of 6.0%. The loan-to-value ratio at the date of origination was approximately 67% which includes certain additional collateral.
loan. As of March 31, 2013, the outstanding loan balance was approximately $3.8 million and 14 units have been sold with an a
sale. The loan is performing in accordance with its terms.

In September 2009, we extended a $3.9 million construction and land development loan to a local developer to purchase land fo
single-family residential real estate units. The loan was a variable-rate loan indexed to the Wall Street Journal prime rate plus a
and with a maturity date after pre-approved extensions of June 2011. During 2011, a new appraisal revealed that the market val
decreased in value. The borrower subsequently agreed to provide additional collateral resulting in a revised loan-to-value ratio
a 30 year amortizing loan with a three year balloon maturing in September 2014. Additionally, a portion of proceeds received b
other projects must be applied to reduce the principal of this loan. The borrower has agreed not to develop the project until cert
modification was not considered a troubled debt restructuring as the loan was current at the time of the restructuring and the res
market rates. As of March 31, 2013, the outstanding loan balance was approximately $3.8 million. The loan is performing in ac
principal balance of the six loans extended to this borrower at March 31, 2013 was $9.4 million.

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In 2007, we extended a $2.4 million construction loan to a local developer for the purchase and renovation of a property in Cen additional $530,000 was made available as part of the issuance of two home equity lines of credit secured by the renovated pro residence. Although construction is complete, the property remains unsold. The loans were modified during June 2011, being re bearing interest at 4.875% amortizing based on a 30 year schedule. The modification was not considered a troubled debt restruc time of the restructuring and the restructured loans were made at current market rates. The loans are classified as substandard d when the loans could not be satisfied at their original maturity date as well as due to delinquency issues in prior periods. As of $2.8 million. There was a $71,000 charge-off recognized during fiscal 2012 based on a decrease in the appraised values of the were required during the six months ended March 31, 2013 and the loans were current as of March 31, 2013.

In March 2010, we extended a $2.5 million loan to a local real estate developer for the financing of a 5 unit condominium proje had a 36 month term with interest only due during the term and a variable interest rate indexed to the Wall Street Journal prime of 6.25%. At the end of the 36 month term, the loan converted to a five year balloon with principal and interest amortization ba loan-to-value ratio at the date of origination was approximately 55% which includes certain additional collateral. We retained t March 31, 2013, the outstanding loan balance was approximately $2.5 million since the loan just converted, in accordance with loan is performing in accordance with its terms at March 31, 2013.

In addition, our previously largest loan relationship consisted of several loans made to finance the construction and developme project located in Center City Philadelphia. We, along with five other banks that had participation interests in the loans, advanc lead lender in the project, we retained the largest interest in the loan, $5.8 million or 20% of the aggregate loan balance. Constr September 2010. Sales of the units were slower than projected and, as such, in fiscal 2011, the loans were restructured and a lo for the pledging of additional collateral. The restructured loans were classified as troubled debt restructurings and placed on no non-performing assets. At September 30, 2012 there were 80 unsold units all of which were being used as rental properties to p of September 30, 2012, the principal balance of the loan was $20.7 million (which reflected reductions to recognize charge-off by us aggregating $8.8 million (including the additional loan referenced below). Our interest in the loans reflected the acquisiti interests of two other participants in the loans. In October 2012, we and one of the participants acquired the interest of a third p interest to $9.2 million. In addition, in fiscal 2010 we extended a new loan of $790,000 to the borrower to finance the construct the same location. During November 2012, we entered into an agreement with a third party to sell all the loans for $14.0 millio January 2013. In connection with such sale, we and the other participants extended a loan to an affiliate of the borrower in the a which were provided to us and the other participants in partial payment of the principal due on the loans sold to the third party. consisting of residential and commercial condominium units with an aggregate value of approximately $2.8 million was provid been classified as a troubled debt restructuring and is non-accrual. However, it is performing in accordance with its terms. No a consummation of the loan sale.

Construction financing is generally considered to involve a higher degree of credit risk than long-term financing on improved, on a construction loan depends largely upon the accuracy of the initial estimate of the property’s value at completion of constru including interest, of construction and other assumptions. Additionally, if the estimate of value proves to be inaccurate, we may completed, having a value less

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than the loan amount. We have attempted to minimize these risks by generally concentrating on residential construction loans i
whom we have established lending relationships and by selling, with respect to larger construction and land development loans
our exposure.

Multi-Family Residential and Commercial Real Estate Loans.   At March 31, 2013, multi-family residential and commercial re
to $23.4 million or 8.3% of the total loan portfolio.

The commercial real estate and multi-family residential real estate loan portfolio consists primarily of loans secured by small o
small apartment buildings and other properties used for commercial and multi-family purposes located in our market area. At M
and multi-family real estate loan size was approximately $284,000. The largest multi-family residential or commercial real esta
million participation interest in a commercial real estate loan serviced by another lender secured by a hotel in suburban Philade
accordance with its terms at such date. Substantially all of the properties securing the multi-family residential and commercial r
primary market area.

Although terms for commercial real estate and multi-family loans vary, our underwriting standards generally allow for terms up
not more than 75%. Most of the loans are structured with balloon payments of 10 years or less and amortization periods of up t
or adjustable, based upon designated market indices such as the Wall Street Journal prime rate plus a margin or, with respect to
Average Contract Interest Rate for previously occupied houses as reported by the Federal Housing Finance Board. In addition,
origination of the loan. We generally obtain personal guarantees of the principals as well as additional collateral for commercia
loans.

Commercial real estate and multi-family real estate lending involves different risks than single-family residential lending. Thes
borrowers and loan payments that are dependent upon the successful operation of the project or the borrower's business. These
demand conditions in the project's market area of rental housing units, office and retail space and other commercial space. We
limiting loans to proven businesses, only considering properties with existing operating performance which can be analyzed, us
our underwriting, and periodically monitoring the operation of the business or project and the physical condition of the property
Various aspects of commercial and multi-family loan transactions are evaluated in an effort to mitigate the additional risk in the
procedures, consideration is given to the stability of the property's cash flow history, future operating projections, current and p
physical condition. Generally, we impose a debt service ratio (the ratio of net cash flows from operations before the payment o
than 120%. We also evaluate the credit and financial condition of the borrower, and if applicable, the guarantor. Appraisal repo
are reviewed by us prior to the closing of the loan. With respect to loan participation interests we purchase, we underwrite the l

Our origination of commercial real estate and multi-family residential real estate loans decreased during the periods from fiscal
March 31, 2013 compared to previous years. Although some delinquencies have existed with respect to these types of loans in
incurred over the past several years.

Consumer Lending Activities.   We offer various types of consumer loans such as loans secured by deposit accounts and unsec
originated primarily through existing and walk-in customers and direct advertising. At March 31, 2013, $421,000, or 0.2% of t
consumer loans.

Consumer loans generally have higher interest rates and shorter terms than residential loans. However, consumer loans have ad
collateral securing the loan or in some cases, the absence of collateral.

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Commercial Business Loans. Our commercial business loans amounted to $593,000 or 0.2% of the total loan portfolio at Mar
Our commercial business loans typically are made to small to mid-sized businesses in our market area primarily to provide wor
have adjustable or fixed rates of interest and generally have terms of three years or less but may be as long as 15 years. Our con
the creditworthiness of the borrower and generally require a debt service coverage ratio of at least 120%. In addition, we genera
principals of the borrower with respect to commercial business loans and frequently obtain real estate as additional collateral.

We are considering entering into a correspondent relationship which will source SBA guaranteed loans to us. Such loans would
Wall Street Journal prime rate plus a margin. The loans would generally have 25 year terms with prepayment penalties imposed
three years. We expect to start originating such loans during first quarter of fiscal 2014 and will seek to originate approximately
the 75% SBA-guaranteed portion of the loans, retaining the remaining 25%. In addition, we are also expecting to purchase leas
vehicles and equipment. The loans would bear fixed interest rates tied to the Wall Street Journal prime rate plus a margin and w
and 48 months. The loans would be fully amortizing. The lease finance company selling the lease financings to us would guara
and we would also obtain personal guarantees from the principals of the lease finance company. We will limit our maximum in
this arrangement to $5.0 million. The individual leases financed are expected to generally range in size from $50,000 to $80,00
financing program in the fourth quarter of fiscal 2013.

Loan Approval Procedures and Authority. Our Board of Directors establishes our lending policies and procedures. Our variou
annually by our management team and the Board in order to consider modifications as a result of market conditions, regulatory
modifications must be approved by either the Management Loan Committee, and either the Executive Committee of the Board
Home equity loans and lines of credit up to $100,000 can be approved by one underwriter and two lending officers. Amounts in
with respect to home equity loans and lines of credit must be approved by our two lending officers, and either our President or c
owner-occupied non-home equity loans up to $1.0 million can be approved by Management Loan Committee. All other loans, r
must be approved by Management Loan Committee and either the Executive Committee of the Board or the full Board of Direc

Asset Quality

General. One of our key objectives has been, and continues to be, maintaining a high level of asset quality. In addition to main
originations which we believe are prudent, we are proactive in our loan monitoring, collection and workout processes in dealing
also retain an independent, third party to undertake periodic reviews of the credit quality of a random sample of new loans as w
an annual basis.

Reports listing all delinquent accounts are generated and reviewed by management on a monthly basis. These reports include in
more delinquent and all real estate owned properties and are provided to the Board of Directors. The procedures we take with re
on the nature of the loan, period and cause of delinquency and whether the borrower is habitually delinquent. When a borrower
loan, we take a number of steps to have the borrower cure the delinquency and restore the loan to current status. We generally s
non-payment after the loan is first past due. Our guidelines provide that telephone, written correspondence and/or face-to-face c
reasons for delinquency and the prospects of repayment. When contact is made with the borrower at any time prior to foreclosu
payment, work out a repayment schedule with the borrower to

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avoid foreclosure or, in some instances, accept a deed in lieu of foreclosure. In the event payment is not then received or the loa letters and telephone calls generally are made. If the loan is still not brought current or satisfied and it becomes necessary for us occurs after a loan is 90 days or more delinquent, we will commence foreclosure proceedings against any real property that sec instituted and the loan is not brought current, paid in full, or refinanced before foreclosure sale, the property securing the loan g purchased by us, becomes real estate owned. Since there has not been a significant increase in recent years in the loans that are four-family residential loan portfolio, we were not adversely impacted by any recent government programs related to the forecl

On loans where the collection of principal or interest payments is doubtful, the accrual of interest income ceases ("non-accrual" as to principal and interest payments, our policy is to discontinue accruing additional interest and reverse any interest currently be taken earlier if the financial condition of the borrower raises significant concern with regard to his/her ability to service the c loan agreement. Interest income is not accrued on these loans until the borrower's financial condition and payment record dem

Property acquired by us through foreclosure is initially recorded at the lower of cost, which is the carrying value of the loan, or which is fair value of the related assets at the date of foreclosure, less estimated costs to sell. Thereafter, if there is a further det for the diminution in value. Our policy is to obtain an appraisal on real estate subject to foreclosure proceedings prior to the tim outside its market area or consists of other than single-family residential property. We obtain re-appraisals on a periodic basis, foreclosed properties. We also conduct inspections on foreclosed properties.

We account for our impaired loans in accordance with generally accepted accounting principles. An impaired loan generally is based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Large loans are collectively evaluated for impairment. Loans collectively evaluated for impairment include smaller balance commerc loans and consumer loans. These loans are evaluated as a group because they have similar characteristics and performance exp construction and land development and commercial business loans are individually evaluated for impairment on at least an ann independent third-party loan review function. All loans classified as substandard as part of the loan review process or due to de potential impairment. There were $21.0 million of loans evaluated for impairment as of March 31, 2013, consisting of $16.0 m loans, $2.6 million of commercial real estate loans, $1.5 million of construction and land development loans and $906,000 of m allocations were applied to these loans, there were partial charge-offs of $154,000 applicable to the loans that were reviewed fo ended March 31, 2013. There was $30.6 million and $11.4 million of impaired loans as of September 30, 2012 and 2012, respe

Federal regulations and our policies require that we utilize an internal asset classification system as a means of reporting proble have incorporated an internal asset classification system, consistent with Federal banking regulations, as a part of our credit mo problem and potential problem assets as "special mention", "substandard," "doubtful" or "loss" assets. An asset is considered " current net worth and paying capacity of the obligor or of the collateral pledged, if any. "Substandard" assets include those cha the insured institution will sustain "some loss" if the deficiencies are not corrected. Assets classified as "doubtful" have all of th "substandard" with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of values, "highly questionable and improbable." Assets classified as "loss" are those considered "uncollectible" and of such little

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their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets which do not currently e
sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are required to be desig
When an insured institution classifies one or more assets, or portions thereof, as “substandard” or “doubtful,” it is required that
be established for loan losses in accordance with established methodology. General valuation allowances represent loss allowar
recognize the inherent losses associated with lending activities, but which, unlike specific allocations, have not been allocated t
insured institution classifies one or more assets, or portions thereof, as “loss,” it is required either to establish a specific allocati
or to charge off such amount.

Our allowance for loan losses includes a portion which is allocated by type of loan, based primarily upon our periodic reviews c
categories of loans. The specific components relate to certain impaired loans. The general components cover non-classified loar
experience adjusted for qualitative factors in response to changes in risk and market conditions. Our management believes that,
available, the allowance for loan losses is maintained at a level which covers all known and inherent losses that are both probab
reporting date. However, actual losses are dependent upon future events and, as such, further additions to the level of the allow
necessary.

We review and classify assets on a quarterly basis and the Board of Directors is provided with reports on our classified and crit
accordance with the management guidelines described above. At March 31, 2013 and at September 30, 2012 and 2011, we had
and 22.3 million, $30.6 million and $19.0 million, respectively, at such dates of loans and real estate owned classified as “subst
as “special mention” as of March 31, 2013 or as of September 30, 2012 and $6.8 million of such loans as of September 30, 201
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Delinquent Loans. The following table shows the delinquencies in the loan portfolio as of the dates indicated.

	March 31, 2013				**September 30, 2012**				
	30 – 89 Days Overdue		**90 or More Days Overdue**		**30 – 89 Days Overdue**		**90 or More Days Overdue**		**Da**
	Number of Loans	**Principal Balance**	**Number of Loans**	**Principal Balance**	**Number of Loans**	**Principal Balance**	**Number of Loans**	**Principal Balance**	**Numb of Loan**
	(Dollars in Thousands)								
One-to four-family residential	5	$129	21	$4,128	10	$1,108	31	$4,624	26
Multi-family residential	—	—	—	—	—	—	—	—	—
Commercial real estate	2	331	5	730	1	233	1	241	1
Construction and land development	—	—	—	—	—	—	1	517	—
Commercial business	—	—	—	—	—	—	—	—	—
Consumer	1	10	—	—	1	1	—	—	—
Total delinquent loans	8	$470	26	$4,858	12	$1,342	33	$5,382	27
Delinquent loans to total net Loans		0.17 %		1.75 %		0.51 %		2.06 %	
Delinquent loans to total loans		0.17		1.73		0.51		2.04	

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Non-Performing Loans and Real Estate Owned. The following table sets forth information regarding the non-performing loan
Savings Bank's general policy is to cease accruing interest on loans, other than single-family residential loans, which are 90 da
accrued interest. At March 31, 2013, all of the loans listed as 90 or more days past due in the table above were in non-accrual s
of $1.3 million originated in January 2013 which was classified as a troubled debt restructuring was also in non-accrual status a
in accordance with its terms.

The following table shows the amounts of non-performing assets (defined as non-accruing loans, accruing loans 90 days or mo
dates indicated.

	March 31, 2013		2012		2011		September 30, 2010
					(Dollars in Thousands)		
Non-accruing loans:							
One-to four-family residential	$ 4,128		$ 12,904	(1)	$ 10,314	(1)	$ —
Multi-family residential	—		—		—		—
Commercial real estate	2,050	(1)	597		545		—
Construction and land development	—		517		1,772		—
Commercial business	—		—		—		—
Consumer	—		—		—		—
Total non-accruing loans	6,178		14,018		12,631		—
Accruing loans 90 days or more past due:							
One-to four-family residential	—		—		—		1,811
Multi-family residential	—		—		—		—
Commercial real estate	—		—		—		1,462
Construction	—		—		—		206
Commercial business	—		—		—		—
Consumer	—		—		—		—
Total accruing loans 90 days or more past due	—		—		—		3,479
Total non-performing loans (2)	6,178		14,018		12,631		3,479
Real estate owned, net (3)	1,258		1,972		2,268		3,197
Total non-performing assets	$ 7,436		$ 15,990		$ 14,899		$ 6,676
Total non-performing loans as a percentage of loans, net	2.22	%	5.38	%	5.25	%	1.36
Total non-performing loans as a percentage of total assets	1.29	%	2.86	%	2.53	%	0.66
Total non-performing assets as a percentage of total assets	1.55	%	3.26	%	2.98	%	1.26

(1)

- Includes at September 30, 2012 and 2011, $8.1 million of troubled debt restructurings consisting of five loans to the sa
condominium project discussed previously. Includes one $1.3 million troubled debt restructuring at March 31, 2013.

(2)

- Non-performing loans consist of non-accruing loans plus accruing loans 90 days or more past due.

(3)

- Real estate owned balances are shown net of related loss allowances and consist solely of real property.

Interest income on non-accrual loans is recognized only as collected. There was $406,000 of such interest recognized during fis
such interest recognized for non-accrual
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loans for fiscal 2011. Prudential Savings Bank recognized $86,000 of interest on non-accrual loans during the six months endec
$107,000 and $295,000 in additional interest income would have been recognized during the six months ended March 31, 2013
if these loans had been performing during the six months ended March 31, 2013 and fiscal 2012, respectively.

At March 31, 2013, our non-performing assets totaled $7.4 million or 1.6% of total assets as compared to $16.0 million or 3.3%
and $14.9 million or 3.0% of total assets at September 30, 2011. Non-performing assets at March 31, 2013 included $6.2 millio
there were 21 one-to four-family residential loans totaling $4.1 million and six commercial real estate loans, one of which cons
part of the resolution in January 2013 of what was at the time our largest construction loan project. The loan is collateralized by
condominium units with an aggregate loan-to-value ratio of 80%. The loan is classified as a troubled debt restructuring but it is
(See "— Lending Activities — Construction and Land Development Lending" for additional information regarding this loan
commercial loans are to one borrower and total approximately $594,000. A principal of the borrower also has a single-family re
amount of $159,000 at March 31, 2013.

As of March 31, 2013, there were six real estate owned properties totaling $1.3 million, all of which consisted of residential pro
real estate owned properties totaling $818,000 were under agreements of sale, all of which closed by June 30, 2013. The two re
currently being marketed for sale. As of September 30, 2012, the real estate owned balance was $2.0 million consisting of seve

Allowance for Loan Losses. The allowance for loan losses is established through a provision for loan losses charged to expense
believed, to the best of management's knowledge, to cover all known and inherent losses in the portfolio that are both probable
reporting date. Management reviews the allowance for loan losses on no less than a quarterly basis in order to identify those inh
collection probability for the loan portfolio. For each primary type of loan, we establish a loss factor reflecting an estimate of th
loan type using both a quantitative analysis as well as consideration of qualitative factors. Management's evaluation process inc
delinquency trends, non-performing loan trends, the level of charge-offs and recoveries, prior loss experience, total loans outsta
the type, size and geographic concentration of our loans, the value of collateral securing the loan, the borrower's ability to repa
number of loans requiring heightened management oversight, local economic conditions and industry experience.

The carrying value of loans is periodically evaluated and the allowance is adjusted accordingly. The establishment of the allow
affected by management judgment and uncertainties and there is a likelihood that different amounts would be reported under di
Various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses.
additional provisions for estimated loan losses based upon judgments that differ from those of management. As of March 31, 20
$2.5 million was 0.9% of total loans receivable and 40.7% of non-performing loans.

Charge-offs on loans totaled $154,000, $2.2 million and $4.4 million for the six months ended March 31, 2013 and for the year
respectively. The charge-offs during fiscal 2012 and 2011 were the primarily the result of the decline in collateral value on cert
were classified as substandard. See "Management's Discussion and Analysis of Financial Condition and Results of Operation
Years Ended September 30, 2012 and September 30, 2011."

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Management will continue to monitor and modify the allowance for loan losses as conditions dictate. No assurances can be giv
losses will cover all of the inherent losses on our loans or that future adjustments to the allowance for loan losses will not be ne
differ substantially from the economic and other conditions used by management to determine the current level of the allowanc
The following table shows changes in the allowance for loan losses during the periods presented.

	Six Months Ended March 31,				At or for the Year E					
	2013		2012		2012		2011		201	
					(Dollars in Thousands)					
Total loans outstanding at end of period	$ 281,132		$ 243,438		$ 263,205		$ 247,084		$ 263,0	
Average loans outstanding	270,611		238,958		242,781		246,188		254,7	
Allowance for loan losses, beginning of period	1,881		3,364		3,364		3,151		2,732	
Provision for loan losses	—		250		725		4,630		1,110	
Charge-offs:										
One-to four-family residential	154		261		1,905		750		51	
Multi-family residential and commercial real estate	—		—		—		—		—	
Construction and land development	—		303		303		3,667		640	
Commercial business	—		—		—		—		—	
Consumer	—		—		—		—		—	
Total charge-offs	154		564		2,208		4,417		691	
Recoveries on loans previously charged off	785		—		—		—		—	
Allowance for loan losses, end of period	$ 2,512		3,050		$ 1,881		$ 3,364		$ 3,151	
Allowance for loan losses as a percent of total loans	0.89	%	1.25	%	0.71	%	1.36	%	1.20	
Allowance for loan losses as a percent of non-performing loans	40.66	%	24.14	%	13.42	%	26.63	%	90.57	
Ratio of net charge-offs during the period to average loans outstanding during the period	0.06	%	0.47	%	0.91	%	1.79	%	0.27	

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The following table shows how the allowance for loan losses is allocated by type of loan at each of the dates indicated.

	March 31, 2013			**2012**			**2011**			**September 30, 2010**			
	Amount of Allowance	**Loan Category as a % of Total Loans**		**Amount of Allowance**	**Loan Category as a % of Total Loans**		**Amount of Allowance**	**Loan Category as a % of Total Loans**		**Amount of Allowance**	**Loan Category as a % of Total Loans**		**A**
								(Dollars in Thousands)					
amily ential	$801	86.07	%	$830	84.64	%	$1,651	79.53	%	$672	74.96	%	$40
family ntial	7	1.69		7	1.92		7	2.32		4	1.52		7
ercial tate	175	6.62		125	7.35		221	8.57		560	7.49		19
uction nd pment	1,297	5.26		745	5.65		1,481	9.00		1,909	15.46		2,
ercial ss	3	0.21		3	0.24		3	0.33		3	0.34		7
mer	1	0.15		1	0.20		1	0.25		1	0.23		1
cated	228	—		170	—		—	—		2	—		7
nce for osses	$2,512	100.00	%	$1,881	100.00	%	$3,364	100.00	%	$3,151	100.00	%	$2,

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The aggregate allowance for loan losses decreased by $1.5 million from September 30, 2011 to September 30, 2012 due to cha aggressive approach in writing down all substandard loans to the net realizable value of the applicable underlying collateral. Th determined based on management's consideration of the known and inherent losses in the loan portfolio that was reasonably es qualitative and quantitative risk factors as of September 30, 2012. However, during the six months ended March 31, 2013, we r units in a construction project that previously had been non-performing. The one remaining unit in the project is under an agree expect to recover an additional $135,000.

Investment Activities

General.   We invest in securities in accordance with policies approved by our board of directors. The investment policy design Officer and Treasurer as the Investment Committee, which is authorized by the board to make the Bank's investments consiste of Directors of Prudential Savings Bank reviews all investment activity on a monthly basis.

The investment policy is designed primarily to manage the interest rate sensitivity of the assets and liabilities, to generate a fav interest rate and credit risk, to complement the lending activities and to provide and maintain liquidity. The current investment debt securities issued by the U.S. government and U.S. agencies, municipal bonds, and corporate debt obligations, as well as in stock of government agencies and government sponsored enterprises such as Fannie Mae, Freddie Mac and the Federal Home securities) and, to a lesser extent, other equity securities. Securities in these categories are classified as "investment securities" also permits investments in mortgage-backed securities, including pass-through securities issued and guaranteed by Fannie Ma as collateralized mortgage obligations ("CMOs") issued or backed by securities issued by these government sponsored agencie Ginnie Mae is a government agency within the Department of Housing and Urban Development which is intended to help fina programs. Ginnie Mae securities are backed by loans insured by the Federal Housing Administration, or guaranteed by the Dep payment of principal and interest on Ginnie Mae securities is guaranteed by Ginnie Mae and backed by the full faith and credit a private corporation chartered by the U.S. Government. Freddie Mac issues participation certificates backed principally by co guarantees the timely payment of interest and the ultimate return of principal on participation certificates. Fannie Mae is a priv Congress with a mandate to establish a secondary market for mortgage loans. Fannie Mae guarantees the timely payment of pri securities. Freddie Mac and Fannie Mae securities are not backed by the full faith and credit of the U.S. Government. On Septe Mae were placed into conservatorship by the U.S. Government. During 2011 and 2012, the Federal Housing Administration A Department is committed to fund Freddie Mac and Fannie Mae to levels needed in order to sufficiently meet their funding nee Investments in mortgage-backed securities involve a risk that actual prepayments will be greater than estimated prepayments o require adjustments to the amortization of any premium or accretion of any discount relating to such instruments thereby chang There is also reinvestment risk associated with the cash flows from such securities or in the event such securities are redeemed value of such securities may be adversely affected by changes in interest rates. Further, privately issued mortgage-backed secu of default due to adverse changes in the creditworthiness of the issuer. Management's practice is generally to not invest in such limited to the securities received as a result of the redemption in kind of an investment in a mutual fund. See further discussion Financial Statements included elsewhere herein.

At March 31, 2013, the investment and mortgage-backed securities portfolio amounted to $151.0 million or 31.5% of total asse the securities portfolio as of

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March 31, 2013 was U.S. Government and agency obligations, which amounted to $91.9 million or 60.9% of the securities por
invest in U.S. Government agency mortgage-backed securities and to a significantly lesser degree, municipal securities and oth

Our securities are classified at the time of acquisition as available for sale, held to maturity or trading. Securities classified as h
the intent and ability to hold that security until its final maturity, and can be sold prior to maturity only under rare circumstance
accounted for based upon the amortized cost of the security. Available for sale securities can be sold at any time based upon ne
sale securities are accounted for at fair value, with unrealized gains and losses on these securities, net of income tax provisions,
comprehensive income. At March 31, 2013, we had $88.0 million of investment and mortgage-backed securities classified as h
investment and mortgage-backed securities classified as available for sale and no securities classified as trading securities.

We do not purchase mortgage-backed derivative instruments nor do we purchase corporate obligations which are not rated inve
investments acquired through a redemption in kind during 2008 of our entire investment in a mutual fund are below investment
March 31, 2013, we held $3.8 million of such securities.

Our mortgage-backed securities consist primarily of mortgage pass-through certificates issued by Ginnie Mae, Fannie Mae or F
approximately 6.5% of the mortgage-backed securities were non-agency securities, all of which were acquired through the 200
investment in a mutual fund. See further discussion in Note 5 of the Notes to Consolidated Financial Statements included elsew

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The following table sets forth certain information relating to the investment and mortgage-backed securities portfolios at the da

	March 31, 2013		2012		September 2011	
	Amortized Cost	Market Value	Amortized Cost	Market Value	Amortized Cost	
				(In Thousands)		
Mortgage-backed securities – U.S. Government agencies	$53,676	$56,498	$64,357	$68,364	$78,588	$
Mortgage-backed securities – non-agency (1)	3,707	3,792	4,308	4,103	5,249	
U.S. Government and agency obligations	91,917	92,589	58,469	59,902	97,068	
Municipal obligations	—	—	—	—	—	
Total debt securities	149,306	152,879	127,134	132,369	180,905	
FHLB stock	1,659	1,659	2,239	2,239	2,887	
FHLMC preferred stock	6	18	6	7	6	
Total investment and mortgage-backed securities	$150,965	$154,556	$129,379	$134,615	$183,798	$

(1)

- Includes impaired securitites.

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The following tables set forth the amortized cost of investment and mortgage-backed securities which mature during each of th
average yields for each range of maturities at March 31, 2013 and September 30, 2012. Tax-exempt yields have not been adjust

	Amounts at March 31, 2013 Which Mature In (Dollars in Thousands)									
	One Year or Less	Weighted Average Yield		Over One Year Through Five Years	Weighted Average Yield		Over Five Years Through Ten Years	Weighted Average Yield		Over Ten Years
Bonds and other debt securities:										
U.S. Government and agency obligations	$3,000	1.04	%	$2,000	2.10	%	$14,497	2.70	%	$72,420
Mortgage-backed securities	—			—			31	1.74		57,352
Total	$3,000	1.04	%	$2,000	2.10	%	$14,528	2.70	%	$129,773

	Amounts at September 30, 2012 Which Mature In (Dollars in Thousands)									
	One Year or Less	Weighted Average Yield		Over One Year Through Five Years	Weighted Average Yield		Over Five Years Through Ten Years	Weighted Average Yield		Over Ten Years
Bonds and other debt securities:										
U.S. Government and agency obligations	$1,000	0.87	%	$4,000	1.59	%	$16,496	2.66	%	$36,973
Mortgage-backed securities	—	—		—	—		22	2.56		68,643
Total	$1,000	0.87	%	$4,000	1.59	%	$16,518	2.66	%	$105,616

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The following table sets forth the purchases and principal repayments of our mortgage-backed securities at amortized cost durin

	At or For the Six Months Ended March 31,		Year I
	2013	2012	2012
			(Dollars in Thousands)
Mortgage-backed securities at beginning of period	$ 68,665	$ 83,837	$ 83,837
Purchases	1,977	21,890	25,821
Sale of mortgage-backed securities available for sale	(288)	—	(19,528)
Other than temporary impairment of securities (1)	(20)	(103)	(154)
Maturities and repayments	(13,013)	(11,325)	(21,623)
Amortizations of premiums and discounts, net	62	184	312
Mortgage-backed securities at end of period	$ 57,383	$ 94,483	$ 68,665
Weighted average yield at end of period	3.26 %	3.94 %	3.79 %

(1)

- Impairment primarily relates to non-agency mortgage-backed securities received in redemption in kind from the sale of

Sources of Funds

General. Deposits, loan repayments and prepayments, proceeds from sales of loans, cash flows generated from operations and of funds for use in lending, investing and for other general purposes.

Deposits. We offer a variety of deposit accounts with a range of interest rates and terms. Deposits consist of checking, both in money market, savings and certificate of deposit accounts. At March 31, 2013, 43.2% of the funds deposited with us were in co than certificates of deposit.

The flow of deposits is influenced significantly by general economic conditions, changes in money market rates, prevailing inte obtained predominantly from the areas where the branch offices are located. We have historically relied primarily on customer with customers to attract and retain these deposits; however, market interest rates and rates offered by competing financial insti attract and retain deposits. The interest rates offered on deposits are competitive in the market place.

We use traditional means of advertising our deposit products, including broadcast and print media and we generally do not soli area.

We do not actively solicit certificate accounts of $100,000 and above, known as “jumbo CDs,” or use brokers to obtain deposit amounted to $90.7 million, of which $54.7 million are scheduled to mature within twelve months subsequent to such date. At M remaining period until maturity of our certificate of deposit accounts was 16.9 months.

The following table shows the distribution of, and certain other information relating to, deposits by type of deposit, as of the da

	March 31, 2013			September 3 2012			2011	
	Amount	% of Total Deposits		Amount	% of Total Deposits		Amount	' T De
					(Dollars in Thousands)			
Certificate accounts:								
Less than 1.00%	$76,433	18.37	%	$62,984	14.80	%	$23,195	5.3
1.00% – 1.99%	62,803	15.09		63,981	15.03		105,366	24.
2.00% – 2.99%	70,403	16.92		84,887	19.95		77,636	17.
3.00% – 3.99%	19,085	4.59		19,460	4.57		21,801	5.0
4.00% – 4.99%	7,496	1.80		10,101	2.37		10,914	2.5
5.00% – 5.99%	—	—		6,001	1.41		17,325	3.9
Total certificate accounts	236,220	56.77		247,414	58.13		256,237	58.
Transaction accounts:								
Savings	72,260	17.37		71,083	16.70		70,623	16.
Checking:								
Interest-bearing	35,640	8.56		33,659	7.91		29,658	6.8
Non-interest-bearing	3,116	0.75		3,711	0.87		3,847	0.8
Money market	68,861	16.55		69,735	16.39		75,649	17.
Total transaction accounts	179,877	43.23		178,188	41.87		179,777	41.
Total deposits	$416,097	100.00	%	$425,602	100.00	%	$436,014	10(

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The following table shows the average balance of each type of deposit and the average rate paid on each type of deposit for the

	Six Months Ended March 31, 2013			Year Ended September 3					
				2012			2011		
	Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Aver Ra Pa
	(Dollars in Thousands)								
Savings	$71,314	$119	0.33 %	$70,186	$401	0.57 %	$69,741	$700	1.00
Interest-bearing checking and money market accounts	104,512	181	0.35	103,988	490	0.47	105,046	779	0.74
Certificate accounts	242,528	2,057	1.70	258,154	4,884	1.89	271,758	5,612	2.07
Total interest-bearing deposits	418,354	$2,357	1.13	432,328	$5,775	1.34	446,545	$7,091	1.59
Non-interest-bearing deposits	3,317			3,924			3,291		
Total deposits	$421,671		1.12 %	$436,252		1.32 %	$449,836		1.58

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The following table presents, by various interest rate categories and maturities, the amount of certificates of deposit at March 3

		Balance at March 31, 201	
		Maturing in the 12 Months Ending	
Certificates of Deposit	2014	2015	2016
			(In Thousands)
Less than 1.00%	$ 70,541	$ 5,892	$ —
1.00% – 1.99%	21,622	6,656	15,295
2.00% – 2.99%	40,000	872	7,069
3.00% – 3.99%	1,766	12,691	4,628
4.00% – 4.99%	7,496	—	—
5.00% – 5.99%	—	—	—
Total certificate accounts	$ 141,425	$ 26,111	$ 26,992

		Balance at September 30, 2	
		Maturing in the 12 Months Ending S	
Certificates of Deposit	2013	2014	2015
			(In Thousands)
Less than 1.00%	$ 49,756	$ 13,228	$ —
1.00% – 1.99%	28,886	18,469	9,749
2.00% – 2.99%	52,813	1,118	2,035
3.00% – 3.99%	596	6,823	11,767
4.00% – 4.99%	7,314	2,787	—
5.00% – 5.99%	6,001	—	—
Total certificate accounts	$ 145,366	$ 42,425	$ 23,551

The following tables show the maturities of our certificates of deposit of $100,000 or more at March 31, 2013 and September 3

Quarter Ending:	Amo
June 30, 2013	$ 23,102
September 30, 2013	12,654
December 31, 2013	9,797
March 31, 2014	9,131
After March 31, 2014	36,060
Total certificates of deposit with balances of $100,000 or more	$ 90,744

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Quarter Ending:	Amo
December 31, 2012	$ 13,020
March 31, 2013	13,598
June 30, 2013	20,805
September 30, 2013	10,758
After September 30, 2013	38,064
Total certificates of deposit with balances of $100,000 or more	$ 96,245

Borrowings. We utilize advances from the Federal Home Loan Bank of Pittsburgh as an alternative to retail deposits to fund t liquidity strategy. See “Liquidity and Capital Resources” in “Management’s Discussion and Analysis of Financial Condition ar advances are collateralized primarily by certain mortgage loans and mortgage-backed securities and secondarily by an investm Loan Bank of Pittsburgh. There are no specific credit covenants associated with these borrowings. FHLB advances are made pu programs, each of which has its own interest rate and range of maturities. The maximum amount that the Federal Home Loan B member institutions, including Prudential Savings Bank, fluctuates from time to time in accordance with the policies of the Fed 2013, we had $340,000 in outstanding FHLB advances (as described below) and $135.0 million of additional FHLB advances a outstanding advances range from one month to three years. We have not utilized any other types of borrowings such as securiti The following table shows certain information regarding borrowings at or for the dates indicated:

	At or For the Six Months Ended March 31,				A	
	2013		2012		2012	
			(Dollars in Thousands)			
FHLB advances:						
Average balance outstanding	$ 359		$ 559		$ 537	
Maximum amount outstanding at any month-end during the period	340		567		567	
Balance outstanding at end of period	340		551		483	
Average interest rate during the period	0.00	%	0.72	%	0.75	%
Weighted average interest rate at end of period	0.00	%	0.86	%	0.59	%

We have two FHLB advances totaling $340,000 made under a community housing program in which we participate. Both FHL of March 31, 2013, there were no advances from the FHLB which are not part of the community housing program.

