PRUDENTIAL BANCORP, INC.
Form 424B3
August 21, 2013
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-189321
SUBSCRIPTION AND COMMUNITY
OFFERING PROSPECTUS

(Proposed Holding Company for Prudential Savings Bank)
Up to 7,141,602 Shares of Common Stock
Prudential Bancorp, Inc., a newly formed Pennsylvania corporation (which we refer to as "Prudential Bancorp–New"), is offering up to 7,141,602 shares of its common stock to the public in connection with the "second step" conversion of Prudential Mutual Holding Company from the mutual to the stock form of organization. All shares of common stock being offered for sale will be sold at a price of $10.00 per share. The shares being offered represent Prudential Mutual Holding Company's current 74.8% ownership interest, after adjustment for the assets of Prudential Mutual Holding Company, in the existing mid-tier holding company for Prudential Savings Bank, a Pennsylvania-chartered corporation known as Prudential Bancorp, Inc. of Pennsylvania (which we refer to as "existing Prudential Bancorp"). The remaining 25.2% ownership interest, after adjustment for the assets of Prudential Mutual Holding Company, in existing Prudential Bancorp is now owned by public shareholders and will be exchanged for shares of common stock of Prudential Bancorp–New. The common stock of existing Prudential Bancorp is currently listed on the Nasdaq Global Market under the symbol "PBIP." After the completion of the conversion and offering, the common stock of Prudential Bancorp–New will be listed on the Nasdaq Global Market under the symbol "PBIP."
The minimum order is 25 shares. The offering will end at 4:00 p.m., Eastern Time, on September 16, 2013. We may extend the offering without notice to you until October 31, 2013. The offering may be extended, further, subject to the receipt of any necessary approvals or non-objections from the Board of Governors of the Federal Reserve System. No single extension may exceed 90 days, and the offering must be completed by September 26, 2015. Once submitted, orders are irrevocable unless the offering is terminated or is extended beyond October 31, 2013, or the number of shares of common stock to be sold is increased to more than 7,141,602 shares or decreased to less than 5,278,542 shares. If we extend the offering beyond October 31, 2013, all subscribers will be notified and given the opportunity to confirm, change or cancel their orders. If you do not respond to this notice, we will promptly return your funds, with interest calculated at Prudential Savings Bank's passbook savings rate or cancel your deposit account withdrawal authorization. If we intend to sell fewer than 5,278,542 shares or more than 7,141,602 shares, we will promptly return all funds, with interest, and set a new offering range. All subscribers will be notified and given the opportunity to place a new order. Funds received prior to the completion of the offering will be held in a segregated account at Prudential Savings Bank and will earn interest calculated at Prudential Savings Bank's passbook savings rate, which is currently 0.2% per annum.
The shares of common stock are first being offered in a subscription offering to eligible depositors and the tax-qualified employee stock ownership plan of Prudential Savings Bank as described in this prospectus. Eligible depositors and the employee stock ownership plan have priority rights to buy all of the shares offered. Shares not purchased in the subscription offering will simultaneously be offered for sale to the general public in a community offering, with a preference given to residents of Delaware County and Philadelphia County, Pennsylvania, and shareholders of existing Prudential Bancorp. We also may offer for sale shares of common stock not purchased in the subscription offering or community offering in a separate public offering through a syndicate of selected broker-dealers, with Sandler O'Neill & Partners, L.P. serving as a sole book-running manager, referred to in this

prospectus as the syndicated community offering, or in our discretion after consultation with Sandler O'Neill & Partners, L.P., in a separate firm commitment underwritten offering. Sandler O'Neill & Partners, L.P. is not obligated to purchase any shares of common stock that are being offered for sale in the subscription offering, community offering or any syndicated community offering. We must sell a minimum of 5,278,542 shares in the offering in order to complete the offering and the conversion.

In addition to the shares we are selling in the offering, the remaining interest in existing Prudential Bancorp currently held by the public will be exchanged for shares of common stock of Prudential Bancorp–New based on an exchange ratio that will result in existing public shareholders of existing Prudential Bancorp owning approximately the same percentage of Prudential Bancorp–New common stock as they owned in existing Prudential Bancorp immediately before the completion of the conversion. We will issue between 0.6979 and 0.9442 shares of common stock in the exchange for each share of existing Prudential Bancorp common stock.

Sandler O'Neill & Partners, L.P. will assist us in selling the shares on a best efforts basis in the subscription and community offerings. Sandler O'Neill & Partners, L.P. is not required to purchase any shares of common stock that are sold in the subscription or community offerings.

This investment involves a degree of risk, including the possible loss of principal.

Please read "Risk Factors" beginning on page 18.

OFFERING SUMMARY

Price Per Share: $10.00

	Minimum	**Midpoint**	**Maximum**
Number of shares	5,278,542	6,210,199	7,141,602
Gross offering proceeds	$52,785,420	$62,101,990	$71,416,020
Estimated offering expenses, excluding selling agent fees (1)	$1,150,000	$1,150,000	$1,150,000
Estimated selling agent fees (2) (3)	$1,009,000	$1,188,000	$1,367,000
Estimated net proceeds	$50,626,420	$59,763,990	$68,899,020
Estimated net proceeds per share	$9.59	$9.62	$9.65

(1)

- Includes an aggregate of $150,000 payable to Sandler O'Neill & Partners, L.P. which includes $100,000 for expenses of the offering and $50,000 for records management and expenses related thereto.

(2)

- Includes: selling commissions payable by us to Sandler O'Neill & Partners, L.P. in connection with the subscription and community offerings equal to 1.0% of the aggregate amount of common stock sold in the subscription offering (net of insider purchases and shares purchased by our employee stock ownership plan) and 3.0% of the aggregate amount of common stock sold in the community offering (net of insider purchases) or an aggregate of approximately $1.3 million, at the maximum of the offering range, assuming that 50% of the offering is sold in the subscription offering and 50% of the offering is sold in the community offering. See "Pro Forma Data" on page 46 and "The Conversion and the Offering — Plan of Distribution, Selling Agent and Underwriter Compensation" on page 138.

(3)

- In the event that a syndicated community offering or a firm commitment underwritten offering is conducted, Sandler O'Neill & Partners, L.P. will receive selling agent commissions (or discounts in the case of an underwritten public offering) equal to 5.5% of the aggregate amount of common stock sold in the syndicated community offering or underwritten public offering (net of insider purchases and any shares purchased by our employee stock ownership plan). If all shares of common stock are sold in the syndicated community offering or firm commitment underwritten offering, the maximum selling agent commissions (or discounts in the case of an underwritten public offering) and expenses would be $3,103,198 at the minimum, $3,615,609 at the midpoint, and $4,127,881 at the maximum. In the event a syndicated community offering or a firm commitment underwritten offering is conducted, Sandler O'Neill & Partners, L.P.'s 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 Corporation or any other government agency.

Neither the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

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 you. To understand the stock offering fully, you should read this entire prospectus carefully, including the consolidated financial statements and the notes to the consolidated financial statements of existing 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 connection with the conversion of Prudential Mutual Holding Company from the mutual to the stock form of organization. The shares of common stock of Prudential Bancorp–New to be sold represent the 74.8% ownership interest, after adjustment for the assets of Prudential Mutual Holding Company, in existing Prudential Bancorp currently owned by Prudential Mutual Holding Company. The remaining 25.2% ownership interest, after adjustment for the assets of Prudential Mutual Holding Company, in existing Prudential Bancorp is currently owned by other shareholders (who are sometimes referred to as the "public shareholders") and will be exchanged for shares of common stock of Prudential Bancorp–New based on an exchange ratio which will range from 0.6979 shares at the minimum of the offering range to 0.9442 shares at the maximum of the offering range. The actual exchange ratio will be determined at the closing of the offering and will depend on the number of shares of common stock sold in the stock offering. The executive offices of Prudential Bancorp–New are located at 1834 West Oregon Avenue, Philadelphia, Pennsylvania 19145, and its telephone number is (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 South Philadelphia, Pennsylvania and six other full-service banking offices in Philadelphia and Delaware Counties, Pennsylvania. Our business primarily consists of attracting deposits from the general public and using those funds to originate loans and invest in securities. Prudential Savings Bank is a community oriented savings bank with a history of operations in South Philadelphia dating back to 1886. Our primary market area is Philadelphia, in particular South Philadelphia and Center City, as well as Delaware County, Pennsylvania. We also conduct business in Bucks, Chester and Montgomery Counties, Pennsylvania which, along with Delaware County, comprise the Pennsylvania suburbs of Philadelphia. We also make loans in contiguous counties in southern New Jersey. At March 31, 2013, Prudential Savings Bank's single-family residential mortgage loans amounted to $242.0 million or 86.1% of its total loan portfolio. Prudential Savings Bank is subject to regulation and examination by the Pennsylvania Department of Banking and Securities, which we refer to as the Pennsylvania Department of Banking and by the Federal Deposit Insurance Corporation. Prudential Savings Bank's headquarters and main office is located at 1834 West Oregon Avenue, Philadelphia, Pennsylvania and its telephone number is (215) 755-1500.

Prudential Mutual Holding Company

Prudential Mutual Holding Company is a Pennsylvania-chartered mutual holding company which currently is the parent of existing Prudential Bancorp. As a mutual holding company, Prudential Mutual Holding Company does not have shareholders. The principal business purpose of Prudential Mutual Holding Company is owning a majority of the outstanding shares of common stock of existing Prudential Bancorp. Prudential Mutual Holding Company currently owns 7,478,062 shares of common stock of existing Prudential Bancorp, which is 74.6% of the shares outstanding. Prudential Mutual Holding Company will no longer exist upon completion of 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 Prudential Savings Bank. Existing Prudential Bancorp was formed by Prudential Savings Bank in connection with the bank's reorganization into the mutual holding company form of organization in 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 existing Prudential Bancorp is registered under the Securities Exchange Act of 1934, as amended, and is publicly traded on the Nasdaq Global Market. At the conclusion of the offering and the conversion of Prudential Mutual Holding Company, existing Prudential Bancorp will no longer exist. The public shareholders of existing Prudential Bancorp will have their shares converted into shares of Prudential Bancorp–New common stock based on the exchange ratio, which will range from 0.6979 shares at the minimum of the offering range to 0.9442 shares at the maximum of the offering range. The shares of common stock being offered by Prudential Bancorp–New represent Prudential Mutual Holding Company's current ownership interest in existing Prudential Bancorp after adjustment for the assets of Prudential Mutual Holding Company. As of March 31, 2013, existing Prudential Bancorp had $479.1 million in total assets, $416.1 million in total deposits and $60.2 million in stockholders' equity. The executive offices of existing Prudential Bancorp are located at 1834 West Oregon Avenue, Philadelphia, Pennsylvania 19145, its telephone number is (215) 755-1500, and its website is 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 the current two-tier mutual holding company structure.

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

Pursuant to the terms of our plan of conversion and reorganization, we are now converting from the partially public mutual holding company structure to the fully public stock holding company form of organization, in what is known as a "second step" conversion transaction. As part of the conversion, we are offering for sale the majority ownership interest in existing Prudential Bancorp that is currently owned by Prudential Mutual Holding Company. Upon completion of the conversion and offering, Prudential Mutual Holding Company and existing Prudential Bancorp will cease to exist, we will be fully owned by public shareholders and there will be no continuing interest in Prudential Savings Bank by a mutual holding company. Upon completion of the conversion, public shareholders of existing Prudential Bancorp 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 will be as follows:

Our Business Strategy

Our mission is to operate as a profitable, independent community-oriented financial institution serving primarily retail customers and small businesses in our market area. We are focused on prudently increasing profitability and enhancing shareholder value. The following are key elements of our current business strategy:

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- Improving Asset Quality.   We are continuing our efforts to improve asset quality. At March 31, 2013, our total non-performing assets amounted to $7.4 million, or 1.6% of total assets, reflecting an $8.6 million, or 53.5%, reduction compared to $16.0 million of total non-performing assets at September 30, 2012 (when total non-performing assets amounted to 3.3% of total assets). During fiscal years ended September 30, 2012 and 2011, the relatively high levels of non-performing assets and other problem assets, primarily related to construction and land development projects, significantly impacted our results of operations as the high levels of provisions for loan losses and charge-offs and other expenses related to other real estate owned was a significant contributor to the reduced level of net income, in particular in fiscal 2011 in which we established $4.6 million in provisions for loan losses. Given the decline in real estate values and the difficulties we were experiencing in our construction and land development and commercial real estate portfolios, we substantially reduced our origination of these types of loans beginning in the latter part of 2010 in fiscal 2011. In our efforts to reduce the levels of our non-performing and other problem assets in recent periods, we adopted and implemented a completely revised and enhanced loan policy. Recently, we also hired a credit officer with more than 25 years of experience in loan underwriting and credit analysis including underwriting and analyzing commercial real estate and commercial business credits and a 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 relatively modest basis, and subject to favorable market conditions, our origination of construction and land development loans as well as commercial real estate and commercial business loans within our market area. Such loans will be underwritten in accordance with our revised loan underwriting standards and our enhanced credit review and administration procedures. We believe that we can be a successful niche lender to small- and mid-sized commercial borrowers and developers in our market area. We also plan to modestly grow our loan portfolio while diversifying it. Such diversification may include becoming involved to a limited degree in Small Business Administration ("SBA") lending and commercial lease lending. We believe that an expansion of our involvement in construction and land development lending as

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

- Improving our Funding Mix by Attracting Lower Cost Core Retail Deposits. Core deposits include all deposit account types except certificates of deposit. Core deposits are our least costly source of funds and improve our interest rate spread. We believe that core deposits represent our best opportunity to develop customer relationships that enable us to cross-sell our full complement of products and services. Core deposits also contribute non-interest income from account-related fees and services and are generally less sensitive to withdrawal when interest rates fluctuate. At March 31, 2013, core deposits represented 43.2% of our total deposits compared to 41.9% of total deposits at September 30, 2012 and 41.2% of total deposits at September 30, 2011. We are planning to continue our efforts to further increase core deposits. In addition, we will seek to develop commercial checking accounts as we increase commercial lending and we plan to enhance our cross-marketing as part of our efforts to gain additional deposit relationships with our loan customers.

- Continuing our Community-Oriented Focus. As a community-oriented financial institution, we emphasize providing exceptional customer service as a means to attract and retain customers. We deliver personalized service and respond with flexibility to customer needs. We believe that our community orientation is attractive to our customers and distinguishes us from the large banks that operate in our market area. Our management team has strong ties to, and deep roots 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 company structure. We believe that the conversion and offering will result in a more familiar and flexible form of corporate organization and will better position us to continue to meet all current and future regulatory requirements, including regulatory capital requirements which may be imposed on bank holding companies such as Prudential Bancorp–New, and, in light of the portion of the net proceeds of the offering to be retained by the new stock-form holding company, will facilitate the ability of Prudential 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 currently held by public shareholders, so we expect our stock to have greater liquidity.

- The additional funds resulting from the offering will increase our capital (although Prudential Savings Bank is deemed to be "well-capitalized") and support 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 maximum	Percentage of net offering proceeds at the maximum	
	(Dollars in Thousands)			
Loan to our employee stock ownership plan	$2,111	$2,857	4.15	%
Repurchase of shares for our new recognition and retention plan	2,111	2,857	4.15	
Investment in Prudential Savings Bank	25,313	34,450	50.00	
General corporate purposes – dividend payments, possible acquisitions and stock repurchases	21,091	28,735	41.70	
Total	$50,626	$68,899	100.0	%

We may use the portion of the proceeds that we retain to, among other things, invest in securities, pay dividends to shareholders (subject to compliance with regulatory 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 supporting the expansion and diversification of our lending activities. The proceeds to be contributed to Prudential Savings Bank will also support the future growth of the bank, which could include the relocation of 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 Mutual Holding Company, in existing Prudential Bancorp now owned by Prudential Mutual Holding Company. We are offering between 5,278,542 and 7,141,602 shares of common stock, at a price of $10.00 per share. The actual number of shares we sell will depend on an independent appraisal performed by FinPro, Inc., an independent appraisal firm. We are also exchanging shares of existing Prudential Bancorp, other than those held by Prudential Mutual Holding Company, for shares of Prudential Bancorp–New based on an exchange ratio which will range from 0.6979 shares at the minimum of the offering range to 0.9442 shares at the maximum of the offering range. See "The Conversion and Offering — How We Determined the Price Per Share, the Offering Range and the Exchange Ratio" at page 132. Shares are being offered in a subscription offering in the following order of priority.

FIRST:	Eligible Account Holders (depositors at Prudential Savings Bank with $50 or more on deposit as of December 31, 2011).
SECOND:	Prudential Savings Bank's employee stock ownership plan;
THIRD:	Supplemental Eligible Account Holders (depositors at Prudential Savings Bank with $50 or more on deposit as of the close of business on June 30, 2013).
FOURTH:	Other Depositors (depositors at Prudential Savings Bank as of the close of business on July 31, 2013 and who do not qualify as 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 notice to you for up to 45 days, until October 31, 2013. Once submitted, your order is irrevocable unless the offering is terminated or extended beyond October 31, 2013. We may extend the offering beyond October 31, 2013, but any such further extension may require the approval or non-objection of the Board of Governors of the Federal Reserve System (which we also refer to as the "Federal Reserve Board" or the "FRB"). In no event may the offering be extended beyond September 26, 2015. If the offering is extended beyond October 31, 2013, we will be required to notify each subscriber and give each subscriber the opportunity to confirm, change or cancel their order.

