PRUDENTIAL BANCORP INC OF PENNSYLVANIA
Form DEF 14A
August 21, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:
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Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12
Prudential Bancorp, Inc. of Pennsylvania

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)
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- Title of each class of securities to which transaction applies:

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(3)

- Filing Party:

(4)

- Date Filed:

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PROSPECTUS OF PRUDENTIAL BANCORP, INC.
(A NEW PENNSYLVANIA CORPORATION)
AND
PROXY STATEMENT OF PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA
(A PENNSYLVANIA CORPORATION)

Prudential Bancorp, Inc. of Pennsylvania, a Pennsylvania corporation (which we refer to as "existing Prudential Bancorp"), Prudential Savings Bank and Prudential Mutual Holding Company are converting from the mutual holding company structure to a fully public ownership structure. Currently, Prudential Mutual Holding Company owns 74.6% of the issued and outstanding shares of existing Prudential Bancorp's common stock. The remaining 25.4% of existing Prudential Bancorp's outstanding shares of common stock is owned by other shareholders, who we refer to as the public shareholders. As a result of the conversion, Prudential Bancorp, Inc., a new Pennsylvania corporation recently formed by Prudential Savings Bank (which we refer to as "Prudential Bancorp–New"), will become the parent holding company for Prudential Savings Bank.

Shares of existing Prudential Bancorp's common stock owned by the public will be exchanged for between 1,776,458 and 2,403,398 shares of common stock of Prudential Bancorp–New so that existing Prudential Bancorp's public shareholders will own approximately the same percentage, after adjustment for the assets of Prudential Mutual Holding Company, of the common stock of Prudential Bancorp–New as they owned of the common stock of existing Prudential Bancorp immediately prior to the conversion. The actual number of shares that you will receive will depend on the exchange ratio, which will depend on the percentage of existing Prudential Bancorp's common stock held by the public at the completion of the conversion, the final independent appraisal of Prudential Bancorp–New and the number of shares of common stock of Prudential Bancorp–New stock sold in the offering described in the following paragraph. It will not depend on the market price of common stock. See "The Conversion and Offering — Effect of the Conversion and Offering on Public Shareholders" for a discussion of the exchange ratio. Based on the $9.93 per share closing price of existing Prudential Bancorp's common stock as of the date of this proxy statement/prospectus, the initial value of the Prudential Bancorp–New common stock you receive in the share exchange will be less than the market value of the existing Prudential Bancorp common stock that you currently own. See "Risk Factors — The Market Value of Prudential Bancorp–New Common Stock Received in the Share Exchange May be Less than the Market Value of existing Prudential Bancorp Common Stock Exchanged."

Concurrently with the exchange offer, we are offering up to 7,141,602 shares of common stock of Prudential Bancorp–New, representing the 74.8% ownership interest of Prudential Mutual Holding Company in Prudential Bancorp, after adjustment for the assets of Prudential Mutual Holding Company, for sale to eligible depositors of Prudential Savings Bank and the public at a price of $10.00 per share. The conversion of Prudential Mutual Holding Company and the offering and exchange of common stock by Prudential Bancorp–New is referred to herein as the "conversion and offering." After the conversion and offering are completed, Prudential Savings Bank will be a wholly-owned subsidiary of Prudential Bancorp–New, and both Prudential Mutual Holding Company and existing Prudential Bancorp will cease to exist.

Prudential Bancorp's common stock is currently listed on the Nasdaq Global Market under the symbol "PBIP." We expect that the common stock of Prudential Bancorp–New also will be listed on the Nasdaq Global Market under the symbol "PBIP."

The conversion and offering cannot be completed unless the shareholders of existing Prudential Bancorp approve the plan of conversion and reorganization. The plan of conversion and reorganization must be approved by the affirmative vote of (i) the holders of a majority of the outstanding shares of common stock of existing Prudential Bancorp, other than Prudential Mutual Holding Company, and (ii) the holders of two-thirds of the votes eligible to be cast by shareholders of Prudential Bancorp, including Prudential Mutual Holding Company. Prudential Mutual Holding Company, which owns 74.6% of the outstanding common stock of existing Prudential Bancorp, intends to vote for the plan of conversion and reorganization.