Subsidiaries

Existing Prudential Bancorp has only one direct subsidiary: Prudential Savings Bank. Prudential Savings Bank’s sole subsidiar Delaware, Inc., a Delaware-chartered corporation established to hold investment securities. As of March 31, 2013, PSB Delawa primarily consisting of mortgage-backed and investment securities. We may consider the establishment of one or more additio

Employees

At March 31, 2013, we had 70 full-time employees, and six part-time employees. None of such employees are represented by a believe that our relationship with our employees is good.

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Properties

We currently conduct business from our headquarters and main office and six additional banking offices. The following table s
building and leasehold improvements and certain other information with respect to our offices at March 31, 2013. All the office
the Old City Branch.

Description/Address	Leased/Owned	Date of Lease Expiration	Net Boo Value of Property Leasehol Improveme
Headquarters and Main Office 1834 West Oregon Avenue Philadelphia, PA 19145-4725	Owned	N/A	$ 354
Snyder Branch 2101 South 19 th Street Philadelphia, PA 19145-3709	Owned	N/A	6
Center City Branch 112 South 19 th Street Philadelphia, PA 19103-4667	Owned	N/A	18
Broad Street Branch 1722 South Broad Street Philadelphia, PA 19145-2388	Owned	N/A	207
Pennsport Branch 238A Moore Street Philadelphia, PA 19148-1925	Owned	N/A	41
Drexel Hill Branch 601 Morgan Avenue Drexel Hill, PA 19026-3105	Owned	N/A	81
Old City Branch 28 North 3 rd Street Philadelphia, PA 19106-2108	Leased	May 2015	142
Total			$ 849

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REGULATION

General

Prudential Savings Bank is a Pennsylvania-chartered savings bank and is subject to extensive regulation and examination by th and by the Federal Deposit Insurance Corporation, and is also subject to certain requirements established by the Federal Reserv regulations which are applicable to banks regulate, among other things, the scope of their business, their investments, their rese dividends, the timing of the availability of deposited funds and the nature and amount of and collateral for certain loans. There Pennsylvania Department of Banking and the Federal Deposit Insurance Corporation to test Prudential Savings Bank's complia requirements. This regulation and supervision establishes a comprehensive framework of activities in which an institution can e protection of the insurance fund and depositors. The regulatory structure also gives the regulatory authorities extensive discretio and enforcement activities and examination policies, including policies with respect to the classification of assets and the establ for regulatory purposes. Any change in such regulation, whether by the Pennsylvania Department of Banking, the Federal Depo Reserve Board or the Congress could have a material adverse impact on existing Prudential Bancorp, Prudential Savings Bank Company and their operations.

Federal law provides the federal banking regulators, including the Federal Deposit Insurance Corporation and the Federal Rese powers. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease-and injunctive actions against banking organizations and institution-affiliated parties, as defined. In general, these enforcement actio laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, filed with regulatory authorities.

Existing Prudential Bancorp and Prudential Mutual Holding Company are registered as bank holding companies under the Ban to regulation and supervision by the Federal Reserve Board and by the Pennsylvania Department of Banking. Prudential Banco bank holding company upon completion of the reorganization. Existing Prudential Bancorp and Prudential Mutual Holding Com operations with, and are subject to examination by, the Federal Reserve Board and the Pennsylvania Department of Banking. T intended to ensure that existing Prudential Bancorp and Prudential Mutual Holding Company limit their activities to those allow safe and sound manner without endangering the financial health of Prudential Savings Bank.

In connection with the reorganization completed in March 2005, existing Prudential Bancorp registered its common stock with Commission under the Securities Exchange Act of 1934. Existing Prudential Bancorp is subject to the proxy and tender offer ru requirements and restrictions, and certain other requirements under the Securities Exchange Act of 1934. Existing Prudential B Nasdaq Global Market under the symbol "PBIP." The Nasdaq Stock Market listing requirements impose additional requiremen rules relating to corporate governance and the composition and independence of our board of directors and various committees committee.

Certain of the regulatory requirements that are or will be applicable to Prudential Savings Bank, existing Prudential Bancorp, P Prudential Bancorp–New are described below. This description of statutes and regulations is not intended to be a complete expl and their effects on Prudential Savings Bank, existing Prudential Bancorp, Prudential Mutual Holding Company and Prudential entirety by reference to the actual statutes and regulations.

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The Dodd-Frank Act

On July 21, 2010, the President signed into law the Dodd-Frank Act. The Dodd-Frank Act imposes new restrictions and an exp for financial institutions, including depository institutions. The new law also establishes an independent federal consumer prote Board. The following discussion summarizes significant aspects of the new law that may affect Prudential Savings Bank, Prude existing Prudential Bancorp and Prudential Bancorp–New. Many of the regulations implementing these changes have not been full impact on our business and operations at this time.

The following aspects of the financial reform and consumer protection act are related to the operations of Prudential Savings B

•

- A new independent consumer financial protection bureau has been established within the Federal Reserve Board, empo supervisory and enforcement authority with respect to both new and existing consumer financial protection laws. Smal Savings Bank, will be subject to the supervision and enforcement of their primary federal banking regulator with respe protection laws.

•

- Tier 1 capital treatment for "hybrid" capital items like trust preferred securities is eliminated subject to various grandfa

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- The prohibition on payment of interest on demand deposits was repealed, effective July 21, 2011.

•

- Deposit insurance is permanently increased to $250,000.

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- The deposit insurance assessment base calculation now equals the depository institution's total assets minus the sum of assessment period.

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- The minimum reserve ratio of the Deposit Insurance Fund increased to 1.35 percent of estimated annual insured deposi Federal Deposit Insurance Corporation is directed to "offset the effect" of the increased reserve ratio for insured deposi assets of less than $10 billion.

The following aspects of the financial reform and consumer protection act are related to the operations of existing Prudential B reorganization, Prudential Bancorp–New) and Prudential Mutual Holding Company:

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- The Federal Deposit Insurance Act was amended to direct federal regulators to require depository institution holding co for their depository institution subsidiaries.

•

- The Securities and Exchange Commission is authorized to adopt rules requiring public companies to make their proxy nomination of their own candidates for election to the board of directors.

•

- Public companies are required to provide their shareholders with a non-binding vote: (i) at least once every three years
officers, and (ii) at least once every six years on whether they should have a "say on pay" vote every one, two or three

•

- A separate, non-binding shareholder vote is required regarding golden parachutes for named executive officers when a
acquisitions, dispositions or other transactions that would trigger the parachute payments.

•

- Securities exchanges are required to prohibit brokers from using their own discretion to vote shares not beneficially ow
matters, which include votes on the election of directors, executive compensation matters, and any other matter determ

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- Stock exchanges are prohibited from listing the securities of any issuer that does not have a policy providing for (i) disc compensation payable on the basis of financial information reportable under the securities laws, and (ii) the recovery fr following an accounting restatement triggered by material noncompliance with securities law reporting requirements, o erroneously during the three-year period preceding the date on which the restatement was required that exceeds the am basis of the restated financial information.

- Disclosure in annual proxy materials will be required concerning the relationship between the executive compensation the issuer.

- Item 402 of Regulation S-K promulgated by the Securities and Exchange Commission will be amended to require com Executive Officer's annual total compensation to the median annual total compensation of all other employees.

- Smaller reporting companies are exempt from complying with the internal control auditor attestation requirements of S Act.

Regulation of Prudential Savings Bank

Pennsylvania Banking Law. The Pennsylvania Banking Code of 1965 (referred to as the "Banking Code") contains detailed p location of offices, rights and responsibilities of directors, officers, employees and members, as well as corporate powers, savin aspects of Prudential Savings Bank and its affairs. The Banking Code delegates extensive rulemaking power and administrative Department of Banking so that the supervision and regulation of state-chartered savings banks may be flexible and readily resp conditions and in savings and lending practices.

One of the purposes of the Banking Code is to provide savings banks with the opportunity to be competitive with each other an existing under other Pennsylvania laws and other state, federal and foreign laws. A Pennsylvania savings bank may locate or ch of business and establish an office anywhere in the Commonwealth, with the prior approval of the Pennsylvania Department of

The Pennsylvania Department of Banking generally examines each savings bank not less frequently than once every two years. of Banking may accept the examinations and reports of the Federal Deposit Insurance Corporation in lieu of its own examinatio Pennsylvania Department of Banking to alternate with the Federal Deposit Insurance Corporation. The Pennsylvania Departme bank to discontinue any violation of law or unsafe or unsound business practice and may direct any director, trustee, officer, att engaged in an objectionable activity, after the Pennsylvania Department of Banking has ordered the activity to be terminated, to Pennsylvania Department of Banking why such person should not be removed.

Insurance of Accounts. The deposits of Prudential Savings Bank are insured to the maximum extent permitted by the Deposit full faith and credit of the U.S. Government. The Dodd-Frank Act permanently increased deposit insurance on most accounts to Deposit Insurance Corporation is authorized to conduct examinations of, and to require reporting by, insured institutions. It also from engaging in any activity determined by regulation or order to pose a serious threat to the Federal Deposit Insurance Corpo Corporation also has the authority to initiate enforcement actions against insured deposit institutions.

The Federal Deposit Insurance Corporation's risk-based premium system provides for quarterly assessments. Each insured inst categories depending on supervisory and capital considerations. Within its risk category, an institution is assigned to an initial b adjusted to determine its final assessment rate based on its brokered deposits, secured liabilities and unsecured debt. The Federa recently amended its deposit

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insurance regulations (1) to change the assessment base for insurance from domestic deposits to average assets minus average t assessment rates. The revised assessments rates are between 2.5 to 9 basis points for banks in the lowest risk category and betw highest risk category. The amendments were effective for the quarter beginning April 1, 2011 with the new assessment method invoices that were due September 30, 2011.

In 2009, the Federal Deposit Insurance Corporation collected a five basis point special assessment on each insured depository i as of September 30, 2009. The amount of our special assessment, which was paid on September 30, 2009, was an additional ex

In 2009, the Federal Deposit Insurance Corporation also required insured deposit institutions on December 30, 2009 to prepay assessments. Our prepayment totaled approximately $2.5 million. Unlike a special assessment, this prepayment did not immedi earnings. We were required to book the prepaid assessment as a non-earning asset and record the actual risk-based premium pa

In addition, all institutions with deposits insured by the Federal Deposit Insurance Corporation are required to pay assessments issued by the Financing Corporation, a mixed-ownership government corporation established to recapitalize the predecessor to assessments will continue until the Financing Corporation bonds mature in 2019.

The Federal Deposit Insurance Corporation may terminate the deposit insurance of any insured depository institution, including determines after a hearing that the institution has engaged or is engaging in unsafe or unsound practices, is in an unsafe or unso has violated any applicable law, regulation, order or any condition imposed by an agreement with the Federal Deposit Insuranc deposit insurance temporarily during the hearing process for the permanent termination of insurance, if the institution has no ta terminated, the accounts at the institution at the time of the termination, less subsequent withdrawals, shall continue to be insur years, as determined by the Federal Deposit Insurance Corporation. Management is not aware of any existing circumstances wh Bank's deposit insurance.

Capital Requirements.   The Federal Deposit Insurance Corporation has promulgated regulations and adopted a statement of po state-chartered banks which, like Prudential Savings Bank, are not members of the Federal Reserve System. These requirement adopted by the Federal Reserve Board regarding bank holding companies.

The Federal Deposit Insurance Corporation's capital regulations establish a minimum 3.0% Tier I leverage capital requirement non-member banks. An additional cushion of at least 100 basis points is required for all other state-chartered, non-member ban minimum Tier I leverage ratio to 4.0% or more. Under the Federal Deposit Insurance Corporation's regulation, the most highly Deposit Insurance Corporation determines are not anticipating or experiencing significant growth and have well diversified risk exposure, excellent asset quality, high liquidity, good earnings and, in general, which are considered a strong banking organiza Uniform Financial Institutions Rating System. Leverage or core capital is defined as the sum of common stockholders' equity (noncumulative perpetual preferred stock and related surplus, and minority interests in consolidated subsidiaries, minus all intan supervisory goodwill and certain purchased mortgage servicing rights.

The Federal Deposit Insurance Corporation also requires that savings banks meet a risk-based capital standard. The risk-based requires the maintenance of total capital (which is defined as Tier I capital and supplementary (Tier 2) capital) to risk-weighted of risk-weighted assets, all assets, plus certain off balance sheet assets, are multiplied by a risk-weight of 0% to 100%, based o Corporation believes are inherent in the type of asset or item. The components of Tier I capital are equivalent to those discusse standard. The components of supplementary capital include certain

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perpetual preferred stock, certain mandatory convertible securities, certain subordinated debt and intermediate preferred stock a losses. Allowance for loan and lease losses includable in supplementary capital is limited to a maximum of 1.25% of risk-weig capital counted toward supplementary capital cannot exceed 100% of core capital.

The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, adopte constitutes a strengthened set of capital requirements for banking organizations in the United States and around the world. In Ju banking agencies issued final rules implementing Basel III and the Dodd-Frank Act capital requirements to be fully-phased in o new regulations establish a new tangible common equity capital requirement, increase the minimum requirement for the curren phase out certain kinds of intangibles treated as capital and certain types of instruments and change the risk weightings of certa capital ratios. The new common equity Tier 1 capital component requires capital of the highest quality – predominantly comp instruments. For community banks such as Prudential Savings Bank, a common equity Tier 1 capital ratio 4.5% will become ef capital rules will also increase the current minimum Tier 1 capital ratio from 4.0% to 6.0% beginning on January 1, 2015. In ad to make capital distributions and pay discretionary bonuses to executive officers without restriction must also maintain greater to a capital conservation buffer to be phased in from January 1, 2016 until January 1, 2019. The new rules also increase the risk including an increase from 100% to 150% for certain acquisition, development and construction loans and more than 90-day pa Prudential Savings Bank is also subject to more stringent Pennsylvania Department of Banking capital guidelines. Although no Pennsylvania Department of Banking utilizes capital standards requiring a minimum of 6% leverage capital and 10% risk-base and risk-based capital are substantially the same as those defined by the Federal Deposit Insurance Corporation. At March 31, 2 ratios exceeded each of its capital requirements.

Prompt Corrective Action. The following table shows the amount of capital currently associated with the different capital cate action regulations.

Capital Category	Total Risk-Based Capital	Tier 1 Risk-Based Capi
Well capitalized	10% or more	6% or more
Adequately capitalized	8% or more	4% or more
Undercapitalized	Less than 8%	Less than 4%
Significantly undercapitalized	Less than 6%	Less than 3%

The new capital rules maintain the general structure of the prompt corrective action rules, but incorporate the new common equ increased Tier 1 RWA requirement into the prompt corrective action framework.

In addition, an institution is “critically undercapitalized” if it has a ratio of tangible equity to total assets that is equal to or less a federal banking agency may reclassify a well capitalized institution as adequately capitalized and may require an adequately c undercapitalized institution to comply with supervisory actions as if it were in the next lower category (except that the Federal reclassify a significantly undercapitalized institution as critically undercapitalized).

An institution generally must file a written capital restoration plan which meets specified requirements within 45 days of the da is deemed to have notice that it is undercapitalized, significantly undercapitalized or critically undercapitalized. A federal bank with written notice of approval or disapproval within 60 days after receiving a capital restoration plan, subject to extensions by required to submit a

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capital restoration plan must concurrently submit a performance guaranty by each company that controls the institution. In addi
subject to various regulatory restrictions, and the appropriate federal banking agency also may take any number of discretionary
At March 31, 2013, Prudential Savings Bank was deemed a well capitalized institution for purposes of the prompt corrective ac
subject to the above mentioned restrictions.

The table below sets forth existing Prudential Bancorp and Prudential Savings Bank's capital position relative to its respective
March 31, 2013.

	Actual			Required for Capital Adequacy Purposes		
	Amount	Ratio		Amount	Ratio	
				(Dollars in Thousands)		
Tier 1 capital (to average assets)						
Prudential Bancorp	$ 59,267	12.24	%	$ 19,363	4.0	%
Prudential Savings Bank	55,535	11.47		19,363	4.0	
Tier 1 capital (to risk-weighted assets)						
Prudential Bancorp	59,267	26.74		8,866	4.0	
Prudential Savings Bank	55,535	25.06		8,866	4.0	
Total capital (to risk-weighted assets)						
Prudential Bancorp	61,779	27.87		17,732	8.0	
Prudential Savings Bank	58,047	26.19		17,732	8.0	

Activities and Investments of Insured State-Chartered Banks. The activities and equity investments of Federal Deposit Insuran
banks are generally limited to those that are permissible for national banks. Under regulations dealing with equity investments,
directly or indirectly acquire or retain any equity investment of a type, or in an amount, that is not permissible for a national ba
prohibited from, among other things:

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• acquiring or retaining a majority interest in a subsidiary;

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• investing as a limited partner in a partnership the sole purpose of which is direct or indirect investment in the acquisitio
qualified housing project, provided that such limited partnership investments may not exceed 2% of the bank's total as

•

• acquiring up to 10% of the voting stock of a company that solely provides or reinsures directors', trustees' and officers
blanket bond group insurance coverage for insured depository institutions; and

•

• acquiring or retaining the voting shares of a depository institution if certain requirements are met.

The Federal Deposit Insurance Corporation has adopted regulations pertaining to the other activity restrictions imposed upon in
Pursuant to such regulations, insured state banks engaging in impermissible activities may seek approval from the Federal Depo
such activities. State banks not engaging in such activities but that desire to engage in otherwise impermissible activities either
apply for approval from the Federal Deposit Insurance Corporation to do so; however, if such bank fails to meet the minimum c
present a significant risk to the Federal Deposit Insurance Corporation insurance funds, such application will not be approved b

Corporation. Pursuant to this authority, the Federal Deposit Insurance Corporation has determined that investments in certain m
state banks do not represent a significant risk to the deposit insurance funds. Investments permitted under that authority include
activities.
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Restrictions on Capital Distributions. Under federal rules, an insured depository institution may not pay any dividend if payme
undercapitalized or if it is already undercapitalized. In addition, federal regulators have the authority to restrict or prohibit the p
soundness reasons. The Federal Deposit Insurance Corporation also prohibits an insured depository institution from paying div
its capital notes or debentures (if such interest is required to be paid only out of net profits) or distributing any of its capital asse
payment of any assessment due the Federal Deposit Insurance Corporation. Prudential Savings Bank is currently not in default
Federal Deposit Insurance Corporation. Pennsylvania law also restricts the payment and amount of dividends, including the req
of accumulated net earnings.

Privacy Requirements. Federal law places limitations on financial institutions like Prudential Savings Bank regarding the shar
with unaffiliated third parties. Specifically, these provisions require all financial institutions offering financial products or servi
customers with the financial institution's privacy policy and provide such customers the opportunity to "opt out" of the sharing
unaffiliated third parties. Prudential Savings Bank currently has a privacy protection policy in place and believes such policy is
regulations.

Anti-Money Laundering. Federal anti-money laundering rules impose various requirements on financial institutions to preven
fund terrorist activities. These provisions include a requirement that financial institutions operating in the United States have an
programs, due diligence policies and controls to ensure the detection and reporting of money laundering. Such compliance prog
requirements, also applicable to financial institutions, under the Bank Secrecy Act and the Office of Foreign Assets Control Re
established policies and procedures to ensure compliance with the federal anti-money laundering provisions.

Community Reinvestment Act. All insured depository institutions have a responsibility under the Community Reinvestment A
the credit needs of their communities, including low- and moderate-income neighborhoods. An institution's failure to comply w
Reinvestment Act could result in restrictions on its activities. Prudential Savings Bank received a "satisfactory" Community Re
completed examination.

Federal Home Loan Bank System. Prudential Savings Bank is a member of the Federal Home Loan Bank of Pittsburgh, which
Loan Banks. Each Federal Home Loan Bank serves as a reserve or central bank for its members within its assigned region. It is
the sale of consolidated obligations of the Federal Home Loan Bank System. It makes loans to members (i.e., advances) in acco
established by the board of directors of the Federal Home Loan Bank.

As a member, Prudential Savings Bank is required to purchase and maintain stock in the Federal Home Loan Bank of Pittsburg
Federal Home Loan Bank's capital plan and sufficient to ensure that the Federal Home Loan Bank remains in compliance with
March 31, 2013, Prudential Savings Bank was in compliance with this requirement.

Federal Reserve Board System. The Federal Reserve Board requires all depository institutions to maintain non-interest bearin
their transaction accounts, which are primarily checking and NOW accounts, and non-personal time deposits. The balances ma
imposed by the Federal Reserve Board may be used to satisfy the liquidity requirements that are imposed by the Pennsylvania
2013, Prudential Savings Bank was in compliance with these reserve requirements.

Regulation of Existing Prudential Bancorp and Prudential Mutual Holding Company

Bank Holding Company Act Activities and Other Limitations. Under the Bank Holding Company Act, existing Prudential Ba
Company must obtain the prior approval of the Federal Reserve Board before they may acquire control of another bank or bank
with another bank holding company, acquire all or substantially all of the assets of

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another bank or bank holding company, or acquire direct or indirect ownership or control of any voting shares of any bank or b
acquisition, existing Prudential Bancorp and Prudential Mutual Holding Company would directly or indirectly own or control r
Bancorp–New will be subject to the same restrictions.

Federal statutes impose restrictions on the ability of a bank holding company and its nonbank subsidiaries to obtain extensions
subsidiary bank's investments in the stock or securities of the holding company, and on the subsidiary bank's taking of the hold
collateral for loans to any borrower. A bank holding company and its subsidiaries are also prevented from engaging in certain t
any extension of credit, lease or sale of property, or furnishing of services by the subsidiary bank.

A bank holding company is required to serve as a source of financial and managerial strength to its subsidiary banks and may n
unsound manner. In addition, it has been the policy of the Federal Reserve Board that a bank holding company should stand rea
adequate capital to its subsidiary banks during periods of financial stress or adversity and should maintain the financial flexibili
additional resources for assisting its subsidiary banks. A bank holding company's failure to meet its obligations to serve as a so
will generally be considered by the Federal Reserve Board to be an unsafe and unsound banking practice or a violation of the F
both. The Dodd-Frank Act includes a provision that directs federal regulators to require depository institution holding compani
their depository institution subsidiaries. Regulations implementing this provision have not yet been proposed by the Federal Re

Non-Banking Activities.   The business activities of existing Prudential Bancorp and Prudential Mutual Holding Company, as b
the Bank Holding Company Act. Under the Bank Holding Company Act and the Federal Reserve Board's bank holding compa
may only engage in, or acquire or control voting securities or assets of a company engaged in,

- banking or managing or controlling banks and other subsidiaries authorized under the Bank Holding Company Act; an

- any Bank Holding Company Act activity the Federal Reserve Board has determined to be so closely related that it is in controlling banks.

The Federal Reserve Board has determined by regulation that certain activities are closely related to banking including operatin
company, credit card company, factoring company, trust company or savings association; performing certain data processing o
brokerage services; acting as an investment or financial advisor; acting as an insurance agent for certain types of credit-related
full-payout, non-operating basis; providing tax planning and preparation services; operating a collection agency; and providing
discussed below, certain other activities are permissible for a bank holding company that becomes a financial holding company

Financial Holding Companies.   Bank holding companies may also engage in a broad range of activities under a type of financi
"financial holding company." A financial holding company essentially is a bank holding company with significantly expanded
authorized by statute to engage in a number of financial activities previously impermissible for bank holding companies, inclu
market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; and merchant bankin
and the Department of the Treasury are also authorized to permit additional activities for financial holding companies if the act
"incidental" to financial activities. A bank holding company may become a financial holding company if each of its subsidiary
and has at least a "satisfactory" Community Reinvestment Act rating. A financial holding company must provide notice to the
commencing activities previously determined by statute or by the Federal Reserve

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Board and Department of the Treasury to be permissible. Existing Prudential Bancorp and Prudential Mutual Holding Compan
Federal Reserve Board of their intent to be deemed financial holding companies. However, they are not precluded from submit
wish to engage in activities only permitted to financial holding companies. Upon completion of the reorganization, Prudential B
become a financial holding company.

Regulatory Capital Requirements.   The Federal Reserve Board has adopted capital adequacy guidelines pursuant to which it as
examining and supervising a bank holding company and in analyzing applications to it under the Bank Holding Company Act.
adequacy guidelines for Prudential Mutual Holding Company and existing Prudential Bancorp on a consolidated basis, are sim
Savings Bank by the Federal Deposit Insurance Corporation. See "— Regulation of Prudential Savings Bank — Capital Requir

Restrictions on Dividends.   Existing Prudential Bancorp's ability to declare and pay dividends may depend in part on dividend
The Pennsylvania Banking Code regulates the distribution of dividends by savings banks and states, in part, that dividends may
accumulated net earnings, provided that the bank continues to meet its surplus requirements. In addition, dividends may not be
Bank is in default in payment of any assessment due the Federal Deposit Insurance Corporation.

A Federal Reserve Board policy statement on the payment of cash dividends states that a bank holding company should pay cas
holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention th
company's capital needs, asset quality and overall financial condition. The Federal Reserve Board's policy statement also prov
company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the federal prompt cor
Reserve Board may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is c
"— Regulation of Prudential Savings Bank — Prompt Corrective Action," above.

Federal Securities Laws.   Existing Prudential Bancorp's common stock is registered with the Securities Exchange Commissio
Exchange Act of 1934. Existing Prudential Bancorp is subject to the proxy and tender offer rules, insider trading reporting requ
other requirements under the Securities Exchange Act of 1934.

The Sarbanes-Oxley Act.   As a public company, existing Prudential Bancorp is subject to the Sarbanes-Oxley Act of 2002 wh
corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate info
Sarbanes-Oxley Act, our principal executive officer and principal financial officer are required to certify that our quarterly and
statement of a material fact. The rules adopted by the Securities and Exchange Commission under the Sarbanes-Oxley Act hav
these officers certify that: they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our in
they have made certain disclosures to our auditors and the audit committee of the Board of Directors about our internal control
included information in our quarterly and annual reports about their evaluation and whether there have been changes in our inte
in other factors that could materially affect internal control over financial reporting.

Limitations on Transactions with Affiliates.   Transactions between insured financial institutions and any affiliate are governed
Reserve Act. An affiliate of an insured financial institution is any company or entity which controls, is controlled by or is unde
financial institution. In a mutual holding company context, the mutual holding company and mid-tier holding company of an in
existing Prudential Bancorp and Prudential Mutual Holding Company) and any companies which are controlled by such holdin
institution. Generally, Section 23A limits the extent to which the savings institution or its subsidiaries may engage in "covered
amount

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equal to 10% of such institution's capital stock and surplus, and contains an aggregate limit on all such transactions with all aff capital stock and surplus. Section 23B applies to "covered transactions" as well as certain other transactions and requires that a same, or at least as favorable, to the insured financial institution as those provided to a non-affiliate. The term "covered transac purchase of assets from and issuance of a guarantee to an affiliate and similar transactions. Section 23B transactions also incluc of assets by an insured financial institution to an affiliate.

In addition, Sections 22(g) and (h) of the Federal Reserve Act place restrictions on loans to executive officers, directors and pri 22(h), loans to a director, an executive officer and to a greater than 10% shareholder of an insured financial institution, and cert exceed, together with all other outstanding loans to such person and affiliated interests, the insured financial institution's loans 15% of the institution's unimpaired capital and surplus). Section 22(h) also requires that loans to directors, executive officers a terms substantially the same as offered in comparable transactions to other persons unless the loans are made pursuant to a bene widely available to employees of the institution and (ii) does not give preference to any director, executive officer or principal s of either, over other employees of the insured financial institution. Section 22(h) also requires prior board approval for certain l of extensions of credit by an insured financial institution to all insiders cannot exceed the institution's unimpaired capital and s additional restrictions on loans to executive officers. At March 31, 2013, Prudential Savings Bank was in compliance with the a

Restrictions Applicable to Mutual Holding Companies.   While regulations governing Pennsylvania-chartered mutual holding c authority of Section 115.1 of the Pennsylvania Banking Code and a policy statement issued by the Pennsylvania Department of of Banking approved the reorganization of Prudential Saving Bank to the mutual holding company form of organization.

Pursuant to Pennsylvania law, a mutual holding company may engage only in the following activities:

- investing in the stock of one or more financial institution subsidiaries;
- acquiring one or more additional financial institution subsidiaries into a subsidiary of the holding company;
- merging with or acquiring another holding company, one of whose subsidiaries is a financial institution subsidiary;
- investing in a corporation the capital stock of which is available for purchase by a savings bank under federal law or ur
- engaging in such activities as are permitted, by statute or regulation, to a holding company of a federally chartered insu and
- engaging in such other activities as may be permitted by the Pennsylvania Department of Banking.

If a mutual holding company acquires or merges with another holding company, the holding company acquired or the holding c acquisition may only invest in assets and engage in activities listed above, and has a period of two years to cease any non-confo non-conforming investments.

Dividend Waivers By Prudential Mutual Holding Company.   Prudential Mutual Holding Company is subject to the Federal Re waiver of dividends. While, as described below, those policies do not prohibit the waiver of dividends, it has not been the pract approve such waivers. In connection with its approval of the 2005 reorganization, the Federal Reserve Board imposed certain c Mutual Holding Company of dividends paid on the common stock by existing Prudential Bancorp including requiring that Pruc

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Mutual Holding Company obtain the prior approval of the Federal Reserve Board before Prudential Mutual Holding Company
Prudential Bancorp. The Federal Reserve Board approval of the 2005 reorganization also required that the amount of any divid
Holding Company not be available for payment to the public shareholders of existing Prudential Bancorp (i.e., shareholders exc
Company) and that such amounts be excluded from existing Prudential Bancorp's capital for purposes of calculating dividends
Moreover, Prudential Savings Bank would be required to maintain the cumulative amount of dividends waived by Prudential M
capital account that would be added to the liquidation account established in the reorganization. This amount would not be avai
shareholders. The restricted capital account and liquidation account amounts would not be reflected in Prudential Savings Bank
considered as a notational or memorandum account of Prudential Savings Bank. These accounts would be maintained in accord
and policies of the Pennsylvania Banking Department and the plan of reorganization. The mutual holding company plan of reor
provided that if Prudential Mutual Holding Company converted to stock form in the future, any waived dividends would reduce
company's shares of common stock issued to public shareholders in connection with any such transaction. Prudential Mutual H
requested the approval of the Federal Reserve Board to waive dividends declared by existing Prudential Bancorp.

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TAXATION

Federal Taxation

General. Existing Prudential Bancorp, Prudential Mutual Holding Company and Prudential Savings Bank are subject to federa manner as other corporations with some exceptions listed below. The following discussion of federal, state and local income ta certain pertinent income tax matters and is not a comprehensive description of the applicable tax rules. As of September 30, 20 concluded an audit of existing Prudential Bancorp's tax returns for the year ended September 30, 2010 and no adverse findings tax return for taxable years through September 30, 2008 have been closed for purposes of examination by the Internal Revenue of Revenue.

Existing Prudential Bancorp files a consolidated federal income tax return with Prudential Savings Bank and its subsidiary, PSI distributions made by existing Prudential Bancorp to its shareholders will be treated as cash dividends and not as a non-taxable federal and state tax purposes.

Method of Accounting. For federal income tax purposes, existing Prudential Bancorp and Prudential Savings Bank report inco of accounting and file their federal income tax return on a fiscal year basis.

Bad Debt Reserves. The Small Business Job Protection Act of 1996 eliminated the use of the reserve method of accounting fo associations, effective for taxable years beginning after 1995. Prior to that time, Prudential Savings Bank was permitted to estal additions to the reserve. These additions could, within specified formula limits, be deducted in arriving at taxable income. As a Protection Act of 1996, savings associations must use the specific charge-off method in computing their bad debt deduction beg return. In addition, federal legislation required the recapture over a six year period of the excess of tax bad debt reserves at Dec of December 31, 1987.

Taxable Distributions and Recapture. Prior to the Small Business Job Protection Act of 1996, bad debt reserves created prior t recapture into taxable income if Prudential Savings Bank failed to meet certain thrift asset and definitional tests. New federal le association related recapture rules. However, under current law, pre-1988 reserves remain subject to recapture should Prudentia non-dividend distributions or cease to maintain a bank charter.

At September 30, 2012, the total federal pre-1988 reserve was approximately $6.6 million. The reserve reflects the cumulative Prudential Savings Bank for which no federal income tax provisions have been made.

Alternative Minimum Tax. The Internal Revenue Code imposes an alternative minimum tax at a rate of 20% on a base of regu preferences. The alternative minimum tax is payable to the extent such alternative minimum tax income is in excess of the regu which Prudential Savings Bank has none, can offset no more than 90% of alternative minimum taxable income. Certain payme used as credits against regular tax liabilities in future years. Prudential Savings Bank has not been subject to the alternative min

Corporate Dividends Received Deduction. Existing Prudential Bancorp may exclude from its income 100% of dividends recei member of the same affiliated group of corporations. The corporate dividends received deduction is 80% in the case of dividen corporate recipient owns less than 80%, but at least 20% of the distribution corporation. Corporations which own less than 20% distributing a dividend may deduct only 70% of dividends received.

State and Local Taxation

Pennsylvania Taxation. Existing Prudential Bancorp is subject to the Pennsylvania Corporate Net Income Tax, Capital Stock a Income Tax rate for 2013 is 9.99% and

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is imposed on unconsolidated taxable income for federal purposes with certain adjustments. In general, the Capital Stock and F
on a corporation's capital stock value at a statutorily defined rate, such value being determined in accordance with a fixed form
net worth.

Prudential Savings Bank is subject to tax under the Pennsylvania Mutual Thrift Institutions Tax Act, as amended to include thri
Pursuant to the Mutual Thrift Institutions Tax, the tax rate is 11.50%. The Mutual Thrift Institutions Tax exempts Prudential Sa
the Commonwealth of Pennsylvania for state income tax purposes and from all local taxation imposed by political subdivisions
estate transfers. The Mutual Thrift Institutions Tax is a tax upon net earnings, determined in accordance with generally accepte
adjustments. The Mutual Thrift Institutions Tax, in computing income according to generally accepted accounting principles, a
on state and federal obligations, while disallowing a percentage of a thrift's interest expense deduction in the proportion of inte
overall interest income of Prudential Savings Bank. Net operating losses, if any, thereafter can be carried forward three years fo
purposes.