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Concurrently with the subscription offering, we may also offer shares of common stock to the public in a community offering. In the community offering, natural persons (and trusts of natural persons) who reside in Philadelphia and Delaware Counties, Pennsylvania, will have a first preference, and public shareholders of existing Prudential Bancorp as of July 31, 2013 will have a second preference in the community offering after persons residing in Philadelphia and Delaware Counties. The community offering, if commenced, is expected to terminate at 4:00 p.m., Eastern Time, on September 16, 2013, but may be extended without notice until October 31, 2013.

Shares not sold in the subscription and community offering may be offered for sale in a syndicated community offering, which would be an offering to the general public on a best efforts basis by a syndicate of selected broker-dealers. Instead of a syndicated community offering, shares not sold in the subscription and community 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. Sandler O'Neill & Partners, L.P. will act as 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 or in part. If you submit an order which 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 fill your order. Shares will be allocated in order of the priorities described in the plan of conversion and reorganization. See "The Conversion and Offering" for a detailed description of the subscription, 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 commission to purchase shares of common stock in the offering. Sandler O'Neill & Partners, L.P. our conversion advisor and marketing agent in the offering, will use its best efforts to assist us in selling shares of our common stock. Sandler O'Neill & Partners, L.P. is not obligated to purchase any shares of common stock in the subscription offering, community offering and any syndicated community offering. If an underwritten public offering is conducted, the shares sold in such offering will be purchased by Sandler O'Neill & 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 lose the right to purchase shares and may 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 in appraisals of savings institutions. The pro forma market value is the estimated market value of our common stock assuming the sale of shares in the conversion and related offering. FinPro has indicated that in its opinion as of July 24, 2013, the estimated pro forma market value of our common stock was $83.0 million at the midpoint. In the offering, we are selling the number of shares representing the proportionate number of shares currently owned by Prudential Mutual Holding Company as adjusted for the assets held by Prudential Mutual Holding Company, which results in an offering range between $52.8 million and $71.4 million, with a midpoint of $62.1 million. The appraisal was based in part upon existing Prudential Bancorp's financial condition and operations and the effect of the additional capital we will raise from the sale of common stock in this offering.

Accordingly, at the minimum of the offering range, given the purchase price per share of $10.00, we are offering 5,278,542 shares, and at the maximum of the offering range we are offering 7,141,602 shares in the offering. The appraisal will be updated before the conversion is completed. If, pursuant to FinPro Inc.'s appraisal update, 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 notify subscribers, return their funds, with interest, or cancel their deposit account withdrawal authorizations. If we decide to set a new offering range, subscribers will have the opportunity to place a new order. See "The Conversion and Offering — How We Determined the Price Per Share, the Offering Range and the Exchange Ratio" for a description of the factors and assumptions 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 the additional capital we will raise from the sale of common stock in this offering, and an analysis of a peer group of ten publicly traded savings and loan holding companies that FinPro considered comparable 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**	**Total Assets (in Thousands)**
Alliance Bancorp, Inc. of Pennsylvania (ALLB)	NASDAQ	Broomall, PA	$457,401
Cape Bancorp, Inc. (CBNJ)	NASDAQ	Cape May Court House, NJ	1,033,221
Colonial Financial Services, Inc. (COBK)	NASDAQ	Vineland, NJ	633,217
FedFirst Financial Corporation (FFCO)	NASDAQ	Monessen, PA	313,562
Fox Chase Bancorp, Inc. (FXCB)	NASDAQ	Hatboro, PA	1,085,340
OBA Financial Services, Inc. (OBAF)	NASDAQ	Germantown, MD	386,095
Ocean Shore Holding Co. (OSHC)	NASDAQ	Ocean City, NJ	1,053,872
Oneida Financial Corp. (ONFC)	NASDAQ	Oneida, NY	719,687
Standard Financial Corp. (STND)	NASDAQ	Monroeville, PA	436,302
TF Financial Corporation (THRD)	NASDAQ	Newtown, PA	716,002

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

- our historical, present and projected operating results including, but not limited to, historical income statement information such as return on assets, return on equity, net interest margin trends, operating expense ratios, levels and sources of non-interest income, and levels of loan loss provisions;
- our historical, present and projected financial condition including, but not limited to, historical balance sheet size, composition and growth trends, loan portfolio composition and trends, liability composition and trends, credit risk measures and trends, and interest rate risk measures and trends;
- the economic, demographic and competitive characteristics of existing Prudential Bancorp's primary market area including, but not limited to, employment by industry type, unemployment trends, size and growth of the population, trends in household and per capita income, deposit market share and largest competitors by deposit market share;
- a comparative evaluation of the operating and financial statistics of existing Prudential Bancorp's with those of other similarly situated, publicly traded companies, which included a comparative analysis of balance sheet composition, income statement ratios, credit risk, interest rate risk and loan portfolio composition;
- the impact of the offering on existing Prudential Bancorp's consolidated shareholders' equity and earnings potential including, but not limited to, the increase in consolidated equity resulting from the offering, the

estimated increase in earnings resulting from the reinvestment of the net proceeds of the offering and the effect of higher consolidated shareholders' equity on existing Prudential Bancorp's future operations;

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- the impact of consolidation of Prudential Mutual Holding Company with and into existing Prudential Bancorp, including the impact of consolidation of 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 the issuer's "book value" and the ratio of the offering price to the issuer's annual net income. FinPro considered these ratios, among other factors, in preparing its appraisal. Book value is the

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same as total stockholders' equity, and represents the difference between the issuer's assets and liabilities. Tangible book value is equal to total stockholders' equity less intangible assets. FinPro's appraisal also incorporates an analysis of a peer group of publicly traded companies that FinPro considered to be comparable to us.

The following table presents a summary of selected pricing ratios for the peer group companies and for us on a reported basis as utilized by FinPro in its appraisal.

	Price to last 12 months ("LTM") Earnings Multiple (2)		Price to LTM Core Earnings Multiple		Price to Book Value Ratio (3)		Price to Tangible Book Value Ratio	
Prudential Bancorp–New (pro forma) (1)								
Minimum	30.30	x	250.00	x	66.40	%	66.40	%
Midpoint	35.71		333.33		72.41		72.41	
Maximum	41.67		500.00		77.58		77.58	
Peer group companies as of July 24, 2013								
Average	24.06		29.51		95.71	%	104.52	%
Median	20.89		20.23		92.18		93.69	

(1)

- The ratios for Prudential Bancorp–New are based upon earnings and book values at or for the 12 months ended June 30, 2013.

(2)

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

(3)

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

Compared to the median pricing ratios of the peer group at the maximum of the offering range, our stock would be priced at a premium of 99.50% to the peer group on 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 tangible book value basis. This means that, at the maximum of the offering range, a share of our common stock would be more expensive than the peer group based on an earnings per share basis and less expensive than the peer group based on a book value and tangible book value basis. See "Pro Forma Data" for the assumptions used to derive these pricing ratios.

Compared to the median pricing ratios of the peer group, at the minimum of the offering range our common stock would be priced at a premium of 45.07% to the peer 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% to the peer group on a price-to-tangible book basis. This means that, at the minimum of the offering range, a share of our common stock would be more expensive than the peer group on an earnings basis and 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 determined that the offering range was reasonable and appropriate. Our board of directors has decided to offer the shares for a price of $10.00 per share. The purchase price of $10.00 per share was determined by us, taking into account, among other factors, the market price of our stock prior to adoption of the plan of conversion, the standard that the common stock be offered in a manner that will achieve the widest distribution of the stock, the desired trading liquidity in the common stock after the offering, and the fact that $10.00 per share is the most commonly used price in conversion offerings. Our board of directors also established the formula for determining the exchange ratio. Based upon such formula and the offering range, the exchange ratio ranged from a minimum of 0.6979 to a maximum of 0.9442 shares of Prudential Bancorp–New 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, capital structure, and business prospects between us and other fully converted institutions, you should not rely on these comparative valuation ratios as an indication as to whether or not the stock is an appropriate investment for you. The independent valuation is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing the common stock. Because the independent valuation is based on estimates and projections on a number of matters, all of which are subject to change from time to time, no assurance can be given that persons purchasing the common stock in the offering will be able to sell their shares at a price equal to or greater than the $10.00 purchase price. See "Risk Factors — Risks Related to this Offering — Our Stock Price May Decline When Trading Commences" at page 22 and "Pro Forma Data" at page 46 and "The Conversion and Offering — How We 46 and "The Conversion and Offering — How We Determined the Price Per Share, The Offering Range and the Exchange 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 common stock at that time is either below $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 Commission.

Termination of the Offering

We may terminate the offering at any time prior to the special meetings of depositors of Prudential Savings Bank and shareholders of existing Prudential Bancorp that are being called to vote on the plan of conversion and reorganization, and at any time thereafter with the approval of the Federal Reserve Board, if required. If we terminate the offering, we will promptly return funds received, with interest, and we will cancel deposit account withdrawal authorizations.

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 Bancorp–New in exchange for their shares of common stock of existing Prudential Bancorp pursuant to an exchange ratio that ensures, subject to adjustment, that the shareholders will own the same percentage of the common stock of Prudential Bancorp–New after the conversion as they held in existing Prudential Bancorp immediately prior to the conversion, without giving effect to new shares purchased in the offering or cash paid in lieu of any fractional shares. However, consistent with the regulations of the Federal Reserve Board, the exchange ratio must be adjusted downward to reflect the aggregate amount of existing Prudential Bancorp dividends paid to Prudential Mutual Holding Company and the initial capitalization of Prudential Mutual Holding Company. Prudential Mutual Holding Company had net assets of $706,000 as of June 30, 2013, not including existing Prudential Bancorp common stock. The adjustments described above will decrease existing Prudential Bancorp's shareholders' ownership interest in Prudential Bancorp–New from 25.4% to 25.2% at June 30, 2013. If existing Prudential Bancorp declares any further dividends before the completion of the second-step conversion, 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 be canceled and exchanged for new shares of Prudential Bancorp–New common stock. The number of shares you will receive will be based on an exchange ratio determined as of the closing of the conversion. The actual number of shares you receive will depend upon the number of shares we sell in our offering, which in turn will depend upon the final appraised 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 offering. The table also shows how many shares a hypothetical owner of existing Prudential Bancorp common stock would receive in the exchange, based on the number of shares sold in the offering.

	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	100 shares of Existing Prudential Bancorp Common Stock Would be Exchanged for the Following Number of Shares of Prudential Bancorp–New (2)	Equivalent Per Share Value (3)
	Amount	Percent	Amount	Percent				
Minimum	5,278,542	74.82	1,776,458	25.18	7,055,000	0.6979	69	$6.98
Midpoint	6,210,199	74.82	2,089,801	25.18	8,300,000	0.8210	82	8.21
Maximum	7,141,602	74.82	2,403,398	25.18	9,545,000	0.9442	94	9.44

(1)

- Valuation and ownership ratios reflect the dilutive impact of Prudential Mutual Holding Company's assets upon completion of the conversion. See "Impact of 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 existing Prudential Bancorp common stock 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 name," they will be exchanged without any action on your part. If you are the record owner of shares of existing Prudential Bancorp and hold stock certificates you will receive, after the conversion and offering is completed, a transmittal form with instructions to surrender your stock certificates. Certificates for common stock of Prudential Bancorp–New will be mailed within five 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 Bancorp upon consummation of the conversion. For each fractional share that would otherwise be issued, we will pay in cash an amount equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the $10.00 per share stock offering price. For further information, see "The Conversion and Offering — Effect 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 depositors of Prudential Savings Bank;
- 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 the conversion and offering and related 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 July 31, 2013, directors and executive officers of existing Prudential Bancorp and their associates owned 166,456 shares of existing Prudential Bancorp or 1.7% of the outstanding shares. They intend to vote 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) in the offering. The maximum amount of shares that a person together with any associates or group of persons acting in concert with such person may purchase, in all categories of the offering combined is 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 position; or
- trusts or other estates in which you have a substantial beneficial interest or as to which you serve as trustee or in another fiduciary capacity.

In addition to the above, there is an ownership limitation for existing Prudential Bancorp public shareholders who wish to purchase additional shares in the offering. The number of shares of Prudential Bancorp–New common stock that a public shareholder may purchase in the offering individually, and together with associates or persons acting in concert, plus any shares of Prudential Bancorp–New received by them in exchange for their shares of existing Prudential Bancorp, may not exceed 9.9% of the total shares of Prudential Bancorp–New common stock to be issued and outstanding at the completion of the conversion and offering, provided, however, that no one will be required to divest any shares of Prudential Bancorp–New received in exchange for shares of existing Prudential Bancorp or be limited in the number of exchange shares received.

We have the right to determine, in our sole discretion, whether subscribers are associates or acting in concert. Persons having the same address or with accounts 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 Board, without notifying you. In the event the maximum purchase limitation(s) is increased, persons who subscribed for the maximum in the subscription offering will be notified and permitted to increase their subscription. For additional information, see “The Conversion and Offering — Limitations on Common Stock Purchases” at page 135.

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 Bank lines of credit checks and third-party 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 anyone to purchase shares of common 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. See the following section for guidance regarding use of retirement account funds. Additionally, you may not designate on your stock order form a direct withdrawal from Prudential Savings

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Bank accounts with check-writing privileges, instead, a check must be provided. If you request a direct withdrawal, we reserve the right to interpret that as your authorization to treat those funds as if we had received a check for the designated amount and we will immediately withdraw the amount from your checking account.

Personal checks will be immediately cashed, so the funds must be available within the account when your stock order form is received by us. Subscription funds submitted by check or money order will be held in a segregated account at Prudential Savings Bank. We will pay interest calculated at Prudential Savings Bank's passbook savings rate from the date those funds are processed until completion or termination of the offering. Withdrawals from certificate of deposit accounts at Prudential Savings Bank to purchase common stock in the offering may be made without incurring an early withdrawal penalty. All funds authorized for withdrawal from deposit accounts with Prudential Savings Bank must be available within the deposit accounts at the time the stock order form is received. A hold will be placed on the amount of funds designated on your stock order form. Those funds will be unavailable to you during the offering: however, the funds will not be withdrawn from the accounts until the offering is completed and will continue to earn interest at the applicable contractual deposit account rate until the completion of the offering.

You may deliver your stock order form in one of three ways: by mail, using the stock order reply envelope provided, by overnight delivery to the Stock information Center at the address indicated on the stock order form or by hand-delivery to the Prudential Bancorp, Inc. Stock Information Center located at 1722 South Broad Street, Philadelphia, Pennsylvania. Stock order forms will not be accepted at our other Prudential Savings Bank offices. Please do not mail stock order forms to Prudential Savings Bank. Once submitted, your order is irrevocable. We are not required to accept copies or facsimiles of order forms.

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 wish to use some or all of the funds in your Prudential Savings Bank IRA or other retirement account, the applicable funds must first be transferred to a self-directed retirement account maintained by an unaffiliated institutional trustee or custodian, such as a brokerage firm. An annual fee may be payable to the new trustee. If you do not have such an account, you will need to establish one and transfer your funds before placing your stock order. Our Stock Information Center can give you guidance if you wish to place an order for stock using funds held in a retirement account at Prudential Savings Bank or elsewhere. Because processing retirement account transactions takes additional time, we recommend that you contact our Stock Information Center for guidance promptly, preferably at least two weeks before the September 16, 2013, offering deadline. Whether you may use retirement funds for the purchase of shares in the offering will depend on timing constraints and, possibly, limitations imposed by the institution 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 properly completed and signed original stock order form, together with full payment for the shares of common stock, must be received (not postmarked) no later than this time. We expect that the community offering, if held, will terminate at the same time, although it may continue until October 31, 2015, or longer, subject to the concurrence or non-objection of the Federal Reserve Board to any such later date. No single extension may be for more than 90 days. We are not required to provide notice to you of an extension unless we extend the offering beyond October 31, 2013, in which case all subscribers in the subscription and community offerings will be notified and given the opportunity to confirm, change or cancel their orders. If you do not respond to this notice, we will promptly return your funds with interest calculated at Prudential Savings Bank's passbook savings rate or cancel your deposit account withdrawal authorization. If we intend to sell fewer than 5,278,542 shares or more than 7,141,602 shares, we will promptly 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 subscription rights to purchase shares in the 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 regarding the sale or transfer of shares. We intend to pursue any and all legal and equitable remedies if we learn of the transfer of any subscription rights. We will reject orders that we determine to involve the transfer of subscription rights. On the stock order form, you cannot add the names of others for joint stock registration. In addition, the stock order form requires that you list all qualifying deposit or loan accounts, giving all names on each account and the account number at the applicable eligibility date. Failure to provide this information, or providing incomplete or incorrect information, may result in a loss of part or all of your share allocation, in the event of an oversubscription.