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This document serves as the proxy statement for the special meeting of shareholders of existing Prudential Bancorp and the prospectus for the shares of common stock of Prudential Bancorp–New to be issued in exchange for shares of existing Prudential Bancorp's common stock. We urge you to read this entire document carefully. You can also obtain information about our companies from documents that we have filed with the Securities and Exchange Commission, the Board of Governors of the Federal Reserve System and the Pennsylvania Department of Banking and Securities.

This document does not serve as the prospectus relating to the offering by Prudential Bancorp–New of its shares of common stock in the offering, which will be made pursuant to a separate prospectus.

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

Please read "Risk Factors" beginning on page 15.

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.

None of 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.

Please read this entire proxy statement/prospectus, including the section titled "Questions and Answers for Shareholders of Existing Prudential Bancorp." Questions about voting or about the stock offering may be directed to the Stock Information Center by calling 1-(215) 391-4141, Monday to Friday, from 10:00 a.m. to 4:00 p.m. Eastern Time. The Stock Information Center will be closed weekends and bank holidays.

The date of this proxy statement/prospectus is August 12, 2013, and is first being mailed to shareholders of Prudential Bancorp, Inc. of Pennsylvania on or about August 21, 2013.

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Important Notice Regarding the Availability of Proxy Materials for the Special Meeting to Be Held on September 26, 2013. This proxy statement/prospectus as well as driving directions to the special meeting are available on our website at www.prudentialsavingsbank.com under the "Investor Relations" Quick Link at the bottom of the page.

REFERENCE TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Prudential Bancorp–New, existing Prudential Bancorp, Prudential Savings Bank and Prudential Mutual Holding Company from other documents that are not included in, or delivered with, this proxy statement/prospectus, including the plan of conversion and reorganization. This information is available to you without charge upon your written or oral request. You can obtain these documents relating to Prudential Bancorp–New, existing Prudential Bancorp, Prudential Savings Bank or Prudential Mutual Holding Company by requesting them in writing or by telephone from:

Prudential Bancorp, Inc. of Pennsylvania
1834 West Oregon Avenue
Philadelphia, Pennsylvania 19145
Attention: Investor Relations
(215) 755-1500

If you would like to request documents, you must do so no later than September 19, 2013 in order to receive them before existing Prudential Bancorp's special meeting of shareholders. You will not be charged for any of the documents that you request.

For additional information, please see the section entitled "Where You Can Find Additional Information" beginning on page 170 of this proxy statement/prospectus. A copy of the plan of conversion and reorganization is available for inspection at each of Prudential Savings Bank's branch offices.

For information on submitting your proxy, please refer to the instructions on the enclosed proxy card.

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You should rely only on the information contained in this proxy statement/prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. This proxy statement/prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities offered hereby to any person in any jurisdiction in which such offer or solicitation would be unlawful. The affairs of Prudential Bancorp–New, Prudential Mutual Holding Company, existing Prudential Bancorp and Prudential Savings Bank and their subsidiaries may change after the date of this proxy statement/prospectus. Delivery of this proxy statement/prospectus and the exchange of shares of common stock of existing Prudential Bancorp made hereunder does not mean otherwise.

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA
1834 West Oregon Avenue
Philadelphia, Pennsylvania 19145
(215) 755-1500

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held on September 26, 2013

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Prudential Bancorp, Inc., a Pennsylvania corporation (which we refer to as "existing Prudential Bancorp"), will be held at the Holiday Inn — Philadelphia Stadium, located at 900 Packer Avenue, Philadelphia, Pennsylvania on Thursday, September 26, 2013 at 10:00 a.m., Eastern Time, to consider and vote upon:

1.

- The approval of a Plan of Conversion and Reorganization and the transactions contemplated thereby pursuant to which, among other things, Prudential Bancorp, Inc., a newly formed Pennsylvania corporation (which we refer to as "Prudential Bancorp–New"), will offer for sale shares of its common stock, and shares of common stock of existing Prudential Bancorp currently held by shareholders other than Prudential Mutual Holding Company (which we refer to as the "public shareholders") will be exchanged for shares of common stock of Prudential Bancorp–New upon the conversion of Prudential Mutual Holding Company and Prudential Savings Bank from the mutual holding company structure to the fully public ownership structure.