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MANAGEMENT

Management of Prudential Bancorp–New and Prudential Savings Bank

Board of Directors. The Board of Directors of Prudential Bancorp–New will be divided into three classes, each of which will c
board. The directors will be elected by our shareholders for staggered three-year terms, or until their successors are elected and
consisting of Messrs. Corrato, Mulcahy and Miller, will have a term of office expiring at the first annual meeting of shareholde
second class, consisting of Messrs. Vento and Hosier, will have a term of office expiring at the second annual meeting of share
Messrs. Balka and Fanelli will have a term of office expiring at the third annual meeting of shareholders.

The following table sets forth certain information regarding the persons who will serve as the new holding company's directors
of existing Prudential Bancorp, Prudential Mutual Holding Company and Prudential Savings Bank. No director is related to any
blood, marriage or adoption. Ages are reflected as of March 31, 2013. For Messrs. Balka and Vento, service as a director incluc
Savings Bank prior to the organization of Prudential Bancorp in 2004.

Name	Position with Prudential Bancorp, Age and Principal Occupation During the Past Five Years
Joseph R. Corrato	Director. Executive Vice President and Chief Financial Officer of the existing Pruden 2004 and Prudential Savings Bank since 1997. Mr. Corrato joined Prudential Savings served in a variety of positions including Treasurer and Controller prior to becoming I President in 1997.
	Mr. Corrato brings to the Board of Directors the benefit of both his extensive financia well as his significant management expertise developed through his service with Prud Bank for more than 30 years. Age 52. Director since 2011.
Francis V. Mulcahy	Director. Residential real estate appraiser and broker, Media, Pennsylvania.
	Mr. Mulcahy brings substantial knowledge of the local real estate market to the Board 80. Director since 2005.
Bruce E. Miller	Director. Owner of six magnetic resonance imaging centers located in Philadelphia, P Delaware County, Pennsylvania since 2000.
	Mr. Miller brings significant business experience to the Board as a result of his succes a number of small businesses as well as extensive knowledge of the local market area Prudential Savings Bank operates. Age 52. Director since 2013.
Thomas A. Vento	Director. Chairman of the Board of the existing Prudential Bancorp and Prudential Sa January 1, 2013. President and Chief Executive Officer of existing Prudential Bancorp President of Prudential Savings Bank since 1992 and President and Chief Executive C
	Mr. Vento's service to Prudential Savings Bank in various management capacities anc 1992 provide him with significant management expertise as well as extensive knowle market area for financial institutions and institutional knowledge of Prudential Saving brings to the Board of Directors. Age 78. Director since 1992.

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Name	Position with Prudential Bancorp, Age and Principal Occupation During the Past Five Years
John C. Hosier	Director. Commercial Lines Account Executive with Montgomery Insurance Services Pennsylvania since 1986, and Commercial Lines Manager of its affiliate, Allman and Fort Washington, Pennsylvania since 2007, two full-service insurance agencies. Mr. Hosier brings significant commercial business experience as well as knowledge o insurance market to the Board of Directors. Age 48. Director since 2009.
Jerome R. Balka, Esq.	Director. Solicitor of Prudential Savings Bank. Partner, Balka & Balka, a law firm, Ph Pennsylvania. President of Constitution Abstract Co., Inc., a title insurance company, Pennsylvania from September 2009 to November 2012. Mr. Balka serves as Prudential Savings Bank's solicitor and brings substantial legal e particularly with respect to real estate transactions, to the Board of Directors. Age 83. 2000.
A. J. Fanelli	Director. Self-employed owner of a public accounting practice, Philadelphia, Pennsyl Mr. Fanelli brings substantial accounting knowledge to the Board of Directors as Cha Committee. Age 76. Director since 2005.

Director Independence. A majority of our directors are independent directors as defined in the rules of the Nasdaq Stock Mark determined that Messrs. Fanelli, Hosier, Miller and Mulcahy are independent directors.

Membership on Certain Board Committees. The Board of Directors of the existing Prudential Bancorp has established an Aud and Nominating and Corporate Governance Committee. It is expected that initially the same members will serve on the like co following table sets forth the membership of such committees as of the date of this prospectus.

Directors	Nominating and Corporate Governance	Compensation
A. J. Fanelli	**	*
John C. Hosier	*	*
Francis V. Mulcahy	*	**
Bruce E. Miller.	*	*

*

- Member

**

- Chairman

Audit Committee. The Audit Committee reviews with management and the independent registered public accounting firm the annual financial statements, including the Annual Report on Form 10-K, and monitors our adherence in accounting and financi accounting principles. The Audit Committee is comprised of four directors, each of whom is an independent director as define standards and the rules and regulations of the Securities and Exchange Commission. The Board of Directors has determined tha Committee meet the definition of Audit Committee financial expert, as such term is defined in the rules of the Securities and E believe it is important to note that while no one individual member of the Audit Committee has been determined to meet the te Committee financial expert, each of the members has had significant involvement in financial matters.

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Compensation Committee. It is the responsibility of the Compensation Committee of the Board of Directors to, among other t incentive arrangements for management. No member of the Compensation Committee is a current or former officer or employe Prudential Savings Bank or any subsidiary. Each of the members is independent as defined in the Nasdaq Stock Market listing

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee reviews and mak Directors, which are then sent to the full Board of Directors for their ratification. Each of the members is independent as define standards.

Director Compensation. Directors of the proposed new holding company who also serve as directors of Prudential Savings Ba the new holding company but will be compensated by Prudential Savings Bank for such service. It is not anticipated that separa holding company's directors who also serve as directors of Prudential Savings Bank until such time as such persons devote sig of the new holding company's affairs, which is not expected to occur unless we become actively engaged in additional business Prudential Savings Bank. We may determine that such compensation is appropriate in the future. The primary elements of Pruc director compensation program consist of equity compensation and cash compensation.

In fiscal 2012, members of Prudential Savings Bank's Board of Directors received an annual retainer of $25,200. Members also attended. For fiscal 2012, members of the Audit Committee, Executive Committee, Compensation Committee and Budget/Fina per meeting attended. As Chairman of the Board, Mr. Joseph W. Packer, Jr. received an annual retainer of $82,172 in fiscal 201 meeting fees. Mr. Packer retired as Chairman of the Board on December 31, 2012. As solicitor of Prudential Savings Bank, in f retainer of $57,500, which was increased to $60,375 for fiscal 2013, as well as fees earned for providing additional legal servic fee for service on the Executive Committee and the normal annual Board retainer of $25,200. Board fees are subject to periodic However, the annual retainer, special meeting and committee meeting remained the same for fiscal 2013. As Chairman of the A an annual retainer of $8,000 in fiscal 2013, the same as for fiscal 2012.

The following table sets forth certain information regarding the compensation paid to our non-employee directors during fiscal

Name	Fees Earned or Paid in Cash	All Other Compensation (
Jerome R. Balka, Esq.	$ 39,000	$ 65,284
A. J. Fanelli	54,200	—
John C. Hosier	46,200	—
Bruce E. Miller (3)	—	—
Francis V. Mulcahy	47,100	—
Joseph W. Packer, Jr. (3)	134,672	34,053

(1)

- Represents for Mr. Balka, his annual retainer of $57,500 as solicitor of Prudential Savings Bank and $7,784 for additio includes life insurance premiums, health insurance premiums and reimbursement of certain Philadelphia city wage taxe $4,712, respectively.

(Footnotes continued on next page)

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(2)

- At September 30, 2012, each non-employee director other than Mr. Hosier (and Mr. Miller who had not been appointed unvested stock awards covering 4,522 shares of common stock under our 2008 Recognition and Retention Plan (“RRP shares under our 2008 Stock Option Plan (“Option Plan”), of which options covering 16,962 shares were exercisable as 3,392 unvested stock awards and outstanding options covering 14,134 shares at such date, of which options covering 5 voting record date.

(3)

- Mr. Packer resigned effective December 31, 2012, and has been appointed Chairman Emeritus. Mr. Miller did not serv Bancorp or Prudential Savings Bank during fiscal 2012.

Board Leadership Structure

Mr. Vento serves as our Chairman, President and Chief Executive Officer as well as of Prudential Savings Bank. Our Board of appointment of our President and Chief Executive Officer as the Chairman of the Board promotes a unity of vision for existing implement its strategic goals. In addition, the President and Chief Executive Officer is the director most familiar with our busin lead discussions on important matters affecting our business. By combining the President and Chief Executive Officer and Cha is a firm link between management and the Board which promotes the development and implementation of our corporate strate potential conflicts that may arise when an insider chairs the Board, but believes these will be limited by existing safeguards wh holding company, our operations are highly regulated.

Board’s Role in Risk Oversight

Risk is inherent with every business, particularly financial institutions. We face a number of risks, including credit risk, interest strategic risk and reputational risk. Management is responsible for the day-to-day management of the risks that Prudential Banc as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Bo management processes designed and implemented by management are adequate and functioning as designed.

Two of our senior executive officers, Messrs. Corrato and Vento, serve on our Board of Directors. Other members of our senior of the Board of Directors and are available to address any questions or concerns raised by the Board of Directors on risk manag Savings Bank has established an Asset-Liability Committee, a Loan Quality Committee and an Investment Committee compos including Messrs. Corrato and Vento. The independent directors work together to provide strong, independent oversight of Pru affairs.

Executive Officers Who Are Not Also Directors.   The following individuals currently serve as executive officers of Prudential positions following the conversion and offering. Ages are reflected as of March 31, 2013.

Name	**Age and Principal Occupation During the Past**
Salvatore Fratanduono	Senior Vice President and Chief Lending Officer of Prudential Savings Bank sin Fratanduono served as Vice President – Lending of Prudential Savings Bank f
Jeffrey T. Hanuscin	Vice President and Controller of Prudential Savings Bank since May 2013. Prio Vice President, Chief Financial Officer and Treasurer of Nova Bank, Berwyn, P October 2011. Age 48.

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Name	Age and Principal Occupation During the Past
Jack E. Rothkopf	Senior Vice President and Treasurer of Prudential Savings Bank since April 201 served as Vice President and Controller. Prior thereto, Mr. Rothkopf served as A Financial Holdings, Marlton, New Jersey from October 2000 to January 2006. A

In accordance with the Prudential Bancorp–New Pennsylvania bylaws, our executive officers will be elected annually and hold have been elected and qualified or until death, resignation or removal by the board of directors.

Summary Compensation Table

The following table summarizes the total compensation paid by Prudential Savings Bank (including amounts deferred, if any, t services rendered in all capacities during the fiscal years ended September 30, 2012 and 2011 to the principal executive officer Prudential Savings Bank during fiscal 2012 whose total compensation exceeded $100,000, collectively referred to as our “nam Prudential Bancorp has not paid separate cash compensation to our officers.

Name and Principal Position	Fiscal Year	Salary	Bonus (1)	A Com
Thomas A. Vento	2012	$ 311,319	$ 19,507	$ 72,23
Chairman, President and Chief Executive Officer	2011	308,237	—	64,59
Joseph R. Corrato	2012	193,841	12,146	69,22
Executive Vice President and Chief Financial Officer	2011	191,921	—	38,54
David H. Krauter (4)	2012	147,876	5,791	20,62
Vice President and Chief Lending Officer	2011	138,302	—	20,03

(1)

- Represents bonuses earned in fiscal 2012 which were paid in fiscal 2013. Under the Prudential Savings Bank 2012 Bo officer was eligible to receive a fixed proportionate allocation of the bonus pool for employees based on salary and len for fiscal 2011.

(2)

- Includes the fair market value on December 30, 2011 of the 1,527, 1,217 and 917 shares deemed allocated to the Empl Messrs. Vento, Corrato and Krauter, respectively, based on a value of $5.18 per share on December 30, 2011, and the v the provision of health insurance premiums for Messrs. Vento, Corrato and Krauter of $24,541, $31,086 and $15,699, automobiles is based on depreciation, as well as insurance, fuel and maintenance expense.

(3)

- Includes for Messrs. Vento and Corrato an aggregate of $33,600 and $31,500, respectively, paid in fiscal 2012 as boar Vento for $1,176 in Philadelphia city wage taxes.

(4)

- Mr. Krauter resigned as Chief Lending Officer effective January 31, 2013. Mr. Krauter continues to serve Prudential S role.

Narrative to Summary Compensation Table

The Compensation Committee, upon review of Mr. Vento's performance and other factors, approved a base salary of $311,319
increased 1.0% from $308,237 in fiscal 2011. In addition, the Compensation Committee approved base salaries for Messrs. Co
$193,841 and $147,876, respectively, reflecting increases of 1.0% and 6.9%, respectively. The dollar amount of their base salar
Compensation Committee's review of the local market for chief executive officer, chief financial officer and chief lending offic
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were intended to ensure that Prudential Savings Bank remained competitive in attracting and retaining qualified senior executiv
Committee approved the payment of bonuses with respect to fiscal 2012 but not the grant of any equity awards. For fiscal 2012
established in December 2012. The bonus pool was distributed to all eligible employees, including Messrs. Vento, Corrato and
service. In addition, in fiscal 2012, Messrs. Vento, Corrato and Krauter each received the use of an automobile to assist them in

Outstanding Equity Awards at Fiscal Year-End

The table below sets forth outstanding equity awards at September 30, 2012 to our executive officers named in the Summary C
were made in fiscal 2009. No grants were made in fiscal 2011 or fiscal 2012 to such officers.

	Option Awards (1)				
	Number of Securities Underlying Unexercised Options				
Name	Exercisable	Unexercisable	Exercise Price	Option Expiration Date	of
Thomas A. Vento	67,845	45,229	$ 11.17	1/5/2019	18
Joseph R. Corrato	33,923	22,614	11.17	1/5/2019	9,(
David H. Krauter	20,355	13,567	11.17	1/5/2019	6,(

(1)

- Granted pursuant to our 2008 Stock Option Plan and vest at a rate of 20% per year commencing on January 5, 2010.

(2)

- Granted pursuant to our 2008 Recognition and Retention Plan and vest at a rate of 20% per year commencing on Janua

(3)

- Calculated by multiplying the closing market price per share of our common stock on September 28, 2012, which was
shares of common stock underlying the named executive officer's unvested stock awards.

Employment Agreements

Prudential Savings Bank entered into amended and restated employment agreements effective as of May 20, 2013 with Messrs.
three years, with respect to Mr. Vento, and two years, with respect to Mr. Corrato. Prudential Savings Bank entered into employ
Fratanduono and Rothkopf that have terms of two years, effective as of May 20, 2013. The terms of the agreements are extende
one additional year unless either Prudential Savings Bank or the executive gives notice at least 30 days prior to each such Dece
extended. The terms of the employment agreements provide for an initial annual base salary, which is reviewed annually by the
also entitled to participate in our benefit plans and programs and receive reimbursement for reasonable business expenses. Each
terminable with or without cause by Prudential Savings Bank. The executives have no right to compensation or other benefits p
for any period after voluntary termination by the executive without good cause, as defined in the agreements, or termination by
disability, retirement or death.

In the event that the executive terminates his employment because of failure to comply with any material provision of the empl
Bank or the employment agreement is terminated by Prudential Savings Bank other than for cause, disability, retirement or dea
entitled to the payment of two times (one times in the case of Messrs. Fratanduono and Rothkopf) their respective average annu
bonuses) as cash severance and the maintenance until the earlier to occur of the passage of two years (one times in the case of

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Messrs. Fratanduono and Rothkopf) or, until the executive's full time employment with another employer, of the executive's pa in which the executive was entitled to participate or similar plans, programs or arrangements if his continued participation is no

In the event that the executive's employment is terminated in connection with a change in control, as defined in the employmen disability, retirement or death or the executive terminates his employment as a result of certain adverse actions which are taken employment following a change in control, as defined, Messrs. Vento, Corrato, Fratanduono or Rothkopf, as the case may be, v payment equal to three times (one times in the case of Messrs. Fratanduono or Rothkopf) their respective average annual cash c described above, of the employee benefit plans for three years (one year in the case of Messrs. Fratanduono or Rothkopf), or un with another employer that provides similar benefits. Benefits under the employment agreements will be reduced to the extent r do not receive any "parachute payment" as such term is defined under Section 280G of the Internal Revenue Code.

Benefit Plans

Retirement Plan. Prudential Savings Bank participates in the Financial Institutions Retirement Fund, a multiple employer defi tax-qualification requirements of Section 401(a) of the Internal Revenue Code. Full-time employees, excluding hourly paid wo the retirement plan upon the attainment of age 21 and the completion of one year of eligibility service. For purposes of the retir one year of eligibility service when he completes 1,000 hours of service within a one-year eligibility computation period. An e period is the one-year period beginning on the employee's date of hire. Subsequent eligibility computation periods begin on Ja

The retirement plan provides for a monthly benefit upon a participant's retirement at or after the age of 65, or if later, the fifth a participation in the retirement plan (i.e., the participant's "normal retirement date"). A participant may also receive a benefit on on which he attains age 45 and is partially or fully vested under the terms of the retirement plan. Benefits received prior to a pa reduced by certain factors set forth in the retirement plan. The retirement plan provides a benefit of 1.50% of a participant's hig by the participant's years of benefit service. Earnings are defined as base salary, subject to an annual Internal Revenue Service Annual benefits provided under the retirement plan also are subject to Internal Revenue Service limits, which vary by age and b become fully vested in their benefits under the retirement plan upon the completion of five years of vesting service as well as u age (age 65).

401(k) and Profit Sharing Plan. We adopted the Prudential Savings Bank Employees' Savings and Profit Sharing Plan and Tr 2004. To participate in the 401(k) Plan, eligible employees must have completed three months of full time service. Participating reduction contributions of up to $17,500, of their eligible compensation for 2013. Prudential Savings Bank does not currently c 401(k) Plan.

Endorsement Split Dollar Agreements. Prudential Savings Bank purchased insurance policies on the lives of its executive offi Compensation Table above, and has entered into Endorsement Split Dollar Agreements with each of those officers. The policie Under the agreements with the named executive officers, upon an officer's death while he or she remains employed by Prudent will receive two times the officer's salary, other than Mr. Vento whose benefit totaled $149,117 for 2012, as of the date of deat agreements, Prudential Savings Bank has elected to not extend such benefits after a termination of employment. Such amounts death benefits under the insurance policies on such officer's life in excess of the cash surrender value. Prudential Savings Bank which is expected to reimburse Prudential Savings Bank in full for its life insurance investment as well as the remainder, if any payments to the officer's beneficiaries.

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The Endorsement Split Dollar Agreements may be terminated at any time by Prudential Savings Bank or the officer or by Prud termination of service to Prudential Savings Bank. Upon termination, Prudential Savings Bank may surrender the policy and co

Employee Stock Ownership Plan. In 2005, Prudential Savings Bank established an employee stock ownership plan for all elig Savings Bank's mutual holding company reorganization, the employee stock ownership plan purchased 452,295 shares of Prud open market. Employees, excluding hourly paid workers, who have been credited with at least 1,000 hours of service during a age 21 are eligible to participate in the employee stock ownership plan. The current trustees of the employee stock ownership p Mulcahy.

As part of the conversion and offering, the employee stock ownership plan intends to purchase a number of shares of Prudentia 4.0% of the shares sold in the offering, or 211,141 shares and 285,664 shares based on the minimum and maximum of the offer that the employee stock ownership plan will borrow funds from the new holding company, and that such loan will equal 100% common stock acquired by the employee stock ownership plan and have a term of 20 years. The new holding company has agr ownership plan the funds necessary to purchase shares. The loan to the employee stock ownership plan will be repaid principal contributions to the employee stock ownership plan and the collateral for the loan will be the common stock purchased by the e interest rate for the employee stock ownership plan loan will be fixed and is expected to be at the prime rate published in the W employee stock ownership plan enters into the loan. The new holding company may, in any plan year, make additional discretio stock ownership for the benefit of plan participants in either cash or shares of common stock, which may be acquired through th market or from individual shareholders, upon the original issuance of additional shares by the new holding company or upon th holding company. Such purchases, if made, would be funded through additional borrowings by the employee stock ownership new holding company or from Prudential Savings Bank. The timing, amount and manner of future contributions to the employe by various factors, including prevailing regulatory policies, the requirements of applicable laws and regulations and market con Shares purchased by the employee stock ownership plan with the loan proceeds will be held in a suspense account and released rata basis as debt service payments are made. Shares released from the employee stock ownership plan suspense account will b plan account based on the ratio of each such participant's compensation to the total compensation of all eligible employee stock may be used for several purposes such as the payment of expenses or be reallocated among remaining participating employees. service, the account balances of participants within the employee stock ownership plan become 100% vested. In the case of a " however, participants will become immediately fully vested in their account balances. Participants also become fully vested in disability or retirement. Benefits may be payable upon retirement or separation from service.

Generally accepted accounting principles require that any third party borrowing by the new holding company be reflected as a condition. Since the employee stock ownership plan is borrowing from the new holding company, the loan will not be treated a from shareholders' equity. If the employee stock ownership plan purchases newly issued shares from the new holding company increase nor decrease, but per share shareholders' equity and per share net earnings would decrease as the newly issued shares a ownership plan participants.

Prudential Savings Bank's employee stock ownership plan is subject to the requirements of the Employee Retirement Income S applicable regulations of the Internal Revenue Service and the Department of Labor.

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New Stock Benefit Plans

Stock Option Plan.   Following consummation of the conversion and offering, we intend to adopt a new stock option plan, whic
qualified personnel in key positions, provide directors, officers and key employees with a proprietary interest in the new holdin
to its success and reward key employees for outstanding performance. The new stock option plan will provide for the grant of i
comply with the requirements of Section 422 of the Internal Revenue Code, and non-incentive or compensatory stock options.
and key employees. The new stock option plan will be administered and interpreted by a committee of the board of directors. U
option plan shall continue in effect for a period of 10 years from the date the stock option plan is adopted by the board of direct

Under the new stock option plan, the committee will determine which directors, officers and key employees will be granted opt
or compensatory options, the number of shares subject to each option, the exercise price of each option, whether options may b
common stock and when such options become exercisable. The per share exercise price of an incentive stock option must at lea
of common stock on the date the option is granted (110% of fair market value in the case of incentive stock options granted to

After the conversion and offering, we intend to present the stock option plan to shareholders for approval and to reserve an amo
new holding company common stock sold in the offering, which is 527,854 shares or 714,160 shares based on the minimum an
respectively, for issuance under the new stock option plan, subject to potential adjustment as discussed below if the plan is pres
completion of the conversion and offering. The stock option plan will provide that no individual officer or employee of the new
than 25% of the options available for grant under the new stock option plan and non-employee directors may not receive more
aggregate of the options available for grant under the new stock option plan. The exercise price of any options granted under an
fair market value of the common stock as of the date of grant. Further, options under such plan generally will vest no more rapi
per year. Each stock option or portion thereof will be exercisable at any time on or after it vests and will be exercisable until 10
periods of up to five years following the death, disability or other termination of the optionee's employment or service as a dire
incentive stock options within three months after the date on which the optionee's employment terminates may result in the los
the new stock option plan is adopted within 12 months following the completion of the conversion, the number of shares reserv
under the new plan would generally be limited to 10% of the shares sold in the offering, subject to adjustment as may be requir
reflect shares of common stock reserved by existing Prudential Bancorp under the existing stock option plan, so that the total sh
exceed 10% of Prudential Bancorp–New's outstanding shares immediately after the conversion and offering. We have not dete
stock option plan for stockholder approval prior to or more than 12 months after the completion of the conversion.

At the time an option is granted pursuant to the new stock option plan, the recipient will not be required to make any payment i
respect to incentive or compensatory stock options, the optionee will be required to pay the applicable exercise price at the time
underlying shares of common stock. The shares reserved for issuance under the new stock option plan may be authorized but p
shares, or shares purchased by the new holding company on the open market or from private sources. In the event of a stock spl
the number of shares of common stock under the new stock option plan, the number of shares to which any option relates and t
option shall be adjusted to reflect such increase or decrease in the total number of shares of common stock outstanding.

Under current provisions of the Internal Revenue Code, the federal income tax treatment of incentive stock options and compen
holder of incentive stock options who meets

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certain holding period requirements will not recognize income at the time the option is granted or at the time the option is exerc generally will not be available to the new holding company at any time as a result of such grant or exercise. With respect to con between the fair market value on the date of exercise and the option exercise price generally will be treated as compensation inc company will be entitled to a deduction in the amount of income so recognized by the optionee.

The following table presents the total value of all stock options expected to be made available for grant under the new stock opt prices from $8.00 per share to $14.00 per share. For purposes of this table, the value of the stock options was determined using formula. See "Pro Forma Data." Ultimately, financial gains can be realized on a stock option only if the market price of the com which the option is granted. The table assumes that we will reserve a number of shares equal to 10% of the shares sold in the of

Per Share Exercise Price	Per Share Option Value	Value of 527,854 Options Granted at Minimum of Range	Value of 621,019 Options Granted at Midpoint of Range
			(Dollars in Thousands, Except Per Sh
$ 8.00	$ 3.87	$ 2,042,795	$ 2,403,344
10.00	4.84	2,554,813	3,005,732
12.00	5.81	3,066,832	3,608,120
14.00	6.78	3,578,850	4,210,509

Recognition and Retention Plan. After the conversion and offering, we intend to adopt a stock recognition and retention plan f The objective of the stock recognition and retention plan will be to enable us to provide directors, officers and employees with company as an incentive to contribute to its success. We intend to present the stock recognition and retention plan to the new ho approval at a meeting of shareholders after the conversion and offering. If the recognition and retention plan is adopted within the conversion, the number of shares available for the grant of stock awards under the new plan would generally be limited to 4 subject to adjustment as may be required by federal regulations or policy to reflect shares of common stock reserved by existing stock recognition and retention plan, so that the total shares available for stock awards does not exceed 4% of Prudential Banco after the conversion and offering. We have not determined whether we will present the new stock recognition and retention plan more than 12 months after the completion of the conversion.

The recognition and retention plan will be administered by a committee of Prudential Bancorp–New's board of directors, which funds contributed to the trust created for the stock recognition and retention plan. We will contribute sufficient funds to the trus receipt of shareholder approval, a number of shares equal to 4.0% of the shares of Prudential Bancorp–New common stock sold or 285,664 shares based on the minimum and maximum of the offering range, respectively, subject to potential adjustment as d prior to one year after the completion of the conversion and offering. Shares of common stock granted pursuant to the recogniti in the form of restricted stock vesting at a rate to be determined by Prudential Bancorp–New's board of directors or a board com granted under the recognition and retention plan will vest over a five-year period at a rate no more rapidly than 20% per year. F expense in the amount of the fair market value of the common stock at the date of the grant to the recipient will be recognized p shares vest. A recipient will be entitled to all voting and other shareholder rights, except that the shares, while restricted, may n disposed of and are required to be held in the trust. Under the terms of the recognition and retention plan, recipients of awards w the

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recognition and retention plan as to how the underlying shares should be voted, and the trustees will be entitled to vote all unall
recipient's employment is terminated as a result of death or disability, all restrictions will expire and all allocated shares will be
terminate the recognition and retention plan at any time, and if we do so, any shares not allocated will revert to the new holding
the recognition and retention plan will not be required to make any payment at the time of grant or when the underlying shares
than payment of withholding taxes.

The following table presents the total value of all shares expected to be available for restricted stock awards under the new stoc
on a range of market prices from $8.00 per share to $14.00 per share. Ultimately, the value of the grants will depend on the actu
which depends on numerous factors. The table assumes we will reserve a number of shares equal to 4% of the shares sold in the

Share Price	**211,141 Shares Awarded at Minimum of Range**	**Value of 248,407 Shares Awarded at Midpoint of Range (Dollars in Thousands)**
$ 8.00	$ 1,689,128	$ 1,987,256
10.00	2,111,410	2,484,070
12.00	2,533,692	2,980,884
14.00	2,955,974	3,477,698

Related Party Transactions

In accordance with applicable federal laws and regulations, Prudential Savings Bank offers mortgage loans to its directors, offi
of their immediate families for the financing of their primary residences and certain other loans. These loans are made on subst
prevailing at the time for comparable loans with persons not related to Prudential Savings Bank. Other than as described below
loans neither involve more than the normal risk of collectability nor present other unfavorable features.

At September 30, 2012, two commercial mortgage loans and two lines of credit aggregating approximately $597,103 had been
Vento's daughter was a principal. In addition, Prudential Savings Bank also extended a single-family residential mortgage loan
which had a principal balance of approximately $160,021 at September 30, 2012. One of the two commercial mortgage loans w
date and the other was 60-89 days delinquent. The other three loans were current at September 30, 2012. However, due to the p
all five loans were on non-accrual as of September 30, 2012. During fiscal 2012, the highest aggregate principal balance of the
and principal and interest paid was approximately $11,932 and $60,456, respectively. The two commercial mortgage loans bea
bears interest at 5.0%, one line bears interest at 3.25% and the second line bears interest at 4.25%. All five loans were made on
interest rate and collateral as loans with persons not related to Prudential Savings Bank. Prudential Savings Bank currently doe
principal or interest on the five loans.

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BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth as of July 31, 2013, certain information as to the common stock beneficially owned by (1) each p
that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, who or which was known to us to be the beneficia
and outstanding common stock, (2) the directors of existing Prudential Bancorp and (3) all directors and executive officers of e

Name of Beneficial Owner or Number of Persons in Group	**Amount and Nature o Beneficial Ownership as July 31, 2013 (1)**
Prudential Mutual Holding Company 1834 West Oregon Avenue Philadelphia, Pennsylvania 19145	7,478,062
Directors:	
Jerome R. Balka, Esq.	49,492
Joseph R. Corrato	81,161
A. J. Fanelli	37,422
John C. Hosier	22,909
Bruce E. Miller	6,154
Francis V. Mulcahy	39,922
Thomas A. Vento.	163,042
Other Named Executive Officer:	
David H. Krauter (10)	48,138
All Directors and Executive Officers as a group (11 persons)	512,788

*

- Represents less than one percent of existing Prudential Bancorp's outstanding common stock.

(1)

- Based upon filings made pursuant to the Securities Exchange Act of 1934 and information furnished by the respective
promulgated pursuant to the Securities Exchange Act of 1934, shares of common stock are deemed to be beneficially o
indirectly has or shares (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) in
power to dispose or to direct the disposition of the shares. Unless otherwise indicated, the named beneficial owner has
respect to the shares.

(2)

- Includes shares held in trust by our RRP which have been awarded to the directors and officers and stock options whic
officers under our Option Plan and which are exercisable within 60 days of the voting record date as follows:

Name	**RRP Shares**
Jerome R. Balka, Esq.	2,261
Joseph R. Corrato	8,800
A. J. Fanelli	2,261
John C. Hosier	7,914
Bruce E. Miller	5,654
Francis V. Mulcahy	2,261
Thomas A. Vento	15,305
All directors and executive officers as a group (11 persons)	57,456

(3)

- Includes 5,000 shares held in Mr. Balka's individual retirement account, 2,000 shares held in Mr. Balka's 401(k) Plan a Klara for whom Mr. Balka is guardian. Also includes 5,000 shares held by the Balka Grandchildren Trust and 500 shar Revocable Trust, over which Mr. Balka has voting power and disclaims beneficial ownership.

(Footnotes continued on next page)

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(4)

- Includes 3,309 shares and 10,709 shares allocated to Mr. Corrato's accounts in Prudential Savings Bank's 401(k) Plan respectively, over which Mr. Corrato has voting power and 85 shares held by Mr. Corrato as custodian for his son.

(5)

- Includes 3,400 shares held jointly with Mr. Fanelli's spouse.

(6)

- Includes 3,121 shares are held in Mr. Hosier's account in his 401(k) plan.

(7)

- Includes 3,000 shares held by Mr. Mulcahy's spouse.

(8)

- Includes 27,204 shares and 13,182 shares allocated to Mr. Vento's accounts in Prudential Savings Bank's 401(k) Plan a respectively, over which Mr. Vento has voting power and 5,373 shares held jointly with Mr. Vento's spouse.

(9)

- Includes 7,761 shares held in Prudential Savings Bank's Employee Stock Ownership Plan, respectively, over which Mr shares held jointly with Mr. Krauter's spouse.

(10)

- Mr. Krauter resigned as Vice President and Chief Lending Officer, effective January 31, 2013. Mr. Krauter remains an and serves in a business development role.

(11)

- The executive officers as a group includes David H. Krauter, who was serving as Vice President and Chief Lending Of 10, above.

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PROPOSED MANAGEMENT PURCHASES

The following table sets forth, for each of our directors and executive officers as of the date of this prospectus and for all of our group, (1) the number of exchange shares to be held upon consummation of the conversion and offering, based upon their bene stock of Prudential Bancorp as of the date of this prospectus, (2) the proposed purchases of subscription shares, assuming suffic subscriptions, and (3) the total amount of Prudential Bancorp common stock to be held upon consummation of the conversion a 6,210,199 shares of our stock are sold, and the exchange ratio is calculated at the midpoint of the offering range. The shares bei executive officers are being acquired for investment and not for resale. At the midpoint of the offering range after completion o directors and executive officers as a group will hold 2.4% of the common stock outstanding.

Name	Number of New Shares to be Received in Exchange For Existing Shares of Prudential Bancorp (1) (2)	Proposed Purchases of Common Stock	
		Dollar Amount	Number of Shares
Directors:			
James R. Balka, Esq.	22,066	$ 10,000	1,000
Joseph R. Corrato	29,499	20,000	2,000
A.J. Fanelli	12,156	5,000	500
John C. Hosier	11,845	35,000	3,500
Bruce E. Miller	5,052	50,000	5,000
Frances V. Mulcahy	14,209	10,000	1,000
Thomas A. Vento	59,449	70,000	7,000
Executive Officers:			
Salvatore Fratanduono	14,342	—	—
Jeffrey T. Hanuscin	3,201	—	—
Jack E. Rothkopf	7,739	—	—
All Directors and Executive Officers as a Group (10 persons)	179,558	$ 200,000	20,000

*

- Less than 1%

(1)

- Excludes shares which may be received upon the exercise of outstanding and exercisable stock options. Based upon the holding company shares for each share of Prudential Bancorp common stock at the midpoint of the estimated valuation would have options to purchase our common stock as follows: 23,208 shares for each of Messrs. Balka, Fanelli, Hosier Vento, Corrato, Fratanduono, Hanuscin and Rothkopf, 11,604, 109,514, 57,500, 23,698, 8,844 and 21,377 shares, respe

(2)

- Excludes stock options and awards that may be granted under the proposed new stock option plan and recognition and by shareholders at an annual or special meeting of shareholders at least six months following the conversion and offerin Plans.”

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THE CONVERSION AND OFFERING

The Boards of Directors of existing Prudential Bancorp, Prudential Bancorp–New, Prudential Mutual Holding Company and P
the plan of conversion and reorganization. The plan of conversion and reorganization also must be approved by the depositors o
shareholders of existing Prudential Bancorp. Special meetings of the depositors of Prudential Savings Bank and of the sharehol
been called for this purpose. The Pennsylvania Department of Banking approved our application for acquisition of control of P
transactions necessary to complete the conversion and offering. In addition, the Federal Reserve Board has approved our holdin
a copy of the plan of conversion and reorganization as an exhibit thereto, subject to certain standard commitments on our part.
not constitute recommendations or endorsements of the plan of conversion and reorganization by such agencies.