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 purchase additional shares of common stock 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 employees of Prudential Savings Bank. The plan will purchase a number of shares of Prudential Bancorp–New common stock equal to 4.0% of the shares sold in the offering. When combined with the shares previously acquired by the employee stock ownership plan, as adjusted for the exchange ratio, the employee stock ownership plan will have acquired an aggregate of approximately 7.5% of the shares of Prudential Bancorp–New to be outstanding after the conversion and offering. Prudential Bancorp–New will make a loan to the employee stock ownership plan to finance its purchase of shares in the offering (in our discretion, the ESOP may purchase such shares in the open market after completion of the conversion and offering). As the loan is repaid and shares are released from collateral, the shares will be allocated to the accounts of participants based on a participant’s compensation as a percentage of total plan compensation. Non-employee directors are not eligible to participate in the employee stock ownership plan. We will incur additional compensation expense as a result of this plan. See “Pro Forma Data” for an illustration of the effects of this plan.
- New Stock Option and Stock Recognition and Retention Plans.   We intend to implement a new stock option plan and a new stock recognition and retention plan after the conversion. Under these plans, we may award stock options and shares of restricted stock to employees and directors. Shares of restricted stock will be awarded and options will be granted at no cost to the recipient. Stock options will be granted at an exercise price equal to 100% of the fair market value of our common stock on the option grant date. We will incur

additional compensation expense as a result of both plans. See "Pro Forma Data" for an illustration of the effects of these plans. Under the new stock option plan, we may grant stock options in an amount up to 10.0% of the common stock of Prudential Bancorp–New to be sold in the offering. Under the stock recognition and retention plan, we may award restricted stock in an amount equal to 4.0% of the shares of Prudential Bancorp–New sold in the offering. Federal regulations do not permit us to implement the new stock option and stock recognition and retention plans permit earlier than six months after completion of the conversion. We have not determined whether we would adopt the plans within 12 months following the completion of the conversion or more than 12 months following the completion of the conversion. The total number of shares available under the stock-based benefit plans is subject to adjustment as may be required by federal regulations or policy to reflect shares of common stock or stock options previously granted by existing Prudential Bancorp. For stock-based benefit plans adopted within 12 months following the completion of the conversion, current 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 shares following the conversion. If the stock-based benefit plans are adopted more than 12 months after the completion of the conversion, they would not be subject to the percentage limitations set forth above. We have not yet determined the number of shares that would be reserved for issuance under these plans which will be a function of the timing of adoption of 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 shares of common stock that the employee stock ownership plan expects to acquire, the dilution resulting from these stock-based benefit plans and the total value of all restricted stock awards and stock options that are expected to be available under the anticipated new stock recognition and retention plan and stock option plan, respectively, assuming such new stock recognition and retention plan and stock option plan reserve a number of shares equal to 4% and 10%, respectively, of the shares sold in the offering.

	Number of Shares to be Granted or Purchased					**Total Estimated Value of Grants**	
	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)**	**At Minimum of Offering Range**	**At Maximum of Offering Range**
				(Dollars in Thousands)			
Employee stock ownership plan (1)	211,141	285,664	4.0 %	2.99 %	2.91 %	$2,111	$2,857
Recognition and retention plan awards (1)	211,141	285,664	4.0	2.99	2.91	2,111	2,857
Stock options (2)	527,854	714,160	10.0	7.48	6.96	2,555	3,457
Total	950,136	1,285,488	18.0 %	13.46 %	11.87 %	$6,777	$9,171

(1)

- Assumes the value of the common stock of Prudential Bancorp–New is $10.00 per share for purposes of determining the total estimated value of the grants.

(2)

- Assumes the value of a stock option is $4.84, which was determined using the Black-Scholes option-pricing formula. See “Pro Forma Data.”

(3)

- Represents the dilution of stock ownership interest assuming that we use newly issued shares for the proposed recognition and retention plan and new stock option plan, and that shares are sold in the offering at the midpoint of the offering range. No dilution is reflected for the employee stock ownership plan as 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 recognition and retention plan, and our proposed new stock option plan and recognition and retention plan. The table below assumes that 9,545,000 shares are outstanding after the offering, which includes 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 exchange for shares of existing Prudential 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 that the exchange of existing shares is 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	Estimated Value of Shares	Percentage of Shares Outstanding After the Conversion	
Employee Stock Ownership Plan:	All Employees				
Shares previously purchased (1)		427,056	$4,270,560	4.47	%
Shares to be purchased in this offering		285,664	2,856,640	2.99	
Total employee stock ownership plan		712,720	7,127,200	7.46	
Recognition and Retention Plans:	Directors and Officers				
2008 Recognition and Retention Plan (2) (3)		213,528	2,135,280	2.24	
Proposed New Recognition and Retention Plan (4)		285,664	2,856,640	2.99	
Total employee and retention plans		499,192	4,991,920	5.23	
Stock Option Plans:	Directors and Officers				
2008 Stock Option Plan (2) (6) (7)		533,821	1,617,478	5.59	(5)
Proposed New Stock Option Plan (8)		714,160	3,456,534	7.48	
Total stock option plans		1,247,981	5,074,012	13.07	%
Total stock benefits plans		2,459,893	$17,193,132	25.76	%

(1)

- Shares previously purchased by the employee stock ownership plan prior to the conversion have been adjusted for the 0.9442 exchange ratio at the maximum of the offering range. Approximately 165,522 (175,305 shares prior to adjustment for the exchange ratio) of these shares have been allocated to the accounts of 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 before adjustment) remained available for future awards.

(4)

- The actual value of new recognition and retention plan awards will be determined based on their fair value as of the date grants are made. For purposes of this 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 regulatory limits if a stock-based benefit plan were adopted within one year of the completion of the conversion. Accordingly, the number of new shares of restricted stock and shares reserved for stock options set forth in the table would have to be reduced such that the aggregate amount of stock awards and shares reserved for stock options would be 4% or less and 10% or less, respectively, of our outstanding shares, unless we obtain a waiver from the Federal Reserve Board or we implement the plans more than 12 months after completion of the conversion. We have not determined whether we will implement a new stock-based benefit plan earlier than 12 months after 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 awarded and are outstanding and options for 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 Black-Scholes option pricing model. Before the adjustment for the exchange ratio, there were 554,596 outstanding options with a weighted average fair value of $2.86 per option. Using this value and adjusting for the exchange ratio at the maximum of the offering range, the fair value of stock options granted or available for grant under the 2008 Stock 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 using the Black-Scholes option-pricing model with the following assumptions: exercise price, $10.00; trading price on date of grant, $10.00; dividend yield, zero; expected life, 10 years; expected 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 completion of the conversion and offering, Prudential Bancorp–New shares will replace the currently listed shares of existing Prudential Bancorp. We have applied to have the common stock of Prudential Bancorp–New listed for trading on the Nasdaq Global Market. After the completion of the conversion and offering, Prudential Bancorp–New's common stock will trade 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 the common stock, subject to statutory and regulatory requirements, policies and agreements. However, while no decision has been made with respect to the amount, if any, and timing of any dividend payments, we do not expect to declare any dividends prior to the end of fiscal 2014. The payment and amount of any dividend payments will depend upon a number of factors. 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 persons who receive or exercise subscription rights. Shareholders of existing Prudential Bancorp who receive cash in lieu of fractional share interests in shares of Prudential Bancorp–New will recognize gain or loss equal to the difference between the cash received and the tax basis of the fractional share. Elias, Matz, Tiernan & Herrick L.L.P. and S.R. Snodgrass, A.C., have issued 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, contain certain restrictions on acquisitions of Prudential Bancorp–New or its capital stock. These restrictions include the requirement that a potential acquirer of common stock obtain the prior approval of the Federal Reserve Board before acquiring in excess of 10% of the stock of Prudential Bancorp–New. In addition, under Federal Reserve Board regulations, Federal 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 takeover attempts. These provisions include:

- 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 of incorporation;

- 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 of the board of directors.

For further information, see "Restrictions on Acquisitions of Prudential Bancorp–New and Prudential Savings Bank and Related Anti-Takeover Provisions."

Delivery of Stock Certificates

Certificates representing shares of common stock issued in the subscription and community offerings will be mailed by first-class mail by our transfer agent as soon as practicable following completion of the conversion and offering. Certificates will be mailed to purchasers at the registration address provided by them on the order form. Until certificates for common stock are available and delivered to purchasers, purchasers may not be able to sell their shares, even though trading of the common stock will have commenced. Your ability to sell the shares of common stock prior to your receipt of the stock certificate will depend on arrangements you may make 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 questions regarding the offering, please call our Stock Information Center. The toll-free telephone number is 1-(215) 391-4141. The Stock Information Center is open Monday through Friday, from 10:00 a.m. to 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 Prudential Bancorp–New common stock.

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 adversely affect our net income in various ways. We do not accrue interest income on non-accrual loans and no interest income is recognized until the loan is performing and the financial condition of the borrower supports recording interest income on a cash basis. We must reserve for probable losses, which are established through a current period charge to income in the provision for loan losses, and from time to time, write down the value of properties in our other real estate owned portfolio to reflect changing market values. Additionally, there are legal fees associated with the resolution of problem assets as well as carrying costs such as taxes, insurance and maintenance related to our other real estate owned. Further, the resolution of non-performing assets requires the active involvement of management, which can distract us from the overall supervision of operations and other income-producing activities of Prudential Savings Bank. Finally, if our estimate of the allowance for loan losses is inaccurate, we will have to increase the allowance accordingly. At March 31, 2013, our allowance for loan losses amounted to $2.5 million, or 0.9% of total loans and 40.7% of non-performing 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 an allowance through a charge to earnings. The amount of this allowance is based on our assessment of loan losses inherent in our loan portfolio. The process for determining the amount of the allowance is critical to our financial results and condition. It requires subjective and complex judgments about the future, including forecasts of economic or market conditions that might impair the ability of our borrowers to repay their loans. We might underestimate the loan losses inherent in our loan portfolio and have loan losses in excess of the amount reserved. We might increase the allowance because of changing economic conditions. For example, in a rising interest rate environment, borrowers with adjustable-rate loans could see their payments increase. There may be a significant increase in the number of borrowers who are unable or unwilling to pay their loans, resulting in our charging off more loans and increasing our allowance. In addition, when real estate values decline, the potential severity of loss on a real estate-secured loan can increase significantly, especially in the case of loans with high combined loan-to-value ratios. The decline in the national economy and the loan economies of the areas in which our loans are concentrated could result in an increase in loan delinquencies, foreclosures or repossessions, resulting in the increased charge-off amounts and the need for additional loan loss provisions in the future periods. In addition, our determination as to the amount of our allowance for loan losses is subject to review by our primary regulators, the Pennsylvania Department of Banking and the Federal Deposit Insurance Corporation, as part of their examination process, which may result in the establishment of an additional allowance based upon the judgment of such agencies after a review of the information available at the time of its examination. Our allowance for loan losses amounted to 0.9% of total loans and 40.7% of non-performing loans at March 31, 2013. Our allowance for loan losses at March 31, 2013 may not be sufficient to cover future loan losses. A large loss could deplete the allowance and require an increased 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, recession, unemployment, monetary policy, domestic and international disorder and instability in domestic and foreign financial markets, and investor and consumer demand.

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Our primary source of income is net interest income, which is the difference between the interest income generated by our interest-earning assets (consisting primarily of single-family residential loans) and the interest expense generated by our interest-bearing liabilities (consisting primarily of deposits). The level of net interest income is primarily a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are impacted by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open 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 interest rates and longer terms than our deposits and borrowings and our net interest income could be adversely affected if the rates we pay on deposits and borrowings increase more rapidly than the rates we earn on loans. As a result of our historical focus on the origination of one-to four-family residential mortgage loans, which focus has been emphasized in recent years due to asset quality issues experienced by our construction and land development lending activities, the majority of our loans have fixed interest rates. In addition, a large percentage of our investment securities and mortgage-backed securities have fixed interest rates and are classified as held to maturity. As is the case with many banks and savings institutions, our emphasis on increasing the development of core deposits, those with no stated maturity date, has resulted in our interest-bearing liabilities having a shorter duration than our assets. As of March 31, 2013, 56.7% of our loan portfolio had maturities of 10 years or more. Furthermore, at such date, 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 our deposits had no stated maturity date and 34.0% consisted of certificates of deposit with maturities of one year or less. This imbalance can create significant earnings volatility because interest rates change over time and are currently at historical low levels. In addition, the market value of our fixed-rate assets for example, our investment and mortgage-backed securities portfolios, would decline if interest rates increase. For example, we estimate that as of March 31, 2013, a 200 basis point increase in interest rates would have resulted in our net portfolio value declining by approximately $20.9 million or 26.0%. Net portfolio value is the difference between incoming and outgoing discounted cash flows from assets, liabilities and off-balance sheet contracts. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Exposure to 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 and will continue to change the bank regulatory framework, created an independent Consumer Financial Protection Bureau that has assumed the consumer protection responsibilities of the various federal banking agencies, and established more stringent capital standards for insured financial institutions and their holding companies. The legislation will also result in new regulations affecting the lending, funding, trading and investment activities of insured financial institutions and their holding companies. The Consumer Financial Protection Bureau has broad rule-making authority for a wide range of consumer protection laws that apply to all insured financial institutions such as Prudential Savings Bank, including the authority to prohibit “unfair, deceptive or abusive” acts and practices. Insured financial institutions with $10.0 billion or less in assets will continue to be examined by their applicable federal regulators. The new legislation also gives state attorneys general the ability to enforce applicable federal consumer protection laws. Financial institution regulatory agencies also have been responding aggressively to concerns and adverse trends identified in examinations. Ongoing uncertainty and adverse developments in the financial services industry and the domestic and international credit markets, and the effect of new legislation and regulatory actions in response to these conditions, may adversely affect our operations by restricting our business activities, including our ability to originate or sell 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 requirements. Among other things, the new rules introduce a new minimum common equity tier 1 capital ratio of 4.5% of risk-weighted assets and increase the minimum tier 1 capital ratio from 4.0% to 6.0% of 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 on dividends and executive compensation. 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 may have a significant adverse effect on our lending activities, financial performance and operating flexibility. In addition, these risks could affect the performance and value of our loan and investment 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 Against Borrowers

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

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 the prediction of future occurrences. Our total deferred tax assets amounted to $5.7 million at March 31, 2013. At such date we had established a $2.3 million valuation allowance against our deferred tax assets, resulting in total deferred tax assets, net of valuation allowance, of $3.5 million at March 31, 2013. In evaluating the need for a valuation allowance, we must estimate our taxable income in future years. Our net deferred tax asset may be reduced in the future if estimates of future income or our tax planning strategies do not support the amount of the net deferred tax asset. If it is determined that an additional valuation allowance with respect to our net deferred tax asset is necessary, we may incur a 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 R. Corrato, Executive Vice President and Chief Financial Officer, Salvatore Fratanduono, Senior Vice President and Chief Lending Officer, and Jack E. Rothkopf, Senior Vice President and Treasurer. The loss of one or more members of senior management could have an adverse effect on us because, as a relatively small community bank, our senior executive officers have more responsibility than would be typical at a larger financial institution with more employees. In addition, we have fewer management-level personnel who are 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 our business strategy is to rely on our reputation for customer service and knowledge of local markets to expand our presence by capturing new business opportunities from existing and prospective customers in our current market and contiguous areas. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers and associates. If our reputation is negatively affected by the actions of our employees, by our inability to conduct our operations in a manner that is appealing to current or prospective customers, or otherwise, our business and, therefore, our operating results may be materially adversely affected.

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 competition has made it more difficult for us to 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 rates on our deposits, which reduces our net interest income. Competition also makes it more difficult and costly to attract and retain qualified employees. Some of the institutions with which we compete have substantially greater resources and lending limits than we have and may offer services that we do not provide. We expect competition to increase in the future as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Our profitability depends upon 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 Market Area Have Adversely Affected, 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, Pennsylvania and neighboring areas in southern Pennsylvania and southern New Jersey and our business depends significantly on general economic conditions in these market areas. Severe declines in housing prices and property values have been particularly acute in our primary market areas in recent years. A further deterioration in economic conditions or a prolonged delay in economic recovery in our primary market areas could result in the following consequences, any of which could have a material adverse effect on our 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 borrowing power, and reducing the value 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 historically taken a conservative investment strategy, with concentrations of securities that are backed by government sponsored enterprises. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Any of these factors, among others, could cause other-than-temporary impairments and realized and/or unrealized losses in future periods and declines in other comprehensive income, which could have a material adverse effect on us. The process for determining whether impairment of a security is other-than-temporary usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer and any collateral underlying the 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 Failures, Interruptions or Breaches of 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 telecommunications systems and third-party servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service 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 reputation, result in a loss of customer business, and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on us.

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

Additionally, financial products and services have become increasingly technology-driven. Our ability to meet the needs of our customers competitively, and in a cost-efficient manner, is dependent on the ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of our competitors have greater resources to invest in technology than we do and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so could have a material adverse impact on our business and therefore on our financial 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 common stock by bank holding companies. In general, the policy provides that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the holding company appears consistent with the organization’s capital needs, asset quality and overall financial condition. These regulatory policies could affect the ability 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 purchase price. The trading price of the common stock will be determined by the marketplace, and will be influenced by many factors outside of our control, including prevailing interest rates, investor perceptions, securities analyst research reports and general industry, geopolitical and economic conditions. Publicly traded stocks, including stocks of financial institutions, often experience substantial market price volatility. These market fluctuations might not be related to the operating performance of particular companies 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 Prudential Bancorp common stock began trading in 2005, trading in our shares has been relatively limited. There is no guarantee that the offering will improve the liquidity of our stock. If an active trading 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 manner and the sale of a large number of shares at one time could temporarily depress the market price. There also may be a wide spread between the bid and asked price for our common stock. When there is a wide spread between the bid and asked price, the price at which you may be able to sell our common stock may be significantly lower than the price at which you could 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 performance of a particular company with 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 annualized basis, was 1.0% for the six months ended March 31, 2013. These returns are lower than returns on equity for many comparable publicly traded financial institutions. Upon completion of the offering, our return on average equity is expected to remain below that of many publicly traded financial institutions, due in part to our increased capital level upon completion of the offering. Consequently, you should not expect a competitive return on equity in the near future. Failure to attain a competitive return on equity ratio may make an investment in our common stock unattractive to some investors which might cause our common stock to trade at lower prices than comparable companies with higher returns on equity. The net proceeds from the stock offering, which may be as much as $68.9 million, will significantly increase our stockholders' equity. On a pro forma basis and based on net income for the six months ended March 31, 2013, our annualized return on equity ratio, assuming shares are sold at the maximum of the offering range, would be approximately 0.02%. Based on trailing 12-month data through March 31, 2013, the ten companies comprising our peer group in the independent appraisal prepared by FinPro and all publicly traded mutual holding companies had average ratios of returns on equity of 3.39% and 4.26%, respectively.