The following proposals related to the articles of incorporation of Prudential Bancorp–New:

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- Proposal 2 — Approval of a provision in the articles of incorporation of Prudential Bancorp–New requiring a super-majority shareholder approval for mergers, consolidations and similar transactions, unless they have been approved in advance by at least two-thirds of the board of directors of Prudential Bancorp–New; and

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- Proposal 3 — Approval of a provision in the articles of incorporation of Prudential Bancorp–New requiring a super-majority shareholder approval of amendments to certain provisions in the articles of incorporation and bylaws of Prudential Bancorp–New;

4.

- The adjournment of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the special meeting to approve the plan of conversion and reorganization; and

Any other matters that may properly come before the special meeting or an adjournment or postponement thereof. Management is not aware of any such other business at this time.

The board of directors has fixed July 31, 2013, as the record date for the determination of shareholders entitled to notice of and to vote at the special meeting and at an adjournment or postponement thereof.

Upon written request addressed to the Secretary of Prudential Bancorp, Inc. of Pennsylvania at the address given above, shareholders may obtain an additional copy of this proxy statement/prospectus and/or a copy of the plan of conversion and reorganization. In order to assure timely receipt of the additional copy of the proxy statement/prospectus and/or the plan of conversion and reorganization, the written request should be received by September 19, 2013. In addition, all such documents may be obtained by calling our Stock Information Center at 1-(215) 391-4141 Monday to Friday, from 10:00 a.m. to 4:00 p.m. Eastern Time.

BY ORDER OF THE BOARD OF DIRECTORS

Regina Wilson
Corporate Secretary
Philadelphia, Pennsylvania
August 12, 2013

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QUESTIONS AND ANSWERS
FOR SHAREHOLDERS OF EXISTING PRUDENTIAL BANCORP

You should read this document and the plan of conversion and reorganization for more information about the conversion and offering.

Q. What are shareholders being asked to approve?

A. Existing Prudential Bancorp's shareholders as of July 31, 2013 are being asked to vote on the plan of conversion and reorganization. Under the plan of conversion and reorganization, Prudential Savings Bank will convert from the mutual holding company form of ownership to the fully public stock holding company form of ownership, and as part of such conversion, a new Pennsylvania company, Prudential Bancorp–New, will offer for sale, in the form of shares of its common stock, Prudential Mutual Holding Company's 74.8% ownership interest in existing Prudential Bancorp, after adjustment for the assets of Prudential Mutual Holding Company. In addition to the shares of common stock to be issued to those who purchase shares in the stock offering, public shareholders of existing Prudential Bancorp as of the completion of the conversion, will receive shares of common stock of Prudential Bancorp–New in exchange for their existing shares. In addition, proposals relating to the articles of incorporation of Prudential Bancorp–New are also described in this proxy statement/prospectus.

Q. What is the conversion?

A. Prudential Savings Bank and Prudential Mutual Holding Company are converting from a mutual holding company structure to a fully public ownership structure. Currently, Prudential Mutual Holding Company owns 74.6% of existing Prudential Bancorp's common stock. The remaining 25.4% of common stock is owned by public shareholders. As a result of the conversion, our newly formed Pennsylvania company, Prudential Bancorp, Inc., will become the parent of Prudential Savings Bank.

Shares of common stock of Prudential Bancorp–New, representing the 74.8% ownership interest of Prudential Mutual Holding Company in existing Prudential Bancorp, as adjusted for the assets of Prudential Mutual Holding Company, are being offered for sale to eligible depositors and to the public. At the completion of the conversion and offering, current public shareholders of existing Prudential Bancorp will exchange their shares of existing Prudential Bancorp common stock for shares of common stock of Prudential Bancorp–New.

After the conversion and offering are completed, Prudential Savings Bank will become a wholly-owned subsidiary of Prudential Bancorp–New. Upon consummation of the conversion and offering, the outstanding shares of Prudential Bancorp–New will be owned by the public shareholders, who will exchange their shares of existing Prudential Bancorp for shares of Prudential Bancorp–New, as well as those persons who purchase shares in the offering for the cash purchase price of $10.00 per share. As a result of the conversion and offering, Prudential Mutual Holding Company and existing Prudential Bancorp will cease to exist.

See "The Conversion and Offering" beginning on page 135 of this proxy statement/prospectus, for more information about the conversion.