General

The Boards of Directors of Prudential Bancorp–New, Prudential Mutual Holding Company, existing Prudential Bancorp and P
adopted the plan of conversion and reorganization on June 13, 2013, which was subsequently amended on July 17, 2013 and Ju
The second step conversion that we are now undertaking involves a series of transactions by which we will convert our organiz
form to the fully public stock holding company structure. Under the plan of conversion and reorganization, we will convert fro
organization to the stock holding company form of organization and Prudential Savings Bank will become a wholly owned sub
newly formed Pennsylvania corporation. Shareholders of existing Prudential Bancorp, other than Prudential Mutual Holding C
stock of the new holding company, Prudential Bancorp–New, in exchange for their shares of existing Prudential Bancorp comm
offering, existing Prudential Bancorp and Prudential Mutual Holding Company will no longer exist.

The following is a brief summary of the conversion and offering and is qualified in its entirety by reference to the provisions o
reorganization. A copy of the plan of conversion and reorganization is available upon request at each office of Prudential Savin
reorganization is filed as an exhibit to the registration statement of which this prospectus is a part, copies of which may be obta
Commission. The plan of conversion and reorganization also is included as an exhibit to our holding company application filed
"Where You Can Find Additional Information."

Purposes of the Conversion and Offering

Prudential Mutual Holding Company, as a mutual holding company, does not have shareholders and has no authority to issue c
conversion and offering, Prudential Savings Bank will be structured in the form used by holding companies of commercial ban
savings institutions. The conversion to the fully public form of ownership will remove the uncertainties associated with the mu
by the recently enacted financial reform legislation. The conversion and offering will also be important to our future performan
support our operations. Although existing Prudential Bancorp currently has the ability to raise additional capital through the sal
Bancorp common stock, that ability is limited by the mutual holding company structure which, among other things, requires th
always hold a majority of the outstanding shares of Prudential Bancorp's common stock.

We are pursuing the conversion and related offering for the following reasons:

•

- Conversion to the fully public form of ownership will remove the uncertainties associated with the mutual holding com
conversion and offering will result in a more familiar and flexible form of corporate organization and will better positio
future regulatory requirements, including regulatory capital requirements

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which may be imposed on savings and loan holding companies such as Prudential Bancorp–New, and, in light of the portion of
retained by the new stock-form holding company, will facilitate the ability of Prudential Bancorp–New to serve as a source of s

- The number of our outstanding shares of common stock after the conversion and offering will be greater than the curre Prudential Bancorp common stock held by the public shareholders. We expect this will facilitate development of a mor our common stock. See "Market for Our Common Stock."

- The additional funds resulting from the offering will support continued growth, provide increased lending capability as Prudential Savings Bank is deemed to be "well-capitalized").

In light of the foregoing, the Boards of Directors of Prudential Mutual Holding Company, existing Prudential Bancorp and Pru Prudential Bancorp–New believe that it is in the best interests of such companies, the depositors and other customers of Pruden existing Prudential Bancorp to continue to implement our business strategy, and that the most feasible way to do so is through t

Description of the Conversion and Offering

The conversion and offering will result in the elimination of the mutual holding company, the creation of a new stock holding c outstanding shares of Prudential Savings Bank, the exchange of shares of common stock of existing Prudential Bancorp by pub stock-form holding company, the issuance and sale of shares of common stock to depositors of Prudential Savings Bank and ot offering will be accomplished through a series of substantially simultaneous and interdependent transactions as follows:

- Prudential Mutual Holding Company will convert from mutual to stock form and simultaneously merge with and into e which the mutual holding company will cease to exist and the shares of existing Prudential Bancorp common stock hel canceled; and

- Existing Prudential Bancorp then will merge with and into the Prudential Bancorp–New with Prudential Bancorp–New

As a result of the above transactions, Prudential Savings Bank will become a wholly owned subsidiary of Prudential Bancorp–N existing Prudential Bancorp common stock will be converted into shares of Prudential Bancorp–New common stock pursuant t the public shareholders owning in the aggregate the same percentage of the existing Prudential Bancorp–New common stock to the conversion and offering as the percentage of existing Prudential Bancorp common stock owned by them in the aggregate in conversion and offering, as adjusted for the assets of Prudential Mutual Holding Company, before giving effect to (a) the paym exchange shares, and (b) any shares of common stock purchased by public shareholders in the offering.

Consummation of the conversion and offering is conditioned upon the approval of the plan of conversion and reorganization by votes eligible to be cast by depositors of Prudential Savings Bank at the special meeting of depositors, (2) holders of at least tw existing Prudential Bancorp common stock at the special meeting of shareholders and (3) a majority of the outstanding shares o stock, excluding shares owned by Prudential Mutual Holding Company, at the special meeting of shareholders.

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Effect of the Conversion and Offering on Public Shareholders

The plan of conversion and reorganization provides that the public shareholders of existing Prudential Bancorp will be entitled stock for common stock of the new holding company. Each publicly held share of existing Prudential Bancorp common stock v conversion and offering, be automatically converted into and become the right to receive a number of shares of common stock pursuant to the exchange ratio, which we refer to as the "exchange shares." The public shareholders of existing Prudential Banc percentage of common stock in the new holding company after the conversion and offering as they held in existing Prudential I conversion, as adjusted for the assets of Prudential Mutual Holding Company and subject to any additional shares purchased by cash in lieu of fractional exchange shares.

Based on the independent valuation, the 74.8% of the outstanding shares of existing Prudential Bancorp common stock held by of the date of the independent valuation and the 25.2% public ownership interest of existing Prudential Bancorp (in each case, a Mutual Holding Company), the following table sets forth, at the minimum, midpoint, maximum, and adjusted maximum of the

•

- the total number of shares of common stock to be issued in the conversion and offering;

•

- the total shares of common stock outstanding after the conversion and offering;

•

- the exchange ratio; and

•

- the number of shares an owner of 100 shares of existing Prudential Bancorp common stock will receive in the exchang in the offering, and the assumed value of each of such shares.

	Shares to be Sold in the Offering			**Shares of Prudential Bancorp–New Stock to be Issued in Exchange for Existing Prudential Bancorp Common Stock**			**Total Shares of Prudential Bancorp–New Common Stock to be Outstanding after the Conversion (1)**	**Exchange Ratio**	
	Amount	**Percent**		**Amount**	**Percent**				**E S**
Minimum	5,278,542	74.82	%	1,776,458	25.18	%	7,055,000	0.6979	6
Midpoint	6,210,199	74.82		2,089,801	25.18		8,300,000	0.8210	8
Maximum	7,141,602	74.82		2,403,398	25.18		9,545,000	0.9442	9

(1)

- Valuation and ownership ratios reflect the dilutive impact of Prudential Mutual Holding Company's assets upon compl Prudential Mutual Holding Company's Assets on Public Stock Ownership."

(2)

- Cash will be paid instead of issuing any fractional shares.

(3)

- Represents the value of shares of Prudential Bancorp–New to be received by a holder of one share of existing Prudenti
  ratio, assuming a value of $10.00 per share.

As indicated in the table above, the exchange ratio ranges from a minimum of 0.6979 to a maximum of 0.9442 shares of Pruder
each share of existing Prudential Bancorp common stock. Shares of Prudential Bancorp–New common stock issued in the share
$10.00 per share. Depending on the exchange ratio and the market value of existing Prudential Bancorp common stock at the ti
value of the Prudential Bancorp–New common stock that existing Prudential Bancorp shareholders receive in the share exchan
the existing Prudential Bancorp common stock that such persons currently own. If the conversion and offering is completed at t
share of existing Prudential Bancorp would be converted into 0.6979 shares of Prudential Bancorp–New common stock with an
$10.00 offering price in the conversion. This compares to the closing sale price of $9.93 per share price for existing Prudential
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on August 12, 2013, as reported on the Nasdaq Global Market. In addition, as discussed in ''Pro Forma Data,'' pro forma stock
offering will range between $107.3 million and $124.1 million at the minimum and the maximum of the offering range, respect

Ownership of Prudential Bancorp–New After the Conversion and Offering

The following table shows information regarding the shares of common stock that Prudential Bancorp–New will issue in the co shows the number of shares that will be owned by existing Prudential Bancorp public shareholders at the completion of the con the new holding company's common stock in exchange for their shares of existing Prudential Bancorp common stock. The nun issued is based, in part, on our independent appraisal.

	5,278,542 Shares Issued at Minimum of Offering Range			6,210,199 Shares Issued at Midpoint of Offering Range		
	Amount	**Percent of Total**		**Amount**	**Percent of Total**	
Purchasers in the stock offering	5,278,542	74.8	%	6,210,199	74.8	%
Existing Prudential Bancorp public shareholders in the exchange	1,776,458	25.2		2,089,801	25.2	
Total shares outstanding after the conversion and offering	7,055,000	100.0	%	8,300,000	100.0	%

Effects of the Conversion and Offering on Depositors and Borrowers

General. Prior to the conversion and offering, each depositor of Prudential Savings Bank has both a deposit account in the inst in the net worth of Prudential Savings Bank based upon the balance in his account, which interest may only be realized in the e Savings Bank. However, this ownership interest is tied to the depositor's account and has no tangible market value separate fro reduces or closes his account receives a portion or all of the balance in the account but nothing for his ownership interest in the which is lost to the extent that the balance in the account is reduced or closed.

Consequently, the depositors in a stock subsidiary of a mutual holding company normally have no way to realize the value of th realizable value only in the unlikely event that Prudential Savings Bank is liquidated. In such event, the depositors of record at rata in any residual surplus and reserves of Prudential Savings Bank after other claims are paid.

Continuity. While the conversion and offering are being accomplished, the normal business of Prudential Savings Bank of acc continue without interruption. Prudential Savings Bank will continue to be subject to regulation by the Pennsylvania Departme Insurance Corporation. After the conversion and offering, Prudential Savings Bank will continue to provide services for deposi by its present management and staff.

The current board of directors of existing Prudential Bancorp is composed of the same individuals who serve on the boards of c Company and Prudential Savings Bank. The directors of the new holding company after the conversion and offering will be the Bancorp. The senior management of Prudential Bancorp–New after the conversion and offering will consist of the current mem senior management.

Effect on Deposit Accounts. Under the plan of conversion and reorganization, each depositor in Prudential Savings Bank at th will automatically continue as a depositor after the conversion and offering, and each of the deposit accounts will remain the sa interest rate and other terms, except to the extent that funds in the accounts are

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withdrawn to purchase common stock to be issued in the offering. Each account will continue to be insured by the Federal Dep
extent as before the conversion and offering. Depositors will continue to hold their existing certificates, passbooks and other ev

Effect on Loans. No loan outstanding from Prudential Savings Bank will be affected by the conversion and offering, and the a
security for each loan will remain as they were contractually fixed prior to the conversion and offering.

Tax Effects. We have received an opinion of counsel or tax advisor with regard to federal and state income taxation which ind
implementation of the plan of conversion and reorganization described herein will not be taxable for federal or state income tax
Bancorp, Prudential Mutual Holding Company, the public shareholders, or the eligible account holders, supplemental eligible a
except as discussed below. See "— Tax Aspects" below and "Risk Factors."

Effect on Liquidation Rights. If Prudential Mutual Holding Company was to liquidate, all claims of Prudential Mutual Holdin
first. Thereafter, if there were any assets remaining, depositors of Prudential Savings Bank would receive such remaining assets
balances in their deposit accounts at Prudential Savings Bank immediately prior to liquidation. In the unlikely event that Pruder
the conversion and offering, all claims of creditors (including those of depositors, to the extent of their deposit balances) also w
distribution of the "liquidation account" to certain depositors (see "— Liquidation Rights" below), with any assets remaining th
as the holder of Prudential Savings Bank's capital stock. A merger, consolidation, sale of bulk assets or similar combination or
institution would not be considered a liquidation for this purpose and, in such a transaction, the liquidation account would be re
institution.

The Offering

Subscription Offering. In accordance with the plan of conversion and reorganization, nontransferable rights to subscribe for co
have been granted under the plan of conversion and reorganization to the following persons in the following order of descendin

- eligible account holders,
- our employee stock ownership plan,
- supplemental eligible account holders, and
- other depositors, that is depositors of Prudential Savings Bank as of the close of business on July 31, 2013 and who are supplemental eligible account holders.

All subscriptions received will be subject to the availability of common stock after satisfaction of subscriptions of all persons h
offering and to the maximum and minimum purchase limitations set forth in the plan of conversion and reorganization and as d
Common Stock Purchases." We sometimes refer to the shares of the new holding company common stock to be sold in the offe
price as the "subscription shares."

Priority 1: Eligible Account Holders. Each Prudential Savings Bank depositor with aggregate account balances of at least $50
business on December 31, 2011 will receive, without payment therefor, first priority, nontransferable subscription rights to sub
up to the greater of:

- $1.0 million of common stock (which equals 100,000 shares); or
-

- 15 times the product, rounded down to the next whole number, obtained by multiplying the total number of shares of co
offering by a fraction, of which the numerator is the amount of the eligible account holder's qualifying deposit and the

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of which is the total amount of qualifying deposits of all eligible account holders, in each case as of the close of business on the
2011, subject to the overall purchase limitations. See "— Limitations on Common Stock Purchases."

If there are not sufficient shares available to satisfy all subscriptions, shares first will be allocated so as to permit each subscribi
number of shares sufficient to make his total allocation equal to the lesser of the number of shares subscribed for or 100 shares.
allocated to subscribing eligible account holders whose subscriptions remain unfilled in the proportion that the amount of their
total amount of qualifying deposits of all subscribing eligible account holders whose subscriptions remain unfilled, provided th
the event of an oversubscription, the subscription rights of eligible account holders who are also directors or officers of Prudent
Prudential Bancorp or Prudential Savings Bank and their associates will be subordinated to the subscription rights of other eligi
attributable to their increased deposits in the year preceding December 31, 2011.

To ensure proper allocation of shares of our common stock, each eligible account holder must list on his or her stock order form
had an ownership interest on December 31, 2011. In the event of an oversubscription, failure to list an account or providing inc
result in fewer shares being allocated than if all information had been properly disclosed.

Priority 2: Employee Stock Ownership Plan. The employee stock ownership plan will receive, without payment therefor, seco
rights to purchase, in the aggregate, up to 8.0% of the common stock of Prudential Bancorp–New to be outstanding after the co
shares previously acquired by the employee stock ownership plan, as adjusted. The employee stock ownership plan intends to p
Prudential Bancorp–New equal to 4.0% of the shares sold in the offering, or 248,407 shares based on the midpoint of the offeri
previously acquired by the employee stock ownership plan, as adjusted for the exchange ratio, the employee stock ownership p
shares equal to approximately 7.5% of the to be outstanding shares of common stock Prudential Bancorp–New. Subscriptions b
not be aggregated with shares of common stock purchased directly by or which are otherwise attributable to any other participa
offering, including subscriptions of any of Prudential Savings Bank's directors, officers, employees or associates. See "Manage
Ownership Plan." Alternatively, our employee stock ownership plan may purchase some or all of the shares of Prudential Banc
purchase in the open market after the offering is completed, subject to the receipt of approval of non-objection from the Federa

Priority 3: Supplemental Eligible Account Holders. Each Prudential Savings Bank depositor with aggregate account balances
June 30, 2013 will receive, without payment therefor, third priority, nontransferable subscription rights to subscribe for, in the s
of:

•

- $1.0 million of common stock (which equals 100,000 shares); or

•

- 15 times the product, rounded down to the next whole number, obtained by multiplying the total number of shares of co
offering by a fraction, of which the numerator is the amount of the supplemental eligible account holder's qualifying de
the total amount of qualifying deposits of all supplemental eligible account holders, in each case as of the close of busi
record date, June 30, 2013, subject to the overall purchase limitations. See "— Limitations on Common Stock Purchase

If there are not sufficient shares available to satisfy all subscriptions of supplemental eligible account holders, shares first will b
subscribing supplemental eligible account holder to purchase a number of shares sufficient to make his total allocation equal to
subscribed for or 100 shares. Thereafter, unallocated shares will be allocated to subscribing

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supplemental eligible account holders whose subscriptions remain unfilled in the proportion that the amounts of their respective
amount of qualifying deposits of all such subscribing supplemental eligible account holders whose subscriptions remain unfille
shall be issued.

To ensure proper allocation of common stock, each supplemental eligible account holder must list on the stock order form all d
an ownership interest at June 30, 2013. In the event of oversubscription, failure to list an account or providing incorrect or inco
shares being allocated than if all information had been properly disclosed.

Priority 4: Other Depositors. To the extent that there are shares remaining after satisfaction of subscriptions by eligible accour
plan and supplemental eligible account holders, each other depositor of Prudential Savings Bank as of the close of business on
payment therefor, fourth priority, nontransferable subscription rights to subscribe for, in the subscription offering, up to $1.0 m
100,000 shares); subject to the overall purchase limitations. See "— Limitations on Common Stock Purchases."

In the event the other depositors subscribe for a number of shares which, when added to the shares subscribed for by eligible ac
ownership plan and supplemental eligible account holders, is in excess of the total number of shares of common stock offered,
permit each subscribing other depositor to purchase a number of shares sufficient to make his total allocation equal to the lesser
or 100 shares. Thereafter, any remaining shares will be allocated among subscribing other depositors whose subscriptions rema
same proportion as each such other depositor's subscription bears to the total subscriptions of all such other depositors, provide

To ensure proper allocation of common stock, each other depositor must list on the stock order form all accounts in which he o
31, 2013. In the event of an oversubscription, failure to list an account or providing incorrect or incomplete information could r
than if all information had been disclosed.

Expiration Date for the Subscription Offering. The subscription offering will expire at 4:00 p.m., Eastern Time, on September
up to 45 days or additional periods, with the approval of the Federal Reserve Board, if required. We may extend the subscriptio
without additional notice to you.

Community Offering. To the extent that shares remain available for purchase after satisfaction of all subscriptions of eligible a
ownership plan, supplemental eligible account holders and other depositors, we may elect to offer shares pursuant to the plan o
certain members of the public, with preference given first to natural persons and trusts of natural persons who are residents of P
Pennsylvania ("community residents"), then to public shareholders of existing Prudential Bancorp as of July 31, 2013 and final
persons may purchase up to $1.0 million of common stock (which is equal to 100,000 shares); subject to the overall purchase li
Stock Purchases." The opportunity to subscribe for shares of common stock in the community offering will be subject to our rig
reject any such orders in whole or in part either at the time of receipt of an order or as soon as practicable following the offering

If there are not sufficient shares available to fill the orders of community residents in the community offering, available shares
resident whose order is accepted by us, in an amount equal to the lesser of 100 shares or the number of shares subscribed for by
Thereafter, available shares will be allocated among the community residents whose orders remain unsatisfied on an equal num
available shares have been allocated. If oversubscription is due to orders of public shareholders or the general public, shares wi
allocation described above.

The community offering, if any, may commence simultaneously with, during or subsequent to the completion of the subscriptio
the same time as the subscription offering. The community offering must be completed within 45 days after the completion of t
extended, with the approval of the Federal Reserve Board, if required.

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In determining whether a person is a community resident and thus is eligible for priority treatment, we will consider whether he
County or Philadelphia County, Pennsylvania, has the intent to remain for a period of time, and manifests the genuineness of th
physical presence together with an indication that such presence is something other than merely transitory in nature. We may u
evidence provided to us to make a determination as to a person's resident status. In all cases, the determination of residence sta
discretion.

Syndicated Community Offering or Firm Commitment Underwritten Public Offering. The plan of conversion and reorganizat
common stock not purchased in the subscription and community offerings may be offered for sale to the general public in a syn
underwritten public offering. If a syndicated community offering or firm commitment underwritten offering is held, Sandler O'
book-running manager. In the event that shares of common stock are sold in a syndicated or firm commitment underwritten off
aggregate amount of common stock sold in the syndicated community offering or firm commitment underwritten offering to Sa
other broker–dealers or underwriters included in the syndicated community offering or firm commitment underwritten offering

In the event of a firm commitment underwritten offering, the proposed underwriting agreement will not be entered into betweer
Prudential Bancorp–New, existing Prudential Bancorp, Prudential Savings Bank and Prudential Mutual Holding Company unti
the underwritten offering. At that time, Sandler O'Neill & Partners, L.P. and any other underwriters included in the firm comm
represent that they have received sufficient indications of interest to complete the offering. Pursuant to the terms of the underw
customary provisions and conditions to closing, upon execution of the underwriting agreement, Sandler O'Neill & Partners, L.I
obligated to purchase all the shares subject to the firm commitment underwritten offering.

In the event of a syndicated community offering, it is currently expected that investors would follow the same general procedur
subscription and community offerings (the use of order forms and the submission of funds directly to Prudential Savings Bank
the shares ordered) except that payment must be in immediately available funds (bank checks, money orders, deposit account w
Savings Bank or wire transfers). See "— Procedure for Purchasing Shares in the Subscription and Community Offerings." Swe
payment settlement will only be used in a syndicated offering to the extent consistent with Rules 10b-9 and 15c2-4 and then-ex
thereof of the Securities and Exchange Commission regarding the conduct of "min/max" offerings.

If for any reason we cannot effect a syndicated community offering or firm commitment underwritten offering of shares of com
subscription and community offerings, or in the event that there are an insignificant number of shares remaining unsold after su
arrangements for the sale of unsubscribed shares, if possible. The Federal Reserve Board and the Financial Industry Regulatory
arrangements.

Execution of Orders. We will not execute orders until at least the minimum number of shares of common stock (5,278,542 sha
otherwise sold. If the minimum number of shares have not been subscribed for or sold by October 31, 2013, unless such period
Federal Reserve Board, if required, all funds received in the offering will be returned promptly to the subscribers with interest,
authorizations will be canceled. If an extension beyond October 31, 2013 is granted, we will notify subscribers of the extension
right to confirm, modify or rescind their subscriptions. If we do not receive a response from a subscriber to any resolicitation, t
and all funds received will be returned promptly with interest, or withdrawal authorization will be canceled.

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

The plan of conversion and reorganization requires that the aggregate purchase price of our common stock must be based on th
the common stock, as determined on the

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basis of an independent valuation. We have retained FinPro to make such valuation. For its services in making such appraisal, I
an additional $6,000 for each appraisal update), plus reasonable documented out-of-pocket expenses which will not exceed $5,
agreed to indemnify FinPro and its employees and affiliates against certain losses, arising out of its services as appraiser.

Consistent with Federal appraisal guidelines, the independent appraisal applied three primary methodologies to estimate the pro
stock: the pro forma price-to-book value approach applied to both reported book value and tangible book value; the pro forma p
reported earnings; and the pro forma price-to-assets approach. The market value ratios applied in the three methodologies were
valuations of a peer group of companies considered by FinPro to be comparable to us, subject to valuation adjustments applied
between ourselves and the peer group. The peer group analysis conducted by FinPro included a total of 10 publicly traded finan
$674.6 million and market capitalizations of at least $40.0 million and averaging $89.3 million as of June 6, 2013. The peer gro
thrifts all selected based on asset size, market area and operating strategy. In preparing its appraisal, FinPro considered both the
price-to-book and price-to-tangible book value approaches and placed a lesser emphasis on the price-to-assets approach in estin
appraisal report is filed as an exhibit to the registration statement that we have filed with the Securities and Exchange Commiss
Additional Information."

The appraisal has been prepared by FinPro in reliance upon the information contained in this prospectus, including the financia
following factors, among others:

- our present and projected operating results and financial condition and the economic and demographic conditions in Pr area;
- certain historical, financial and other information;
- a comparative evaluation of our operating and financial statistics compared to with those of other similarly situated pub Pennsylvania and the Mid-Atlantic and New England regions of the United States;
- the aggregate size of the offering of Prudential Bancorp–New common stock;
- the impact of the conversion on our net worth and earnings potential;
- our proposed dividend policy; and
- the trading market for our common stock and securities of comparable companies and general conditions in the market

In determining the amount of the appraisal, FinPro reviewed existing Prudential Bancorp's price/earnings, price/book and price
effect to the net conversion proceeds to the comparable ratios for a peer group consisting of 10 holding companies of thrift insti
companies with:

•

- • median assets of $674.6 million;

- • median non-performing assets of 1.91% of total assets;

- • median tangible equity of 14.25% of tangible assets; and

- • median price/trailing 12 months earnings ratios equal to 19.74x and ranging from 12.43x to 34.41x.

FinPro's independent valuation also utilized certain assumptions as to our pro forma earnings after the conversion and offering expenses, an assumed after-tax rate of return on the net offering proceeds. See "Pro Forma Data" for additional information co different assumptions may yield different results.

In light of changes in the market since the initial valuation, FinPro prepared an updated valuation dated July 24, 2013. FinPro h the estimated pro forma market value, or valuation range, of our common stock, including subscription shares and exchange sh existing Prudential Bancorp, ranged from a minimum of $70.6 million to a

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maximum of $95.5 million, with a midpoint of $83.0 million. The boards of directors of existing Prudential Bancorp, Prudentia
Bank have decided to offer the shares for a price of $10.00 per share. FinPro has advised us that, based on the board establishin
interests of public shareholders be preserved in the second step transaction that as of July 24, 2013, the exchange ratio ranged f
of 0.9442 with a midpoint of 0.8210 shares of the new holding company's common stock per share of currently issued existing
number of shares offered will be equal to the aggregate offering price divided by the price per share. Based on the valuation ran
Bancorp common stock owned by existing Prudential Mutual Holding Company and the $10.00 price per share, the minimum o
the midpoint of the offering range is 6,210,199 shares, the maximum of the offering range is 7,141,602 shares. FinPro's indepe
complete our conversion and offering.

The following table presents a summary of selected pricing ratios for Prudential Bancorp–New, for the peer group and for all fu
banks and savings associations. The figures for Prudential Bancorp–New are from FinPro's appraisal report and they thus do no
presented in the "Pro Forma Data" section of this prospectus. Compared to the median pricing ratios of the peer group, our pro
offering range indicate a premium of 99.50% on a price-to-earnings basis and a discount of 15.84% and 17.20%, respectively, o
price-to-tangible book basis.

	Price to Earnings Multiple (2)		Price to LTM Core Earnings Multiple		I
Prudential Bancorp–New (pro forma) (1):					
Minimum	30.30	x	250.00	x	66
Midpoint	35.71		333.33		72
Maximum	41.67		500.00		77
Maximum, as adjusted					
Peer group companies as of July 24, 2013:					
Average	24.06		29.51		95
Median	20.89		20.23		92

(1)

• The ratios for Prudential Bancorp–New are based upon earnings and book values at or for the 12 months ended June 30

(2)

• Peer group ratios are based on earnings for the most recent 12 months available on July 24, 2013, and share prices as o

(3)

• Peer group ratios are based on the most recent book value and tangible book value available on July 24, 2013 and share

At the midpoint of the appraisal, our pro forma price to earnings and price to book ratios were 35.71x and 72.41%, respectively
group of 20.89x and 93.69%, respectively.

The boards of directors of Prudential Bancorp–New, existing Prudential Bancorp, Prudential Mutual Holding Company and Pru
appraisal report, including the methodology and the assumptions used by FinPro and determined that the offering range was rea
directors also established the formula for determining the exchange ratio. Based upon such formula and the offering range, the
of 0.6979 to a maximum of 0.9442 exchange shares for each current share of existing Prudential Bancorp common stock, with
exchange ratio, we expect to issue between 1,776,458 and 2,403,398 exchange shares to the holders of existing Prudential Banc
immediately prior to the completion of the conversion and offering. The estimated offering range and the

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exchange ratio may be amended with the approval of the Federal Reserve Board, if required, or if necessitated by subsequent d
market conditions generally. In the event the appraisal is updated so that our estimated pro forma market value is below $52.8
maximum of the offering range such appraisal will be filed with the Securities and Exchange Commission by post-effective am
FinPro's valuation is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purcha
independently verify the financial statements and other information provided by us, nor did FinPro value independently our ass
us as a going concern and should not be considered as an indication of our liquidation value. Moreover, because such valuation
projections of a number of matters, all of which are subject to change from time to time, no assurance can be given that persons
receiving exchange shares will thereafter be able to sell such shares at prices at or above the purchase price of $10.00 per share
valuation of the pro forma market value thereof.

We will not make any sale of shares of common stock or issue any exchange shares unless prior to such sale or exchange, FinP
nature has occurred which, taking into account all relevant factors, would cause it to conclude that the pro forma market value
consummation of the conversion and offering is materially incompatible with the estimated pro forma market value of Prudenti
in the updated valuation prepared by FinPro as of July 24, 2013. If such is not the case, a new offering range may be set, a new
upon the new offering range, a new subscription and community offering and/or syndicated community offering or underwritte
other action may be taken as we determine and the Federal Reserve Board may permit or require.

Depending upon market or financial conditions, the total number of shares of common stock to be issued may be increased or d
subscribers, provided that the product of the total number of shares times the purchase price of $10.00 per share is not below th
the offering range. In the event market or financial conditions change so as to cause the aggregate purchase price of the shares t
range or above the maximum of such range, we will notify subscribers and return the amount they have submitted with their or
savings rate of interest, or cancel their withdrawal authorization. In such event we may terminate the conversion and offering o
offering range. In the event that we establish a new offering range, we will resolicit orders from subscribers. Any change in the
by the Federal Reserve Board. Any change in the number of shares of common stock will result in a corresponding change in th
upon completion of the conversion and offering the exchange shares will represent approximately 74.8% of our total outstandin
An increase in the number of shares of common stock as a result of an increase in the offering range would decrease both a sub
forma net earnings and stockholders' equity on a per share basis while increasing pro forma net earnings and stockholders' equ
the number of shares of common stock would increase both a subscriber's ownership interest and our pro forma net earnings an
while decreasing pro forma net earnings and stockholders' equity on an aggregate basis.

Limitations on Common Stock Purchases

The plan of conversion and reorganization includes the following limitations on the number of shares of common stock which

(1)

- No less than 25 shares of common stock may be purchased;

(2)

- Each eligible account holder may subscribe for and purchase in the subscription offering up to the greater of (a) $1.0 m
equal to 100,000 shares) or (b) 15 times the product, rounded down to the next whole number, obtained by multiplying
stock to be issued by a fraction, of which the numerator is the amount of the

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qualifying deposit of the eligible account holder and the denominator is the total amount of qualifying deposits of all eligible ac
close of business on the eligibility record date, December 31, 2011, subject to the overall limitations in clauses 7 and 8 below;

(3)

- Any purchase of shares by the employee stock ownership plan in the offering is limited to an amount which, when agg by the employee stock ownership plan in 2005, will not exceed an aggregate of 8.0% of the shares of common stock to the conversion and offering;

(4)

- Each supplemental eligible account holder may subscribe for and purchase in the subscription offering up to the greate (which is equal to 100,000 shares) or (b) 15 times the product, rounded down to the next whole number, obtained by m common stock to be issued by a fraction, of which the numerator is the amount of the qualifying deposit of the supplen denominator is the total amount of qualifying deposits of all supplemental eligible account holders, in each case as of t eligibility record date, June 30, 2013, subject to the overall limitations in clauses 7 and 8 below;

(5)

- Each other depositor, that is any depositor of Prudential Savings Bank as of the close of business on July 31, 2013, may subscription offering up to $1.0 million of common stock (which is equal to 100,000 shares), subject to the overall limi

(6)

- Each person purchasing shares in the community offering or syndicated community offering may subscribe for and pur stock (which is equal to 100,000 shares), subject to the overall limitations in clauses 7 and 8 below;

(7)

- Except for the employee stock ownership plan, the maximum number of shares of common stock subscribed for or pur by any person, together with associates of and groups of persons acting in concert with such person, shall not exceed 2 to the limitation in clause 8 below);

(8)

- In addition, the maximum number of shares of common stock that may be subscribed for or purchased in all categories shareholder of existing Prudential Bancorp, together with associates of and groups of persons acting in concert with su exchange shares to be received by the shareholder and his associates, may not exceed 9.9% of the total shares of comm the conversion and offering. However, public shareholders will not be required to sell any shares of existing Prudential from receiving any exchange shares or be required to divest themselves of any exchange shares as a result of this limit

(9)

- No more than 26% of the total number of shares sold in the offering may be purchased by directors and officers of Pru in the aggregate, excluding purchases by the employee stock ownership plan.

We may, in our sole discretion, increase or decrease the individual or aggregate purchase limitations of the shares of common s the shares of common stock sold in the offering. We do not intend to increase the maximum purchase limitation unless market increase the purchase limitation(s), persons who subscribed for the maximum number of shares of common stock in the subscri opportunity to increase their subscriptions accordingly, subject to the rights and preferences of any person who has priority sub

In the event that we increase the maximum purchase limitation to 5.0% of the shares sold in the offering, we may increase the m
9.99%, provided that orders for common stock exceeding 5.0% of the shares of common stock sold in the offering may not exc
shares of common stock sold in the offering. Any such requests to purchase additional shares will be determined by us in our so
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No person, together with associates of, and those acting in concert with, such person, may purchase more than the aggregate pu
common stock. The term “acting in concert” is defined in the plan of conversion and reorganization to mean (1) knowing parti
interdependent conscious parallel action towards a common goal whether or not pursuant to an express agreement, or (2) a com
interest in the securities of an issuer for a common purpose pursuant to any contract, understanding, relationship, agreement or
otherwise. In general, a person who acts in concert with another party will be deemed to be acting in concert with any person w
other party. We may presume that certain persons are acting in concert based upon, among other things, joint account relationsl
same address or that such persons have filed joint Schedules 13D or 13G with the Securities and Exchange Commission with re
of the plan of conversion and reorganization, our directors are not deemed to be acting in concert solely by reason of their boar
The term “associate” of a person is defined to mean (a) any corporation or other organization, other than Prudential Mutual Ho
Bancorp or Prudential Savings Bank or a majority-owned subsidiary of Prudential Savings Bank or existing Prudential Bancorp
officer or partner or is directly or indirectly the beneficial owner of 10% or more of any class of equity securities; (b) any trust
a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, provided, howeve
our tax-qualified employee stock benefit plans in which such person has a substantial beneficial interest or serves as a trustee o
any relative or spouse of such person, or any relative of such spouse, who either has the same home as such person or who is a
Bancorp–New or Prudential Savings Bank or any of their subsidiaries. In addition, joint account relationships and common add
applying the overall purchase limitations. Persons having the same address or exercising subscription rights through qualifying
generally will be assumed to be associates of, and acting in concert with, each other. We have the right to determine, in our sol
associates or acting in concert. Furthermore, we have the right, in our sole discretion, to reject any order submitted by a person
false or who we believe, either alone or acting in concert with others, is violating or circumventing, or intends to violate or circ
plan of conversion and reorganization.

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Plan of Distribution; Selling Agent and Underwriter Compensation

Subscription and Community Offerings.   To assist in the marketing of our shares of common stock in the subscription and com
Sandler O'Neill & Partners, L.P., which is a broker-dealer registered with the Financial Industry Regulatory Authority. Sandler
a best efforts basis in the subscription and community offerings by:

- consulting as to the financial and marketing implications of the plan of conversion and reorganization;
- reviewing with our board of directors the financial effect of the offering on us, based on the independent appraiser's ap
- reviewing all offering documents, including this prospectus and any prospectus related to a syndicated or firm commitm forms and related offering materials;
- assisting in the design and implementation of a marketing strategy for the offering;
- assisting management in scheduling and preparing for meetings with potential investors and other broker-dealers in co
- providing such other general advice and assistance as may be reasonably necessary to promote the successful completi

For these services, Sandler O'Neill & Partners, L.P. will receive a fee of: (i) 1.0% of the aggregate dollar amount of all shares o
offering; and (ii) 3.0% of the aggregate dollar amount of all shares of common stock sold in the community offering. No fee wi
Partners, L.P. with respect to shares purchased by officers, directors, employees or their immediate families and shares purchas
employee benefit plans, and no sales fee will be payable with respect to the exchange shares.