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

We intend to contribute approximately 50% of the net proceeds of the offering to Prudential Savings Bank. Prudential Bancorp–New may use the portion of the proceeds that it retains to, among other things, invest in securities, pay cash dividends, or repurchase shares of common stock, subject to regulatory restriction. Prudential Savings Bank initially intends to use the net proceeds it retains to purchase investment and mortgage-backed securities. In the future, Prudential Savings Bank may use the portion of the proceeds that it receives to fund new loans, expand and diversify its lending activities and invest in investment and mortgage-backed securities. Prudential Bancorp–New and Prudential Savings Bank may also use the proceeds of the offering to diversify their business activities, although we have no specific plans to do so at this time. We have not allocated specific amounts of proceeds for any of these purposes, and we will have significant flexibility in determining how much of the net proceeds we apply to different uses and the timing of such applications. There is a risk that we may fail to effectively use the net proceeds which could have a 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 increase our annual compensation and benefit expenses related to the stock options and stock awards granted to participants under the stock-based benefit plan. The actual amount of these new stock-related compensation and benefit expenses will depend on the number of options and stock awards actually granted under the plan, the fair market value of our stock or options 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 within 12 months following the conversion, under current regulatory policy the total shares of common stock reserved for issuance pursuant to awards of restricted stock and grants of options under our existing and proposed stock-based benefit plans will be limited to 4% and 10%, respectively, of the total shares of our common stock outstanding. If we award restricted shares of common stock or grant options in excess of these amounts under stock-based benefit plans adopted more than 12 months after the completion of the 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 participants' accounts, and we will recognize expense for restricted stock awards and stock options over the vesting period of awards made to recipients. The expense in the first year following the offering for shares purchased in the offering has been estimated to be approximately $143,000 ($94,000 after tax) at the maximum of the offering range as set forth in the pro forma financial information under "Pro Forma Data," assuming the $10.00 per share purchase price as fair market value. Actual expenses, however, may be higher or lower, depending on the price of our common stock. For further discussion of our proposed stock-based plans, see "Management — New Stock Benefit Plans."

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

We intend to adopt two new stock-based benefit plans following the stock offering. These plans may be funded either through open market purchases or from the issuance of authorized but unissued shares of common stock. Our ability to repurchase shares of common stock to fund these plans will be subject to many factors, including, but not limited to, applicable regulatory restrictions on stock repurchases, the availability of stock in the market, the trading price of the stock, our capital levels, alternative uses for our capital and our financial performance. While our intention is to fund the new stock-based benefit plan through open market purchases, stockholders would experience a 9.9% dilution in ownership interest at the midpoint of the offering range in the event newly issued shares of our common stock are used to fund stock options and shares of restricted common stock in an amount equal to 10% and 4%, respectively, of the shares sold in the offering. In the event we adopt the plan within 12 months following the conversion, under current regulatory policy the total shares of common stock reserved for issuance pursuant to awards of restricted stock and grants of options under our existing and proposed stock-based benefit plans would be limited to 4% and 10%, respectively, of the total shares of our common stock outstanding. In the event we adopt the plan more than 12 months following the conversion, the plan would not be subject to these limitations and stockholders could experience greater dilution. Although the implementation of the stock-based benefit plan will be subject to stockholder approval, historically, the overwhelming majority of stock-based benefit plans adopted by savings institutions and their holding companies following mutual-to-stock conversions have been approved by stockholders.

We Have Not Determined When We Will Adopt One or More New Stock-Based Benefit Plans; Stock-Based Benefit Plans Adopted More Than 12 Months Following The Completion of the Conversion May Exceed Regulatory Restrictions on the Size Of Stock-Based Benefit Plans Adopted Within 12 Months, Which Would Further 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 common stock or stock options under our existing and proposed stock-based benefit plans may exceed 4% and 10%, respectively, of our total outstanding shares. Stock-based benefit plans that provide for awards in excess of these amounts would increase our costs beyond the amounts estimated in "— Our stock-based benefit plans will increase our expenses and reduce our income." Stock-based benefit plans that provide for awards in excess of these amounts could also result in dilution to stockholders in excess of that described in "— The implementation of stock-based benefit plans may dilute your ownership interest. Historically, stockholders have approved these stock-based benefit plans." Although the implementation of stock-based benefit plans would be subject to stockholder approval, the determination as to the timing of the implementation of such plans will be at 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 that we will be acquired in the foreseeable future. Accordingly, you should not purchase our common stock with any expectation that a takeover premium will be paid to you in the near term.

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

Provisions in our articles of incorporation and bylaws, as well as certain federal regulations, may make it difficult and expensive to pursue a tender offer, change in control or takeover attempt that our board of directors opposes. As a result, our shareholders may not have an opportunity to participate in such a transaction, and the trading price of our stock may not rise to the level of other institutions that are more vulnerable to hostile takeovers. Anti-takeover provisions contained in our corporate documents include:

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

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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 of incorporation;
- a 75% vote requirement for the approval of certain business combinations not approved by two-thirds of our board of directors; and
- 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 Provisions" for a description of anti-takeover 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 acquiring or offering to acquire more than 10% of the common stock of a stock holding company successor to a converted mutual holding company without the prior written approval of the Federal Reserve Board. We expect this FRB regulation to be applicable to the common stock of Prudential Bancorp–New. Accordingly, the likelihood that shareholders will be able to realize a gain on their investment through an acquisition of Prudential Bancorp–New within the three year period following completion of the conversion is highly unlikely. See "Restrictions on Acquisitions of Prudential Bancorp–New and Prudential Savings Bank and Related Anti-Takeover Provisions — Regulatory Restrictions" for a 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 Prudential Bancorp. You should read this information in conjunction with the financial statements included in this prospectus. The data presented as of and for the fiscal years ended September 30, 2012 and 2011 has been derived in part from the audited financial statements included in this prospectus. The data presented at March 31, 2013 and for the six month periods ended March 31, 2013 and 2012 are derived from unaudited condensed consolidated financial statements, but in the opinion of management reflect all adjustments necessary to present fairly the results for these interim periods. The adjustments consist only of normal recurring adjustments. The results of operations for the six months ended March 31, 2013 are not necessarily indicative of the results of operations that may be expected for the fiscal year ending September 30, 2013 or for any other period.

	At March 31, 2013	At September 30,				
		2012	2011	2010	2009	2008 (1)
	(Dollars in Thousands)					
Selected Financial and Other Data:						
Total assets	$479,103	$490,504	$499,537	$529,080	$514,761	$489,537
Cash and cash equivalents	33,612	81,273	53,829	66,524	13,669	9,454
Investment and mortgage-backed securities:						
Held-to-maturity	87,976	63,110	108,956	112,673	160,126	163,303
Available-for-sale (2)	62,715	65,975	75,370	72,425	62,407	55,106
Loans receivable, net	278,237	260,684	240,511	255,091	256,694	243,969
Deposits	416,097	425,602	436,014	464,455	432,374	376,830
FHLB advances	340	483	570	615	19,659	31,701
Non-performing loans	6,178	14,018	12,631	3,479	1,982	4,036
Non-performing assets	7,436	15,990	14,899	6,676	5,604	5,524
Total stockholders' equity, substantially restricted	60,180	59,831	57,452	56,999	55,857	68,487
Banking offices	7	7	7	7	7	7

	Six Months Ended March 31,		Year Ended September 30,				
	2013	2012	2012	2011	2010	2009	2008 (1)
	(Dollars in Thousands, Except for Share Amounts)						
Selected Operating Data:							
Total interest income	$8,650	$9,796	$18,979	$21,685	$25,109	$27,386	$26,408
Total interest expense	2,359	3,007	5,779	7,097	9,416	12,942	14,654
Net interest income	6,291	6,789	13,200	14,588	15,693	14,444	11,754
Provision for loan losses	—	250	725	4,630	1,110	1,403	1,084
Net interest income after provision for loan losses	6,291	6,539	12,475	9,958	14,583	13,041	10,670
Total non-interest income (charges)	398	306	3,068	938	387	(2,452)	(5,285)
Total non-interest expense	5,866	5,863	11,668	10,996	10,794	11,065	8,753
Income (loss) before income taxes	823	982	3,875	(100)	4,176	(476)	(3,368)
Income tax expense (benefit)	537	494	1,282	(212)	1,046	350	762

	Six Months Ended March 31,		Year Ended September 30,				
Net income (loss)	$286	$488	$2,593	$112	$3,130	$(826)	$(4,130)
Basic earnings (loss) per share	$0.03	$0.05	$0.27	$0.01	$0.33	$(0.08)	$(0.38)
Diluted earnings (loss) per share	$0.03	$0.05	$0.27	$0.01	$0.32	$(0.08)	$(0.38)
Dividends paid per common share	$0.00	$0.00	$0.00	$0.10	$0.20	$0.20	$0.20
Selected Operating Ratios (3):							
Average yield earned on interest-earning assets	3.70 %	4.09 %	3.96 %	4.42 %	5.08 %	5.64 %	5.75 %
Average rate paid on interest-bearing liabilities	1.12	1.38	1.33	1.58	2.06	2.95	3.73
Average interest rate spread (4)	2.58	2.71	2.63	2.84	3.02	2.69	2.02
Net interest margin (4)	2.69	2.83	2.76	2.97	3.17	2.97	2.56
Average interest-earning assets to average interest-bearing liabilities	111.21	110.05	110.29	109.41	108.04	110.64	116.77
Net interest income after provision for loan losses to non-interest expense	107.25	111.53	106.92	90.55	135.73	117.86	121.60
Total non-interest expense to total average assets	2.41	2.34	2.33	2.15	2.07	2.17	1.88
Efficiency ratio (5)	87.70	82.64	71.72	70.83	67.13	92.27	135.31
Return on average assets	0.12	0.20	0.52	0.02	0.60	(0.16)	(0.89)
Return on average equity	0.95	1.68	4.43	0.20	5.58	(1.32)	(5.12)
Average equity to average total assets	12.32	11.58	11.71	10.90	10.78	12.28	15.86

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	At or For the Six Months Ended March 31,		At or For the Year Ended September 30,				
	2013	2012	2012	2011	2010	2009	2008 (1)
	(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 %	1.36 %	0.77 %	1.65 %
Non-performing assets as a percent of total assets (7)	1.55	2.96	3.26	2.98	1.26	1.09	1.13
Allowance for loan losses as a percent of non-performing loans	40.66	24.14	13.42	26.63	90.57	137.77	39.42
Allowance for loan losses as a percent of total loans	0.89	1.23	0.71	1.36	1.20	1.03	0.62
Net charge-offs (recoveries) to average loans receivable	(0.47)	0.77	0.88	1.90	0.30	0.10	0.21
Capital Ratios (6):							
Tier 1 leverage ratio							
Prudential Bancorp	12.24	11.22	11.73	11.06	10.27	10.86	14.49
Prudential Savings Bank	11.47	10.43	10.95	10.23	9.46	9.99	13.14
Tier 1 risk-based capital ratio							
Prudential Bancorp	26.74	27.07	27.51	25.54	23.12	24.59	31.20
Prudential Savings Bank	25.06	25.16	25.69	23.62	21.28	22.61	28.74
Total risk-based capital ratio							
Prudential Bancorp	27.87	28.33	28.39	26.79	24.37	25.79	31.92
Prudential Savings Bank	26.19	26.42	26.57	24.87	22.53	23.81	29.46

(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 periods and annualized where appropriate.

(4)

- Average interest rate spread represents the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing 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-interest income.

(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 loans 90 days or more past due and loans in excess of 90 days delinquent and still accruing interest. It is our policy to cease accruing interest on all loans 90 days or more past due. Non-performing loans also include non-accrual troubled debt restructurings. Real estate owned consists of real estate acquired through foreclosure or by acceptance of a deed-in-lieu 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 Prudential Bancorp at and for the three months and nine months ended June 30, 2013 as well as the prior comparison periods. You should read this information in conjunction with the audited financial statements included in this prospectus. The financial information as of June 30, 2013 and for the three months and nine months ended June 30, 2013 and 2012 is unaudited and is derived from our interim condensed consolidated financial statements. The selected financial condition information as of September 30, 2012 is derived from existing Prudential Bancorp's audited consolidated financial statements. In the opinion of management, financial information at June 30, 2013 and for the three months and nine months ended June 30, 2013 and 2012 reflect all adjustments, consisting only of normal recurring accruals, which are necessary to present fairly the results for such periods. Results for the three-month and nine-month periods ended June 30, 2013 may not be indicative of operations of existing Prudential Bancorp for the fiscal year ending September 30, 2013.

	At June 30, 2013	**At September 30, 2012**
	(Dollars in Thousands)	
Selected Financial and Other Data:		
Total Assets	$466,049	$ 490,504
Cash and cash equivalents	39,072	81,273
Investment and mortgage-backed securities:		
Held-to-maturity	84,792	63,110
Available-for-sale (1)	43,364	65,975
Loans receivable, net	283,174	260,684
Deposits	402,955	425,602
FHLB advances	340	483
Non-performing loans	5,519	14,018
Non-performing assets	6,195	15,990
Total stockholders' equity, substantially restricted	59,152	59,831
Banking offices	7	7

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	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
	(Dollars in Thousands, Except Per Share Amounts)			
Selected Operating Data:				
Total interest income	$4,126	$ 4,828	$12,776	$ 14,624
Total interest expense	1,037	1,432	3,396	4,439
Net interest income	3,089	3,396	9,380	10,185
Provision for loan losses	—	100	—	350
Net interest income after provision for loan losses	3,089	3,296	9,380	9,835
Total non-interest income	1,077	188	1,491	495
Total non-interest expense	2,717	2,936	8,599	8,800
Income before income taxes	1,449	548	2,272	1,530
Income tax expense	764	88	1,301	582
Net income	$685	$ 460	$971	$ 948
Basic earnings per share	$0.07	$ 0.05	$0.10	$ 0.10
Diluted earnings per share	$0.07	$ 0.05	$0.10	$ 0.10
Dividends paid per common share	$0.00	$ 0.00	$0.00	$ 0.00
Selected Operating Ratios(2):				
Average yield earned on interest-earning assets	3.62 %	4.03 %	3.70 %	4.07 %
Average rate paid on interest-bearing liabilities	1.02	1.32	1.10	1.36
Average interest rate spread(3)(4)	2.60	2.71	2.60	2.71
Net interest margin(3)(4)	2.71	2.83	2.72	2.83
Average interest-earning assets to average interest-bearing liabilities	111.86	110.34	110.46	110.14
Net interest income after provision for loan losses to non-interest expense	113.69	112.48	109.08	111.76
Total non-interest expense to total average assets	2.29	2.35	2.40	3.52
Efficiency ratio(5)	65.22	81.92	79.10	82.40
Return on average assets(4)	0.58	0.37	0.27	0.38
Return on average equity(4)	4.65	3.13	2.19	3.26
Average equity to average total assets	12.54	11.75	12.37	11.64

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	At or For Three Months Ended June 30,				At or For the Nine Months Ended June 30,			
	2013		2012		2013		2012	
	(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	%	4.95	%
Non-performing assets as a percent of total assets (7)	1.33		2.87		1.33		2.87	
Allowance for loan losses as a percent of non-performing loans	48.03		25.33		48.03		25.33	
Allowance for loan losses as a percent of total loans	0.93		1.23		0.93		1.23	
Net charge-offs (recoveries) to average loans receivable	(0.05	)	0.06		(0.28	)	0.33	
Capital Ratios (6):								
Tier 1 leverage ratio								
Prudential Bancorp	12.64		11.35		12.64		11.35	
Prudential Savings Bank	11.87		10.56		11.87		10.56	
Tier 1 risk-based capital ratio								
Prudential Bancorp	27.59		26.89		27.59		26.89	
Prudential Savings Bank	25.91		25.04		25.91		25.04	
Total risk-based capital ratio								
Prudential Bancorp	28.80		28.15		28.80		28.15	
Prudential Savings Bank	27.12		26.29		27.12		26.29	

(1)

- Includes impaired securities.

(2)

- With the exception of end of period ratios, all ratios are based on average monthly balances during the indicated periods and annualized where appropriate.

(3)

- Average interest rate spread represents the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing 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-interest income.