Q. What will shareholders receive for their existing Prudential Bancorp shares?

A. As more fully described in the section entitled "The Conversion and Offering," depending on the number of shares sold in the stock offering, each share of common stock that you own upon completion of the conversion and stock offering will be exchanged for between 0.6979 new shares at the minimum and 0.9442 new shares at the maximum of the offering range (cash will be paid in lieu of fractional shares). For example, if you own 100 shares of existing Prudential Bancorp common stock and the exchange ratio is 0.8210, after the conversion you will receive 82 shares of Prudential Bancorp–New common stock and $1.00 in cash, the value of the fractional share, based on the $10.00 per share offering price. Shareholders who hold shares in street-name at a brokerage firm will receive these funds in their brokerage account. Shareholders who have stock certificates will receive checks. The number of shares you will get will depend on the number of shares sold in the offering and 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 Bancorp–New. The exchange ratio will adjust based on the number of shares sold in the offering. It will not depend on the market price of the common stock of existing Prudential Bancorp.

Q. What are the reasons for the conversion and offering?

A. 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.

Q. Why should I vote?

A. You are not required to vote, but your vote is very important. In order for us to implement the plan of conversion and reorganization, we must receive the affirmative vote of the holders of a majority of the outstanding shares of existing Prudential Bancorp common stock, other than shares held by Prudential Mutual Holding Company, in addition to the approval of two-thirds of all the outstanding shares. The board of directors of existing Prudential Bancorp recommends that you vote "FOR" approval of the plan of conversion and reorganization.

Q. What happens if I don't vote?

A. Your prompt vote is very important. Not voting will have the same effect as voting "Against" the plan of conversion and reorganization. Without sufficient favorable votes "for" the conversion, we will not proceed with the conversion and offering.

Q. How do I vote?

A. You should sign your proxy card and return it in the enclosed proxy reply envelope or vote over the Internet or by telephone if such voting options are available to you. Please vote promptly. Not voting has the same effect as voting "Against" the plan of conversion and reorganization.

Q. If my shares are held in street name, will my broker automatically vote on my behalf?

A. No. Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, using the directions that your broker provides to you.

Q. What if I do not give voting instructions to my broker?

A. Your vote is important. If you do not instruct your broker to vote your shares by proxy, each unvoted share will have the same effect as a vote against the plan of conversion and reorganization.

Q. How will my existing Prudential Bancorp shares be exchanged?

A. The conversion of your shares of common stock of existing Prudential Bancorp into the right to receive shares of common stock of Prudential Bancorp–New will occur automatically on the effective date of the conversion, although you will need to exchange your stock certificate(s) if you hold shares in certificate form. As soon as practicable after the effective date of the conversion and reorganization, our exchange agent will send a transmittal form to you. The

transmittal forms are expected to be mailed
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promptly after the effective date and will contain instructions on how to submit the stock certificate(s) representing shares of existing Prudential Bancorp common stock. No fractional shares of Prudential Bancorp–New common stock will be issued to you when the conversion is completed. Each fractional share that would otherwise be issued to a shareholder who holds a certificate will be paid by check in an amount equal to the product obtained by multiplying the fractional share interest to which you would otherwise be entitled by $10.00. If your shares are held in street name, you will automatically receive cash in lieu of fractional shares in your brokerage account.

Q. Should I submit my stock certificates now?

A. No. If you hold stock certificate(s), instructions for exchanging the shares will be sent to you after completion of the conversion and offering. If your shares are held in “street name,” rather than in certificate form, the share exchange will occur automatically upon completion of the conversion and offering.

Further Questions?

For answers to other questions, please read this proxy statement/prospectus. Questions about voting or about the stock offering may be directed to the Stock Information Center by calling 1-(215) 391-4141, Monday to Friday, from 10:00 a.m. to 4:00 p.m., Eastern Time. The Stock Information Center will be closed weekends and bank holidays. The Stock Information Center will be closed from 12:00 noon on Friday, August 30th through 12:00 noon on Tuesday, September 3rd, in observance of the Labor Day holiday.

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SUMMARY

The following summary highlights the material information from this proxy statement/prospectus and may not contain all the information that is important to you. You should read this entire document carefully, including the sections entitled "Risk Factors" and "The Conversion and Offering" and the consolidated financial statements and the notes to the consolidated financial statements.