Additionally we have agreed to reimburse Sandler O'Neill & Partners, L.P., regardless of whether the offering is consummated
expenses incurred in connection with the offering, including, without limitation, legal fees and expenses, advertising, syndicati
aggregate amount of $100,000; provided, however, that if a syndicated or firm commitment underwritten offering is undertaker
$150,000.

Syndicated or Firm Commitment Underwritten Offering.   In the event that shares of common stock are sold in a syndicated or
we will pay a fee of 5.5% of the aggregate dollar amount of common stock sold in the syndicated or firm commitment underwr
Partners, L.P. as the sole book-running manager in the syndicated or firm commitment underwritten offering. If all shares of co
or firm commitment underwritten offering, the selling agent and underwriters' commissions would be approximately $2.7 milli
minimum, midpoint and maximum levels of the offering, respectively.

Records Management

We have also engaged Sandler O'Neill & Partners, L.P. as records management agent in connection with the conversion and th
In its role as records management agent, Sandler O'Neill & Partners, L.P., will assist us in the offering in the:

- consolidation of deposit accounts and vote calculations;
-

- design and preparation of proxy and stock order forms;

- organization and supervision of the Stock Information Center;

- proxy solicitation and other services for our special meeting of members; and

- preparation and processing of other documents related to the stock offering.

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For its services hereunder, we have agreed to pay Sandler O'Neill a fee of $20,000, with $10,000 payable upon execution of ou
remaining $10,000 payable upon the mailing of the offering and proxy materials. Additionally, we have agreed to reimburse Sa
time to time, for its reasonable and documented out-of-pocket expenses incurred in connection with its engagement records ma
the offering is consummated, including, without limitation, travel, lodging, meals, telephone, postage, community meeting exp
maximum of $30,000.

Indemnity

We will indemnify Sandler O'Neill & Partners, L.P. against liabilities and expenses, including legal fees, incurred in connectio
out of or based upon untrue statements or omissions contained in the offering materials for the common stock, including liabilit
amended.

Lock-up Agreements

We and each of our directors and executive officers have agreed that during the period beginning on the date of this prospectus
the offering, without the prior written consent of Sandler O'Neill & Partners, L.P. directly or indirectly, we will not (i) offer, pl
or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise di
existing Prudential Bancorp or Prudential Bancorp–New stock or any securities convertible into or exchangeable or exercisable
Bancorp–New stock, whether owned on the date of the prospectus or acquired after the date of the prospectus or with respect to
executive officers has or after the date of the prospectus acquires the power of disposition or file any registration statement und
amended, with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfer
indirectly, the economic consequence of ownership of Prudential Bancorp or Prudential Bancorp–New stock, whether any such
delivery of stock or other securities in cash or otherwise. In the event that either (1) during the period that begins on the date th
days before the last day of the restricted period and ends on the last day of the restricted period we issue an earnings release or
relating to us occurs, or (2) prior to the expiration of the restricted period, we announce that we will release earnings results du
last day of the restricted period the restrictions set forth above will continue to apply until the expiration of the date that is 15 c
after the date on which the earnings release is issued or the material news or event related to us occurs.

Solicitation of Offers by Officers and Directors

Some of our directors and executive officers may participate in the solicitation of offers to purchase common stock. These pers
reasonable out-of-pocket expenses incurred in connection with the solicitation. Other regular employees of Prudential Savings
in ministerial capacities, and may provide clerical work in effecting a sales transaction. No offers or sales may be made by telle
Investment-related questions of prospective purchasers will be directed to executive officers or registered representatives of Sa
employees have been instructed not to solicit offers to purchase shares of common stock or provide advice regarding the purcha
Rule 3a4-1 under the Securities Exchange Act of 1934, as amended, and sales of common stock with respect to the subscription
will be conducted within the requirements of Rule 3a4-1, so as to permit officers, directors and employees to participate in the
officers, directors or employees will be compensated in connection with their participation in the offering.

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Procedure for Purchasing Shares in the Subscription and Community Offerings

Use of Order Forms.   To purchase shares of common stock in the subscription offering and community offering, you must sub
order form and remit full payment. Incomplete stock order forms or stock order forms that are not signed are not required to he
stock orders submitted on photocopied or facsimiled stock order forms. All stock order forms must be received (not postmarked
September 16, 2013. We are not required to accept stock order forms that are not received by that time, are executed defectivel
payment or without appropriate deposit account withdrawal instructions. We are not required to notify purchasers of incomplet
forms. We have the right to waive or permit the correction of incomplete or improperly executed stock order forms, but we do n
You may submit your stock order form and payment by mail using the stock order reply envelope provided or by overnight del
the indicated address on the order form. Stock order forms may only be hand-delivered to the Prudential Bancorp, Inc. Stock In
Broad Street, Philadelphia, Pennsylvania. Stock order forms will not be accepted at our other Prudential Savings Bank offices.
Prudential Savings Bank. Once tendered a stock order form cannot be modified or revoked without our consent. We reserve the
reject orders received in the community offering, in whole or in part, at the time of receipt or at any time before completion of t
If you are ordering shares in the subscription offering, by signing the stock order form you are representing that you are purcha
that you have no agreement or understanding with any person for the sale or transfer of the shares.

By signing the stock order form, you will be acknowledging that the common stock is not a deposit or savings account and is n
guaranteed by Prudential Savings Bank or any federal or state government and that you received a copy of this prospectus. How
not cause you to waive your rights under the Securities Act of 1933 or the Securities Exchange Act of 1934. We have the right
offering by a person who we believe is making false representations or who we otherwise believe, either alone or acting in conc
circumventing, or intends to violate, evade or circumvent the terms and conditions of the plan of conversion. Our interpretation
of conversion and of the acceptability of the stock order forms will be final.

Payment for Shares.   Payment for all shares of common stock will be required to accompany all completed order forms for the
may be made only by:

•

• Personal check, bank check or money order made payable directly to "Prudential Bancorp, Inc."; or

•

• Authorization of withdrawal from a Prudential Savings Bank deposit account.

Appropriate means for designating withdrawals from deposit accounts at Prudential Savings Bank are provided on the order for
available in the account(s) at the time the stock order form is received. A hold will be placed on these funds making them unav
for withdrawal will continue to earn interest within the account at the applicable contract rate until the offering is completed, at
will be made. Interest penalties for early withdrawal applicable to certificate of deposit accounts will not apply to withdrawals a
common stock during the offering: however if a withdrawal results in a certificate of deposit account with a balance less than th
requirement, the certificate of deposit will be canceled at the time of withdrawal without penalty and the remaining balance wil
passbook savings rate subsequent to the withdrawal.

If payment is made by personal check, funds must be available in the account. Payments made by check or money order will he
segregated account at Prudential Savings Bank or another depository institution and will earn interest calculated at Prudential S
from the date payment is processed until the offering is completed, at which time a subscriber will be issued a check for interes

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You may not remit Prudential Savings Bank line of credit checks, and we will not accept wire transfers or third-party checks in
endorsed over to Prudential Bancorp. Please do not submit cash. You may not designate on your stock order form a direct witho
retirement account. See "— Using Retirement Account Funds to Purchase Shares" for information on using such funds. Additio
order form a direct withdrawal from Prudential Savings Bank deposit accounts with check-writing privileges. Instead, a check s
direct withdrawal, we reserve the right to interpret that as your authorization to treat those funds as if we had received a check f
immediately withdraw the amount from your checking account(s).

Once we receive your executed stock order form, it may not be modified, amended or rescinded without our consent, unless the
31, 2013, in which event purchasers may be given the opportunity to increase, decrease or rescind their orders for a specified pe
Regulations prohibit Prudential Savings Bank from lending funds or extending credit to any persons to purchase shares of comm
The employee stock ownership plan will not be required to pay for shares at the time it subscribes, but rather may pay for share
provided that there is in force, from the time of its subscription until the completion of the offering a loan commitment from an
to lend to the employee stock ownership plan, at that time, the aggregate purchase price of the shares for which it subscribed.

We may, in our sole discretion, permit institutional investors to submit irrevocable orders together with a legally binding comm
for such shares of common stock for which they subscribe in the community offering at any time before the 48 hours before the
payment may be made by wire transfer.

Using Retirement Account Funds to Purchase Shares.   A subscriber interested in using funds in his or her individual retiremen
retirement account at Prudential Savings Bank to purchase common stock must do so through a self-directed retirement accoun
before placing a stock order, a subscriber must make a transfer of funds from Prudential Savings Bank to a trustee (or custodian
account program (such as a brokerage firm). There will be no early withdrawal or Internal Revenue Service interest penalties fo
hold the common stock in a self-directed account in the same manner as we now hold the depositor's retirement funds. An annu
the new trustee. We recommend that subscribers interested in using funds in a retirement account held at Prudential Savings Ba
stock should contact the Stock Information Center for guidance promptly, preferably at least two weeks before the September 1
because processing such transactions takes additional time. Whether or not you may use retirement funds for the purchase of sh
constraints and, possibly, limitations imposed by the institution where the funds are held.

Termination of Offering.   We reserve the right in our sole discretion to terminate the offering at any time and for any reason, in
account withdrawal authorizations and promptly return all funds submitted with interest calculated at Prudential Savings Bank's
receipt.

Persons in Non-qualified States or Foreign Countries

We will make reasonable efforts to comply with the securities laws of all states in the United States in which persons entitled to
of conversion and reorganization reside. However, we will not offer stock in the subscription offering to any person who reside
state of the United States with respect to which:

•

- the number of persons otherwise eligible to subscribe for shares under the plan of conversion and reorganization who r

•

- the granting of subscription rights or the offer or sale of shares of common stock to such persons would require any of t
employees, under the laws of such

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jurisdiction, to register as a broker, dealer, salesman or selling agent or to register or otherwise qualify our securities for sale in
corporation or file a consent to service of process in such jurisdiction; or

•

• such registration, qualification or filing in our judgment would be impracticable or unduly burdensome for reasons of c

Where the number of persons eligible to subscribe for shares in a state is small, we will base our decision as to whether or not t
on a number of factors, including but not limited to the size of accounts held by account holders in the state, the cost of register
to register Prudential Bancorp–New or our officers, directors or employees as brokers, dealers or salesmen.

Restrictions on Transfer of Subscription Rights and Shares

You may not transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of your subscrip
conversion and reorganization or the shares of common stock to be issued upon their exercise. Such rights may be exercised on
you exercise your such subscription rights, you will be required to certify that you are purchasing shares in the subscription offe
that you have no agreement or understanding regarding the sale or transfer of such shares. Federal regulations also prohibit any
announcement of an offer or intent to make an offer to purchase such subscription rights or shares of common stock prior to the
offering. On the stock order form, you cannot add the names of others for joint stock registration.

We will pursue any and all legal and equitable remedies in the event we become aware of the transfer of subscription rights and
involve the transfer of such rights.

Delivery and Exchange of Stock Certificates

Subscription and Community Offerings. Certificates representing shares issued in connection with the subscription and comm
transfer agent to the persons entitled thereto at the addresses designated by such persons on the stock order form as soon as prac
conversion and offering. Any certificates returned as undeliverable will be held by our transfer agent until claimed by persons l
disposed of in accordance with applicable law. Until certificates for subscription shares are available and delivered to subscribe
such shares, even though trading of the common stock of Prudential Bancorp–New will have commenced. Your ability to sell s
your stock certificate will depend on arrangements you may make with a brokerage firm.

We will not execute orders until at least the minimum number of shares of common stock (5,278,452 shares) have been subscri
minimum number of shares have not been subscribed for or sold within 45 days after the expiration date or October 31, 2013, u
consent of the Federal Reserve Board, if required, all funds received in the offering will be returned promptly to the subscribers
authorizations will be canceled. If an extension beyond October 31, 2013 is granted, we will notify subscribers of the extension
right to confirm, modify or rescind their stock orders. If we do not receive an affirmative response from a subscriber to any resc
rescinded and all funds received will be returned promptly with interest, or withdrawal authorizations will be canceled.

Exchange Shares. After completion of the conversion, each holder of a certificate or certificates theretofore evidencing issued
Prudential Bancorp common stock, other than Prudential Mutual Holding Company, upon surrender of the same to the exchang
transfer agent for our common stock, will receive a certificate or certificates representing the number of full shares of Prudentia
the shares of the existing Prudential Bancorp common stock theretofore represented by the certificate or certificates so surrende
the exchange ratio. To effectuate this exchange, the exchange agent will, upon completion of the conversion, promptly mail to e
certificate which immediately prior to the consummation of the conversion and offering

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evidenced shares of existing Prudential Bancorp, a letter of transmittal. The letter of transmittal shall specify that delivery shall such certificate shall pass, only upon delivery of such certificate to the exchange agent, advising such holder of the terms of the surrendering to the exchange agent such certificate in exchange for a certificate or certificates evidencing Prudential Bancorp–N existing Prudential Bancorp should not forward common stock certificates to the exchange agent until they have received the tr conversion, shares of existing Prudential Bancorp which are held in "street name" will be exchanged without any action on the No holder of a certificate theretofore representing shares of existing Prudential Bancorp common stock will be entitled to receiv common stock into which such shares shall have been converted until the certificate representing such shares of existing Pruden surrendered in exchange for certificates representing shares of Prudential Bancorp–New common stock. In the event that we de offering but prior to surrender of certificates representing shares of existing Prudential Bancorp common stock, dividends payab Bancorp–New common stock not then issued shall accrue, without interest. Any such dividends shall be paid, without interest, representing such shares of existing Prudential Bancorp common stock. We will be entitled, after the completion of the convers representing shares of existing Prudential Bancorp common stock as evidencing ownership of the number of full shares of Prud which the shares of common stock represented by such certificates shall have been converted, notwithstanding the failure on th such certificates.

We will not be obligated to deliver a certificate or certificates representing shares of the new holding company's common stock Bancorp common stock would otherwise be entitled as a result of the conversion and offering until such holder surrenders the c shares of existing Prudential Bancorp common stock for exchange as provided above, or, in default thereof, an appropriate affi and/or a bond as may be required in each case by us. If any certificate evidencing shares of common stock is to be issued in a n certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance thereof that the certificate so sur otherwise in proper form for transfer and that the person requesting such exchange pay to the exchange agent any transfer or ot issuance of a certificate for shares of common stock in any name other than that of the registered holder of the certificate surren satisfaction of the exchange agent that such tax has been paid or is not payable.

Required Approvals

The plan of conversion and reorganization must be approved by (1) a majority of the total number of votes eligible to be cast by at the special meeting of depositors, (2) holders of at least two-thirds of the outstanding shares of existing Prudential Bancorp c shareholders and (3) a majority of the outstanding shares of existing Prudential Bancorp common stock, excluding the shares o Prudential Mutual Holding Company, at the special meeting of shareholders. The application to acquire control of Prudential S necessary to complete the conversion transaction also must be approved by the Pennsylvania Department of Banking, which ha addition, our application to become a bank holding company, which included a copy of the plan of conversion and reorganizati approved by the Federal Reserve Board. However such conditional approvals do not constitute recommendations or endorseme agencies.

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Certain Restrictions on Purchase or Transfer of Shares After the Conversion and Offering

All shares of common stock purchased in connection with the conversion and offering by our directors or executive officers wi
shares not be sold for a period of one year following the conversion and offering, except in the event of the death of such direct
merger or similar transaction. Each certificate for restricted shares will bear a legend giving notice of this restriction on transfer
instructions will be issued to our transfer agent. Any shares of common stock issued within this one-year period as a stock divi
respect to such restricted stock will be subject to the same restrictions. Our directors and executive officers will also be subject
pursuant to the Securities Exchange Act of 1934, as amended.

Purchases of our common stock by our directors, executive officers and their associates during the three-year period following
offering may be made only through a broker or dealer registered with the Securities and Exchange Commission, except with the
Reserve Board. This restriction does not apply, however, to negotiated transactions involving more than 1% of our outstanding
stock pursuant to any tax-qualified employee stock benefit plan, such as the employee stock ownership plan, or by any non-tax-
such as a recognition and retention plan.

How You Can Obtain Additional Information — Stock Information Center

Our banking office personnel may not, by law, assist with investment-related questions about the offering. If you have any ques
our Stock Information Center. The toll-free telephone number is (215) 391-4141. The Stock Information Center is open Monda
4:00 p.m., Eastern Time. The Stock Information Center will be closed weekends and bank holidays.

Liquidation Rights

Liquidation Prior to the Conversion. In the unlikely event of a complete liquidation of Prudential Mutual Holding Company o
conversion, all claims of creditors of existing Prudential Bancorp, including those of depositors of Prudential Savings Bank (to
would be paid first. Thereafter, if there were any assets of existing Prudential Bancorp remaining, these assets would be distribu
Prudential Mutual Holding Company. Then, if there were any assets of Prudential Mutual Holding Company remaining, deposi
receive those remaining assets, pro rata, based upon the deposit balances in their deposit account in Prudential Savings Bank in

Liquidation Following the Conversion. In the unlikely event that Prudential Bancorp–New and Prudential Savings Bank were
claims of creditors, including those of depositors, would be paid first, followed by distribution of the "liquidation account" mai
pursuant to the plan of conversion to certain depositors, with any assets remaining thereafter distributed to Prudential Bancorp–
Bank capital stock.

The plan of conversion and reorganization, provides for the establishment, upon the completion of the conversion, of a liquidat
for the benefit of eligible account holders and supplemental eligible account holders in an amount equal to Prudential Mutual H
the shareholders' equity of existing Prudential Bancorp as of the date of its latest balance sheet contained in this prospectus. Th
also provides that Prudential Bancorp–New shall cause the establishment of a bank liquidation account.

The liquidation account established by Prudential Bancorp–New is designed to provide payments to depositors of their liquidat
of Prudential Bancorp–New and Prudential Savings Bank or of Prudential Savings Bank. Specifically, in the unlikely event tha
Savings Bank were to completely liquidate after the conversion, all claims of creditors, including those of depositors, would be
depositors as of December 31, 2011 and June 30, 2013 of the liquidation account maintained by Prudential Bancorp–New.

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In a liquidation of both entities, or of Prudential Savings Bank, when Prudential Bancorp–New has insufficient assets to fund th
holders and Prudential Savings Bank has positive net worth, Prudential Savings Bank will pay amounts necessary to fund Prude
obligations under the liquidation account. The plan of conversion and reorganization also provides that if Prudential Bancorp–N
or liquidation of Prudential Savings Bank, then the rights of eligible account holders in the liquidation account maintained by P
surrendered and treated as a liquidation account in Prudential Savings Bank. Depositors will have an equivalent interest in the b
liquidation account will have the same rights and terms as the liquidation account.

Pursuant to the plan of conversion and reorganization, after two years from the date of conversion and upon the written request
Prudential Bancorp–New will eliminate or transfer the liquidation account and the interests in such account to Prudential Savin
thereupon become the liquidation account of Prudential Savings Bank and not be subject in any manner or amount to creditors
Also, under the rules and regulations of the Federal Reserve Board, no post-conversion merger, consolidation, or similar combi
depository institution in which Prudential Bancorp–New or Prudential Savings Bank is not the surviving institution would be co
transaction, the liquidation account would be assumed by the surviving institution.

Each eligible account holder and supplemental eligible account holder would have an initial interest in the liquidation account f
savings accounts, transaction accounts such as negotiable order of withdrawal accounts, money market deposit accounts, and ce
$50.00 or more held in Prudential Savings Bank on December 31, 2011 or June 30, 2013, as applicable. Each eligible account h
holder would have a pro rata interest in the total liquidation account for each such deposit account, based on the proportion that
account on December 31, 2011 or June 30, 2013 bears to the balance of all deposit accounts in Prudential Savings Bank on such
If, however, on any September 30 annual closing date commencing after the effective date of the conversion, the amount in any
amount in the deposit account on December 31, 2011 or June 30, 2013 or any other annual closing date, then the interest in the
deposit account would be reduced from time to time by the proportion of any such reduction, and such interest will cease to exi
addition, no interest in the liquidation account would ever be increased despite any subsequent increase in the related deposit ac
rights of eligible account holders and supplemental eligible account holders would be separate and apart from the payment of a
depositor. Any assets remaining after the above liquidation rights of eligible account holders and supplemental eligible account
distributed to Prudential Bancorp–New as the sole shareholder of Prudential Savings Bank.

Tax Aspects

We believe that the summary of the tax opinions presented below addresses all material federal income tax consequences that a
persons receiving subscription rights. One of the conditions to the completion of the conversion and offering is the receipt of ei
with respect to federal tax laws, and either a ruling or an opinion with respect to Pennsylvania tax laws, to the effect that the co
taxable reorganization under the provisions of the applicable codes or otherwise result in any adverse tax consequences to Prud
existing Prudential Bancorp, Prudential Bancorp–New, Prudential Savings Bank, or to account holders receiving subscription r
subscription rights are deemed to have fair market value on the date such rights are issued. This condition may not be waived b

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Elias, Matz, Tiernan & Herrick L.L.P., Washington, D.C., has issued an opinion to Prudential Mutual Holding Company, existi
Bancorp–New and Prudential Savings Bank to the effect that, for federal income tax purposes:

1.

- The conversion of Prudential Mutual Holding Company to stock form will constitute a mere change in identity, form o meaning of Section 368(a)(1)(F) of the Code and therefore will qualify as a tax-free reorganization within the meaning

2.

- Prudential Mutual Holding Company will not recognize any gain or loss as a result of its conversion to stock form. (Se the Code.)

3.

- The basis of the assets of Prudential Mutual Holding Company immediately following its conversion to stock form wil immediately prior to its conversion. (See Section 362(b) of the Code.)

4.

- The holding period of the assets of Prudential Mutual Holding Company immediately following its conversion to stock those assets immediately prior to its conversion. (See Section 1223(2) of the Code.)

5.

- The merger of Prudential Mutual Holding Company with and into existing Prudential Bancorp with existing Prudential (the mutual holding company merger), will qualify as a tax-free reorganization within the meaning of Section 368(a)(1 (Section 368(a)(1)(A) of the Internal Revenue Code.)

6.

- The constructive exchange of the eligible account holders' and supplemental eligible account holders' liquidation inter Company for liquidation interests in existing Prudential Bancorp in the mutual holding company merger will satisfy th Section 1.368-1(b) of the Income Tax Regulations. (Rev. Rul. 69-3, 1969-1 C.B. 103, and Rev. Rul. 69-646, 1969-2 C.

7.

- Prudential Mutual Holding Company will not recognize any gain or loss on the transfer of its assets to existing Prudent Bancorp's assumption of its liabilities, if any, in constructive exchange for liquidation interests in existing Prudential B of such liquidation interest to depositors of Prudential Savings Bank who are eligible account holders or supplemental 361(a), 361(c), and 357(a) of the Internal Revenue Code.)

8.

- No gain or loss will be recognized by existing Prudential Bancorp upon the receipt of the assets of Prudential Mutual H company merger in exchange for the constructive transfer to eligible account holders and supplemental eligible accoun existing Prudential Bancorp. (Section 1032(a) of the Internal Revenue Code.)

9.

- Eligible account holders and supplemental eligible account holders will recognize no gain or loss upon the constructive existing Prudential Bancorp in exchange for their liquidation interests in Prudential Mutual Holding Company. (Sectio

10.

- The basis of the assets of Prudential Mutual Holding Company (other than the stock in existing Bancorp which will be Prudential Bancorp will be the same as the basis of such assets in the hands of Prudential Mutual Holding Company im 362(b) of the Internal Revenue Code.)

11.

- The holding period of the assets of Prudential Mutual Holding Company in the hands of existing Prudential Bancorp w assets in the hands of Prudential Mutual Holding Company. (Section 1223(2) of the Internal Revenue Code.)

12.

- The merger of existing Prudential Bancorp with and into Prudential Bancorp–New (the mid-tier holding company merg identity, form or place of organization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code and th reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code.

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13.

- Existing Prudential Bancorp will not recognize any gain or loss on the transfer of its assets to Prudential Bancorp–New of its liabilities in the mid-tier holding company merger, pursuant to which shares of Prudential Bancorp–New commo shares of existing Prudential Bancorp's common stock, and eligible account holders and supplemental eligible account in Prudential Bancorp–New in exchange for their liquidation interests in existing Prudential Bancorp.

14.

- No gain or loss will be recognized by Prudential Bancorp–New upon the receipt of the assets of existing Prudential Ba merger. (Section 1032(a) of the Internal Revenue Code.)

15.

- The basis of the assets of existing Prudential Bancorp (other than stock in Prudential Savings Bank) to be received by as the basis of such assets in the hands of existing Prudential Bancorp immediately prior to the transfer. (Section 362(b

16.

- The holding period of the assets of existing Prudential Bancorp in the hands of Prudential Bancorp–New will include t hands of existing Prudential Bancorp. (Section 1223(2) of the Internal Revenue Code.)

17.

- Existing Prudential Bancorp shareholders will not recognize any gain or loss upon their exchange of existing Prudentia Bancorp–New common stock, except for cash paid in lieu of fractional shares. (Section 354 of the Internal Revenue Co

18.

- The payment of cash to shareholders of existing Prudential Bancorp in lieu of fractional shares of Prudential Bancorp– though the fractional shares were distributed as part of the mid-tier holding company merger and then redeemed by Pru payments will be treated as distributions in full payment for the fractional shares deemed redeemed under Section 302(the result that such shareholders will have short-term or long-term capital gain or loss to the extent that the cash they re such fractional shares. (Rev. Rul. 66-365, 1966-2 C.B. 116 and Rev. Proc. 77-41, 1977-2 C.B. 574.)

19.

- Eligible account holders and supplemental eligible account holders will not recognize any gain or loss upon their const interests in existing Prudential Bancorp for the liquidation accounts in Prudential Bancorp–New. (Section 354 of the In

20.

- It is more likely than not that the fair market value of the nontransferable subscription rights to purchase Prudential Ba Accordingly, it is more likely than not that no gain or loss will be recognized by eligible account holders, supplemental members upon distribution to them of nontransferable subscription rights to purchase shares of Prudential Bancorp–Ne Internal Revenue Code.) It is more likely than not that eligible account holders, supplemental eligible account holders a taxable income as the result of the exercise by them of the nontransferable subscriptions rights. (Rev. Rul. 56-572, 195

21.

- It is more likely than not that the fair market value of the benefit provided by the bank liquidation account supporting t
the event Prudential Bancorp–New lacks sufficient net assets is zero. Accordingly, it is more likely than not that no gai
account holders and supplemental eligible account holders upon the constructive distribution to them of interests in the
effective date of the conversion and reorganization. (Section 356(a) of the Internal Revenue Code.)

22.

- It is more likely than not that the basis of common stock purchased in the offering by the exercise of the nontransferabl
price thereof. (Section 1012 of the Internal Revenue Code.)

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23.

- Each shareholder's holding period in his or her Prudential Bancorp–New common stock received in the exchange will common stock surrendered was held, provided that the common stock surrendered is a capital asset in the hands of the (Section 1223(1) of the Internal Revenue Code.)

24.

- The holding period of the common stock purchased pursuant to the exercise of subscriptions rights shall commence on such stock was exercised. (Section 1223(5) of the Internal Revenue Code.)

25.

- No gain or loss will be recognized by Prudential Bancorp–New on the receipt of money in exchange for common stock Internal Revenue Code.)

In reaching their conclusions under items 20 and 22 above, Elias, Matz, Tiernan & Herrick L.L.P. has noted that the subscriptio recipients, will be legally nontransferable and of short duration, and will provide the recipients with the right only to purchase s to be paid by members of the general public in any community offering.

S.R. Snodgrass, A.C. has issued an opinion to Prudential Mutual Holding Company, Prudential Bancorp–New, existing Pruden to the effect that, more likely than not, the income tax consequences under Pennsylvania law of the conversion and offering are tax purposes.

We received a letter from FinPro dated June 13, 2013, which letter is not binding on the Internal Revenue Service, stating their have any value, based on the fact that such rights are acquired by the recipients without cost, are nontransferable and of short d right only to purchase our common stock at a price equal to its estimated fair market value, which will be the same price as the shares of common stock. In addition, no cash or property will be given to recipients of the subscription rights in lieu of such rig exercise such rights. Furthermore, the Internal Revenue Service was requested in 1993 in a private letter ruling to address the fe exercise of nontransferable subscription rights in a standard conversion but declined to express any opinion. Elias, Matz, Tierna factors discussed in this paragraph, that it is more likely than not that the subscription rights have no value. If the nontransferab common stock are subsequently found to have an ascertainable market value greater than zero, income may be recognized by v subscription rights (in certain cases, whether or not the rights are exercised) and Prudential Bancorp–New may be taxed on the subscription rights under Section 311 of the Internal Revenue Code. In this event, the nontransferable subscription rights may b income tax rates.

Unlike private rulings, an opinion is not binding on the Internal Revenue Service and the Internal Revenue Service could disagr In the event of such disagreement, there can be no assurance that the Internal Revenue Service would not prevail in a judicial o Internal Revenue Service determines that the tax effects of the transactions contemplated by the plan of conversion and reorgan those presented in the opinion, Prudential Bancorp–New may be subject to adverse tax consequences as a result of the conversi encouraged to consult with their own tax advisor as to the tax consequences in the event that such subscription rights are deeme

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RESTRICTIONS ON ACQUISITIONS OF PRUDENTIAL BANCORP–NEW AND
PRUDENTIAL SAVINGS BANK AND RELATED ANTI-TAKEOVER PROVISIONS

Restrictions in the Articles of Incorporation and Bylaws of Prudential Bancorp–New and Pennsylvania Law

Certain provisions of the articles of incorporation and bylaws of Prudential Bancorp–New and Pennsylvania law which deal wi rights of shareholders might be deemed to have a potential anti-takeover effect. Provisions in the articles of incorporation and b provide, among other things:

- that our board of directors shall be divided into classes with only one-third of its directors standing for reelection each y
- that special meetings of shareholders may only be called by our board of directors;
- that shareholders generally must provide Prudential Bancorp–New advance notice of shareholder proposals and nomina specified related information in the proposal;
- that any merger or similar transaction be approved by a super-majority vote (75%) of shareholders entitled to vote unle least two-thirds of our directors;
- that no person may acquire or offer to acquire more than 10% of the issued and outstanding shares of any class of equit and
- the board of directors shall have the authority to issue shares of authorized but unissued common stock and preferred st or more series of preferred stock, including voting rights.

Provisions of the Pennsylvania Business Corporation Law of 1988, which is referred to as the PBCL in this document, applicab among other things, that

- Prudential Bancorp–New may not engage in a business combination with an "interested shareholder," generally definec voting stock, during the five-year period after the interested shareholder became such except under certain specified cir
- holders of common stock may object to a "control transaction" involving Prudential Bancorp–New (a control transactio or group of persons acting in concert of at least 20% of the outstanding voting stock of a corporation), and demand that value" of their shares from the "controlling person or group;" and
-

- any “profit,” as defined, realized by any person or group who is or was a “controlling person or group” with respect to of any equity securities of Prudential Bancorp–New to any person shall belong to and be recoverable by Prudential Bar specified manner.

Pennsylvania-chartered corporations may exempt themselves from these anti-takeover provisions. Our articles of incorporation applicability of these provisions. The PBCL includes additional anti-takeover provisions from which Prudential Bancorp–New provided in its articles of incorporation.
The provisions noted above as well as others discussed below may have the effect of discouraging a future takeover attempt wh directors of Prudential Bancorp–New but which individual shareholders may consider to be in their best interests or in which sh premium for their shares over the then current market price. As a result, shareholders who might wish to participate in such a tr to do so. The provisions may also render the removal of our board of directors or management more difficult. Furthermore, suc
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provisions could render Prudential Bancorp–New being deemed less attractive to a potential acquiror and/or could result in our
consideration for their shares of our common stock than otherwise could have been available either in the market generally and
A more detailed discussion of these and other provisions of our articles of incorporation and bylaws and the PBCL is set forth b

Board of Directors. The articles of incorporation and bylaws of Prudential Bancorp–New require the board of directors to be d
in number as possible and that the members of each class will be elected for a term of three years and until their successors are
being elected annually. Holders of the common stock of Prudential Bancorp–New will not have cumulative voting in the electi

Under our articles of incorporation, any vacancy occurring in our board of directors, including any vacancy created by reason o
may be filled by a majority vote of the remaining directors, whether or not a quorum is present, or by a sole remaining director.
for the remainder of the term to which the director has been elected and until his or her successor is elected and qualified.

The articles of incorporation of Prudential Bancorp–New provide that any director may be removed by shareholders only for ca
shareholders called expressly for that purpose upon the vote of the holders of not less than a majority of the total votes eligible
removal shall exist only if the director whose removal is proposed has been either declared incompetent by order of a court, co
punishable by imprisonment for a term of more than one year by a court of competent jurisdiction, or deemed liable by a court
negligence or misconduct in the performance of such directors' duties to Prudential Bancorp–New.

Consideration of Interests. The PBCL provides that in discharging the duties of their respective positions, including in the co
Prudential Bancorp–New, the board of directors, committees of the board and individual directors of a business corporation ma

- the effects of any action upon any and all groups affected by such action, including shareholders, employees, suppliers,
corporation and upon communities in which offices or other establishments of the corporation are located;

- the short-term and long-term interests of the corporation, including benefits that may accrue to the corporation from its
these interests may be best served by the continued independence of the corporation;

- the resources, intent and conduct (past, stated and potential) or any person seeking to acquire control of the corporation

- all other pertinent factors.

The board of directors, committees of the board and individual directors shall not be required, in considering the best interests o
such action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or co

Limitations on Liability. The articles of incorporation of Prudential Bancorp–New provide that the personal liability of our di
shall be eliminated to the fullest extent permitted by the PBCL as it exists on the effective date of the articles of incorporation o
Section 1713 of the PBCL currently provides that directors, but not officers, of corporations that have adopted such a provision

- the director has breached or failed to perform the duties of his office in accordance with the PBCL; and

- the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

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This provision would absolve directors of personal liability for monetary damages for negligence in the performance of their du would not permit a director to be exculpated, however, for liability for actions involving conflicts of interest or breaches of the Bancorp–New and its shareholders, and it would not affect the availability of injunctive or other equitable relief as a remedy.

If Pennsylvania law is amended in the future to provide for greater limitations on the personal liability of directors or to permit liability of officers, the provision in our articles of incorporation limiting the personal liability of directors and officers would a amendments to the law without further action by shareholders. Similarly, if Pennsylvania law is amended in the future to restric personal liability of directors, our articles of incorporation would automatically incorporate such restrictions without further act

The provision limiting the personal liability of our directors does not eliminate or alter the duty of our directors; it merely limit to the extent permitted by the PBCL. Moreover, it applies only to claims against a director arising out of his role as a director; i arising out of his role as an officer, if he is also an officer, or arising out of any other capacity in which he serves because the P of liability. Such limitation also does not apply to the responsibility or liability of a director pursuant to any criminal statute, or of taxes pursuant to federal, state or local law.

The provision in our articles of incorporation which limits the personal liability of directors is designed to ensure that the ability business judgment in managing our affairs is not unreasonably impeded by exposure to the potentially high personal costs or ot of the tasks and responsibilities undertaken by directors of publicly held corporations often require such persons to make difficu can expose such persons to personal liability, but from which they will acquire no personal benefit. Litigation against publicly- officers challenging good faith business judgments and involving no allegations of personal wrongdoing has become common. damage claims which bear no relationship to the amount of compensation received by the directors or officers, particularly in th employees of the corporation. Such litigation, whether it is well-founded or not, can be very costly. The provision of our article liability is intended to reduce, in appropriate cases, the risk incident to serving as a director and to enable Prudential Bancorp–N qualified to serve as directors.