(6)

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

(7)

- Non-performing assets consist of non-performing loans and real estate owned. Non-performing loans consist of all loans 90 days or more past due and loans in excess of 90 days delinquent and still accruing interest. It is our policy to cease accruing interest on all loans 90 days or more past due. Non-performing loans also include non-accrual troubled debt restructurings. Real estate owned consists of real estate acquired through foreclosure or by acceptance of a deed-in-lieu 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 reasons for the $24.5 million decrease in 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 million decrease in

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investment and mortgage-backed securities available for sale. These decreases were substantially offset by increases of $22.5 million and $21.7 million in our net loans receivable and investment and mortgage-backed securities held to maturity, respectively, reflecting the deployment of our cash and cash-equivalents as well as the proceeds from the call and sale of investment and mortgage-backed securities to fund the origination of loans, primarily one-to four-family residential mortgage loans, as well as the purchase of investment and mortgage-backed securities held to maturity. The decline in cash and cash equivalents also reflected the use of such assets to fund our deposit outflows described below. For the nine months ended June 30, 2013, we originated a total of $65.0 million of loans, including $21.5 million during the three months ended June 30, 2013, of which $58.2 million consisted of one-to four-family residential mortgage loans. Of the $58.2 million one-to four-family residential mortgage loans originated, $16.7 million consisted of hybrid loans that have fixed interest rates for the initial five, seven or 10 years and then adjust annually 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 decrease in total liabilities was primarily due to a $22.7 million decrease in deposits. The decrease in deposits primarily reflects our determination to let certain higher costing certificates of deposit run-off as part of our asset/liability management strategy. The deposit outflows experienced during the nine months ended June 30, 2013 were funded from cash and cash equivalents.

Total stockholders' equity decreased by $679,000 to $59.2 million at June 30, 2013 from $59.8 million at September 30, 2012. The decline reflected the $2.3 million decrease from an unrealized gain on our available for sale securities of $1.2 million at September 30, 2012 to a $1.0 million unrealized loss on such securities reflecting in part the effects of the sale of securities discussed below combined with the decline in the market value of the remaining available for sale securities held in portfolio as of June 30, 2013 due to changes in market rates. Such decline was partially offset by the recognition of net income of $971,000 for the nine months ended June 30, 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 $948,000 for the comparable period in fiscal 2012. For the three months ended June 30, 2013, we recognized net income of $685,000 as compared to $460,000 for the same quarter in fiscal 2012. For both periods 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 and mortgage-backed securities available for sale. Also contributing to such increase in net income were lower provisions for loan losses as well as reductions in our non-interest expense in both the three and 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 million as compared to $10.2 million for the 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 $1.0 million or 23.5% decrease in interest expense. The decrease in interest income resulted from a 37 basis point decrease to 3.70% in the weighted average yield earned on interest-earning assets combined with an $18.5 million or 3.9% decrease in the average balance of interest-earning assets for the nine months ended June 30, 2013 as compared to the same period in fiscal 2012. The decrease in the weighted average yield earned was primarily due to the reinvestment of the proceeds from called or sold investment and mortgage-backed securities and the origination of new loans at lower current market rates of interest. The decrease in the average balance reflected the use of cash and cash equivalents, including proceeds from the call, maturity or sale of investment and mortgage-backed securities, to fund the outflow of higher costing deposits, primarily certificates of deposit, as part of our asset/liability management strategy and interest rate risk management. The decrease in interest expense resulted primarily from a 26 basis point decrease to 1.10% in the weighted average rate paid on interest-bearing liabilities, reflecting the continued repricing downward of interest-bearing liabilities during the year combined with an $18.1 million or 4.2% decrease in the average balance of interest-bearing liabilities, primarily certificates of deposit, for the nine months ended June 30, 2013, as compared to the same period in fiscal 2012. The decline in the weighted average rate paid reflected the continued effect of the low interest rate environment on our cost of funds as deposits repriced downward as well as our continued implementation of our asset/liability strategies designed to reduce 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 million for the same period in fiscal 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 27.6% decrease in interest expense. The decrease in interest income resulted from a 41 basis point decrease to 3.62% in the weighted average yield earned on interest-earning assets combined with a $22.0 million or 4.6% decrease to $457.7 million in the average balance of interest-earning assets for the three months ended June 30, 2013, as compared to the same period in fiscal 2012. The decrease in the weighted average yield earned was primarily due to the reinvestment of the proceeds from called or sold investment and mortgage-backed securities and the origination of new loans at lower current market rates of interest. The decrease in the average balance reflected the use of cash and cash equivalents to fund the outflow of higher costing deposits, primarily certificates of deposit. The decrease in interest expense resulted primarily from a 30 basis point decrease to 1.02% in the weighted average rate paid on interest-bearing liabilities, reflecting the continued repricing downward of interest-bearing liabilities during the year combined with a $25.6 million or 5.9% decrease in the average balance of interest-bearing liabilities, primarily certificates of deposit, for the three months ended June 30, 2013, as compared to the same period in 2012. As with the nine months ended June 30, 2013, the decline in the weighted average rate paid reflected the continued effect of the low interest rate environment on our cost of funds as deposits repriced downward as well as our continued implementation of our 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 fiscal 2012 while for the three months ended 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 interest margin for the 2013 periods was consistent with the decline in net interest income as the yields on interest-earning assets declined to a greater degree than the rates paid on interest-bearing liabilities 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 indicated the total dollar amount of interest from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Tax-exempt income and yields have not been adjusted to a tax-equivalent basis. All average balances are based on monthly balances. Management 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			2012		
	Average Balance	Interest	Average Yield/ Rate (1)	Average Balance	Interest	Average Yield/ Rate (1)
	(Dollars in Thousands)					
Interest-earning assets:						
Investment securities	$92,209	$566	2.46 %	$80,634	$527	2.61 %
Mortgage-backed securities	46,862	405	3.47	96,401	985	4.09
Loans receivable (2)	279,172	3,134	4.50	241,149	3,281	5.44
Other interest-earning assets	39,458	21	0.21	61,501	35	0.23
Total interest-earning assets	457,701	4,126	3.62	479,685	4,828	4.03
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	100	0.57
Checking and money market accounts	100,623	88	0.35	103,346	118	0.46
Certificate accounts	229,933	885	1.54	259,200	1,212	1.87
Total deposits	407,127	1,036	1.02	432,830	1,430	1.32
FHLB advances	340	—	0.00	523	1	0.76
Real estate tax escrow accounts	1,692	1	0.24	1,392	1	0.29
Total interest-bearing liabilities	409,159	1,037	1.02	434,745	1,432	1.32
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	$3,396	
Net interest income; interest rate spread			2.60 %			2.71 %
Net interest margin (3)			2.71 %			2.83 %
Average interest-earning assets to average interest-bearing liabilities			111.86 %			110.34 %

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	Nine Months Ended June 30,					
	2013			2012		
	Average Balance	Interest	Average Yield/ Rate (1)	Average Balance	Interest	Average Yield/ Rate (1)
	(Dollars in Thousands)					
Interest-earning assets:						
Investment securities	$83,415	$1,594	2.55 %	$85,915	$1,731	2.69 %
Mortgage-backed securities	57,820	1,583	3.66	97,713	3,004	4.37
Loans receivable (2)	273,416	9,522	4.66	229,689	9,800	5.45
Other interest-earning assets	46,411	77	0.22	62,232	89	0.19
Total interest-earning assets	461,062	12,776	3.70	479,549	14,624	4.07
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	324	0.62
Checking and money market accounts	100,780	269	0.36	104,069	391	0.50
Certificate accounts	238,965	2,941	1.65	259,455	3,717	1.91
Total deposits	411,795	3,392	1.09	433,353	4,432	1.36
FHLB advances	353	—	0.00	547	3	0.73
Real estate tax escrow accounts	1,798	4	0.30	1,483	4	0.36
Total interest-bearing liabilities	413,946	3,396	1.10	435,383	4,439	1.36
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	$10,185	
Net interest income; interest rate spread			2.60 %			2.71 %
Net interest margin (3)			2.72 %			2.83 %
Average interest-earning assets to average interest-bearing liabilities			110.46 %			110.14 %

(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 and allowance for loan losses.

(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 loan portfolio at each reporting date. At least quarterly, management performs an analysis to identify the inherent risk of loss in our loan portfolio. We determined that a provision for loan losses was not required for the nine and three months ended June 30, 2013, while we established a provision for loan losses of $350,000 for the nine month period ended June 30, 2012 and $100,000 for the three month period ended June 30, 2012. No provisions were deemed necessary for the 2013 periods as recoveries totaling $924,000 and $139,000 were recognized during the nine and three months ended June 30, 2013, respectively. Included in the recoveries for the nine months ended June 30, 2013 was $899,000 related to a previously fully charged-off construction loan which increased the loan loss allowance to an amount sufficient to address the inherent risk and 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 48.3% of non-performing loans at June 30, 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 million, or 0.7% of total loans and 13.4% 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 our level of allowance for loan losses will cover all of the inherent losses on our loans or that future adjustments to the allowance for loan losses will not be necessary if economic and other conditions differ substantially from the economic and other conditions used by management to determine the current level of the allowance for loan losses.

Asset Quality. The following table shows the amounts of non-performing assets (defined as non-accruing loans, accruing loans 90 days or more past due and real estate owned) at the dates indicated.

(Dollars in Thousands)	**June 30, 2013**		**March 31, 2013**		**September 30, 2012**	
Non-accruing loans:						
One-to four-family residential	$3,131		$4,128		$12,904	(1)
Multi-family residential	-		-		-	
Commercial real estate	2,378	(1)	2,050	(1)	597	
Construction and land development	—		—		517	
Commercial business	—		—		—	
Consumer	10		10		—	
Total non—accruing loans	5,519		6,178		14,018	
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		14,018	
Real estate owned, net (3)	676		1,258		1,972	
Total non-performing assets	$6,195		$7,436		$15,990	
Total non-performing loans as a percentage of loans, net	1.95	%	2.22	%	5.38	%
Total non-performing loans as a percentage of total assets	1.33	%	1.29	%	2.86	%
Total non-performing assets as a percentage of total assets	1.33	%	1.55	%	3.26	%

(1)

- Includes at September 30, 2012, $8.1 million of troubled debt restructurings consisting of five loans to the same borrower related to the 133-unit condominium 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 total assets at March 31, 2013 and $16.0 million or 3.3% of total assets at September 30, 2012. Non-performing assets included $5.5 million in non-performing loans of which $3.1 million consisted of 16 one-to four-family residential mortgage loans and $2.4 million consisted of eight commercial real estate loans. Non-performing assets also included three one-to four-family residential real estate owned properties totaling $676,000. The decrease in non-performing assets during the nine months ended June 30, 2013 was primarily due to the January 2013 sale 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 million investment. We did not incur any additional losses upon completion of the sale of the loans beyond the $968,000 loss already recognized in prior periods. In connection with the closing of the loan sale, we and the other loan participants extended a loan to an affiliate of the borrower, the proceeds of which were used to reduce the principal balance due on the project. Our portion of such loan is approximately $1.3 million. The new loan was classified as a troubled debt restructuring and is included in the non-performing commercial real estate loans reflected above. The new loan is performing in accordance with its terms but is on non-accrual due to its status as a recently originated troubled debt restructuring. See “Business—Lending Activities—Construction and Land Development Loans.” The $1.2 million decline in non-performing assets during the quarter ended June 30, 2013 was the result of both the $997,000 decline in non-performing one-to four-family residential mortgage loans and the sale of four real estate owned properties. The three real estate owned 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 nine loans, all of which were one-to 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 March 31, 2013 and $30.6 million at September 30, 2012. All of such assets were classified “substandard” and consisted of 65 loans and three real estate owned properties. We did not have any assets classified as “doubtful” or “loss” at any of such dates. The $5.0 million decline in classified loans from March 31, 2013 to June 30, 2013 was due to loans totaling $6.4 million no longer being adversely classified. Such amount consisted of seven loans totaling $1.7 million being upgraded to “pass/watch”, three loans totaling $847,000 being satisfied in full, and the remainder being restored to “pass” status. Partially offsetting such improvement were the classification as “substandard” of 14 loans totaling $2.2 million, 12 of which were one-to four-family residential mortgage loans totaling $1.8 million. At June 30, 2013, we also had a total of six loans aggregating $8.9 million that had been designated “special mention.” All of the loans so designated related to various projects with one borrower which were downgraded due to concerns with respect to future cash flows of the involved projects. We are in discussions with the borrower to explore various alternatives available to improve the various projects’ cash flow situation. No assurances can be given that the borrower will be able to materially improve the cash flows of the involved projects and if it cannot, that the loans involved may not be classified. At March 31, 2013 and September 30, 2012, we had no assets designated “special mention.”

Non-interest Income. Non-interest income amounted to $1.5 million for the nine months ended June 30, 2013 compared with $495,000 for the same period in fiscal 2012. With respect to the quarter ended June 30, 2013, non-interest income amounted to $1.0 million as compared to $188,000 for the same quarter in fiscal 2012. For both of the fiscal 2013 periods, the primary reason for the increase in non-interest income related to the recognition of $842,000 (pre-tax) in gains on sale of securities. During the quarter ended June 30, 2013, we sold approximately $15.0 million of investment and mortgage-backed securities with a weighted average yield of 3.36%. The sale was undertaken to both preserve a portion of our $1.4 million deferred tax asset related to a capital loss generated in 2008 in connection with the redemption of our entire investment in a mutual fund as well as to mitigate the significant level of prepayment risk existing in the investment and mortgage-backed securities portfolios in the current interest rate environment. To a lesser degree, the increase in non-interest income reflected the effect of decreases in the other-than-temporary impairment charges related to non-agency mortgage-backed securities that we received as a result of the redemption in kind of our investment in a mutual fund noted above.

Non-interest Expense. For the nine months ended June 30, 2013, non-interest expense decreased $201,000 to $8.6 million compared to the same period in the prior year. For the three months ended June 30, 2013, non-interest expense decreased $219,000 to $2.7 million as compared to the same quarter in fiscal 2013. The decrease for the nine months ended June 30, 2013 was primarily due to decreases in salary and employee benefit expense and professional services expense partially offset by, among other things, modest increases in advertising expense and real estate owned expense. For the three months ended June 30,

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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 real estate owned expense, offset in part 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 income tax expense of $582,000, for the nine months ended June 30, 2012. For the three months ended June 30, 2013 we incurred income tax expense of $764,000 as compared to $88,000 for the same period in fiscal 2012. Income tax expense for the 2013 periods was adversely impacted by the decline in available unrealized capital gains resulting in an increase in the valuation allowance recognized in the 2012 and 2013 periods related to the deferred tax asset for the capital loss carryforward created in connection with the redemption in kind referenced above of our entire investment in a mutual fund. As of June 30, 2013, the valuation allowance related to the capital loss carryforward was increased by $154,000 to become fully reserved. As a result, management believes that on an ongoing basis, our effective tax rate will have less volatility and be within a more normalized range. The increases in income tax expense also reflected the significant increase in income before income tax in both the nine and three 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," "believe," "intend," "anticipate," "plan," "seek," "expect" and similar expressions. These forward-looking statement 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, the factors discussed under the heading "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 instruments;
- 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 Exchange Commission or the Financial 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 be wrong because of inaccurate 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 these forward-looking statements and you 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 number of shares of common stock sold in the offering and the expenses incurred in connection with the offering. Payments for shares made through withdrawals from deposit accounts at Prudential Savings Bank will reduce Prudential Savings Bank's deposits and will not result in the receipt of new funds for investment. The net proceeds may vary because total expenses relating to the offering may be more or less than our estimates. For example, our expenses would increase if fewer shares were sold in the subscription and community offerings than we have assumed and we sell shares in a syndicated or firm commitment underwritten offering. See "Pro Forma Data" for the assumptions used to arrive at these amounts.

	Minimum of Offering Range		**Midpoint of Offering Range**		**Maximum 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**	**7,141,602 Shares at $10.00 Per Share**	**Percent of Net Proceeds**
			(Dollars in thousands)			
Offering proceeds	$52,785		$62,102		$71,416	
Less: offering expenses	(2,159)		(2,338)		(2,517)	
Net offering proceeds	50,626	100.0%	59,764	100.0%	68,899	100.0%
Less:						
Proceeds contributed to Prudential Savings Bank	(25,313)	50.00%	(29,882)	50.00%	(34,450)	50.00%
Proceeds used for loan to employee stock ownership plan	(2,111)	4.17	(2,484)	4.16	(2,857)	4.15
Proceeds used to repurchase shares for stock recognition plan	(2,111)	4.17	(2,484)	4.16	(2,857)	4.15
Proceeds remaining for Prudential Bancorp–New	$21,091	41.66%	$24,914	41.68%	$28,735	41.70%

Prudential Bancorp–New intends to invest the proceeds it retains from the offering initially in short-term, liquid investments. Although there can be no assurance that Prudential Bancorp–New will invest the net proceeds in anything other than short-term, liquid investments, over time, Prudential Bancorp–New may use the proceeds it 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 stock during the first year following the 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 securities. In the future, Prudential Savings Bank may use the proceeds that it receives from the offering, which is shown in the table above as the amount contributed to Prudential Savings Bank:

- 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 offices or developing new 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 investment of the proceeds of this offering and has not allocated a specific portion of the proceeds to any particular use. For a discussion of our business reasons for undertaking the offering see “The Conversion and 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 our shares of common stock, subject to statutory and regulatory requirements, policies and agreements. However, while no decision has been made with respect to the payment of dividends, we do not expect to declare any dividends prior to the end of fiscal 2014. In determining whether to pay a cash dividend and the amount of such cash dividend, the Board of Directors is expected to take into account a number of factors, including capital requirements, our consolidated financial condition and results of operations, tax considerations, statutory and regulatory limitations and general economic conditions. No assurances can be given that any dividends will be paid or that, if paid, will not be reduced or eliminated in the future. Special cash dividends, stock dividends or returns of capital, to the extent permitted by Pennsylvania Department of Banking and Federal Reserve Board policy and regulations, may be paid in addition to, or in lieu of regulatory cash dividends. We will file a consolidated tax return with Prudential Savings Bank. Accordingly, it is anticipated that any cash distributions made by us to our shareholders would be treated as cash dividends and not as a non-taxable return of capital for federal and state tax purposes. Additionally, during the three-year period following the offering, we will not take any action to declare an extraordinary 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 Bank, because Prudential Bancorp–New initially will have no source of income other than dividends from Prudential Savings Bank, earnings from the investment of proceeds from the sale of common stock 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 Prudential Savings Bank’s bad debt reserves would require a payment of taxes at the then-current tax rate by Prudential Savings Bank on the amount of earnings deemed to be removed from the reserves for such distribution. Prudential Savings Bank does not intend to make any distribution to Prudential Bancorp–New that would create such a federal tax liability. See “Taxation.”