What This Document Is About

The boards of directors of existing Prudential Bancorp, Prudential Mutual Holding Company, Prudential Savings Bank and Prudential Bancorp–New have adopted a plan of conversion and reorganization pursuant to which Prudential Savings Bank and Prudential Mutual Holding Company will reorganize from the mutual holding company structure to the stock form holding company structure. As part of the conversion, Prudential Savings Bank formed Prudential Bancorp–New. Public shareholders of existing Prudential Bancorp will receive shares in Prudential Bancorp–New in exchange for their shares of existing Prudential Bancorp common stock based on an exchange ratio. This conversion to a stock holding company structure also includes the offering by Prudential Bancorp–New of shares of its common stock to eligible depositors of Prudential Savings Bank in a subscription offering and, if necessary, to the public and public shareholders of existing Prudential Bancorp in a community offering or in a syndicated community offering or a firm commitment underwritten public offering. Following the conversion and offering, Prudential Mutual Holding Company and existing Prudential Bancorp will no longer exist and Prudential Bancorp–New will be the parent company of Prudential Savings Bank.

The conversion and offering cannot be completed unless the shareholders of existing Prudential Bancorp approve the plan of conversion and reorganization. The public shareholders will vote on the plan of conversion and reorganization at the special meeting of shareholders of existing Prudential Bancorp. This document is the proxy statement used by existing Prudential Bancorp's board of directors to solicit proxies for the special meeting. It is also the prospectus of Prudential Bancorp–New regarding the shares of common stock of Prudential Bancorp–New to be issued to existing Prudential Bancorp's shareholders in the share exchange. This document does not serve as the prospectus relating to the offering by Prudential Bancorp–New of its shares of common stock in the subscription offering and any community offering or syndicated community offering, both of which will be made pursuant to a separate prospectus.

In addition, proposals relating to the articles of incorporation of Prudential Bancorp–New are also described in this proxy statement/prospectus.

The Existing Prudential Bancorp Special Meeting

Date, Time and Place. Prudential Bancorp will hold its special meeting of shareholders to consider and vote on the plan of conversion and reorganization at the Holiday Inn — Philadelphia Stadium located at 900 Packer Avenue, Philadelphia, Pennsylvania on Thursday, September 26, 2013 at 10:00 a.m., Eastern Time.

Record Date. The record date for shareholders entitled to vote at the special meeting of shareholders is July 31, 2013. On the record date, 10,023,495, shares of existing Prudential Bancorp common stock were outstanding and entitled to vote at the special meeting.

The Proposals. Shareholders will be voting on the following proposals at the special meeting:

1.

- Approval of the plan of conversion and reorganization;

The following additional proposals:

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- 2 — Approval of a provision in the articles of incorporation of Prudential Bancorp–New requiring a super-majority shareholder approval for mergers, consolidations and similar transactions, unless they have been approved in advance by at least two-thirds of the board of directors of Prudential Bancorp–New; and

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- 3 — Approval of a provision in the articles of incorporation of Prudential Bancorp–New requiring a super-majority shareholder approval of amendments to certain provisions in the articles of incorporation and bylaws of Prudential Bancorp–New;

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4.

- The adjournment of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the special meeting to approve the plan of conversion and reorganization; and

Any other matters that may properly come before the special meeting or any adjournment or postponement thereof (management is not aware of any such matters).

Vote Required

Proposal 1: Approval of the Plan of Conversion and Reorganization. We must obtain the affirmative vote of (i) the holders of a majority of the outstanding shares of common stock of existing Prudential Bancorp, other than Prudential Mutual Holding Company, and (ii) the holders of two-thirds of the votes eligible to be cast by shareholders of existing Prudential Bancorp, including Prudential Mutual Holding Company.

Proposals 2 and 3 Related to the Articles of Incorporation of Prudential Bancorp–New. We must obtain the affirmative vote of a majority of the votes cast to approve each of Proposals 2 and 3, related to the articles of incorporation of Prudential Bancorp–New.

Proposal 4: Adjournment of the special meeting, if necessary, to solicit additional proxies. We must obtain the affirmative vote of a majority of the votes cast on the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

Other Matters. We must obtain the affirmative vote of a majority of the votes cast to approve other proposals, if any.