Indemnification of Directors, Officers, Employees and Agents. The bylaws of Prudential Bancorp–New provide that we shall party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, crim because such person is or was a director, officer, or agent of Prudential Bancorp–New. Indemnification will be furnished agains judgments, fines, and amounts paid in settlement, actually and reasonably incurred in connection with such threatened, pending In particular, indemnification will be made against judgments and settlements in derivative suits. Indemnification will be made adjudication establishes that the act or failure to act giving rise to the claim for indemnification constituted willful misconduct provisions also require us to pay reasonable expenses in advance of the final disposition of any action, suit or proceeding, provi undertakes to repay us if it is ultimately determined that such person was not entitled to indemnification. The rights of indemni exclusive of any other rights which may be available under any insurance or other agreement, by vote of shareholders or directo authorize us to maintain insurance on behalf of any person who is or was a director, officer, employee or agent of Prudential Ba have the power to provide indemnification to such person. By action of the Prudential Bancorp–New board, we may create and and may enter into agreements with our officers and directors, for securing or insuring in any manner our obligation to indemni the provisions in our bylaws regarding indemnification.

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Special Meetings of Shareholders. The articles of incorporation of Prudential Bancorp–New contain a provision pursuant to w
law, special meetings of its shareholders may be called only by the board of directors pursuant to a resolution approved by a ma
Shareholder Nominations and Proposals. The bylaws of Prudential Bancorp–New provide that, subject to the rights of the hol
a preference over the common stock as to dividends or upon liquidation, all nominations for election to the board of directors, o
committee thereof, shall be made by a shareholder who has complied with the notice provisions in the bylaws. Written notice o
communicated to the attention of the secretary and either delivered to, or mailed and received at, our principal executive offices
annual meeting of shareholders, 120 days prior to the anniversary date of the mailing of proxy materials by Prudential Bancorp
preceding annual meeting of shareholders, or in the case of the first annual meeting following the conversion and the reorganiz
Our bylaws also provide that only such business as shall have been properly brought before an annual meeting of shareholders
To be properly brought before an annual meeting, business must be specified in the notice of the meeting, or any supplement th
board of directors, or otherwise properly brought before the meeting by a shareholder. For business to be properly brought befo
the shareholder must have given timely notice thereof in writing to our secretary. To be timely, a shareholder's notice must be d
principal executive offices not later than 120 days prior to the anniversary date of the mailing of proxy materials by Prudential
immediately preceding annual meeting of shareholders, or, in the case of the first annual meeting of shareholders following the
October 31, 2013. Our bylaws also require that the notice must contain certain information in order to be considered. The board
proposal not made in accordance with the bylaws. The presiding officer of an annual meeting shall, if the facts warrant, determ
business was not properly brought before the meeting in accordance with our bylaws, and if he should so determine, he shall so
business not properly brought before the meeting shall not be transacted.

The procedures regarding shareholder proposals and nominations are intended to provide the board of directors of Prudential B
necessary to evaluate a shareholder proposal or nomination and other relevant information, such as existing shareholder suppor
consider and evaluate such information in advance of the applicable meeting. The proposed procedures, however, will give incu
business proposal or nomination. This may make it easier for the incumbent directors to defeat a shareholder proposal or nomin
view such proposal or nomination as in the best interests of Prudential Bancorp–New or its shareholders.

Shareholder Action Without a Meeting. The articles of incorporation of Prudential Bancorp–New provide that any action perm
meeting may be taken without a meeting if a written consent setting forth the action so taken is signed by all of the shareholder

Limitations on Acquisitions of Voting Stock and Voting Rights. The articles of incorporation of Prudential Bancorp–New pro
indirectly offer to acquire or acquire the beneficial ownership of (a) more than 10% of the issued and outstanding shares of any
securities convertible into, or exercisable for, any equity securities of Prudential Bancorp–New if, assuming conversion or exer
which such person is the beneficial owner which are convertible into, or exercisable for such equity securities, such person wou
10% of any class of our equity securities. The term "person" is broadly defined in our articles of incorporation to prevent circu
The foregoing restrictions do not apply to (a) any offer with a view toward public resale made exclusively to Prudential Bancor
acting on its behalf, (b) any employee benefit plan established by Prudential Bancorp–New or Prudential Savings Bank or any t

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of such plan and (c) any other offer or acquisition approved in advance by the affirmative vote of 80% of our board of directors violation of this restriction, all shares beneficially owned by any person in excess of 10% will not be counted as shares entitled person or counted as voting shares in connection with any matters submitted to shareholders for a vote, and our board of directo transferred to an independent trustee for sale.

Mergers, Consolidations and Sales of Assets. For a merger, consolidation, sale of assets or other similar transaction to occur, t of the board of directors and the affirmative vote of the holders of a majority of the votes cast by all shareholders entitled to vot of Prudential Bancorp–New provide that any merger, consolidation, share exchange, sale of assets, division or voluntary dissol eligible voting shares unless the transaction has been previously approved by at least two-thirds of its board of directors, in whi standard would apply. In addition, if any class or series of shares is entitled to vote thereon as a class, the PBCL requires the af cast in each class for any plan of merger or consolidation. The PBCL also provides that unless otherwise required by a corporat merger or consolidation shall not require the approval of the shareholders if:

- whether or not the "constituent" corporation, in this case, Prudential Bancorp–New, is the surviving corporation (a) the Pennsylvania business corporation and the articles of the surviving or new corporation are identical to the articles of th specified changes which may be adopted by a board of directors without shareholder action, (b) each share of the const immediately prior to the effective date of the merger or consolidation is to continue as or to be converted into, except a thereof, an identical share of the surviving or new corporation after the effective date of the merger or consolidation, an shareholders of the constituent corporation are to hold in the aggregate shares of the surviving or new corporation to be effectiveness of the plan entitled to cast at least a majority of the votes entitled to be cast generally for the election of d

- immediately prior to adoption of the plan and at all times prior to its effective date, another corporation that is a party t directly or indirectly 80% or more of the outstanding shares of each class of the constituent corporation; or

- no shares of the constituent corporation have been issued prior to the adoption of the plan of merger or consolidation b

As holder of all of the outstanding Prudential Savings Bank common stock after consummation of the conversion, Prudential B authorize a merger, consolidation or other business combination involving Prudential Savings Bank without any additional app of Prudential Bancorp–New.

Business Combinations with Interested Shareholders. Under the PBCL, a registered corporation may not engage in a business shareholder except for certain types of business combinations as enumerated under Pennsylvania law. The PBCL defines a "bu with respect to a corporation, certain sales, purchases, exchanges, leases, mortgages, pledges, transfers or dispositions of assets issuances or reclassifications of securities, liquidations or dissolutions or certain loans, guarantees or financial assistance, pursu between such corporation or any subsidiaries, on the one hand, and an interested shareholder or an "affiliate" or "associate" the shareholder" is defined generally to include any individual, partnership, association or corporation which is the beneficial owne outstanding voting stock of the corporation or which is an affiliate or associate of such corporation and at any time within the fi question was the beneficial owner of at least 20% of the outstanding voting stock.

Control Transactions. The PBCL includes provisions which allow holders of voting shares of a registered corporation that bec to object to such transaction and

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demand that they be paid a cash payment for the "fair value" of their shares from the "controlling person or group." A "control
means the acquisition by a person or group of persons acting in concert of at least 20% of the outstanding voting stock of the re
limited exceptions. "Fair value" for purposes of these provisions means an amount not less than the highest price per share paic
time during the 90-day period ending on and including the date of the control transaction, plus an increment representing any v
proportion of any value payable for acquisition of control of the corporation, that may not be reflected in such price.

Disgorgement by Certain Controlling Shareholders. The PBCL includes provisions which generally provide that any "profit"
was a "controlling person or group" with respect to a registered corporation from the disposition of any equity security of the co
and be recoverable by the corporation where the profit is realized by such person or group: (1) from the disposition of the equit
person or group attained the status of a controlling person or group; and (2) the equity security had been acquired by the contro
prior to or 18 months subsequent to the attaining by the person or group of the status of a controlling person or group.

A "controlling person or group" for purposes of these provisions of the PBCL is defined to mean (1) a person or group who has
indirectly, publicly disclosed or caused to be disclosed the intention of acquiring voting power over voting shares of a registere
holder thereof to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the co
has otherwise, directly or indirectly, publicly disclosed or caused to be disclosed that it may seek to acquire control of a corpora
of "controlling person or group" also includes terms which are designed to facilitate a corporation's determination of the existe
controlling group.

The PBCL excludes certain persons and holders from the definition of a controlling person or group, absent "significant other a
should be deemed a controlling person or group. The PBCL similarly provides that, absent a person or group's direct or indirec
that it may seek to acquire control of the corporation through any means, a person or group will not be deemed to be a controlli
group holds voting power, among other ways, as a result of the solicitation of proxies or consents if such proxies or consents ar
response to a solicitation pursuant to the Securities Exchange Act of 1934 and the regulations thereunder and (b) do not empow
except on the specific matters described in such proxy or consent and in accordance with the instructions of the giver of such pr
provisions of the PBCL applicable to registered corporations also do not apply to certain specified transfers of equity securities
dispositions which are approved by a majority vote of both the board of directors and shareholders of the corporation in the pre

Actions to recover any profit due to a registered corporation under the disgorgement provisions of the PBCL may be commence
competent jurisdiction within two years from the date any recoverable profit was realized. Such an action also may be commen
corporation if the corporation refuses to bring the action within 60 days after written request by a shareholder or the corporatio
Although any recovery of profits would be due the corporation, the shareholder would be entitled to reimbursement of all costs
of any such action in the event that such action results in a judgment recovering profits for the corporation.

Control-Share Acquisitions. The PBCL includes provisions which generally require that shareholders of a registered corporati
as defined therein. Pursuant to authority contained in the PBCL, our articles of incorporation contain a provision which provide
provisions of the PBCL shall not be applicable to Prudential Bancorp–New.

Amendment of Governing Instruments. The articles of incorporation of Prudential Bancorp–New generally provide that no an
may be made unless it is first approved by its board of directors and thereafter approved by the holders of a majority of the shar

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entitled to vote generally in an election of directors, voting together as a single class, as well as such additional vote of the pref
provisions of any series thereof, provided, however, any amendment which is inconsistent with Articles VI (directors), VII (me
meeting), VIII (liability of directors and officers), IX (restrictions on offers and acquisitions), XI (shareholder approval of merg
(amendments to the articles of incorporation and bylaws) must be approved by the affirmative vote of the holders of not less tha
entitled to vote thereon unless approved by the affirmative vote of 80% of the directors of Prudential Bancorp–New then in offi
Our bylaws may be amended by the majority vote of the full board of directors at a regular or special meeting of the board of d
shares entitled to vote generally in an election of directors, voting together as a single class, as well as such additional vote of th
the provisions of any series thereof, provided, however, that the shareholder vote requirement for any amendment to the bylaws
2.10 (shareholder proposals), 3.1 (number of directors and powers), 3.2 (classifications and terms of directors), 3.3 (director va
3.12 (director nominations) and Article VI (indemnification) is the affirmative vote of the holders of not less than 75% of the v
thereon.

Authorized Capital Stock. The authorized capital stock of Prudential Bancorp–New consists of 40,000,000 shares of common
stock. The number of authorized stock is greater than what we will issue in the conversion and reorganization. This will provid
flexibility to effect, among other things, financings, acquisitions, stock dividends, stock splits and employee stock options.

Issuance of Capital Stock to Directors, Officers and Controlling Persons. Our articles of incorporation do not contain restrictio
stock to our directors, officers or controlling persons. Thus, Prudential Bancorp–New could adopt stock-related compensation p
shareholder approval and shares of Prudential Bancorp–New capital stock could be issued directly to directors or officers witho
Rules of the Nasdaq Stock Market, however, generally require corporations like Prudential Bancorp–New with securities which
Market to obtain shareholder approval of most stock compensation plans for directors, officers and key employees of the corpo
required, shareholder approval of stock-related compensation plans may be sought in certain instances in order to qualify such
law treatment under current laws and regulations.

The foregoing provisions of our article of incorporation and bylaws and Pennsylvania law could have the effect of discouraging
Bancorp–New or stock purchases in furtherance of an acquisition, and could accordingly, under certain circumstances, discoura
have a favorable effect on the price of the common stock.

The board of directors of Prudential Bancorp–New believes that the provisions described above are prudent and will reduce vul
other transactions that are not negotiated with and approved by its board of directors. Our board of directors believes that these
Prudential Bancorp–New and its future shareholders. In the board of directors' judgment, our board of directors is in the best p
Prudential Bancorp–New and to negotiate more effectively for what may be in the best interests of shareholders. Accordingly,
the best interests and the best interests of our future shareholders to encourage potential acquirers to negotiate directly with the
provisions will encourage such negotiations and discourage hostile takeover attempts. It is also the board of directors' view tha
persons from proposing a merger or other transaction at prices reflective of the true value of Prudential Bancorp–New and whe
all shareholders.

Regulatory Restrictions

Federal law requires the approval of the Federal Reserve Board prior to any person or entity, or any persons or entities acting i
common stock of Prudential

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Bancorp–New, and prior to certain other actions that are deemed pursuant to regulations of the Federal Reserve Board to consti
law requires the approval of the Pennsylvania Department of Banking prior to acquiring control of a Pennsylvania savings bank
During a conversion and for three years following a conversion and reorganization, Federal Reserve Board regulations prohibit
directly or indirectly, or making an offer to acquire more than 10% of the stock of any converted savings institution without the
Reserve Board, except for

•

- any offer with a view toward public resale made exclusively to the institution or to underwriters or a selling group actin

•

- offers that if consummated would not result in the acquisition by such person during the preceding 12-month period of

•

- offers in the aggregate for up to 24.9% by our employee stock ownership plan or other tax-qualified plans which we ma

•

- an offer to acquire or acquisition of beneficial ownership of more than 10% of the common stock of the savings institut or will be substantially the same as the ownership of the savings institution, provided that the offer or acquisition is ma of completion of the conversion and reorganization.

We expect such prohibition to be applicable to the acquisition of our common stock. In the event that any person, directly or in
securities beneficially owned by such person in excess of 10% shall not be counted as shares entitled to vote and shall not be vo
shares in connection with any matters submitted to a vote of shareholder. The definition of beneficial ownership for this regula
or irrevocable proxies for an institution's stock under circumstances that give rise to a conclusive or rebuttable determination o
regulations.

In addition to the foregoing, the plan of conversion prohibits any person, prior to the completion of the conversion and reorgani
announcement of an intent to make an offer, to purchase subscription rights or common stock. See "The Conversion and Offeri
Subscription Rights and Shares."

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DESCRIPTION OF OUR CAPITAL STOCK

General

We are authorized to issue 40,000,000 shares of common stock and 10,000,000 shares of preferred stock. We currently expect t
shares of common stock, including 7.1 million shares sold in the offering and 2.4 million shares exchanged for the outstanding
common stock, and no shares of preferred stock in the conversion and reorganization. Each share of common stock of Prudenti
relative rights as, and will be identical in all respects with, each other share of common stock. Upon payment of the purchase pr
issuance of the Exchange Shares in accordance with the plan of conversion and reorganization, all such stock will be duly autho
The common stock of Prudential Bancorp–New will represent nonwithdrawable capital, will not be an account of an insurable t
Deposit Insurance Corporation or any other governmental authority.

Common Stock

Dividends. We can pay dividends if, as and when declared by our board of directors, subject to compliance with limitations w
Dividend Policy." The holders of common stock will be entitled to receive and share equally in such dividends as may be decla
legally available therefor. If we issue preferred stock, the holders thereof may have a priority over the holders of the common s

Voting Rights. Upon completion of the conversion and reorganization, the holders of our common stock will possess exclusiv
Bancorp–New. They will elect our board of directors and act on such other matters as are required to be presented to them unde
incorporation or as are otherwise presented to them by the board of directors. Except as discussed in "Restrictions on Acquisitio
Prudential Savings Bank and Related Anti-Takeover Provisions — Limitations on Acquisitions of Voting Stock and Voting R
entitled to one vote per share and will not have any right to cumulate votes in the election of directors. If we issue preferred sto
also possess voting rights.

Liquidation. In the event of any liquidation, dissolution or winding up of Prudential Bancorp–New, the holders of the then-out
to receive, after payment or provision for payment of all its debts and liabilities (including with respect to the liquidation accou
assets available for distribution. If preferred stock is issued, the holders thereof may have a priority over the holders of the com
dissolution.

Preemptive Rights. Holders of the common stock will not be entitled to preemptive rights with respect to any shares which ma
stock is not subject to redemption.

Preferred Stock

None of the shares of our authorized preferred stock will be issued in the conversion and reorganization. Such stock may be iss
designations as the board of directors may from time to time determine. The board of directors can, without shareholder approv
dividend, liquidation and conversion rights which could dilute the voting strength of the holders of the common stock and may
unfriendly takeover or attempted change in control.

EXPERTS

The consolidated financial statements as of September 30, 2012 and 2011 and for each of the years in the two-year period ende
prospectus and in the registration statement have been so included in reliance on the report of S.R. Snodgrass, A.C., an indepen
appearing elsewhere herein, given on the authority of said firm as experts in auditing and accounting.

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FinPro has consented to the summary in this prospectus of its report to us setting forth its opinion as to our estimated pro forma
and statements with respect to it appearing in this prospectus.

TRANSFER AGENT, EXCHANGE AGENT AND REGISTRAR

The transfer agent and registrar and exchange agent for the common stock of Prudential Bancorp–New is Registrar and Transfe

LEGAL AND TAX OPINIONS

The legality of our common stock has been passed upon for us by Elias, Matz, Tiernan & Herrick L.L.P., Washington, D.C. Th
conversion have been opined upon by Elias, Matz, Tiernan & Herrick L.L.P. S.R. Snodgrass, A.C. has provided an opinion to u
consequences of the conversion. Elias, Matz, Tiernan & Herrick L.L.P. and S.R. Snodgrass, A.C. have consented to the referen
Certain legal matters will be passed upon for Sandler O'Neill & Partners, L.P., by Luse Gorman Pomerenk & Schick, P.C., Wa

REGISTRATION REQUIREMENTS

In connection with the conversion and offering, Prudential Bancorp–New will register its common stock with the Securities and
12(b) of the Securities Exchange Act of 1934, and, upon such registration, Prudential Bancorp–New and the holders of its stock
solicitation rules, reporting requirements and restrictions on stock purchases and sales by directors, officers and greater than 10
reporting requirements and certain other requirements of the Securities Exchange Act of 1934. Prudential Bancorp–New has un
registration for a period of at least three years following the conversion and offering.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

Prudential Bancorp–New has filed with the Securities and Exchange Commission a registration statement on Form S-1 under th
the shares of its common stock offered in this document. As permitted by the rules and regulations of the Securities and Exchan
not contain all the information set forth in the registration statement. Such information can be examined without charge at the p
Securities and Exchange Commission located at 100 F Street, N.E., Washington, D.C. 20549, and copies of such material can b
Exchange Commission at prescribed rates. The public may obtain more information on the operations of the public reference ro
registration statement also is available through the Securities and Exchange Commission's world wide web site on the Internet
Prudential Bancorp–New has filed an application to become a bank holding company with the Board of Governors of the Feder
certain information contained in that application. The application of Prudential Bancorp–New on FR Y-3 may be reviewed, wit
Governors of the Federal Reserve System, 20 th Street and Constitution Avenue, N.W., Washington, D.C. 20551 and at the Fe
Independence Mall, Philadelphia, Pennsylvania 19106. Prudential Bancorp–New also has filed an application with the Pennsyl
Securities to acquire control of Prudential Savings Bank. The application may be examined at the principal office of the Pennsy
Securities at 17 N. Second Street, 11 th Floor, Harrisburg, Pennsylvania. This prospectus omits certain information contained

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All financial statement schedules are omitted because the required information either is not applicable or is shown in the financ
The registrant, Prudential Bancorp–New, has not yet commenced operations to date; accordingly, the financial statements of th
their immateriality.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Prudential Bancorp, Inc. of Pennsylvania

We have audited the accompanying consolidated statements of financial condition of Prudential Bancorp, Inc. of Pennsylvania September 30, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, changes in stockh years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to expr statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. T were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of intern basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by manager financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial posit September 30, 2012 and 2011, and the results of their operations and cash flows for the years then ended, in conformity with U principles.

Wexford, Pennsylvania
December 21, 2012, except for Note 17 as to which the date is June 14, 2013

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	March 31, 2013 (unaudited)	
		(Doll
ASSETS		
Cash and amounts due from depository institutions	$ 2,445	$
Interest-bearing deposits	31,167	
Total cash and cash equivalents	33,612	
Investment and mortgage-backed securities available for sale (amortized cost – March 31, 2013, $61,330; September 30, 2012, $64,030; September 30, 2011, $71,955)	62,715	
Investment and mortgage-backed securities held to maturity (fair value – March 31, 2013, $90,182; September 30, 2012, $66,401; September 30, 2011, $112,721)	87,976	
Loans receivable – net of allowance for loan losses (March 31, 2013, $2,512; September 30, 2012, $1,881; September 30, 2011, $3,364)	278,237	
Accrued interest receivable	1,833	
Real estate owned	1,258	
Federal Home Loan Bank stock – at cost	1,659	
Office properties and equipment – net	1,565	
Bank owned life insurance	7,022	
Deferred income taxes, net	1,968	
Prepaid expenses and other assets	1,258	
TOTAL ASSETS	$ 479,103	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Non-interest-bearing	$ 3,116	$
Interest-bearing	412,981	
Total deposits	416,097	
Advances from Federal Home Loan Bank	340	
Accrued interest payable	747	
Advances from borrowers for taxes and insurance	1,266	
Accounts payable and accrued expenses	473	
Total liabilities	418,923	
COMMITMENTS AND CONTINGENCIES (Note 13)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 10,000,000 shares authorized; none issued	—	
Common stock, $.01 par value, 40,000,000 shares authorized; issued 12,563,750; outstanding – 10,023,495 at March 31, 2013, September 30, 2012 and 2011	126	
Additional paid-in capital	54,932	
Unearned Employee Stock Ownership Plan ("ESOP") shares	(2,676)	
Treasury stock, at cost: 2,540,255 shares at March 31, 2013, and September 30, 2012 and 2011.	(31,625)	
Retained earnings (substantially restricted)	38,510	
Accumulated other comprehensive income	913	
Total stockholders' equity	60,180	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 479,103	$

See notes to consolidated financial statements.

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Six Months Ended March 31, 2013	2012
	(unaudited) (Dollars in Thousands, Except	
INTEREST INCOME:		
Interest and fees on loans	$ 6,388	$ 6,519
Interest on mortgage-backed securities	1,178	2,019
Interest and dividends on investments	1,028	1,203
Interest on interest-bearing deposits	56	55
Total interest income	8,650	9,796
INTEREST EXPENSE:		
Interest on deposits	2,359	3,005
Interest on borrowings	—	2
Total interest expense	2,359	3,007
NET INTEREST INCOME	6,291	6,789
PROVISION FOR LOAN LOSSES	—	250
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,291	6,539
NON-INTEREST INCOME:		
Gain on sale of mortgage-backed securities available for sale	16	—
Fees and other service charges	195	223
Total other-than-temporary impairment losses	(25)	(150)
Portion of loss recognized in other comprehensive income, before taxes	5	47
Net impairment losses recognized in earnings	(20)	(103)
Other	223	186
Total non-interest income	414	306
NON-INTEREST EXPENSES:		
Salaries and employee benefits	2,958	3,098
Data processing	223	220
Professional services	444	571
Office occupancy	192	199
Depreciation	172	171
Payroll taxes	188	167
Director compensation	172	195
Federal Deposit Insurance Corporation premiums	319	326
Real estate owned expense	386	231
Other	828	685
Total non-interest expenses	5,882	5,863
INCOME (LOSS) BEFORE INCOME TAXES	823	982
INCOME TAXES (BENEFIT):		
Current	(435)	505
Deferred expense (benefit)	972	(11)
Total income taxes (benefit)	537	494
NET INCOME	$ 286	$ 488
BASIC EARNINGS PER SHARE	$ 0.03	$ 0.05
DILUTED EARNINGS PER SHARE	$ 0.03	$ 0.05

	Six Months Ended March 31,	
DIVIDENDS PER SHARE	$ —	$ —

See notes to consolidated financial statements.

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Six Months ended March 31, 2013	Six Months ended March 31, 2012	
	(unaudited)		
		(Dollars in Thou	
Net income	$ 286	$ 488	$
Unrealized holding (losses) gains on available-for-sale securities	(564)	(115)	
Tax effect	192	39	
Reclassification adjustment for net gains realized in net income	(16)	—	
Tax effect	5	—	
Reclassification adjustment for other than temporary impairment losses on debt securities	20	103	
Tax effect	(7)	(35)	
Total Other Comprehensive (Loss) Income	(370)	(8)	
Comprehensive (Loss) Income	$ (84)	$ 480	$

See notes to consolidated financial statements.

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	A C
				(Dollars in Thousands)		
Balance at September 30, 2010	$ 126	$ 53,528	$ (3,234)	$ (31,576)	$ 36,483	$ 1,6
Net income					112	
Other comprehensive income						58
Cash dividends ($0.10 per share)					(964)	
Treasury stock purchased (7,977 shares)				(49)		
Excess tax benefit from stock compensation plans		95				
Stock option expense		220				
Recognition and Retention Plan expense		319				
ESOP shares committed to be released (22,620 shares)		(84)	223			
BALANCE, September 30, 2011	$ 126	$ 54,078	$ (3,011)	$ (31,625)	$ 35,631	$ 2,2
Net income					2,593	
Other comprehensive loss						(9
Excess tax benefit from stock compensation plans		88				
Stock option expense		220				
Recognition and Retention Plan expense		326				
ESOP shares committed to be released (22,620 shares)		(102)	224			
BALANCE, September 30, 2012	$ 126	$ 54,610	$ (2,787)	$ (31,625)	$ 38,224	$ 1,2
Net income (unaudited)					286	
Other comprehensive loss (unaudited)						(3
Excess tax benefit from stock compensation plans (unaudited)		43				
Stock option expense (unaudited)		116				
Recognition and Retention Plan expense (unaudited)		195				

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	A C
ESOP shares committed to be released (11,310 shares) (unaudited)		(32)	111			
BALANCE, March 31, 2013 (unaudited)	$ 126	$ 54,932	$ (2,676)	$ (31,625)	$ 38,510	$ 91

See notes to consolidated financial statements.

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended March 31, 2013		2012		
	(unaudited)				
			(Dollars in Thous		
OPERATING ACTIVITIES:					
Net income	$ 286		$ 488		$
Adjustments to reconcile net income to net cash provided by operating activities:					
Provision for loan losses	—		250		
Depreciation	172		171		
Net accretion of premiums/discounts	(67	)	(188	)	
Income from bank owned life insurance	(103	)	(88	)	
Accretion of deferred loan fees	(53	)	(102	)	
Compensation expense of ESOP	79		60		
Loss on sale of real estate owned	16		123		
Gain on sale of mortgage-backed securities	(16	)	—		
Impairment charge on investment and mortgage-backed securities	20		103		
Impairment charge on real estate owned	306		—		
Share-based compensation expense	354		316		
Deferred income tax expense (benefit)	972		(11	)	
Excess tax benefit related to stock compensation	(43	)	(9	)	
Changes in assets and liabilities which (used) provided cash:					
Accounts payable and accrued expenses	(460	)	(1,463	)	
Accrued interest payable	(1,635	)	(1,404	)	
Prepaid expenses and other assets	977		407		
Accrued interest receivable	(172	)	236		
Net cash provided by (used in) operating activities	633		(1,111	)	
INVESTING ACTIVITIES:					
Purchase of investment and mortgage-backed securities held to maturity	(33,454	)	(33,962	)	
Purchase of investment and mortgage-backed securities available for sale	(7,968	)	(18,897	)	
Principal collected on loans	16,521		28,470		
Principal payments received on investment and mortgage-backed securities:					
Held-to-maturity	8,606		45,721		
Available for sale	10,407		11,770		
Loans originated or acquired	(43,497	)	(26,537	)	
Proceeds from redemption of Federal Home Loan Bank stock	580		281		
Proceeds from sale of mortgage-backed securities	304		—		
Proceeds from sale of loans	9,240		—		
Proceeds from sale of real estate owned	628		186		
Purchase of bank owned life insurance	—		—		
Proceeds from bank owned life insurance claim	—		—		
Purchases of equipment	(49	)	(144	)	
Net cash (used in) provided by investing activities	(38,682	)	6,888		
FINANCING ACTIVITIES:					

	Six Months Ended March 31,		
Net increase (decrease) in demand deposits, NOW accounts, and savings accounts	1,689	(2,083)	
Net (decrease) increase in certificates of deposit	(11,194)	4,432	
Repayment of borrowing from Federal Home Loan Bank	(143)	(19)	
(Decrease) increase in advances from borrowers for taxes and insurance	(7)	(54)	
Cash dividends paid	—	—	
Excess tax benefit related to stock compensation	43	9	
Purchase of treasury stock	—	—	
Net cash (used in) provided by financing activities	(9,612)	2,285	
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(47,661)	8,062	
CASH AND CASH EQUIVALENTS – Beginning of year	81,273	53,829	
CASH AND CASH EQUIVALENTS – End of year	$ 33,612	$ 61,891	$
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest paid on deposits and advances from Federal Home Loan Bank	$ 3,994	$ 4,411	$
Income taxes paid	$ —	$ 1,305	$
SUPPLEMENTAL DISCLOSURES OF NONCASH ITEMS:			
Real estate acquired in settlement of loans	$ 236	$ 199	$

See notes to consolidated financial statements.

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2013 AND 2012 (UNAUDITED) AND YEARS ENDED SEPTEMBER 30, 2012 AND 2011

1.

- NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Prudential Bancorp, Inc. of Pennsylvania (the "Company") is a Pennsylvania corporation, which was organized to be the mid-ti Bank (the "Bank"), which is a Pennsylvania-chartered, FDIC-insured savings bank with seven full service branches in the Phila banking regulator is the Federal Deposit Insurance Corporation. The Bank is principally in the business of attracting deposits fr offices and investing those deposits, together with funds from borrowings and operations, primarily in single-family residential March 31, 2013 (unaudited) was PSB Delaware, Inc. ("PSB"), a Delaware-chartered company established to hold certain inves assets of $110.6 million primarily consisting of investment and mortgage-backed securities. The interim financial data at March March 31, 2013 and 2012 are unaudited.

The Company's primary market area is Philadelphia, in particular South Philadelphia and Center City, as well as Delaware Cou business in Bucks, Chester and Montgomery Counties which, along with Delaware County, comprise the suburbs of Philadelph counties in southern New Jersey.

Prudential Mutual Holding Company (the "MHC"), a Pennsylvania corporation, is the mutual holding company parent of the C (unaudited), Prudential Mutual Holding Company owned 74.6% (7,478,062 shares) of the Company's outstanding common sto majority of the voting stock of the Company. In addition to the 6,910,062 shares of the Company received in connection with t MHC was concurrently therewith initially capitalized with $100,000 in cash from the Bank. Subsequent to the completion of th purchased 568,000 shares of the Company's common stock from other shareholders.

2.

- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation — The accompanying consolidated financial statements include the accounts of the Company and the Bank. A transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements — The preparation of financial statements in conformity with ac United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amo disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and ex most significant estimates and assumptions in the Company's financial statements are recorded in the allowance for loan losses other than temporary impairment of securities and valuation of deferred tax assets. Actual results could differ from those estima

Cash and Cash Equivalents — For purposes of reporting cash flows, cash and cash equivalents include cash and amounts du interest-bearing deposits with original maturities of less than 90 days.

Investment Securities and Mortgage-Backed Securities — The Company classifies and accounts for debt and equity securiti

Held to Maturity — Debt securities that management has the positive intent and ability to hold until maturity are classified a remaining unpaid principal balance, net of unamortized premiums or unaccreted discounts. Premiums are amortized and discou method over the estimated remaining term of the underlying security.

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Available for Sale — Debt and equity securities that will be held for indefinite periods of time, including securities that may
interest or prepayment rates, needs for liquidity, and changes in the availability and the yield of alternative investments, are cla
are carried at fair value. Fair value is determined using public market prices, dealer quotes, and prices obtained from independe
from observable and unobservable market inputs. Unrealized gains and losses are excluded from earnings and are reported net o
stockholders' equity until realized. Realized gains or losses on the sale of investment and mortgage-backed securities are report
determined using the adjusted cost of the specific security sold.

Other-than-temporary impairment — Management evaluates securities for other-than-temporary impairment at least on a qu
economic or market conditions warrant such evaluation. For all securities that are in an unrealized loss position for an extended
whose fair value is significantly below amortized cost, the Company performs an evaluation of the specific events attributable t
Company considers the length of time and extent to which the security's market value has been below cost as well as the gener
characteristics, and the fundamental operating results of the issuer to determine if the decline is other-than-temporary. The Com
evaluation its intention whether or not to sell the security until its market value has recovered to a level at least equal to the amo
determines that a security's unrealized loss is other-than-temporary, a realized loss is recognized in the period in which the decl
other-than-temporary. The write-down is measured based on public market prices of the security at the time the Company deter
other-than-temporary.

Loans Receivable — Lending consists of various loan types including single-family residential mortgage loans, construction
or commercial real estate mortgage loans, home equity loans and lines of credit, commercial business loans, and consumer loan
balances net of unamortized net fees/costs. Loans that management has the intent and ability to hold for the foreseeable future o
reported at their outstanding unpaid principal balance adjusted for unearned income, the allowance for loan losses and any unar

Loan Origination and Commitment Fees — The Company defers loan origination and commitment fees, net of certain direc
accreted into income as a yield adjustment over the life of the loan using the level-yield method.

Interest on Loans — The Company recognizes interest on loans on the accrual basis. Income recognition is discontinued wh
delinquent. Any interest previously accrued is deducted from interest income. Such interest ultimately collected is credited to in
or more delinquent.

Allowance for Loan Losses — The allowance for loan losses represents the amount which management estimates is adequat
loan portfolio as of the Consolidated Statement of Financial Condition date. The allowance method is used in providing for loa
charged to the allowance, and all recoveries are credited to it. The allowance for loan losses is established through a provision f
provision for loan losses is based on management's periodic evaluation of individual loans, economic factors, past loan loss exp
volume of the portfolio, and other relevant factors. The estimates used in determining the adequacy of the allowance for loan lo
of future cash flows expected on impaired loans, are particularly susceptible to changes in the near term.

Impaired loans are loans for which it is probable that the Company will not be able to collect all amounts due according to the c
The Company individually evaluates such loans for impairment and does not aggregate loans by major risk classifications. Fact
determining impairment include payment status and collateral value. The amount of impairment for impaired loans is determin

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value of the expected cash flows related to the loans, using the original interest rate, and their recorded value, or as a practical e loans, the difference between the fair value of the collateral and the recorded amount of the loans. When foreclosure is probabl fair value of the collateral.

Mortgage loans and consumer loans are comprised of large groups of smaller balance homogeneous loans which are evaluated experience insignificant payment delays, which are defined as less than 90 days, generally are not classified as impaired. Mana payment delays on a case-by-case basis taking into consideration all of the circumstances surrounding the loan and the borrowe borrower's prior payment record, and the amount of shortfall in relation to the principal and interest owed.