Unlike Prudential Savings Bank, Prudential Bancorp–New is not subject to the above regulatory restrictions on the payment of dividends to its shareholders. Prudential Bancorp–New is, however, subject to the requirements of Pennsylvania law, which generally limit the payment of dividends to amounts that will not have the effect of making a corporation unable to pay its debts as they become due in the ordinary course of business or if the corporation’s total assets would be less than its total liabilities plus the amount, if any, needed to satisfy any preferential rights that shareholders may have if the corporation were dissolved. In addition, the Federal Reserve Board has issued a policy statement regarding the payment of dividends and the repurchase of shares of common stock by bank holding companies. In general, the policy provides that dividends should be paid only out of current earnings and only if the prospective rate of earnings retention by the holding company appears consistent with the organization’s capital needs, asset quality and overall financial condition. These regulatory policies could affect the ability of Prudential 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 there is an established market for such common stock. We have applied to have the common stock of Prudential Bancorp–New listed on the Nasdaq Global Market and we expect that its common stock will continue to be listed under the symbol "PBIP." In order to list our common stock on the Nasdaq Global Market, we are required to have at least three broker-dealers who will make a market in our common stock. We expect to have more than three registered market makers upon completion of the offering.

Making a market may include the solicitation of potential buyers and sellers in order to match buy and sell orders. The development of a liquid public market depends upon the existence of willing buyers and sellers, the presence of which is not within our control or the control of any market maker. The number of active buyers and sellers of our common stock at any particular time may be limited, which may have an adverse effect on the price at which our common stock can be sold. You should view the common stock as a long-term investment. Furthermore, there can be no assurance that you will be able to sell your shares at or above the $10.00 per share price in the offering.

The following table sets forth the high and low closing stock prices for existing Prudential Bancorp common stock and cash dividends per share declared for the periods indicated.

	Stock Price Per Share		
Quarter ended:	**High**	**Low**	**Cash Dividends Per Share**
September 30, 2013 (through August 12, 2013)	$10.12	$ 9.02	$0.00
June 30, 2013	9.97	8.01	0.00
March 31, 2013	9.17	6.75	0.00
December 31, 2012	7.07	5.85	0.00
September 30, 2012	6.31	5.47	0.00
June 30, 2012	5.59	5.21	0.00
March 31, 2012	5.99	5.15	0.00
December 31, 2011	5.37	4.80	0.00
September 30, 2011	6.29	5.05	0.00
June 30, 2011	8.00	5.60	0.00
March 31, 2011	7.95	6.05	0.05
December 31, 2010	7.33	5.50	0.05

At June 12, 2013, the business day immediately preceding the public announcement of the conversion, and at August 12, 2013, the date of this prospectus, the closing prices of existing Prudential Bancorp common stock as reported on the Nasdaq Global Market were $8.34 per share and $9.93 per share, respectively. At July 31, 2013, 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 Prudential Savings Bank's historical capital under accounting principles generally accepted in the United States of America and regulatory capital at March 31, 2013, and the pro forma capital of Prudential Savings Bank after giving effect to the offering, based upon the sale of the number of shares shown in the table. The pro forma capital amounts reflect the receipt by Prudential Savings Bank of 50% of the net offering proceeds. The pro forma risk-based capital amounts assume the investment of the net proceeds received by Prudential Savings Bank in assets which have a risk-weight of 20% under applicable regulations, as if such net proceeds had been received and so applied at March 31, 2013.

	Prudential Savings Bank Historical at March 31, 2013 (Unaudited)		Pro Forma at March 31, 2013: Minimum of Offering Range 5,278,542 Shares At $10.00 per Share		Pro Forma at March 31, 2013: Midpoint of Offering Range 6,210,199 Shares At $10.00 Per Share		Pro Forma at March 31, 2013: Maximum of Offering Range 7,141,602 Shares at $10.00 Per Share	
	Amount	Percent of Assets (1)	Amount	Percent of Assets (1)	Amount	Percent of Assets (1)	Amount	Percent of Assets (1)
	(Dollars in Thousands)							
GAAP capital	$56,448	11.78%	$77,539	15.50%	$81,362	16.14%	$85,184	16.77%
Tier 1 capital:								
Actual	$55,535	11.47%	$76,626	15.17%	$80,449	15.81%	$84,271	16.43%
Requirement	19,363	4.00	20,207	4.00	20,360	4.00	20,513	4.00
Excess	$36,172	7.47%	$56,419	11.17%	$60,089	11.81%	$63,758	12.43%
Tier 1 risk-based capital:								
Actual	$55,535	25.06%	$76,626	33.93%	$80,449	35.50%	$84,271	37.06%
Requirement	8,866	4.00	9,035	4.00	9,065	4.00	9,096	4.00
Excess	$46,669	21.06%	$67,591	29.93%	$71,384	31.50%	$75,175	33.06%
Total capital:								
Actual	$58,047	26.19%	$79,138	35.04%	$82,961	36.61%	$86,783	38.16%
Requirement	17,732	8.00	18,069	8.00	18,130	8.00	18,191	8.00
Excess	$40,315	18.19%	$61,069	27.04%	$64,831	28.61%	$68,592	30.16%
Reconciliation of capital infused into Prudential Savings Bank:								
Net proceeds infused			$25,313		$29,882		$34,450	
Less: Common stock acquired by employee stock ownership plan			(2,111)		(2,484)		(2,857)	

	Pro Forma at March 31, 2013		
Less: Shares acquired by stock recognition plan	(2,111)	(2,484)	(2,857)
Pro forma increase in GAAP and regulatory capital	$21,091	$24,914	$28,736

(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 consolidated capitalization of Prudential Bancorp–New after giving effect to the conversion and offering, based upon the sale of the number of shares shown below and the other assumptions set forth under "Pro Forma Data."

	Existing Prudential Bancorp Historical Capitalization	Prudential Bancorp–New — Pro Forma Based Upon Sale at $10.00 Per Share: 5,278,542 Shares (Minimum of Offering Range)	6,210,199 Shares (Midpoint of Offering Range)	7,141,602 Shares (Maximum of Offering Range)
	(In thousands)			
Deposits (1)	$416,097	$416,097	$416,097	$416,097
FHLB advances	340	340	340	340
Total deposits and FHLB advances	$416,437	$416,437	$416,437	$416,437
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	95
Additional paid-in capital (2)	54,932	105,613	114,739	123,862
Retained earnings (3)	38,510	38,510	38,510	38,510
Plus:				
Equity received from mutual holding company	—	728	728	728
Less:				
Accumulated other comprehensive income	913	913	913	913
Common stock held by the employee stock ownership plan (4)	(2,676)	(4,787)	(5,160)	(5,533)
Common stock held by the new recognition and retention plan (5)	—	(2,111)	(2,484)	(2,857)
Treasury stock	(31,625)	(31,625)	(31,625)	(31,625)
Total stockholders' equity	$60,180	$107,312	$115,704	$124,093
Ratio of total stockholders' equity to total assets	12.56%	20.39%	21.64%	22.85%

(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 withdrawals would reduce pro forma deposits by 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 shares of our common stock to be outstanding, which includes the exchange of all of the currently outstanding shares of existing Prudential Bancorp common stock pursuant to the exchange ratio except for the shares owned by Prudential Mutual Holding Company. No effect has been given to the issuance of additional shares of common stock pursuant to our proposed new stock option plan or pursuant to the exercise of options under our existing stock option plan. If the new stock plan is implemented within the first year after the closing of the offering, an amount up to 10% of the shares of Prudential Bancorp–New common stock sold in the offering will be reserved for issuance upon the exercise of options under the plan, subject to adjustment as may be required by federal regulations or policy to reflect stock options previously reserved by existing Prudential Bancorp so that the total shares available for issuance upon the exercise of stock options does not exceed 10% of Prudential Bancorp–New's outstanding shares immediately after the conversion and offering. Shareholder approval of such new stock option plan would be required. Your ownership percentage would decrease by approximately 6.96% if all potential stock options are exercised from our authorized but unissued 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 addition to the shares already owned by the employee stock ownership plan. The common stock acquired by our employee stock ownership plan is reflected as a reduction of stockholders' equity. Assumes the funds used to acquire our employee stock ownership plan shares will be borrowed from us. See Note 1 to the tables set forth under "Pro Forma Data" and "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 will be purchased for grant by the proposed new stock recognition and retention plan. If the new recognition plan is adopted within 12 months following the conversion, the amount reserved for restricted stock awards would be subject to adjustment as may be required by federal regulations or policy to reflect restricted stock previously reserved by existing Prudential Bancorp so that the total shares reserved for restricted stock awards does not exceed 4% of Prudential Bancorp–New's outstanding shares immediately after the conversion and offering. Shareholder approval of the new recognition and retention plan is required before it can be implemented. The table assumes that shareholder approval has been obtained and that such shares are purchased in the open market at $10.00 per share. The common stock so acquired by the recognition and retention plan is reflected as a reduction in stockholders' equity. If the shares are purchased at prices higher or lower than the initial purchase price of $10.00 per share, such purchases would have a greater or lesser impact, respectively, on stockholders' equity. If the recognition and retention plan purchases authorized but unissued shares from us, such issuance would dilute the voting interests of existing shareholders by approximately 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 exchange for their shares of common stock of existing Prudential Bancorp pursuant to an exchange ratio. Subject to adjustment, the exchange ratio ensures that the public shareholders will own the same percentage of the common stock of Prudential Bancorp–New after the conversion as they held in existing Prudential Bancorp immediately prior to the conversion, without giving effect to new shares purchased in the offering or cash paid in lieu of any fractional shares. However, consistent with Federal Reserve Board regulations, the exchange ratio must be adjusted downward to reflect the aggregate amount of existing Prudential Bancorp dividends paid to Prudential Mutual Holding Company and the initial capitalization of Prudential Mutual Holding Company. Prudential Mutual Holding Company had assets of $706,000 as of June 30, 2013, not including existing Prudential Bancorp common stock. The adjustments described above will decrease existing Prudential Bancorp's shareholders' ownership interest in Prudential Bancorp–New from 25.4% to 25.2% at June 30, 2013. If existing Prudential Bancorp were to declare any further dividends before the completion of the second-step conversion, which is not anticipated, public shareholders' ownership interest in existing Prudential Bancorp would be further diluted.

In accordance with the process described above, the independent appraiser determined Prudential Bancorp–New's pro forma market value by adjusting the exchange ratio downward to account for the assets held by Prudential Mutual Holding Company other than the common stock of existing Prudential Bancorp and decreasing the 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 offering is completed. However, the net 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 in the community offering;
- Our employee stock ownership plan will purchase an amount equal to 4.0% of the shares sold in the offering and that such shares are purchased at a price of $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 price of the shares sold in the subscription offering, except that no fee will be paid with respect to shares purchased by our officers, directors and employees or members of their immediate families or by 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 aggregate purchase price of the shares sold in the community offering; and
- Total expenses of the offering, excluding sales commissions and management fees referenced above, will be approximately $1.2 million.

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

- Pro forma earnings have been calculated assuming the common stock had been sold at the beginning of the periods and the net proceeds had been invested at an average yield of 1.47%, which represents the average of the yield on the five-year U.S. Treasury Note for the week ended March 29, 2013 (0.78%) and on 15-year fixed-rate mortgage-backed securities less 60 basis points (2.16%, based on Freddie Mac's Primary Mortgage Market Survey ®) at March 28, 2013. We have used an assumed yield of 1.47% (0.97% after tax) in lieu of the arithmetic average method because we believe it more accurately reflects the yield that we 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;

- Historical and pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the indicated number of shares of stock, as adjusted in the pro forma net income per share to give effect to the purchase of shares by the employee stock ownership plan; and

- Pro forma stockholders' equity amounts have been calculated as if our common stock had been sold in the offering on March 31, 2013 and September 30, 2012, 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 offering actually occurs and should not be taken as indicative of future results of operations. Pro forma stockholders' equity represents the difference between the stated amount of our assets and liabilities computed in accordance with generally accepted accounting principles. Stockholders' equity does not give effect to intangible assets in the event of a liquidation or to Prudential Savings Bank's bad debt reserve. The pro forma stockholders' equity is not intended to represent the fair market value of the common stock and may be 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 stock option plan which we expect to adopt following the offering and present, together with the stock recognition plan discussed below, to our shareholders for approval at a meeting to be held at least six months after the offering is completed. See "Management — New Stock Benefit Plans." For purposes of the tables, we have assumed that shareholder approval was obtained, that the 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 stock options had a term of 10 years and vested pro rata over five years, and that the new stock option plan granted options to acquire common stock equal to 10.0% of the shares sold in the offering. We applied the Black-Scholes option pricing model to estimate a grant date fair value of $4.84 for each option. In addition to the terms of the options described above, the Black-Scholes option pricing model incorporated an estimated volatility rate of 36.0% for the common stock, zero dividend yield, an expected option life of 10 years and a risk-free interest rate of 1.87%. There can be no assurance that shareholder approval of the stock option plan will be obtained, that the exercise price of the options will be $10.00 per share or that the Black-Scholes option pricing model assumptions used to prepare the table will be the same at the time the options are granted.

The tables also give effect to the stock recognition and retention plan, which we expect to adopt following the offering and present, together with the new stock option plan discussed above, to our shareholders for approval at a meeting to be held at least six months after the offering is completed. If approved by shareholders, the stock recognition and retention plan intends to acquire an amount of common stock equal to 4.0% of the shares to be sold in the offering, either through open market purchases, if permissible, or from authorized but unissued shares of common stock. The tables assume that shareholder approval has been obtained and that the shares acquired by the stock recognition and retention plan are purchased in the open market at $10.00 per share and vest over a five-year period at the rate of 20% per year. There can be no assurance that shareholder approval of the stock recognition and retention plan will be obtained, that the shares will be purchased in the open market or 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 basis for projection of the market value of our common stock following the conversion and the offering.

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	At or For the Six Months Ended March 31, 2013		
	5,278,542 Shares Sold at $10.00 per Share (Minimum of Range)	6,210,199 Shares Sold at $10.00 per Share (Midpoint of Range)	7,141,602 Shares Sold at $10.00 per Share (Maximum of Range)
	(Dollars in Thousands, Except per Share Amounts)		
Gross proceeds	$52,785	$62,102	$71,416
Less: estimated offering expenses	(2,159)	(2,338)	(2,517)
Estimated net proceeds	$50,626	$59,764	$68,899
Less: common stock acquired by employee stock ownership plan (1)	(2,111)	(2,484)	(2,857)
Less: common stock to be acquired by recognition and retention plan (2)	(2,111)	(2,484)	(2,857)
Plus: assets received from mutual holding company	728	728	728
Estimated net investable proceeds	$47,132	$55,524	$63,913
Pro Forma Net Income:			
Pro forma net income:			
Historical	$286	$286	$286
Pro forma income on net investable proceeds (3):	229	269	310
Less: pro forma employee stock ownership plan adjustments (1)	(35)	(41)	(47)
Less: pro forma restricted stock award expense (2)	(139)	(164)	(189)
Less: pro forma stock option expense (4)	(255)	(301)	(346)
Pro forma net income	$86	$49	$14
Pro forma net income per share:			
Historical (5)	$0.04	$0.04	$0.03
Pro forma income on net investable proceeds:	0.04	0.04	0.04
Less: pro forma employee stock ownership plan adjustments (1)	(0.01)	(0.01)	(0.01)
Less: pro forma restricted stock award expense (2)	(0.02)	(0.02)	(0.02)
Less: pro forma stock option expense (4)	(0.04)	(0.04)	(0.04)
Pro forma net income per share	$0.01	$0.01	$—
Offering price as a multiple of pro forma net income per share	500.0x	500.0x	N/M
Number of shares used to calculate pro forma net income per share (6)	6,587,876	7,749,864	8,912,835
Pro Forma Stockholders' Equity:			
Pro forma stockholders' equity (book value) (4):			
Historical	60,180	60,180	60,180
Estimated net proceeds	50,626	59,764	68,899
Plus: equity increase from mutual holding company	728	728	728
Less: common stock acquired by employee stock ownership plan (1)	(2,111)	(2,484)	(2,857)
	(2,111)	(2,484)	(2,857)

	At or For the Six Months Ended March 31, 2013		
Less: common stock to be acquired by recognition and retention plan (2)			
Pro forma stockholders' equity	$107,312	$115,704	$124,093
Pro forma stockholders' equity per share (5):			
Historical	$8.53	$7.25	$6.30
Estimated net proceeds	7.18	7.20	7.22
Plus: equity increase from mutual holding company	0.10	0.09	0.08
Less: common stock acquired by employee stock ownership plan (1)	(0.30)	(0.30)	(0.30)
Less: common stock to be acquired by recognition and retention plan (2)	(0.30)	(0.30)	(0.30)
Pro forma stockholders' equity per share	$15.21	$13.94	$13.00
Offering price as a percentage of pro forma stockholders' equity per share	65.75%	71.74%	76.92%
Number of shares used to calculate pro forma stockholders' equity per share (6)	7,055,000	8,300,000	9,545,000

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	At or For the Year Ended September 30, 2012		
	5,278,542 Shares Sold at $10.00 per Share (Minimum of Range)	**6,210,199 Shares Sold at $10.00 per Share (Midpoint of Range)**	**7,141,602 Shares Sold at $10.00 per Share (Maximum of Range)**
	(Dollars in Thousands, Except per Share Amounts)		
Gross proceeds	$52,785	$62,102	$71,416
Less: estimated offering expenses	(2,159)	(2,338)	(2,517)
Estimated net proceeds	$50,626	$59,764	$68,899
Less: common stock acquired by employee stock ownership plan (1)	(2,111)	(2,484)	(2,857)
Less: common stock to be acquired by recognition and retention plan (2)	(2,111)	(2,484)	(2,857)
Plus: assets received from mutual holding company	728	728	728
Estimated net investable proceeds	$47,132	$55,524	$63,913
Pro Forma Net Income:			
Pro forma net income:			
Historical	$2,593	$2,593	$2,593
Pro forma income on net investable proceeds (3):	457	539	620
Less: pro forma employee stock ownership plan adjustments (1)	(70)	(82)	(94)
Less: pro forma restricted stock award expense (2)	(279)	(328)	(377)
Less: pro forma stock option expense (4)	(511)	(601)	(691)
Pro forma net income	$2,190	$2,121	$2,051
Pro forma net income per share:			
Historical (5)	$0.40	$0.34	$0.29
Pro forma income on net investable proceeds:	0.07	0.07	0.07
Less: pro forma employee stock ownership plan adjustments (1)	(0.01)	(0.01)	(0.01)
Less: pro forma restricted stock award expense (2)	(0.04)	(0.04)	(0.04)
Less: pro forma stock option expense (4)	(0.08)	(0.08)	(0.08)
Pro forma net income per share	$0.34	$0.28	$0.23
Offering price as a multiple of pro forma net income per share	29.41x	35.71x	43.48x
Number of shares used to calculate pro forma net income per share (6)	6,515,828	7,665,108	8,815,359
Pro Forma Stockholders' Equity:			
Pro forma stockholders' equity (book value) (4):			
Historical	59,831	59,831	59,831
Estimated net proceeds	50,626	59,764	68,899
Plus: equity increase from mutual holding company	728	728	728
Less: common stock acquired by employee stock ownership plan (1)	(2,111)	(2,484)	(2,857)
	(2,111)	(2,484)	(2,857)

	At or For the Year Ended September 30, 2012		
Less: common stock to be acquired by recognition and retention plan (2)			
Pro forma stockholders' equity	$106,963	$115,355	$123,744
Pro forma stockholders' equity per share (5):			
Historical	$8.48	$7.21	$6.27
Estimated net proceeds	7.18	7.20	7.22
Plus: equity increase from mutual holding company	0.10	0.09	0.08
Less: common stock acquired by employee stock ownership plan (1)	(0.30)	(0.30)	(0.30)
Less: common stock to be acquired by recognition and retention plan (2)	(0.30)	(0.30)	(0.30)
Pro forma stockholders' equity per share	$15.16	$13.90	$12.96
Offering price as a percentage of pro forma stockholders' equity per share	65.96%	71.94%	77.16%
Number of shares used to calculate pro forma stockholders' equity per share (6)	7,055,000	8,300,000	9,545,000

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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 offering retained by Prudential Bancorp–New. The amount of this borrowing has been reflected as a reduction from gross proceeds to determine estimated net investable proceeds. Prudential Savings Bank intends to make contributions to the employee stock ownership plan in amounts at least equal to the principal and interest requirement of the debt. Interest income that Prudential Bancorp–New will earn on the loan will offset the interest paid on the loan by Prudential Savings Bank. As the debt is paid down, shares will be released for allocation to participants' accounts and stockholders' equity will be increased. The adjustment to pro forma net income for the employee stock ownership plan reflects the after-tax compensation expense associated with the plan, based on an assumed effective tax rate of 34.0%. Applicable accounting principles require that compensation expense for the employee stock ownership plan be based upon shares committed to be released and that unallocated shares be excluded from earnings per share computations. An equal number of shares (1/20 of the total, based on a 20-year loan) will be released each year over the term of the loan. The pro forma net income for the six months ended March 31, 2013 assumes the 5,278, 6,210 and 7,141 shares were committed to be released during the period at the minimum, midpoint and maximum of the offering range, respectively. For the year ended September 30, 2012, the pro forma net income assumes that 10,557, 12,420 and 14,283 shares were committed to be released at the minimum, midpoint and maximum of the offering range, respectively. The valuation of shares committed to be released would be based upon the average market value of the shares during the year, which, for purposes of this calculation, was assumed to be equal to the $10.00 per share purchase price. If the average market value per share is greater than $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 in the offering for the recognition and retention plan proposed to be adopted following the offering. Such amount is subject to adjustment, as previously discussed, as may be required by federal regulations or policy to reflect restricted stock previously reserved by existing Prudential Bancorp. The assumed cost of these shares has been reflected as a reduction from gross proceeds to determine estimated net investable proceeds. In calculating the pro forma effect of the restricted stock awards, it is assumed that the required shareholder approval has been received, that the shares used to fund the awards were acquired at the beginning of the respective period and that the shares were acquired at the $10.00 per share purchase price. The issuance of authorized but unissued shares of common stock instead of shares repurchased in the open market would dilute the ownership interests of shareholders of Prudential Bancorp–New, by approximately 2.91%, assuming the midpoint of the offering range. The adjustment to pro forma net income for the restricted stock awards reflects the after-tax compensation expense associated with the awards. The assumed effective tax rate is 34.0%. If the fair market value per share is greater than $10.00 per share on the date shares are awarded 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 assets received from Prudential Mutual Holding Company, less the cost of acquiring shares in the open market at the $10.00 per share purchase price to fund the employee stock ownership plan and the restricted stock awards under the recognition and retention plan multiplied by the after-tax reinvestment rate. The after-tax reinvestment rate is equal to 0.97% based on the following assumptions: combined federal and state income tax rate of 34.0% and a pre-tax reinvestment rate of 1.47%.

(4)

- The adjustment to pro forma net income for stock options reflects the compensation expense associated with the stock options (assuming no federal tax benefit) that may be granted under the new stock option plan to be adopted following the offering. Assumes that, if approved by Prudential Bancorp–New's shareholders, the new stock option plan grants options to acquire an aggregate number of shares of common stock equal to 10% of the shares to be sold in the offering. Such amount is subject to adjustment as may be required by federal regulations or policy to reflect stock options previously reserved by existing Prudential Bancorp. Shareholder approval of the new plan may not occur earlier than six months after the completion of the conversion. The Black-Scholes option-pricing formula has been used to estimate the values of the options. Applicable accounting standards do not

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prescribe a specific valuation technique to be used to estimate the fair value of employee stock options. Prudential Bancorp–New may use a valuation technique other than the Black-Scholes option-pricing formula and that technique may produce a different value. In addition, if the fair market value per share is different than $10.00 per share on the date options are awarded under the stock option plan, or if the assumptions used in the option-pricing formula are different from those used in preparing this pro forma data, the value of the stock options and the related expense would be different. The issuance of authorized but unissued shares of common stock to satisfy option exercises instead of shares repurchased in the open market would dilute the ownership interests of existing shareholders, by approximately 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 by Prudential Bancorp–New in exchange for the currently outstanding shares of existing Prudential Bancorp common stock. As reported, the net income per share of existing Prudential Bancorp for the 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 outstanding upon completion of the offering, less the number of shares purchased by the employee stock ownership plan not committed to be released within one year following the offering. The number of shares used to calculate pro forma stockholders’ equity per share is equal to the total number of shares to be outstanding upon completion of the offering.

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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 holding company form of organization in March 2005. Existing Prudential Bancorp Bancorp's results of operations are primarily dependent on the results of Prudential Savings Bank, which is a wholly owned subsidiary of existing Prudential Bancorp. Prudential Savings Bank currently operates seven banking offices, six of which are in Philadelphia (Philadelphia County) and one in Drexel Hill in Delaware County. Prudential Savings Bank's primary business consists of attracting deposits from the general public and using those funds 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 investment and mortgage-backed securities, total 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 below its 2006 peak and average home prices are approximately 30 percent below their average price prior to the financial crisis. Disruptions in the financial markets which began in 2007 and erupted into a financial crisis by September 2008, continue to impact the broader economy and real estate markets, particularly residential markets, both nationally and locally. While the Philadelphia area did not suffer the wholesale declines in the value of residential real estate as other areas of the country, the downturn rippled through many parts of the local economy, especially condominium sales, construction lending and lending to contractors. As a result of the significant deterioration of property values experienced during the fiscal 2011 period necessitated large charge-offs and loan loss provision expense by Prudential Savings Bank. During calendar 2012 and the first quarter of calendar 2013, the housing market in many areas has stabilized and home building activity has strengthened. The Philadelphia area has seen 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 throughout our markets, gathering information, working on early detection of potential problems, taking pre-emptive steps where necessary and performing the analysis required to maintain adequate reserves for loan 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 accompanying notes to the consolidated financial statements contained elsewhere herein.

Business Strategy

Our mission is to operate as a profitable, independent community-oriented financial institution serving primarily retail customers and small and mid-sized businesses in our market area. We are focused on prudently increasing profitability and enhancing shareholder value. The following are key elements of our current business strategy:

- Improving Asset Quality. We are continuing our efforts to improve asset quality. At March 31, 2013, our total non-performing assets amounted to $7.4 million, or 1.6% of total assets, reflecting an $8.6 million, or 53.5%, reduction compared to $16.0 million of total non-performing assets at September 30, 2012 (when total non-performing assets amounted to 3.3% of total assets). During fiscal years ended September 30, 2012 and 2011, the relatively high levels of non-performing assets and other problem assets, primarily related to construction and land development projects, significantly impacted our results of operations as the high levels of provisions for loan losses and charge-offs and other expenses related to other real estate owned was a significant contributor to the reduced level of net income, in particular in fiscal 2011 in which we established $4.6 million in provisions for loan losses. Given the decline in real estate 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 origination of these types of loans beginning the later part of fiscal 2010. In our efforts to reduce the levels of our non-performing and other problem assets in recent periods, we adopted and implemented a completely revised and enhanced loan policy which provides for (i) a substantially enhanced loan underwriting and loan review process including a robust and systematic credit review process; (ii) an enhanced loan grading system that provides for the periodic grading of credit extensions, both at the time of origination as well as periodically thereafter; (iii) an enhanced loan and lease loss allowance methodology; and (iv) a revised and enhanced loan extension and modification procedure. We have also adopted and implemented comprehensive credit memoranda and global cash flow and collateral analysis processes as part of our enhanced loan review procedures. We also hired recently a credit officer with more than 25 years of experience in loan underwriting and credit analysis including underwriting and analyzing commercial real estate and commercial business credits and a 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 relatively modest basis, and subject to favorable market conditions, the origination of construction and land loans as well as commercialreal estate and commercial business loans within our primary market area. Such loans will be underwritten in accordance with our strengthened loan underwriting standards and our enhanced credit review and administration procedures. We believe that we can be a successful niche lender to small and mid-sized commercial borrowers and developers with whom we have had experience in our primary market area. We also plan to continue the modest growth of our loan portfolio that we have experienced in recent periods but with increased diversification. Such diversification may include becoming involved to a limited degree in SBA lending and commercial lease lending. We currently do not expect that our investment in such loans would exceed approximately 3.5% of the total loan portfolio. We believe that an expansion of our involvement in construction and land lending as well as commercial real estate and commercial business lending in a planned, deliberative fashion with the loan underwriting and administration enhancements that we have implemented in recent periods, together with modest loan growth, should increase our interest income and our returns in future periods.

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- Improving our Funding Mix by Attracting Lower Cost Core Retail Deposits. Core deposits include all deposit account types except certificates of deposit. Core deposits are our least costly source of funds and improve our interest rate spread. We believe that core deposits represent our best opportunity to develop customer relationships that enable us to cross-sell our full complement of products and services. Core deposits also contribute non-interest income from account-related fees and services and are generally less sensitive to withdrawal when interest rates fluctuate. At March 31, 2013, core deposits represented 43.2% of our total deposits compared to 41.9% of total deposits at September 30, 2012 and 41.2% of total deposits at September 30, 2011. We are planning to continue our efforts to increase core deposits. In addition, we will seek to develop commercial checking accounts as we increase commercial lending and we plan to enhance our cross-marketing as part of our efforts to gain additional deposit relationships with our loan customers.

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- Continuing our Community-Oriented Focus. As a community-oriented financial institution, we emphasize providing exceptional customer service as a means to attract and retain customers. We deliver personalized service and respond with flexibility to customer needs. We believe that our community orientation is attractive to our customers and distinguishes us from the large banks that operate in our market area. Our management team has strong ties to, and deep roots 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 understand the significant accounting policies used in preparing our financial statements. These policies are described in Note 2 of the notes to our consolidated financial statements

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

Allowance for Loan Losses. The allowance for loan losses is established through a provision for loan losses charged to expense. Losses are charged against the allowance for loan losses when management believes that the collectability in full of the principal of a loan is unlikely. Subsequent recoveries are added to the allowance. The allowance for loan losses is maintained at a level that management considers adequate to provide for estimated losses and impairments based upon an evaluation of known and inherent losses in the loan portfolio that are both probable and reasonable to estimate. Loan impairment is evaluated based on the fair value of collateral or estimated net realizable value. It is the policy of management to provide for losses on unidentified loans in its portfolio in addition to criticized and classified loans.

Management monitors its allowance for loan losses at least quarterly and makes adjustments to the allowance through the provision for loan losses as economic conditions and other pertinent factors indicate. The quarterly review and adjustment of the qualitative factors employed in the allowance methodology and the updating of historic loss experience allow for timely reaction to emerging conditions and trends. In this context, a series of qualitative factors are used in a methodology as a 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 commercial loans, the level of loans being 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 assigned to the qualitative factors and those developed from historic loss experience provide a dynamic basis for the calculation of reserve factors for both pass-rated loans (general pooled allowance) and those criticized and classified loans. The amount of the specific allowance is determined through a loan-by-loan analysis of certain large dollar commercial real estate loans. Loans not individually reviewed are evaluated as a group using reserve factor percentages based on historical loss experience and the qualitative factors described above. In determining the appropriate level of the general pooled allowance, management makes estimates based on internal risk ratings, which take into account such factors as debt service coverage, loan-to-value ratios and external factors. Estimates are periodically measured against actual loss experience.

This evaluation is inherently subjective as it requires material estimates including, among others, exposure at default, the amount and timing of expected future cash flows on impaired loans, value of collateral, estimated losses on our commercial, construction and residential loan portfolios and historical loss experience. All of these 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 may be necessary based on changes in economic and other conditions or changes in accounting guidance. In addition, the Pennsylvania Department of Banking and the Federal Deposit Insurance Corporation, as an integral part of their examination processes, periodically review our allowance for loan losses. The Pennsylvania Department of Banking and the Federal Deposit Insurance Corporation may require the recognition of adjustments to the allowance for loan losses based on their judgment of information available to them at the time of their examinations. To the extent that actual outcomes differ from management's estimates, additional provisions to the allowance for loan losses 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, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or discounted cash flows and are classified within Level 2 of the fair value hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy, although there were no securities with that classification as of March 31, 2013, September 30, 2012 or 2011.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. We determine whether the unrealized losses are temporary in accordance with U.S. GAAP. The evaluation is based upon factors such as the creditworthiness of the issuers/guarantors, the underlying collateral, if applicable, and the continuing performance of the securities. In addition, we also consider the likelihood that the security will be required to be sold by a regulatory agency, our internal intent not to dispose of the security prior to maturity and whether the entire cost basis of the security is expected to be recovered. In determining whether the cost basis will be recovered, management evaluates other facts and circumstances that may be indicative of an other-than-temporary impairment condition. This includes, but is not limited to, an evaluation of the type of security, length of time and extent 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 value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). We measure impaired loans, FHLB stock and loans or bank 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 management at least quarterly.

Income Taxes. Existing Prudential Bancorp accounts for income taxes in accordance with U.S. GAAP. We record deferred income taxes that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Management exercises significant judgment in the evaluation of the amount and timing of the recognition of the resulting tax assets and liabilities. The judgments and estimates required for the evaluation are updated based upon changes in business factors and the tax laws. If actual results differ from the assumptions and other considerations used in estimating the amount and timing of tax recognized, there can be no assurance that additional expenses will not be required in future periods. In evaluating our ability to recover deferred tax assets, we consider all available positive and negative evidence, including our past operating results and our forecast of future taxable income. In determining future taxable income, we make assumptions for the amount of taxable income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require us to make judgments about our future taxable income and are consistent with the plans and estimates we use to manage our business. Any reduction in estimated future taxable income may require us to record an additional valuation allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in the period and could have a 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 recognized. We recognize, when applicable, interest and penalties related to unrecognized tax benefits in the provision for income taxes in the consolidated income statement. Assessment of uncertain tax positions requires careful consideration of the technical merits of a position based on management's analysis of tax regulations and interpretations. Significant 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 forth elsewhere herein.