Real Estate Owned — Real estate acquired through, or in lieu of, loan foreclosure is initially recorded at the lower of book v acquisition, less estimated selling costs, establishing a new cost basis. Costs related to the development and improvement of rea and those relating to holding the properties are charged to expense. After foreclosure, a valuation is periodically performed by r recorded, if necessary, by a charge to operations if the carrying value of a property exceeds its estimated fair value less estimat

Federal Home Loan Bank of Pittsburgh ("FHLB") Stock — FHLB stock is classified as a restricted equity security because established market for its resale. FHLB stock is carried at cost and is evaluated for impairment when certain conditions warran

The Company is a member of the Federal Home Loan Bank of Pittsburgh and as such, is required to maintain a minimum inves Loan Bank that varies with the level of advances outstanding with the Federal Home Loan Bank. The stock is bought from and based upon its $100 par value. The stock does not have a readily determinable fair value and as such is classified as restricted s impairment by management. The stock's value is determined by the ultimate recoverability of the par value rather than by reco determination of whether the par value will ultimately be recovered is influenced by criteria such as the following: (a) the signi Federal Home Loan Bank as compared to the capital stock amount and the length of time this situation has persisted; (b) comm to make payments required by law or regulation and the level of such payments in relation to the operating performance; (c) the changes on the customer base of the Federal Home Loan Bank; and (d) the liquidity position of the Federal Home Loan Bank.

While the Federal Home Loan Banks have been negatively impacted by the current economic conditions, the Federal Home Lo remains in compliance with regulatory capital and liquidity requirements, continues to pay dividends on its stock and make red consideration given to these factors, management concluded that the stock was not impaired at March 31, 2013 (unaudited), Se 2011.

Office Properties and Equipment — Land is carried at cost. Office properties and equipment are recorded at cost less accum using the straight-line method over the expected useful lives of the assets. The costs of maintenance and repairs are expensed a betterments are capitalized and depreciated over their useful lives.

Cash Surrender Value of Life Insurance — The Company funds the policy premiums for the lives of certain officers and dir insurance policies ("BOLI") provide an attractive tax-exempt return to the Company and is being used by the Company to fund BOLI is recorded at its cash surrender value.

Dividend Payable — Upon declaration of a dividend, a payable is established with a corresponding reduction to retained ear dividend payable as of March 31, 2013 (unaudited), September 30, 2012 and September 30, 2011.

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Employee Stock Ownership Plan — The Bank established an employee stock ownership plan ("ESOP") for substantially all
purchased 452,295 shares of the Company's common stock on the open market for approximately $4.5 million with a loan fron
common stock purchased by the ESOP are held in a suspense account until released for allocation to participants as the loan is
each eligible participant based on the ratio of each such participant's compensation, as defined in the ESOP, to the total compe
the ESOP. As the unearned shares are released from suspense, the Company recognizes compensation expense equal to the fair
periods in which they become committed to be released. To the extent that the fair value of the ESOP shares released differs fr
is recorded to equity as an adjustment to additional paid-in capital.

Share-Based Compensation — The Company accounts for stock-based compensation issued to employees, directors, and w
with U.S. GAAP. Under fair value provisions, stock-based compensation cost is measured at the grant date based on the fair va
expense over the appropriate vesting period using the straight-line method. The amount of stock-based compensation recogniz
portion of the grant date fair value of the award that is vested at that date and as a result it may be necessary to recognize the ex
Determining the fair value of stock-based awards at the date of grant requires judgment, including estimating the expected term
volatility of the Company's stock. In addition, judgment is required in estimating the amount of stock-based awards that are ex
differ significantly from these estimates or different key assumptions were used, it could have a material effect on the Compan
See Note 12 of the Notes to Consolidated Financial Statements for additional information regarding stock-based compensation.

Treasury Stock — Common stock held in treasury by the Company is accounted for using the cost method, which treats stoc
stockholders' equity. The average cost per share of the approximately 2.5 million shares which have been repurchased by the C
through March 31, 2013 (unaudited). The repurchased shares held by the Company are available for general corporate purpose
September 30, 2012, the MHC had purchased 568,000 shares at an average cost of $10.30 per share. As of March 31, 2013 (un
September 30, 2011, 7,478,062 shares were owned by the MHC and 2,540,255 shares had been repurchased by the Company a
2,545,433 shares being owned by public shareholders.

Comprehensive Income — The Company presents in the consolidated statement of comprehensive income those amounts a
which currently are excluded from the statements of operations and are recorded directly to stockholders' equity. For the six-m
(unaudited), and for the years ended September 30, 2012 and 2011, the only components of comprehensive income were net in
income tax expense, on available for sale securities and reclassifications related to realized gains on sale of securities recogniz
losses due to other than temporary impairment, net of tax. Reclassifications are made to avoid double counting in comprehensi
part of net income for the period.

Income Taxes — The Company records deferred income taxes that reflect the net tax effects of temporary differences betw
liabilities for financial reporting purposes and the amounts used for income tax purposes. Management exercises significant ju
and timing of the recognition of the resulting tax assets and liabilities. The judgments and estimates required for the evaluation
business factors and the tax laws. If actual results differ from the assumptions and other considerations used in estimating the a
there can be no assurance that additional expense will not be required in future periods.

In evaluating the Company's ability to recover deferred tax assets, management considers all available positive and negative ev
and forecast of future taxable income. In determining future taxable income, management makes assumptions for the amount o

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income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These ass about future taxable income and are consistent with the plans and estimates the Company uses to manage the business. Any red income may require us to record an additional valuation allowance against our deferred tax assets. An increase in the valuation income tax expense in the period and could have a significant impact on our future earnings.

Transfers and Servicing of Financial Assets and Extinguishments of Liabilities — The Company recognizes the financial an it has incurred, and will derecognize financial assets when control has been surrendered, and derecognize liabilities when exting retained interests in the transferred assets are measured by allocating the previous carrying amount between the asset sold, if an their relative fair values at the date of transfer.

Advertising Costs — Advertising costs are expensed as incurred. The Company recognized advertising expense of $156,000 March 31, 2013 and 2012 (unaudited), respectively. For the years ended September 30, 2012 and 2011, the expenses incurred w respectively.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-05, Co Presentation of Comprehensive Income. The amendments in this Update improve the comparability, clarity, consistency, and tr increase the prominence of items reported in other comprehensive income. To increase the prominence of items reported in oth facilitate convergence of U.S. GAAP and International Financial Reporting Standards, the option to present components of othe statement of changes in stockholders' equity was eliminated. The amendments require that all non-owner changes in stockholde continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, t income and its components followed consecutively by a second statement that should present total other comprehensive income comprehensive income, and the total of comprehensive income. All entities that report items of comprehensive income, in any changes in this Update. For public entities, the amendments are effective for fiscal years, and interim periods within those years The amendments in this Update should be applied retrospectively, and early adoption is permitted. The consolidated statement the financial statement presented herein.

In September 2011, the FASB issued ASU 2011-09, Compensation — Retirement Benefits — Multiemployer Plans (Subtopi Participation in a Multiemployer Plan. The amendments in this Update will require additional disclosures about an employer's plan to enable users of financial statements to assess the potential cash flow implications relating to an employer's participation disclosures also will indicate the financial health of all of the significant plans in which the employer participates and assist a fi additional information that is available outside the financial statements. For public entities, the amendments in this Update are years ending after December 15, 2011, with early adoption permitted. The amendments are to be applied retrospectively for all enhanced disclosure presented in Note 11 of the Notes to Consolidated Financial Statements.

In December 2011, the FASB issued ASU 2011-10, Property, Plant, and Equipment (Topic 360): Derecognition of in Substanc amendments in this Update affect entities that cease to have a controlling financial interest in a subsidiary that is in substance re subsidiary's nonrecourse debt. Under the amendments in this Update, when a parent (reporting entity) ceases to have a controll is in-substance real estate as a result of default on the subsidiary's nonrecourse debt, the reporting

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entity should apply the guidance in Subtopic 360-20 to determine whether it should derecognize the in-substance real estate. Go
satisfy the requirements to derecognize the in-substance real estate before the legal transfer of the real estate to the lender and th
nonrecourse indebtedness. That is, even if the reporting entity ceases to have a controlling financial interest under Subtopic 810
to include the real estate, debt, and the results of the subsidiary's operations in its consolidated financial statements until legal t
legally satisfy the debt. The amendments in this Update should be applied on a prospective basis to deconsolidation events occu
periods should not be adjusted even if the reporting entity has continuing involvement with previously derecognized in substan
the amendments in this Update are effective for fiscal years, and interim periods within those years, beginning on or after June
This ASU did not have a significant impact on the Company's financial statements.

In December 2011, the FASB issued ASU 2011-11, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabil
affect all entities that have financial instruments and derivative instruments that are either (1) offset in accordance with either S
or (2) subject to an enforceable master netting arrangement or similar agreement. The requirements amend the disclosure requir
210-20-50. This information will enable users of an entity's financial statements to evaluate the effect or potential effect of nett
position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative in
An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim p
entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. This
significant impact on the Company's financial statements.

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Ou
Income. The amendments in this Update require an entity to report the effect of significant reclassifications out of accumulated
respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to n
not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to c
required under GAAP that provide additional detail about those amounts. For public entities, the amendments are effective pros
beginning after December 15, 2012. For nonpublic entities, the amendments are effective prospectively for reporting periods be
adoption is permitted. The required disclosure is presented in Note 4.

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3.

• EARNINGS PER SHARE

Basic earnings per share is computed based on the weighted average number of common shares outstanding. Diluted earnings p
weighted average number of common shares outstanding and common share equivalents ("CSEs") that would arise from the ex
The calculated basic and diluted earnings per share are as follows:

	Six Month Ended March 31,				Year E	
	2013		2012		2012	
	Basic	Diluted	Basic	Diluted	Basic	Dilut
	(unaudited)					
	(Dollars in Thousands Except Per Share Data)					
Net income	$ 286	$ 286	$ 488	$ 488	$ 2,593	$ 2,593
Weighted average shares outstanding	9,642,156	9,642,156	9,584,075	9,584,075	9,599,222	9,599,2
Effect of CSEs	—	92,389	—	11,363	—	24,524
Adjusted weighted average shares used in earnings per share computation	9,642,156	9,734,545	9,584,075	9,595,438	9,599,222	9,623,7
Earnings per share – basic and diluted	$ 0.03	$ 0.03	$ 0.05	$ 0.05	$ 0.27	$ 0.27

At March 31, 2013 and 2012 (unaudited), there were anti-dilutive shares of 554,596 and 442,400, respectively. Options to purc
were outstanding at September 30, 2012 and 2011, but were not included in the computation of diluted earnings per share becau
anti-dilutive. The exercise price for the stock options representing the anti-dilutive shares ranged from $7.25 to $11.17.
4.

• ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the changes in accumulated other comprehensive income by component net of tax for the six mon

Balance as of September 30, 2012
Other comprehensive loss before reclassification
Amount reclassified from accumulated other comprehensive income
Total other comprehensive loss
Balance as of March 31, 2013 (unaudited)

(a)

• All amounts are net of tax. Amounts in parentheses indicate debits.

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The following table presents significant amounts reclassified out of each component of accumulated other comprehensive incon
2013 (unaudited).

Details about other comprehensive income	Amount Reclassified from Accumulated Other Comprehensive Income (a) (unaudited) (Dollars in Thousands)		Affected Li Where N
Unrealized gains on available for sale securities	$ 16		Gain on sale of securities
	(5	)	Income taxes
	(20	)	Net impairment losses rec
	7		Income taxes
	$ (2	)	Net of tax

(a)

- Amounts in parentheses indicate debits for net income.

5.

- INVESTMENT AND MORTGAGE-BACKED SECURITIES

The amortized cost and fair value of securities, with gross unrealized gains and losses, are as follows:

	March 31, 2	
	Amortized Cost	Gross Unrealized Gains
	(unaudited (Dollars in Tho	
Securities Available for Sale:		
U.S. government and agency obligations	$ 19,985	$ 69
Mortgage-backed securities – U.S. government agencies	37,632	1,355
Mortgage-backed securities – non-agency	3,707	215
Total debt securities available for sale	61,324	1,639
FHLMC preferred stock	6	12
Total securities available for sale	$ 61,330	$ 1,651
Securities Held to Maturity:		
U.S. government and agency obligations	$ 71,932	$ 1,064
Mortgage-backed securities – U.S. government agencies	16,044	1,511
Total securities held to maturity	$ 87,976	$ 2,575

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	September 3	
	Amortized Cost	Gross Unrealized Gains
	(Dollars in Th	
Securities Available for Sale:		
U.S. government and agency obligations	$ 13,994	$ 110
Mortgage-backed securities – U.S. government agencies	45,722	2,040
Mortgage-backed securities – non-agency	4,308	137
Total debt securities available for sale	64,024	2,287
FHLMC preferred stock	6	1
Total securities available for sale	$ 64,030	$ 2,288
Securities Held to Maturity:		
U.S. government and agency obligations	$ 44,475	$ 1,333
Mortgage-backed securities – U.S. government agencies	18,635	1,967
Total securities held to maturity	$ 63,110	$ 3,300

	September 30,		
	Amortized Cost	Gross Unrealized Gains	
	(Dollars in Thou		
Securities Available for Sale:			
U.S. government and agency obligations	$ 9,360	$ 100	$
Mortgage-backed securities – U.S. government agencies	57,340	4,243	
Mortgage-backed securities – non-agency	5,249	29	
Total debt securities	71,949	4,372	
FHLMC preferred stock	6	—	
Total securities available for sale	$ 71,955	$ 4,372	$
Securities Held to Maturity:			
U.S. government and agency obligations	$ 87,708	$ 1,457	$
Mortgage-backed securities – U.S. government agencies	21,248	2,389	
Total securities held to maturity	$ 108,956	$ 3,846	$

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The following tables show the gross unrealized losses and related fair values of the Company’s investment securities, aggregate
time that individual securities have been in a continuous loss position at March 31, 2013 (unaudited) and at September 30, 2012
March 31, 2013 (unaudited)

	Less than 12 months		More than 12 months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
			(unaudited) (Dollars in Thousands)	
Securities Available for Sale:				
U.S. government and agency obligations	$ (97)	$ 8,894	$ —	$ —
Mortgage-backed securities U.S. government agencies	(39)	1,941	—	—
Mortgage-backed securities – non-agency	(4)	—	(126)	867
Total securities available for sale	$ (140)	$ 10,835	$ (126)	$ 867
Securities Held to Maturity:				
U.S. government and agency obligations	$ (364)	$ 36,597	$ —	$ —
Mortgage-backed securities U.S. government agencies	(5)	2,471	—	—
Total securities held to maturity	$ (369)	$ 39,068	$ —	$ —
Total	$ (509)	$ 49,903	$ (126)	$ 867

September 30, 2012

	Less than 12 months		More than 12 months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
			(Dollars in Thousands)	
Securities Available for Sale:				
U.S. government and agency obligations	$ (1)	$ 2,999	$ —	$ —
Mortgage-backed securities – non-agency	(21)	144	(321)	2,343
Total securities available for sale	$ (22)	$ 3,143	$ (321)	$ 2,343
Securities Held to Maturity:				
U.S. government and agency obligations	$ (9)	$ 10,982	$ —	$ —
Total securities held to maturity	$ (9)	$ 10,982	$ —	$ —
Total	$ (31)	$ 14,125	$ (321)	$ 2,343

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September 30, 2011

	Less than 12 months		More than 12 months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
			(Dollars in Thousands)	
Securities Available for Sale:				
U.S. government and agency obligations	$ (36)	$ 4,961	$ —	$ —
Mortgage-backed securities – non-agency	(50)	1,108	(871)	2,663
Total securities available for sale	$ (86)	$ 6,069	$ (871)	$ 2,663
Securities Held to Maturity:				
U.S. government and agency obligations	$ (81)	$ 18,911	$ —	$ —
Total securities held to maturity	$ (81)	$ 18,911	$ —	$ —
Total	$ (167)	$ 24,980	$ (871)	$ 2,663

The equity securities and U.S. government agency mortgage-backed securities were not in an unrealized loss position as of Sep
Management evaluates securities for other-than-temporary impairment ("OTTI") at least once each quarter, and more frequentl
warrant such evaluation. The Company determines whether the unrealized losses are temporary. The evaluation is based upon f
the issuers/guarantors, the underlying collateral, if applicable, and the continuing performance of the securities. Management al
circumstances that may be indicative of an OTTI condition. This includes, but is not limited to, an evaluation of the type of sec
which the fair value of the security has been less than cost, and the near-term prospects of the issuer.

The Company assesses whether a credit loss existed with respect to a security by considering whether (1) the Company has the
likely than not that it will be required to sell the security before recovery, or (3) it does not expect to recover the entire amortize
Company bifurcates the OTTI impact on impaired securities where impairment in value was deemed to be other than temporary
credit loss and the component representing loss related to other factors. The portion of the fair value decline attributable to cred
charge to earnings. The credit component is determined by comparing the present value of the cash flows expected to be collec
before recognizing any OTTI, with the amortized cost basis of the debt security. The Company uses the cash flow expected to b
includes assumptions about interest rates, timing and severity of defaults, estimates of potential recoveries, the cash flow distrib
factors, then applies a discount rate equal to the effective yield of the security. The difference between the present value of the
book value is considered a credit loss. The fair market value of the security is determined using the same expected cash flows;
determines from open market and other sources as appropriate for the particular security. The difference between the fair mark
amortized cost is recognized in other comprehensive income.

Management has reviewed its investment securities and determined that for the six months ended March 31, 2013 (unaudited) a
2011, unrealized losses of $25,000, $195,000 and $277,000, respectively, on a pre-tax basis for certain securities in the non-age
classified as available for sale were deemed other than temporarily impaired.

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The following is a rollforward for the six-months ended March 31, 2013 (unaudited) and for the year ended September 30, 201
related to credit losses on securities which the Company has recorded OTTI charges through earnings and comprehensive inco
Six months ended March 31, 2013 (unaudited)

Credit component of OTTI as of October 1, 2012
Additions for credit-related OTTI charges on previously unimpaired securities
Additional increases as a result of impairment charges recognized on investments for which an OTTI was previously recognized
Credit component of OTTI as of March 31, 2013

Year ended September 30, 2012

Credit component of OTTI as of October 1, 2011
Additions for credit-related OTTI charges on previously unimpaired securities
Reductions for securities liquidated
Additional increases as a result of impairment charges recognized on investments for which an OTTI was previously recognized
Credit component of OTTI as of September 30, 2012

U.S. Government Agency Obligations — The Company's investments reflected in the tables above in U.S. Government spon
obligations of the FHLB and Federal Farm Credit System ("FFCS"). These securities are typically rated AAA by one of the int
services. At March 31, 2013 (unaudited), U.S. Government and agency obligations in a gross unrealized loss position for less t
securities having an aggregate depreciation of $461,000 or 0.5% from the Company's amortized cost basis. At September 30, 2
obligations in a gross unrealized loss position for less than twelve months consisted of five securities having an aggregate depr
Company's amortized cost basis. There were no securities in a gross unrealized loss position for more than twelve months at su
debt securities relates principally to the changes in market interest rates and a lack of liquidity currently in the financial market
shortfall of cash flows. In addition, the Company does not intend to sell these securities and it is more likely than not that the C
securities. As such, the Company anticipates it will recover the entire amortized cost basis of the securities. As a result, the Co
investments to be other-than-temporarily impaired at March 31, 2013 (unaudited) or September 30, 2012.

U.S. Agency Issued Mortgage-Backed Securities — At March 31, 2013 (unaudited), the gross unrealized loss in U.S. agency
category of experiencing a gross unrealized loss for less than 12 months was $44,000 or 0.08% from the Company's amortized
There were no securities in a gross unrealized loss position in the category of experiencing a gross unrealized loss for less than
more than 12 months at March 31, 2013 (unaudited) or September 30, 2012. These securities represent asset-backed issues tha
Government sponsored agency or carry the full faith and credit of the United States through a government agency and are curr
credit rating agency. In September 2008, the U.S. Department of the Treasury announced the establishment of the Government
ensure credit availability to Fannie Mae and Freddie Mac. The U.S. Department of the Treasury also entered into senior prefer
ensure that each entity maintains a positive net worth and effectively support the holders of debt and mortgage-backed securiti
and Freddie Mac. The preferred stock agreements enhance market stability by providing additional security to debt holders, se
the concern of the credit driven impairment of the securities.

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Non-Agency Issued Mortgage-Backed Securities and Collateralized Mortgage Obligations — This portfolio was acquired thr the Company's entire investment in a mutual fund and included 50 and 55 collateralized mortgage obligations ("CMO") and m commercial financial institutions at March 31, 2013 (unaudited) and September 30, 2012, respectively. For the six months ende ended September 30, 2012, management recognized an OTTI charge related to a portion of the portfolio securities in the amour on a pre-tax basis due to the fact that, in management's judgment, the credit quality of the collateral pool underlying such secur periods to the point that full recovery of the entire amortized cost of the investment was considered to be uncertain. This portfo underlying collateral consisting of Alt-A loans and those collateralized by home equity lines of credit and other receivables as v exposure to depressed real estate markets in the United States. For the overall portfolio of the securities, there was exposure to California, Nevada, Arizona and Florida and consequently, an additional OTTI charge was deemed to be warranted as of Marcl September 30, 2012. Of the recorded charge, a total of $20,000 and $154,000, respectively, was concluded to be credit related a $5,000 and $41,000, respectively, was concluded to be attributable to other factors and recognized in accumulated other compr

As of March 31, 2013 (unaudited) and September 30, 2012, with the exception of securities discussed above, there are no secur believes it is not probable that it will collect all amounts due according to the contractual terms of the investment. Management impairment did not exist and the decline in value was attributed to the illiquidity in the financial markets. With respect to the $1 to this part of the portfolio as of March 31, 2013 (unaudited), 13 securities had been in a loss position for longer than 12 month position for less than 12 months. With respect to the $342,000 in gross unrealized losses related to this part of the portfolio as o been in a loss position for longer than 12 months while five securities had been in a loss position for less than 12 months. Howe these securities and it is more likely than not that the Company will not be required to sell these securities.

The amortized cost and estimated fair value of U.S. government and agency obligations by contractual maturity, are shown bel contractual maturities because of call provisions in the securities. Mortgage-backed securities were not included as the contract irrelevant due to the borrowers' right to prepay without pre-payment penalty which results in significant prepayments.

	March 31, 2		
	Held to Maturity		
	Amortized Cost	Fair Value	
		(unaudited	
		(Dollars in Thou	
Due within one year	$ 3,000	$ 3,021	$
Due after one through five years	2,000	2,007	
Due after five through ten years	11,498	12,028	
Due after ten years	55,434	55,576	
Total	$ 71,932	$ 72,632	$

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	Held to Maturity		September 30,
	Amortized Cost	Fair Value	
		(Dollars in Thou	
Due within one year	$ 1,000	$ 1,006	$
Due after one through five years	4,000	4,050	
Due after five through ten years	13,498	14,177	
Due after ten years	25,977	26,566	
Total	$ 44,475	$ 45,799	$

	Held to Maturity		September 30
	Amortized Cost	Fair Value	
		(Dollars in Tho	
Due after one through five years	$ 11,000	$ 11,110	
Due after five through ten years	49,960	50,658	
Due after ten years	26,748	27,316	
Total	$ 87,708	$ 89,084	

For the six-month periods ended March 31, 2013 and 2012 (unaudited) the Company realized gross gains of $16,000 and $0, re
sale of mortgage-backed securities of $304,000 and $0, respectively. For the years ended September 30, 2012 and 2011, the Co
million and $15,000, respectively, and gross proceeds from the sale of mortgage-backed securities of $21.6 million and $105,0
6.

- LOANS RECEIVABLE

Loans receivable consist of the following:

	March 31, 2013 (unaudited)	
		(Dollars
One-to four-family residential	$ 241,968	$ 222
Multi-family residential	4,751	5,0
Commercial real estate	18,599	19,
Construction and land development	14,800	14,
Commercial business	593	632
Consumer	421	523
Total loans	281,132	263
Undisbursed portion of loans-in-process	(1,872)	(1,6
Deferred loan costs	1,489	989
Allowance for loan losses	(2,512)	(1,8
Net loans	$ 278,237	$ 260

The Company originates loans to customers located primarily in its local market area. The ultimate repayment of these loans at
September 30, 2012 and 2011 is dependent, to a certain degree, on the local economy and real estate market.
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The Company originates both adjustable and fixed interest rate loans. At March 31, 2013 (unaudited), the Bank had $32.2 milli
the Bank had $20.9 million and $36.8 million of adjustable-rate loans, respectively. The adjustable-rate loans have interest rate
indexed to the one-year U.S. Treasury note rate, Wall Street Journal prime rate or the Average Contract Interest Rate for previo
Federal Housing Finance Board.

The following tables summarize the loans individually evaluated for impairment by loan segment at March 31, 2013 (unaudited
March 31, 2013 (unaudited)

	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development (unaudited) (Dollars in Thousands)	Commer busine
Individually evaluated for impairment	$ 15,959	$ 906	$ 2,623	$ 1,518	$ —
Collectively evaluated for impairment	226,009	3,845	15,976	13,282	593
Total loans	$ 241,968	$ 4,751	$ 18,599	$ 14,800	$ 593

September 30, 2012

	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development (Dollars in Thousands)	Commer busine
Individually evaluated for impairment	$ 25,440	$ 916	$ 1,679	$ 2,573	$ —
Collectively evaluated for impairment	197,353	4,135	17,654	12,300	632
Total loans	$ 222,793	$ 5,051	$ 19,333	$ 14,873	$ 632

September 30, 2011

	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development (Dollars in Thousands)	Commer busine
Individually evaluated for impairment	$ 7,652	$ —	$ 545	$ 3,235	$ —
Collectively evaluated for impairment	188,881	5,723	20,630	18,991	814
Total loans	$ 196,533	$ 5,723	$ 21,175	$ 22,226	$ 814

The loan portfolio is segmented at a level that allows management to monitor risk and performance. Management evaluates all
and loans delinquent 90 plus days for potential impairment. Loans are considered to be impaired when, based on current inform
Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms
Once the determination is made that a loan is impaired, the determination of whether a specific allocation of the allowance is ne
comparing the recorded investment in the loan to the fair value of the loan using one of the following three methods: (a) the pre
flows discounted at the loan's effective interest rate; (b) the loan's observable market price; or (c) the fair value of the collatera
utilizes the fair value of collateral method as a practically expedient alternative.

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The following tables present impaired loans by class, segregated by those for which a specific allowance was required and thos
necessary as of March 31, 2013 (unaudited) and September 30, 2012 and 2011:

March 31, 2013 (unaudited)

	Impaired Loans with Specific Allowance		**Loans with No Specific Allowance**
	Recorded Investment	**Related Allowance**	**Recorded Investment**
			(unaudited) (Dollars in Thousands)
One-to-four family residential	$ —	$ —	$ 15,959
Multi-family residential	—	—	906
Commercial real estate	—	—	2,623
Construction and land development	—	—	1,518
Total Loans	$ —	$ —	$ 21,006

September 30, 2012

	Impaired Loans with Specific Allowance		**Impaired Loans with No Specific Allowance**
	Recorded Investment	**Related Allowance**	**Recorded Investment**
			(Dollars in Thousands)
One-to-four family residential	$ —	$ —	$ 25,440
Multi-family residential	—	—	916
Commercial real estate	—	—	1,679
Construction and land development	—	—	2,573
Commercial business	—	—	—
Consumer	—	—	—
Total Loans	$ —	$ —	$ 30,608

September 30, 2011

	Impaired Loans with Specific Allowance		**Impaired Loans with No Specific Allowance**
	Recorded Investment	**Related Allowance**	**Recorded Investment**
			(Dollars in Thousands)
One-to-four family residential	$ 7,652	$ 495	$ —
Multi-family residential	—	—	—
Commercial real estate	—	—	545
Construction and land development	—	—	3,235
Commercial business	—	—	—
Consumer	—	—	—

	Impaired Loans with Specific Allowance		Impaired Loans with No Specific Allowance
Total Loans	$ 7,652	$ 495	$ 3,780

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The following tables present the average investment in impaired loans and related interest income recognized for the periods in

	Six Months End	
	Average Recorded Investment	Inc Recogn Accru (una (Dollars in
One-to four-family residential	$ 18,865	$ 325
Multi-family residential	909	33
Commercial real estate	1,569	30
Construction and land development	1,730	63
Total	$ 23,073	$ 451

	Six Months End	
	Average Recorded Investment	Inc Recogn Accru (una (Dollars in
One-to four-family residential	$ 11,295	$ 102
Commercial real estate	852	8
Construction and land development	2,878	29
Total	$ 15,025	$ 139

	Year Ended Se	
	Average Recorded Investment	Inc Recogn Accru (Dollars in
One-to four-family residential	$ 14,232	$ 608
Multi-family residential	394	46
Commercial real estate	1,913	54
Construction and land development	4,995	122
Total	$ 21,533	$ 830

	Year Ended Se	
	Average Recorded Investment	Inc Recogn Accru (Dollars in
One-to four-family residential	$ 5,184	$ —
Construction and land development	4,122	189
Total	$ 9,306	$ 189

Federal banking regulations and our policies require that the Company utilize an internal asset classification system as a means
problem assets. The Company has incorporated an internal asset classification system, consistent with Federal banking regulati
system. Management currently classifies problem and potential problem assets as “special mention,” “substandard,” “doubtful”
“substandard” if it is inadequately protected by the current net worth and paying capacity of the

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obligor or of the collateral pledged, if any. "Substandard" assets include those characterized by the "distinct possibility" that th
the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substa
weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "hig
classified as "loss" are those considered "uncollectible" and of such little value that their continuance as assets without the esta
warranted. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the a
weaknesses are required to be designated "special mention."

The following tables present the classes of the loan portfolio in which a formal risk weighting system is utilized summarized by
category of "special mention," and the classified categories of "substandard" and "doubtful" within the Company's risk rating s
"loss" at the dates presented.

			March 31, 2013
	Pass	Special Mention	Substandard
			(unaudited)
			(Dollars in Thousands)
Multi-family residential	$ 3,845	$ —	$ 906
Commercial real estate	15,976	—	2,623
Construction and land development	13,282	—	1,518
Commercial business	593	—	—
Total Loans	$ 33,696	$ —	$ 5,047

			September 30, 2012
	Pass	Special Mention	Substandard
			(Dollars in Thousands)
Multi-family residential	$ 4,135	$ —	$ 916
Commercial real estate	17,654	—	1,679
Construction and land development	12,300	—	2,573
Commercial business	632	—	—
Total Loans	$ 34,721	$ —	$ 5,168

			September 30, 2011
	Pass	Special Mention	Substandard
			(Dollars in Thousands)
Multi-family residential	$ 5,723	$ —	$ —
Commercial real estate	20,630	—	545
Construction and land development	11,917	3,901	6,408
Commercial business	814	—	—
Total Loans	$ 39,084	$ 3,901	$ 6,953

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The following tables present loans in which a formal risk rating system is not utilized, but loans are segregated between perforn primarily on delinquency status:

	Performing	March Non-Pe (una (Dollars in
One-to four-family residential	$ 237,840	$ 4,128
Consumer	421	—
Total Loans	$ 238,261	$ 4,128

	Performing	Septemb Non-Pe (Dollars in
One-to four-family residential	$ 209,889	$ 12,904
Consumer	523	—
Total Loans	$ 210,412	$ 12,904

	Performing	Septemb Non-Pe (Dollars in
One-to four-family residential	$ 186,219	$ 10,314
Consumer	613	—
Total Loans	$ 186,832	$ 10,314

Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio as d recorded payment is due. The following tables present the classes of the loan portfolio summarized by the aging categories of p

	March 31, 2013				
	Current	30 – 89 Days Past Due	90 Days + Past Due	90 Days + Past Due and Accruing	Total Past Due and Accruing
	(unaudited) (Dollars in Thousands)				
One-to four-family residential	$ 237,711	$ 129	$ 4,128	$ —	$ 129
Multi-family residential	4,751	—	—	—	—
Commercial real estate	17,538	331	730	—	331
Construction and land development	14,800	—	—	—	—
Commercial business	593	—	—	—	—
Consumer	411	10	—	—	10
Total Loans	$ 275,804	$ 470	$ 4,858	$ —	$ 470

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	September 30, 2012				
	Current	30 – 89 Days Past Due	90 Days + Past Due	90 Days + Past Due and Accruing	Total Past Due and Accruing
	(Dollars in Thousands)				
One-to four-family residential	$ 217,061	$ 1,108	$ 4,624	$ —	$ 1,108
Multi-family residential	5,051	—	—	—	—
Commercial real estate	18,859	233	241	—	233
Construction and land development	14,356	—	517	—	—
Commercial business	632	—	—	—	—
Consumer	522	1	—	—	1
Total Loans	$ 256,481	$ 1,342	$ 5,382	$ —	$ 1,342

	September 30, 2011				
	Current	30 – 89 Days Past Due	90 Days + Past Due	90 Days + Past Due and Accruing	Total Past Due and Accruing
	(Dollars in Thousands)				
One-to four-family residential	$ 190,822	$ 3,048	$ 2,663	$ —	$ 3,048
Multi-family residential	5,723	—	—	—	—
Commercial real estate	20,272	358	545	—	358
Construction and land development	20,454	—	1,772	—	—
Commercial business	814	—	—	—	—
Consumer	613	—	—	—	—
Total Loans	$ 238,698	$ 3,406	$ 4,980	$ —	$ 3,406

The allowance for loan losses is established through a provision for loan losses charged to expense. The Company maintains th all known and inherent losses in the portfolio that are both probable and reasonable to estimate at each reporting date. Manager losses no less than quarterly in order to identify those inherent losses and to assess the overall collection probability for the loar losses. For each primary type of loan, a loss factor is established reflecting an estimate of the known and inherent losses in such analysis as well as consideration of qualitative factors. The evaluation process includes, among other things, an analysis of deli trends, the level of charge-offs and recoveries, prior loss experience, total loans outstanding, the volume of loan originations, th concentration of our loans, the value of collateral securing the loan, the borrower's ability to repay and repayment performance heightened management oversight, local economic conditions and industry experience.