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 with similar characteristics. We have 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 the normal course of business to meet the financing needs of our customers. These financial instruments include commitments to extend credit and the unused portions of lines of credit. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial condition. Commitments to extend credit generally have fixed expiration dates and may require additional collateral from the borrower if deemed necessary. Commitments to 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 amounts pursuant to outstanding letters of credit, lines of credit and undisbursed construction loans at March 31, 2013 and September 30, 2012.

	Total Amounts Committed at March 31, 2013	**Amount of Commitment Expiration — Per Period**			
		Less than 1 Year	**1 – 3 Years**	**3 – 5 Years**	**After 5 Years**
			(In Thousands)		
Letters of credit	$187	$187	$—	$—	$—
Lines of credit (1)	6,100	—	—	—	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	$—	$6,100

	Total Amounts Committed at September 30, 2012	**Amount of Commitment Expiration — Per Period**			
		Less than 1 Year	**1 – 3 Years**	**3 – 5 Years**	**After 5 Years**
			(In Thousands)		
Letters of credit	$167	$167	$—	$—	$—
Lines of credit (1)	6,471	—	—	—	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	$—	$6,471

(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 September 30, 2012.

	At March 31, 2013 — Payments Due By Period				
	Total	**Less than 1 Year**	**1 – 3 Years**	**3 – 5 Years**	**After 5 Years**
			(In Thousands)		
Certificates of deposit	$236,220	$141,425	$53,103	$41,692	$—
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	$41,692	$—

	At September 30, 2012 — Payments Due By Period				
	Total	**Less than 1 Year**	**1 – 3 Years**	**3 – 5 Years**	**After 5 Years**
			(In Thousands)		
Certificates of deposit	$247,414	$121,984	$105,863	$28,390	$—
FHLB advances (1)	483	143	340	—	—
Total long-term debt	247,897	122,127	106,203	28,390	—
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	$28,390	$—

(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 the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Tax-exempt income and yields have not been adjusted to a tax-equivalent basis. All average balances are based on monthly balances. Management does not believe that the monthly averages differ significantly from what the daily averages would be.

		Six Months Ended March 31,					
	Yield/Rate at March 31, 2013	2013			2012		
		Average Balance	Interest	Average Yield/ Rate (1)	Average Balance	Interest	Average Yield/ Rate (1)
		(Dollars in Thousands)					
Interest-earning assets:							
Investment securities	2.50 %	$81,182	$1,028	2.53 %	$88,556	$1,203	2.72 %
Mortgage-backed securities	3.26	64,883	1,178	3.63	89,369	2,019	4.52
Loans receivable (2)	4.52	270,611	6,388	4.72	238,958	6,519	5.46
Other interest-earning assets	0.20	51,035	56	0.22	62,598	55	0.16
Total interest-earning assets	3.52	467,711	8,650	3.70	479,481	9,796	4.09
Non-interest-earning assets		20,085			20,916		
Total assets		487,796			500,397		
Interest-bearing liabilities:							
Savings accounts	0.20	71,314	119	0.33	69,601	224	0.64
Checking and money market accounts	0.33	104,512	181	0.35	104,431	274	0.52
Certificate accounts	1.66	245,528	2,057	1.70	259,583	2,504	1.93
Total deposits	1.08	418,354	2,357	1.13	433,615	3,002	1.38
FHLB advances	—	359	—	0.00	559	2	0.72
Real estate tax escrow accounts	0.20	1,853	2	0.22	1,528	3	0.39
Total interest-bearing liabilities	1.08	420,566	2,359	1.12	435,702	3,007	1.38
Non-interest-bearing liabilities		7,135			6,755		
Total liabilities		427,701			442,457		
Stockholders' equity		60,095			57,940		
Total liabilities and stockholders' equity		487,796			500,397		
Net interest-earning assets		$47,145	$6,291		$43,779	$6,789	
Net interest income; interest rate spread	2.44 %			2.58 %			2.71 %
Net interest margin (3)				2.69 %			2.83 %
Average interest-earning assets				111.21 %			110.05 %

	Six Months Ended March 31,
to average interest-bearing liabilities	

(Footnotes on next page)

	Year Ended September 30,								
	2012			2011			2010		
	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Averag Yield/Ra
	(Dollars in Thousands)								
est-earning s:									
stment rities	$77,224	$2,102	2.72 %	$107,065	$3,569	3.33 %	$117,655	$5,431	4.62
gage-backed rities	89,089	3,726	4.18	89,666	4,300	4.80	92,294	4,721	5.12
s receivable (2)	242,780	13,008	5.36	246,188	13,724	5.57	254,781	14,914	5.85
r est-earning s	70,024	143	0.20	47,918	92	0.19	29,543	43	0.15
l est-earning s	479,117	18,979	3.96	490,837	21,685	4.42	494,273	25,109	5.08
-interest-earning s	20,818			21,210			26,092		
l assets	499,935			512,047			520,365		
est-bearing lities:									
ngs accounts	70,186	396	0.56	69,741	695	1.00	69,363	1,224	1.76
king and ey market unts	103,988	490	0.47	105,046	779	0.74	105,724	1,119	1.06
ficate accounts	258,154	4,884	1.89	271,758	5,612	2.07	264,082	6,321	2.39
l deposits	432,328	5,770	1.33	446,545	7,086	1.59	439,169	8,664	1.97
B advances	537	4	0.74	591	6	1.02	16,676	746	4.47
estate tax ow accounts	1,561	5	0.32	1,477	5	0.34	1,638	6	0.37
l est-bearing lities	434,426	5,779	1.33	448,613	7,097	1.58	457,483	9,416	2.06
-interest-bearing lities	6,979			7,624			6,794		
l liabilities	441,405			456,237			464,277		
kholders' equity	58,530			55,810			56,088		
l liabilities and kholders' equity	499,935			512,047			520,365		
nterest-earning s	$44,691			$42,224			$36,790		
nterest income; est rate spread		$13,200	2.63 %		$14,588	2.84 %		$15,693	3.02
nterest gin (3)			2.76 %			2.97 %			3.17
rage est-earning			110.29 %			109.41 %			108.04

Year Ended September 30,

s to average
est-bearing
lities

(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 process and allowance for loan losses.

(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 and interest-bearing liabilities affected our interest income and expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (1) changes in rate, which is the change in rate multiplied by prior year volume, and (2) changes in volume, which is the change in volume multiplied by prior year rate. The combined effect of changes in both rate and volume has been allocated proportionately to the change due to rate and the change due to volume.

Six Months Ended March 31, 2013 vs. 2012 Increase (Decrease) Due to				Year Ended September 30, 2012 vs. 2011 Increase (Decrease) Due to				2011 vs. 20 Increase (Decreas		
olume	Rate	Rate/ Volume	Total Increase (Decrease)	Rate	Volume	Rate/ Volume	Total Increase (Decrease)	Rate	Volume	Rat Volu
					(In Thousands)					
(100)	$(82)	$7	$(175)	$(655)	$(995)	$183	$(1,467)	$(1,509)	$(489)	$135
(554)	(396)	109	(841)	(550)	(28)	4	(574)	(295)	(134)	8
363	(878)	(116)	(131)	(533)	(190)	7	(716)	(711)	(503)	24
(12)	3	10	1	6	42	3	51	14	27	9
197	(1,353)	10	(1,146)	(1,732)	(1,171)	197	(2,706)	(2,501)	(1,099)	176
6	(108)	(3)	(105)	(302)	4	(1)	(299)	(533)	7	(4
—	(93)	—	(93)	(284)	(8)	3	(289)	(335)	(7)	2
(165)	(302)	20	(447)	(471)	(281)	24	(728)	(868)	184	(25
(159)	(503)	17	(645)	(1,057)	(285)	26	(1,316)	(1,736)	184	(27
(1)	(2)	—	(3)	(1)	(1)	—	(2)	(577)	(720)	557
(160)	(505)	17	(648)	(1,058)	(286)	26	(1,318)	(2,313)	(536)	530
357	$(848)	$(7)	$(498)	$(674)	$(885)	$171	$(1,388)	$(188)	$(563)	$(354

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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, 2012. The decrease was attributable to a decrease in cash and cash equivalents of $47.7 million. This decrease was substantially offset by increases of $21.6 million and $17.6 million in our investment and mortgage-backed securities portfolio and loan portfolio, respectively, reflecting the deployment of our cash and cash equivalents to purchase securities and originate 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 decrease was due to a $9.5 million decrease in deposits and a $1.6 million decrease in accrued interest related to certificates of deposit as interest accrued on such deposits is generally distributed at the end of the calendar year. Allowing the runoff of higher costing certificates of deposit as part of our asset-liability management strategy led to the reduction in total 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 primarily reflected equity increases associated with stock benefit plan expenses of $433,000. Also contributing to the increase was net income of $286,000 for the first six months of fiscal 2013, offset partially by a 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, 2011. The decrease was primarily attributable to a $55.2 million decrease in the investment and mortgage-backed securities portfolio. This decrease was substantially offset by increases of $27.4 million in cash and cash equivalents and $20.2 million in net loans. During fiscal 2012, in particular the third and fourth quarter, we received the proceeds from securities sold or called which we are in the process of deploying primarily into the purchase of U.S. government agency securities and the origination of residential mortgage loans. As a result of the continued low interest rate environment, many issuers determined to call their securities since they bore yields that were well above the current market.

Total liabilities decreased $11.4 million to $430.7 million at September 30, 2012 from $442.1 million at September 30, 2011. The decrease was primarily the result of a $10.4 million decrease in deposits as a result of our decision to lower rates paid on certificate accounts to facilitate a modest run-off in higher cost certificates of deposit.

Stockholders' equity increased by $2.4 million to $59.8 million at September 30, 2012 from $57.5 million at September 30, 2011. The increase primarily reflected net 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 $488,000 for the comparable period in 2012. The decreased level of earnings for the 2013 period primarily reflected the decrease in net interest income combined with the effects of an increase in the valuation 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 million as compared to $6.8 million for the same period in 2012. The decrease was due to a $1.1 million or 11.7% decrease in interest income partially offset by a $648,000 or 21.5% decrease in interest expense. The decrease in interest income resulted from a 39 basis point decrease to 3.70% in the weighted average yield earned on interest-earning assets combined with an $11.8 million or 2.5% decrease in the average balance of interest-earning assets for the six months ended March 31, 2013, as compared to the same period in 2012. The decrease in the weighted average yield earned was primarily due to the reinvestment of the proceeds from called investment securities and the origination of new loans 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 point decrease to 1.12% in the weighted average rate paid on interest-bearing liabilities, reflecting the continued repricing downward of interest-bearing liabilities during the year combined with a $15.1 million or 3.5% decrease in the average balance of interest-bearing liabilities, primarily certificates of deposit, for the six months ended March 31, 2013, as compared to the same period in 2012. The decline in the weighted average rate paid reflected the continued effect of the low interest rate environment on our cost of funds as deposits repriced downward as well as our continued implementation of our asset/liability strategies designed to reduce our use of higher costing certificates of deposit as a 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 2012. The decrease in the net interest margin was consistent with the decline in net interest income as the yields on interest-earning assets declined to a greater degree than the rates paid on interest-bearing 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 loan portfolio at each reporting date. At least quarterly, management performs an analysis to identify the inherent risk of loss in our loan portfolio. This analysis includes a qualitative evaluation of concentrations of credit, past loss experience, current economic conditions, amount and composition of the loan portfolio (including loans being specifically monitored 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 allowance. Loans are assigned ratings, either individually for larger credits or in homogeneous pools, based on an internally developed grading system. The resulting determinations are reviewed and 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 losses of $250,000 for the six month period ended March 31, 2012. No provision was deemed necessary for the 2013 period as recoveries totaling $785,000 were recognized during the six month period ended March 31, 2013 related to a previously fully charged-off construction loan which led to an increase in the loan loss allowance sufficient to address the inherent risk and known losses associated with the loan portfolio. 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% of total assets at September 30, 2012. Non-performing assets included $6.2 million in non-performing loans of which $4.1 million consisted of one-to four-family residential loans and $2.1 million were commercial real estate loans. Non-performing assets also included six one-to four-family residential real estate owned properties totaling $1.3 million. The decrease in non-performing assets during the six months ended March 31, 2013 was primarily due to the January 2013 sale 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 million investment. We did not incur any additional losses upon completion of the sale of the loans beyond the $968,000 loss already recognized in prior periods. In connection with the closing of the loan sale, we and the other loan participants extended a loan to an affiliate of the borrower, the proceeds of which were used to reduce the principal balance due on the project. Our portion of such loan is approximately $1.3 million. The new loan was classified as a troubled debt restructuring and is included in the $7.4 million of non-performing assets described above. The new loan is performing in accordance with its terms but is on non-accrual due to its status as a recently originated troubled debt restructuring. See “Business — Lending Activities — Construction and Land Development Lendin

The allowance for loan losses totaled $2.5 million, or 0.9% of total 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 non-performing loans at September 30, 2012.

Non-interest Income.   Non-interest income amounted to $414,000 for the six months ended March 31, 2013, compared with $306,000 for the same period in fiscal 2012. The increase was primarily related to decreases in the other than temporary impairment charges related to non-agency mortgage-backed securities that we 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 same period in the prior year. The increase for the 2013 period primarily related to increased writedowns due to declines in the value of real estate owned properties under agreement of sale expected to close in the quarter ending

June 30, 2013 as well as to increased advertising expense. The increase was partially offset by decreases in professional services expense.

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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 income tax expense of $494,000, for the six months ended March 31, 2012. The tax expense was adversely impacted by the decline in available unrealized capital gains resulting in an increase in the valuation allowance recognized in the 2012 and 2013 periods related to the deferred tax asset for the capital loss carryforward created in connection with the redemption in kind 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 of $112,000 for the year ended September 30, 2011. The increase in net income experienced for the fiscal year ended September 30, 2012 as compared to fiscal 2011 was due primarily to substantially lower level of provisions for loan losses in fiscal 2012. During fiscal 2011, $4.6 million in provisions were established including $3.6 million during the second quarter as declines in the collateral values related to two significant construction loans were recognized. Also contributing to the increase in net income for fiscal 2012 was the $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 million as compared to $14.6 million for 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 18.6% decrease in interest expense. The decrease in interest income resulted primarily from a 46 basis point decrease to 3.96% in the weighted average yield earned on interest-earning assets. Also contributing 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 million, or 27.9% decrease in investment securities partially offset by a $22.1 million increase in the average balance of other interest-earning assets. The majority of the decline in the average yield reflected the 62 basis point decline in the yield earned on the investment portfolio as the proceeds of sold and called investments were re-invested at lower current market interest rates. The decrease in interest expense resulted from a 25 basis point decrease to 1.33% in the weighted average rate paid on interest-bearing liabilities. The decline in the weighted average rate paid reflected the continued effect of the low interest rate environment on our cost of funds as deposits, in particular, certificates of deposit, repriced downward. Also contributing to the decrease was a $14.2 million or 3.2% decrease in the average balance of interest-bearing liabilities 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 compared to $4.6 million for fiscal 2011. The higher level of the provision for fiscal 2011 reflected primarily the recognition of the decrease in the value of the collateral securing two construction development projects as a result of declines in the real estate market. At September 30, 2012, our non-performing assets totaled $16.0 million or 3.3% of total assets as compared to $14.9 million or 3.0% of total assets at September 30, 2011. Non-performing assets at September 30, 2012 included $14.0 million in non-performing loans of which $12.7 million were one-to four-family residential loans, $517,000 were construction and land development loans and $755,000 were commercial real estate loans. Included in the $12.7 million of non-performing one-to four-family residential loans were $8.1 million of troubled debt restructurings. These troubled debt restructurings relate to a 133-unit completed condominium project in Philadelphia and consist of five loans extended to the same borrower. Non-performing assets also included seven one-to four-family residential real estate owned properties totaling $2.0 million. The allowance for loan losses totaled $1.9 million, or 0.7% of total 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% of non-performing loans at September 30, 2011. The decline in the allowance resulted from the charge-off of $2.2 million of loans, a portion of which were specific allocations which had been established and charged to provision expense in prior periods. For additional information regarding non-performing assets and troubled debt restructurings, see “Business — Lending Activities — Construction and Land Development Lending” and “ — Asset Quality — Non-Performing Loans and Real Estate Owned.”

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Non-interest Income. Non-interest income amounted to $3.1 million for the year ended September 30, 2012, compared with $938,000 for fiscal 2011. The increase in 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 both preserved a portion of our $1.5 million deferred tax asset related to the capital loss that was generated in 2008 in connection with the redemption of our investment in a mutual fund as well as mitigated the risk associated with the significant level of prepayment risk existing in the investment and mortgage-backed securities portfolio in the current interest rate environment.

Non-interest Expense. For the year ended September 30, 2012, non-interest expense increased $672,000 to $11.7 million compared to $11.0 million in fiscal 2011. The increase in fiscal 2012 primarily related to an increase of $427,000 in write-downs for declines in market value and expenses associated with the operation and 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 an income tax benefit of $212,000 for the year ended September 30, 2011. Income tax expense increased in the 2012 period primarily due to the corresponding increase in pre-tax income. The tax benefit recognized in the 2011 period was due in part to the reduction in the valuation allowance recognized related to the capital loss carryforward created in connection with the previously