Commercial real estate loans entail significant additional credit risks compared to one-to four-family residential mortgage loans balances concentrated with single borrowers or groups of related borrowers. In addition, the payment experience on loans secur typically depends on the successful operation of the related real estate project and/or business operation of the borrower who is be subject to a greater extent to the effects of adverse conditions in the real estate market and in the economy in general. Comm higher risk of default than residential loans of like duration since their repayment is generally dependent on the successful oper sufficiency of collateral, if any. Land acquisition, development and construction lending exposes us to greater credit risk than p

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financing. The repayment of land acquisition, development and construction loans depends upon the sale of the property to thir
financing upon completion of all improvements. These events may adversely affect the borrower and the value of the collateral
The following tables summarize the primary segments of the allowance for loan losses, segmented into the amount required for
impairment and the amount required for loans collectively evaluated for impairment. Activity in the allowance is presented for
2013 (unaudited) and for the years ended September 30, 2012 and 2011:

	Six Month Ended March 31, 2013					
	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Con
	(unaudited) (Dollars in Thousands)					
ALLL balance at September 30, 2012	$ 830	$ 7	$ 125	$ 745	$ 3	$ 1
Charge-offs	(154)	—	—	—	—	—
Recoveries	25	—	—	760	—	—
Provision	100	—	50	(208)	—	—
ALLL balance at March 31, 2013	$ 801	$ 7	$ 175	$ 1,297	$ 3	$ 1
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	$ 801	$ 7	$ 175	$ 1,297	$ 3	$ 1

	Six Month Ended March 31, 2012					
	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Con
	(unaudited) (Dollars in Thousands)					
ALLL balance at September 30, 2011	$ 1,651	$ 7	$ 221	$ 1,481	$ 3	$ 1
Charge-offs	(261)	—	—	(303)	—	—
Recoveries	—	—	—	—	—	—
Provision	187	94	52	(256)	1	—
ALLL balance at March 31, 2012	$ 1,577	$ 101	$ 169	$ 922	$ 4	$ 1
Individually evaluated for impairment	$ 957	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	$ 620	$ 101	$ 169	$ 922	$ 4	$ 1

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	Year Ended September 30, 2012					
	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Con
	(Dollars in Thousands)					
ALLL balance at September 30, 2011	$ 1,651	$ 7	$ 221	$ 1,481	$ 3	$ 1
Charge-offs	(1,905)	—	—	(303)	—	—
Recoveries	—	—	—	—	—	—
Provision	1,084	—	(96)	(433)	—	—
ALLL balance at September 30, 2012	$ 830	$ 7	$ 125	$ 745	$ 3	$ 1
Individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	$ 830	$ 7	$ 125	$ 745	$ 3	$ 1

	Year Ended September 30, 2011					
	One- to four-family residential	Multi-family residential	Commercial real estate	Construction and land development	Commercial business	Cons
	(Dollars in Thousands)					
ALLL balance at September 30, 2010	$ 672	$ 4	$ 560	$ 1,909	$ 3	$ 1
Charge-offs	(750)	—	—	(3,667)	—	—
Recoveries	—	—	—	—	—	—
Provision	1,729	3	(339)	3,239	—	—
ALLL balance at September 30, 2011	$ 1,651	$ 7	$ 221	$ 1,481	$ 3	$ 1
Individually evaluated for impairment	$ 495	$ —	$ —	$ —	$ —	$ —
Collectively evaluated for impairment	$ 1,156	$ 7	$ 221	$ 1,481	$ 3	$ 1

The Company determined that no provision for loan losses was required for the six months ended March 31, 2013 (unaudited) a recognized on a previously charged-off construction loan which led to an increase in the loan loss allowance sufficient to addre the loan portfolio. The Company established a provision for loan losses of $725,000 for the year ended September 30, 2012 as c The higher level of provisions in the 2011 period reflected primarily the recognition of the decrease in the value of the collatera projects necessitating charge-offs aggregating $4.4 million. The allowance for loan losses totaled $2.5 million, or 0.9% of total loans at March 31, 2013 (unaudited) as compared to $1.9 million, or 0.7% of total loans and 13.4% of non-performing loans at 1.4% of total loans and 26.6% of non-performing loans at September 30, 2011. The decline in the allowance from the 2011 per million, a portion of which were specific allocations established and charged to provision expense in prior periods.

Management will continue to monitor and modify the allowance for loan losses as conditions dictate. No assurances can be giv losses will cover all of the inherent losses on the loans or that future adjustments to the allowance for loan losses will not be ne differ substantially from the economic and other conditions used by management to determine the current level of the allowanc

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The following table summarizes information regarding troubled debt restructurings for the six months ended March 31, 2013 (u
debt restructuring modifications approved during the six months ended March 31, 2013 (unaudited) or for the years ended Sept

	Number of Contracts	Pre-modifica Outstandin Recorded Investmen (Dollars in Th
One-to-four family residential	—	$ —
Multi-family residential	—	—
Commercial real estate	1	1,321
Construction and land development	—	—
Commercial business	—	—
Consumer	—	—

In January 2013, the Bank completed the sale of five one-to-four family residential loans classified as troubled debt restructurin
project located in Philadelphia in which the Bank was the lead lender and held a $9.2 million investment. In connection with th
the other loan participants extended a loan to an affiliate of the borrower, the proceeds of which were used to reduce the princip
portion of such loan is approximately $1.3 million. The new loan is being reported as a troubled debt restructuring during the q
did not incur any additional losses upon completion of the sale of the loans beyond the $968,000 loss already recognized in pric

At September 30, 2012, the Company had five one-to four-family residential loans aggregating to $8.1 million classified as trou
all to the same borrower and are related to the 133-unit completed condominium project in Philadelphia discussed above. The l
construction loans but reclassified as one-to four-family residential loans in fiscal 2011 upon the completion of construction du
the loans. There was a $140,000 decrease in interest income during the year ended September 30, 2012 as a result of the restruc
interest rate. All of the troubled debt restructurings involved changes in the interest rates on the loans; no debt was forgiven. At
restructurings were performing in accordance with the modified terms. However, they were on non-accrual. At September 30, 2
totaled $7.7 million related to the loans described above.

No troubled debt restructurings defaulted during the six months ended March 31, 2013 and 2012 or during the years ended Sep

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7.

• OFFICE PROPERTIES AND EQUIPMENT

Office properties and equipment are summarized by major classifications as follows:

	March 31, 2013 (unaudited)		
			(Dolla
Land	$ 247		$
Buildings and improvements	2,577		
Furniture and equipment	3,732		
Automobiles	135		
Total	6,691		
Accumulated depreciation	(5,126	)	
Total office properties and equipment, net of accumulated depreciation	$ 1,565		$

Depreciation expense amounted to $172,000, $171,000, $345,000 and $342,000, for the six-months periods ended March 31, 2
years ended September 30, 2012 and 2011, respectively.
8.

• DEPOSITS

Deposits consist of the following major classifications:

	March 31, 2013			Septen 2012		
	Amount (unaudited)	Percent		Amount	Percent	
				(Dollars in Thousands)		
Money market deposit accounts	$ 68,861	16.5	%	$ 69,735	16.4	%
Interest-bearing checking accounts	35,640	8.6		33,659	7.9	
Non-interest-bearing checking accounts	3,116	0.7		3,711	0.9	
Passbook, club and statement savings	72,260	17.4		71,083	16.7	
Certificates maturing in six months or less	89,095	21.4		71,173	16.7	
Certificates maturing in more than six months	147,125	35.4		176,241	41.4	
Total	$ 416,097	100.0	%	$ 425,602	100.0	%

The amount of scheduled maturities of certificate accounts was as follows:

	March 31, 2013 (unaudited)
	(Doll
One year or less	$ 141,425
One through two years	26,111
Two through three years	26,992
Three through four years	19,439
Four through five years	22,253
Total	$ 236,220

Certificates of deposit of $100,000 or more at March 31, 2013 (unaudited), September 30, 2012 and 2011 totaled $90.7 million respectively.

Interest expense on deposits was comprised of the following:

	Six Months Ended March 31, 2013	2012	
	(unaudited)		
			(Dollars in Thousan
Checking and money market deposit accounts	$ 181	$ 274	$ 4
Passbook, club and statement savings accounts	121	227	4
Certificate accounts	2,057	2,504	4,
Total	$ 2,359	$ 3,005	$ 5,

9.

- ADVANCES FROM FEDERAL HOME LOAN BANK

Advances from the FHLB totaled $340,000, $483,000 and $570,000 at March 31, 2013 (unaudited), September 30, 2012 and 2 obtained in connection with the Bank's participation in a community housing program and range in maturity from fiscal years The advances are collateralized by all of the Bank's holdings of FHLB stock, U.S. government and agency investment securiti qualifying first mortgage loans held by the Bank. At March 31, 2013 (unaudited) and September 30, 2012, the Bank had the ab million, respectively, of additional FHLB advances.

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10.

- INCOME TAXES

The Company files a consolidated federal income tax return. The Company uses the specific charge-off method for computing method allows the Company to deduct an annual addition to the reserve for bad debt equal to its net charge-offs.

The provision for income taxes for the six-months ended March 31, 2013 and 2012 (unaudited) and the years ended September following:

	Six Months Ended March 31, 2013		Six Months Ended March 31, 2012		
	(unaudited)				
					(Dollars in Thousan
Current:					
Federal (benefit) expense	$ (435	)	$ 505		$ 32
Total current taxes	(435	)	505		32
Deferred income tax expense (benefit)	972		(11	)	96
Total income tax provision (benefit)	$ 537		$ 494		$ 1,

Items that gave rise to significant portions of deferred income taxes are as follows:

	March 31, 2013 (unaudited)		
			(Dolla
Deferred tax assets:			
Deposit premium	$ —		$
Allowance for loan losses	1,962		
Real estate owned expenses	222		
Non-accrual interest	119		
Accrued vacation	94		
Capital loss carryforward	1,718		
Impairment loss	1,113		
Post-retirement benefit plans	133		
Split dollar life insurance	22		
Employee benefit plans	352		
Total deferred tax assets	5,735		
Valuation allowance	(2,274	)	
Total deferred tax assets, net of valuation allowance	3,461		
Deferred tax liabilities:			
Unrealized gain on available for sale securities	470		
Property	517		
Mortgage servicing	—		
Deferred loan fees	506		
Total deferred tax liabilities	1,493		
Net deferred tax asset	$ 1,968		$

The Company establishes a valuation allowance for deferred tax assets when management believes that the deferred tax assets a through a carry back to taxable income in prior years, future reversals of existing taxable temporary differences, and, to a lesser

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taxable income. The tax deduction generated by the redemption of the shares of the mutual fund and the subsequent impairmen the redemption in kind are considered a capital loss and can only be utilized to the extent of capital gains over a five year perio valuation allowance for the carryforward period which expires beginning in 2013. The valuation allowance totaled $2.3 million million at both September 30, 2012 and 2011.

The income tax expense differs from that computed at the statutory federal corporate tax rate as follows:

	Six Months Ended M				
	2013				
	Amount		Percentage of Pretax Income		
	(unaudited) (Dollars in Thou				
Tax at statutory rate	$ 280		34.0	%	$ 3
Adjustments resulting from:					
Valuation allowance	228		27.7		1
Income from bank owned life insurance	(35	)	(4.3	)	(
Employee benefit plans	64		7.8		8
Other	—		—		8
Income tax expense per statements of income	$ 537		65.2	%	$ 4

	Year Ended Septem				
	2012				
	Amount		Percentage of Pretax Income		
	(Dollars in Thous				
Tax at statutory rate	$ 1,318		34.0	%	$ (3
Adjustments resulting from:					
Valuation allowance	37		0.9		(2
Income from bank owned life insurance	(160	)	(4.1	)	(6
Employee benefit plans	92		2.4		8
Other	(5	)	(0.1	)	3
Income tax expense (benefit) per statements of income	$ 1,282		33.1	%	$ (2

There is currently no liability for uncertain tax positions and no known unrecognized tax benefits. The Company recognizes, w related to unrecognized tax benefits in the provision for income taxes in the Consolidated Statements of Operations as a compo March 31, 2013, the Internal Revenue Service conducted an audit of the Company’s tax returns for the year ended September 3 reported. The Company’s federal and state income tax returns for taxable years through September 30, 2008 have been closed f Internal Revenue Service and the Pennsylvania Department of Revenue.

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11.

- REGULATORY CAPITAL REQUIREMENTS

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies
requirements can initiate certain mandatory — and possibly additional discretionary — actions by regulators that, if undert
Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corr
must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet
accounting practices. The Company's and the Bank's capital amounts and the Bank's classification are also subject to qualitativ
components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain min
table below) of Tier 1 capital (as defined in the regulations) to average assets (as defined) and risk-weighted assets (as defined)
risk-weighted assets. Management believes, as of March 31, 2013 (unaudited), September 30, 2012 and 2011, that the Compan
adequacy requirements to which they each are subject.

To be categorized as well capitalized, the Bank must maintain the minimum Tier 1 capital, Tier 1 risk-based and total risk-base

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The Company’s and the Bank’s actual capital amounts and ratios are also presented in the following table:

	Actual			Required for Capital Adequacy Purposes		
	Amount	Ratio		Amount	Ratio	
				(Dollars in Thousands)		
March 31, 2013 (unaudited):						
Tier 1 capital (to average assets)						
Company	$ 56,267	12.24	%	$ 19,363	4.0	%
Bank	55,535	11.47		19,363	4.0	
Tier 1 capital (to risk-weighted assets)						
Company	59,267	26.74		8,866	4.0	
Bank	55,535	25.06		8,866	4.0	
Total capital (to risk-weighted assets)						
Company	61,779	27.87		17,732	8.0	
Bank	58,047	26.19		17,732	8.0	
September 30, 2012:						
Tier 1 capital (to average assets)						
Company	$ 58,548	11.73	%	$ 19,965	4.0	%
Bank	54,668	10.95		19,965	4.0	
Tier 1 capital (to risk-weighted assets)						
Company	58,548	27.51		8,513	4.0	
Bank	54,668	25.69		8,513	4.0	
Total capital (to risk-weighted assets)						
Company	60,429	28.39		17,027	8.0	
Bank	56,549	26.57		17,027	8.0	
September 30, 2011:						
Tier 1 capital (to average assets)						
Company	$ 55,199	11.06	%	$ 19,961	4.0	%
Bank	51,051	10.23		19,961	4.0	
Tier 1 capital (to risk-weighted assets)						
Company	55,199	25.54		8,645	4.0	
Bank	51,051	23.62		8,645	4.0	
Total capital (to risk-weighted assets)						
Company	57,909	26.79		17,290	8.0	
Bank	53,761	24.87		17,290	8.0	

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12.

- EMPLOYEE BENEFITS

The Bank is a member of a multi-employer (and multiple-employer plan under the provisions of the Employee Retirement Inco
Revenue Code of 1986) defined benefit pension plan covering all employees meeting certain eligibility requirements. The Bank
accrued. The expense relating to this plan for the six months ended March 31, 2013 and 2012 (unaudited) was $187,000 and $4
relating to this plan for the years ended September 30, 2012 and 2011 was $841,000 and $730,000, respectively. There are no c
that require contributions to the plan. Additional information regarding the plan as of September 30, 2012 is noted below:

Legal Name of Plan	**Pentegra Defined Benefi**
Plan Employer Identification Number	13-5645888
The Company's Contribution for the year ended September 30, 2012	$980,000
Are Company's Contributions more than 5% of total contributions?	No
Funded Status	100.09%

The Pentegra Defined Benefits Plan for Financial Institutions is a single plan under Internal Revenue Code Section 413(c) and,
all of the liabilities. Accordingly, under the plan, contributions made by a participating employer may be used to provide benef
employers.

The Bank also has a defined contribution plan for employees meeting certain eligibility requirements. The defined contribution
the discretion of the Bank. There was no expense relating to this plan for the six months ended March 31, 2013 and 2012 (unau
2012 and 2011. The Company eliminated the employer match in conjunction with the establishment of the employee stock own

The Bank maintains an ESOP for substantially all of its full-time employees meeting certain eligibility requirements. The purch
stock by the ESOP was funded by a loan from the Company. The loan will be repaid principally from the Bank's contributions
common stock purchased by the ESOP are held in a suspense account and released for allocation to participants on a pro rata ba
on the loan. Shares released are allocated to each eligible participant based on the ratio of each such participant's base compens
base compensation of all eligible plan participants. As the unearned shares are released and allocated among participants, the B
based on the current market price of the shares released. The ESOP purchased 452,295 shares of the Company's common stock
approximately $4.5 million. The average purchase price was $9.86 per share. As of March 31, 2013 (unaudited) and September
total of 175,305 shares and 152,685, respectively, from the suspense account to participants and committed to release an additio
respectively. The expense relating to the ESOP for the six months ended March 31, 2013 and 2012 (unaudited) was $79,000 an
relating to the ESOP for the years ended September 30, 2012 and 2011 was $122,000 and $139,000, respectively.

The Company maintains a Recognition and Retention Plan ("RRP") which is administered by a committee of the Board of Dire
shares of common stock of the Company to certain officers, employees and directors of the Company. In order to fund the gran
Trust purchased 226,148 shares of the Company's common stock in the open market for approximately $2.5 million at an avera
Company made sufficient contributions to the RRP Trust to fund these purchases. No additional purchases are expected to be m
As of March 31, 2013 (unaudited), substantially all the shares had been awarded as part of the RRP. Shares subject to awards u

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RRP generally vest at the rate of 20% per year over five years. As of March 31, 2013 (unaudited) and September 30, 2012, 141
respectively, had become fully vested and 3,900 shares and none, respectively, had been forfeited. The forfeited shares are avai
Compensation expense related to the shares subject to awards granted is recognized ratably over the five-year vesting period in
value at the grant date. During the six months ended March 31, 2013 (unaudited), $225,000 was recognized in compensation ex
of $30,000 was recognized for the six months ended March 31, 2013 (unaudited). During the six months ended March 31, 2012
compensation expense for the RRP. Tax expense of $2,000 was recognized during the six months ended March 31, 2012 (unau
September 30, 2012, approximately $390,000 was recognized in compensation expense for the RRP. Tax benefits of $64,000 w
September 30, 2012. During the year ended September 30, 2011, approximately $390,000 was recognized in compensation exp
$71,000 were recognized during the year ended September 30, 2011. At March 31, 2013 (unaudited) and September 30, 2012, a
respectively, in additional compensation expense for the shares awarded related to the RRP remained unrecognized.

A summary of the Company's nonvested stock award activity for the six months ended March 31, 2013 (unaudited) and year en
the following tables:

	Number of Shares
Nonvested stock awards at October 1, 2012	72,684
Issued	47,266
Forfeited	(3,900
Vested	(35,776
Nonvested stock awards at the March 31, 2013	80,274

	Number of Shares
Nonvested stock awards at beginning of year	108,460
Issued	—
Vested	(35,776
Nonvested stock awards at the end of the period	72,684

The Company also maintains a Stock Option Plan. The Stock Option Plan authorizes the grant of stock options to officers, emp
acquire shares of common stock with an exercise price at least equal to the market value of the common stock on the grant date
and exercisable at the rate of 20% per year over five years and are generally exercisable for a period of ten years after the grant
common stock are available for issuance pursuant to the Stock Option Plan. As of March 31, 2013 (unaudited) and September 3
respectively, of the options had been awarded under the Plan. As of March 31, 2013 (unaudited) and September 30, 2012, 351,0
were vested and 10,773 and none, respectively, had been forfeited.

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A summary of the status of the Company's stock options under the Stock Option Plan as of March 31, 2013 and September 30, period ended March 31, 2013 (unaudited) and year ended September 30, 2012 are presented below:

	Number o Shares
Options outstanding at October 1, 2012	442,400
Granted	122,969
Exercised	—
Forfeited	(10,773
Outstanding at March 31, 2013	554,596
Exercisable at March 31, 2013	351,093

	Number o Shares
Options outstanding at beginning of year	442,400
Granted	—
Exercised	—
Forfeited	—
Outstanding at the end of the period	442,400
Exercisable at the end of the period	262,613

The weighted average remaining contractual term was approximately 6.6 years and 6.25 years for options outstanding as of Ma September 30, 2012, respectively.

The estimated fair value of options granted during fiscal 2009 was $2.81 per share, $2.76 for options granted during fiscal 201(2013. The fair value was estimated on the date of grant using the Black-Scholes pricing model. No options were granted in fisc During the years ended September 30, 2012 and 2011, $244,000 was recognized in compensation expense for the Stock Option $24,000 was recognized during each of the years ended September 30, 2011 and 2012. During the six months ended March 31, recognized in compensation expense for the Stock Option Plan. A tax benefit $13,000 was recognized for the six months ended six months ended March 31, 2012 (unaudited) $122,000 was recognized in compensation expense. A tax benefit of $12,000 wa ended March 31, 2012. At March 31, 2013 (unaudited) and September 30, 2012, approximately $533,000 and $315,000, respec expense for awarded options remained unrecognized. The weighted average period over which this expense will be recognized years at each respective period.

13.

- COMMITMENTS AND CONTINGENT LIABILITIES

At March 31, 2013 (unaudited), the Company had $7.5 million in outstanding commitments to originate fixed and variable-rate from 2.50% to 6.00%. At September 30, 2012, the Company had $14.1 million in outstanding commitments to originate fixed a interest rates ranging from 2.75% to 6.00%. At September 30,

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2011, the Company had $7.2 million in outstanding commitments to originate fixed and variable-rate loans with market interes
The aggregate undisbursed portion of loans-in-process amounted to $1.9 million, $1.6 million and $3.8 million, respectively, at
September 30, 2012 and 2011.

The Company also had commitments under unused lines of credit of $6.1 million, $6.5 million and $7.8 million, respectively, a
$187,000, $167,000 and $676,000, respectively, at March 31, 2013 (unaudited), September 30, 2012 and 2011, respectively.

The Company is subject to various pending claims and contingent liabilities arising in the normal course of business which are
consolidated financial statements. Management considers that the aggregate liability, if any, resulting from such matters will no
Among the Company's contingent liabilities are exposures to limited recourse arrangements with respect to the Company's sale
interests. At both March 31, 2013 (unaudited) and September 30, 2012, the exposure, which represents a portion of credit risk a
amounted to $64,000. This exposure is for the life of the related loans and payables, on the Company's proportionate share, as a
14.

- FAIR VALUE MEASUREMENT

The fair value estimates presented herein are based on pertinent information available to management as of March 31, 2013 (un
respectively. Although management is not aware of any factors that would significantly affect the fair value amounts, such amo
revalued for purposes of these financial statements since that date and, therefore, current estimates of fair value may differ sign
herein.

Generally accepted accounting principles used in the United States establishes a fair value hierarchy which requires an entity to
and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may
The three broad levels of hierarchy are as follows:

Level 1

- Quoted prices in active markets for identical assets or liabilities.

Level 2

- Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in mark that are observable or can be corroborated by observable market data for substantially the full term of the assets or liab

Level 3

- Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the ass liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodo instruments for which the determination of fair value requires significant management judgment or estimation.

Those assets as of March 31, 2013 (unaudited) and September 30, 3012 and 2011, which are to be measured at fair value on a r
March 31, 2013

		Category Used for Fai
	Level 1	Level 2
		(unauc
		(Dollars in T
Assets:		
Securities available for sale:		
U.S. Government and agency obligations	$ —	$ 19,957
Mortgage-backed securities – U.S. Government agencies	—	38,948
Mortgage-backed securities – Non-agency	—	3,792
FHLMC preferred stock	18	—
Total	$ 18	$ 62,697

September 30, 2012

		Category Used for Fai
	Level 1	Level 2
		(Dollars in T
Assets:		
Securities available for sale:		
U.S. Government and agency obligations	$ —	$ 14,103
Mortgage-backed securities – U.S. Government agencies	—	47,762
Mortgage-backed securities – Non-agency	—	4,103
FHLMC preferred stock	7	—
Total	$ 7	$ 65,968

September 30, 2011

		Category Used for Fai
	Level 1	Level 2
		(Dollars in T
Assets:		
Securities available for sale:		
U.S. Government and agency obligations	$ —	$ 9,424
Mortgage-backed securities – U.S. Government agencies	—	61,583
Mortgage-backed securities – Non-agency	—	4,357
FHLMC preferred stock	6	—
Total	$ 6	$ 75,364

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an or
adjustments in certain circumstances (for example, when there is evidence of impairment). The Company measures impaired lo
on a non-recurring basis.

Impaired Loans

The Company considers loans to be impaired when it becomes more likely than not that the Company will be unable to collect
contractual terms of the loan

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agreements. Collateral dependent impaired loans are based on the fair value of the collateral which is based on appraisals and w
measurement. In some cases, adjustments are made to the appraised values for various factors including the age of the appraisa
appraisal, and known changes in the market and in the collateral. These adjustments are based upon unobservable inputs, and th
been categorized as a Level 3 measurement. These loans are reviewed for impairment and written down to their net realizable v
for loan losses. The collateral underlying these loans had a fair value of $21.0 million at March 31, 2013 (unaudited) and $30.6

Real Estate Owned

Once an asset is determined to be uncollectible, the underlying collateral is generally repossessed and reclassified to foreclosed
repossessed, these assets are carried at the lower of cost or fair value of the collateral, based on independent appraisals, less cos
Level 2 measurement. In some cases, adjustments are made to the appraised values for various factors including age of the appr
the appraisal, and known changes in the market and in the collateral. Thus the evaluations are based upon unobservable inputs,
measurement has been categorized as a Level 3 measurement.

Summary of Non-Recurring Fair Value Measurements

	At March	
	Level 1	**Level 2**
		(unauc
		(Dollars in T
Impaired loans	$ —	$ —
Real estate owned	—	—
Total	$ —	$ —

	At Septemb	
	Level 1	**Level 2**
		(Dollars in T
Impaired loans	$ —	$ —
Real estate owned	—	—
Total	$ —	$ —

	At Septembe	
	Level 1	**Level 2**
		(Dollars in T
Impaired loans	$ —	$ —
Real estate owned	—	2,268
Total	$ —	$ 2,268

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The following tables provide information describing the valuation processes used to determine nonrecurring fair value measure
fair value hierarchy:

	At March 31, 2013		
	Fair Value	Valuation Technique	Unobservable In
	(unaudited) (Dollars in Thousands)		
Impaired loans	$21,006	Property appraisals	Management discount for costs, property type and m volatility
Real estate owned	$1,258	Property appraisals	Management discount for costs, property type and m volatility

	At September 30, 2012		
	Fair Value	Valuation Technique	Unobservable In
	(Dollars in Thousands)		
Impaired loans	$30,608	Property appraisals	Management discount for costs, property type and m volatility
Real estate owned	$1,972	Property appraisals	Management discount for costs, property type and m volatility

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The fair value amounts have been determined by the Company using available market information and appropriate valuation m judgment is necessarily required to interpret market data to develop the estimates of fair value. Accordingly, the estimates pres indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions an a material effect on the estimated fair value amounts.

			Fair
	Carrying Amount	Fair Value	(Level 1)
			(unaudited) (Dollars in Thousands)
Assets:			
Cash and cash equivalents	$ 33,612	$ 33,612	$ 33,612
Investment and mortgage-backed securities available for sale	62,715	62,715	18
Investment and mortgage-backed securities held to maturity	87,976	90,182	—
Loans receivable, net	278,237	283,817	—
Accrued interest receivable	1,833	1,833	1,833
Federal Home Loan Bank stock	1,659	1,659	1,659
Bank owned life insurance	7,022	7,022	7,022
Liabilities:			
Checking accounts	38,756	38,756	38,756
Money market deposit accounts	68,861	68,861	68,861
Passbook, club and statement savings accounts	72,260	72,260	72,260
Certificates of deposit	236,220	240,855	—
Advances from Federal Home Loan Bank	340	340	340
Accrued interest payable	747	747	747
Advances from borrowers for taxes and insurance	1,266	1,266	1,266

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	Carrying Amount	Fair Value	(Level 1)	Fair V Se
			(Dollars in Thousands)	
Assets:				
Cash and cash equivalents	$ 81,273	$ 81,273	$ 81,273	
Investment and mortgage-backed securities available for sale	65,975	65,975	7	
Investment and mortgage-backed securities held to maturity	63,110	66,401	—	
Loans receivable, net	260,684	266,699	—	
Accrued interest receivable	1,661	1,661	1,661	
Federal Home Loan Bank stock	2,239	2,239	2,239	
Bank owned life insurance	6,919	6,919	6,919	
Liabilities:				
Checking accounts	37,370	37,370	37,370	
Money market deposit accounts	69,735	69,735	69,735	
Passbook, club and statement savings accounts	71,083	71,083	71,083	
Certificates of deposit	247,414	252,479	—	
Advances from Federal Home Loan Bank	483	484	484	
Accrued interest payable	2,382	2,382	2,382	
Advances from borrowers for taxes and insurance	1,273	1,273	1,273	

	Car An
Assets:	
Cash and cash equivalents	$ 53,829
Investment and mortgage-backed securities available for sale	75,370
Investment and mortgage-backed securities held to maturity	108,95
Loans receivable, net	240,51
Accrued interest receivable	2,026
Federal Home Loan Bank stock	2,887
Bank owned life insurance	6,180
Liabilities:	
Checking accounts	33,505
Money market deposit accounts	75,649
Passbook, club and statement savings accounts	70,623
Certificates of deposit	256,23
Advances from Federal Home Loan Bank	570
Accrued interest payable	2,420
Advances from borrowers for taxes and insurance	1,090

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Cash and Cash Equivalents — For cash and cash equivalents, the carrying amount is a reasonable estimate of fair value.

Investments and Mortgage-Backed Securities — The fair value of investment securities and mortgage-backed securities is ba and prices obtained from independent pricing services.

Loans Receivable — The fair value of loans is estimated based on present value using the current market rates at which simil similar credit ratings and for the same remaining maturities. The carrying value that fair value is compared to is net of the allow premiums and discounts. Due to the significant judgment involved in evaluating credit quality, loans are classified within level

Accrued Interest Receivable — For accrued interest receivable, the carrying amount is a reasonable estimate of fair value.

Federal Home Loan Bank (FHLB) Stock — Although FHLB stock is an equity interest in an FHLB, it is carried at cost becau value as its ownership is restricted and it lacks a market. The estimated fair value approximates the carrying amount.

Bank Owned Life Insurance — The fair value of bank owned life insurance is based on the cash surrender value obtained fro from observable market inputs.

Checking Accounts, Money Market Deposit Accounts, Passbook Accounts, Club Accounts, Statement Savings Accounts, and C passbook accounts, club accounts, statement savings accounts, checking accounts, and money market deposit accounts is the an statements. The fair value of certificates of deposit is based on market rates currently offered for deposits of similar remaining

Advances from Federal Home Loan Bank — The fair value of advances from FHLB is the amount payable on demand at the

Accrued Interest Payable — For accrued interest payable, the carrying amount is a reasonable estimate of fair value.

Advances from borrowers for taxes and insurance — For advances from borrowers for taxes and insurance, the carrying amou

Commitments to Extend Credit and Letters of Credit — The majority of the Bank’s commitments to extend credit and letters converted to loans. Because commitments to extend credit and letters of credit are generally unassignable by either the Bank or the Bank and the borrower. The estimated fair value approximates the recorded deferred fee amounts, which are not significant

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15.

• PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA (PARENT COMPANY ONLY)

STATEMENT OF FINANCIAL CONDITION

	March 31, 2013 (unaudited)		
			(Dollars
Assets:			
Cash	$ 105		$ 254
ESOP loan receivable	3,249		3,3
Investment in Bank	56,448		55,
Other assets	378		283
Total assets	$ 60,180		$ 59,
Stockholders' equity:			
Preferred stock	—		—
Common stock	126		126
Additional paid-in-capital	54,932		54,
Unearned ESOP shares	(2,676	)	(2,7
Treasury stock	(31,625	)	(31
Retained earnings	38,510		38,
Accumulated other comprehensive income	913		1,2
Total stockholders' equity	60,180		59,
Total liabilities and stockholders' equity	$ 60,180		$ 59,

INCOME STATEMENT

	Six Months Ended March 31, 2013		2012		
	(unaudited)				
			(Dollars in Thousan		
Interest on ESOP loan	$ 95		$ 101		$ 19
Equity in the undistributed earnings (loss) of the Bank	432		679		2,
Dividends from Bank	—		—		—
Other income	—		3		3
Total income	527		783		3,
Professional services	121		200		2
Other expense	206		193		39
Total expense	327		393		6
Income (loss) before income taxes	200		390		2,
Income tax benefit	(86	)	(98	)	(1
Net income	$ 286		$ 488		$ 2,

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CASH FLOWS

	Six Months Ended March 31, 2013	2012	
	(unaudited)		
			(Dollars in Thousan
Operating activities:			
Net income	$ 286	$ 488	$ 2,
(Increase) decrease in assets	(95)	(124)	(1
Equity in the undistributed (earnings) loss of the Bank	(432)	(679)	(2
Net cash (used in) provided by operating activities	(241)	(315)	(4
Investing activities:			
Repayments received on ESOP loan	92	88	1
Net cash provided by investing activities	92	88	1
Financing activities:			
Cash dividends paid	—	—	—
Payment to repurchase common stock	—	—	—
Net cash used in financing activities	—	—	—
Net decrease in cash and cash equivalents	(149)	(227)	(2
Cash and cash equivalents, beginning of year	254	500	50
Cash and cash equivalents, end of year	$ 105	$ 273	$ 25

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• CONSOLIDATED QUARTERLY FINANCIAL DATA (UNAUDITED)

Unaudited quarterly financial data for the six months ended March 31, 2013 and the years ended September 30, 2012 and 2011

	March 31, 2013		September 30, 2012				
	1st Qtr	2nd Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr
	(unaudited) (Dollars in Thousands)						
Interest income	$4,397	$4,253	$4,983	$4,813	$4,828	$4,354	$5,653
Interest expense	1,220	1,139	1,514	1,493	1,432	1,339	2,022
Net interest income	3,177	3,114	3,469	3,320	3,396	3,015	3,631
Provision for loan losses	—	—	150	100	100	375	580
Net interest income after provision for loan losses	3,177	3,114	3,319	3,220	3,296	2,640	3,051
Non-interest income	224	199	173	133	188	2,572	134
Non-interest expense	2,778	3,113	2,867	2,996	2,936	2,867	2,863
Income (loss) before income tax expense (benefit)	623	200	625	357	548	2,345	322
Income tax expense (benefit)	351	186	221	273	88	700	416
Net income (loss)	$272	$14	$404	$84	$460	$1,645	$(94)
Per share:							
Earnings per share – basic	$0.03	$0.00	$0.04	$0.01	$0.05	$0.17	$(0.01)
Earnings per share – diluted	0.03	0.00	0.04	0.01	0.05	0.17	(0.01)
Dividends per share	—	—	—	—	—	—	0.05

Due to rounding, the sum of the earnings per share in individual quarters may differ from reported amounts.
17.

• SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to March 31, 2013, for items that should potentially
financial statements. The evaluation was conducted through the date these financial statements were issued.
On June 13, 2013, the Company announced that it has adopted a plan of conversion and reorganization (the “Plan”) pursuant to
reorganize from the two tier mutual holding company structure to the stock holding company structure and will undertake a “se
stock of a new Pennsylvania corporation formed in connection with the conversion.

The MHC, which owns approximately 74.6% of the outstanding common stock of the Company, will merge with and into the C
and its shares in the Company will be extinguished. The Company will then merge with and into the new Pennsylvania corpora
offer and sell shares of common stock in an amount representing the percentage ownership interest currently held by the MHC,
new holding company will offer shares of its common stock for sale to the Bank's eligible depositors and others in a subscriptio
and subject to the priorities set forth in the Plan. In addition, in connection with the conversion of the MHC, shares of the Comp
shareholders other than the MHC will be exchanged for shares of common stock of the new Pennsylvania corporation pursuant
preserve their aggregate percentage ownership interest. The exchange ratio will be determined based upon the independent app
the results of the offering.
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At the time of the conversion and reorganization, liquidation accounts will be established for the benefit of certain depositors o
certain specified dates) by the new holding company and the Bank in an amount equal to the percentage ownership in the Comp
the Company's shareholders' equity as reflected in the latest statement of financial condition used in the final offering prospect
net assets of the Company as reflected in the latest statement of financial condition of the Company prior to the effective date o

The conversion and reorganization is subject to approval of the Company's shareholders (including the approval of a majority o
the MHC), voting depositors of the Bank and regulatory agencies.

The costs associated with the stock offering will be deferred and will be deducted from the proceeds upon sale of the stock. To
been expensed. Approximately $32,300 of costs have been incurred and deferred. If the stock offering is unsuccessful, these co

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You should rely only on the information contained in this prospectus. Neither Prudential Savings Bank nor Prudential Bancorp
you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the
any person or in any jurisdiction in which an offer or solicitation is not authorized or in which the person making an offer or so
any person to whom it is unlawful to make an offer or solicitation in those jurisdictions. The information contained in this prosp
this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

(Proposed Holding Company for
Prudential Savings Bank)
Up to 7,141,602 Shares of Common Stock
COMMON STOCK

PROSPECTUS

August 12, 2013

Until September 16, 2013, or 25 days after commencement of the syndicated community offering, if any, whichever is later, all
registered securities, whether or not participating in this distribution, may be required to deliver a prospectus when acting as un
unsold allotments or subscriptions.