As of the voting record date, the directors and executive officers of existing Prudential Bancorp owned 183,213 shares, or approximately 1.8% of the outstanding shares of existing Prudential Bancorp common stock and Prudential Mutual Holding Company owned 7,478,062 shares, or approximately 74.6% of the outstanding shares of existing Prudential Bancorp common stock. Prudential Mutual Holding Company is expected to vote all of its shares “FOR” the plan of conversion and reorganization, “FOR” each of the proposals related to the articles of incorporation of Prudential Bancorp–New and “FOR” the proposal to adjourn the special meeting, if necessary, to solicit additional proposals.

Solicitation of Proxies

This proxy statement/prospectus is being furnished to you in connection with the solicitation of proxies for the special meeting of shareholders by the board of directors of existing Prudential Bancorp. Existing Prudential Bancorp will pay the costs of soliciting proxies from its shareholders. To the extent necessary to permit approval of the plan of conversion and reorganization and the other proposals being considered, directors, officers or employees of existing Prudential Bancorp and Prudential Savings Bank may solicit proxies by mail, telephone and other forms of communication. We will reimburse such persons for their reasonable out-of-pocket expenses incurred in connection with such solicitation. In addition, we may utilize the services of Eagle Rock Proxy Advisors, LLC to solicit proxies by telephone. In such event, we will pay Eagle Rock Advisors a set-up fee of $500 plus charges of up to $4.00 per telephone call made or received in connection with the solicitation plus an additional $3.00 per telephone vote obtained.

We will also reimburse banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy material to you.

The board of directors unanimously recommends that you vote “FOR” approval of the plan of conversion and reorganization and “FOR” the other proposals described above.

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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 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

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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:

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 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.

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	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 52.

(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 137.

Dissenters' Rights

Under Pennsylvania law and regulations, current public shareholders of existing Prudential Bancorp do not have dissenters' rights or appraisal rights.

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.

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- 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.

Conditions to Completion of the Conversion
We cannot complete our conversion and related offering unless:

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- 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;

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

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- two-thirds of the outstanding shares of existing Prudential Bancorp common stock; and

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- a majority of the outstanding shares of existing Prudential Bancorp common stock held by the public shareholders;

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

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- 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.

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

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.

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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:

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- 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;

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- 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

•

- 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 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.

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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.

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

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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 the Conversion and the Exchange Offering — Our Stock Price May Decline When Trading Commences" at page 20 and "Pro Forma Data" at page 53 and "The Conversion 53 and "The Conversion and Offering — How We Determined the Price Per Share, the Offering Range and the Exchange Ratio" at page 142.

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.

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 Offering — Tax Aspects" at page 155.

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
- 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."

Differences in Shareholders' Rights

As a result of the conversion and offering, each public shareholder of existing Prudential Bancorp will become a shareholder of Prudential Bancorp–New. Certain rights of shareholders of Prudential Bancorp–New will differ from the rights existing Prudential Bancorp's shareholders currently have. See " Proposals Related to the Articles of Incorporation of Prudential Bancorp–New" and "Comparison of Shareholders' Rights" for a discussion of these differences.

How You Can Obtain Additional Information

Questions about voting or about the stock offering may be directed to the Stock Information Center by calling 1-(215) 391-4141, Monday to Friday, from 10:00 a.m. to 4:00 p.m., Eastern Time. The Stock Information Center will be closed weekends and bank holidays. The Stock Information Center will be closed from 12:00 noon on Friday, August 30th through 12:00 noon on Tuesday, September 3rd, in observance of the Labor Day holiday.

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RISK FACTORS

You should consider carefully the following risk factors in deciding how to vote.

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. 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

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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 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.

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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 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, 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.

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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 the Conversion and the Exchange Offering

The Market Value of Prudential Bancorp–New Common Stock Received in the Share Exchange May Be Less than the Market Value of Existing Prudential Bancorp Common Stock Exchanged

The number of shares of Prudential Bancorp–New common stock you receive will be based on an exchange ratio which will be determined as of the date of completion of the conversion and offering. The exchange ratio will be based on the percentage of existing Prudential Bancorp common stock held by the public prior to the conversion, as adjusted for the assets of Prudential Mutual Holding Company, the final independent appraisal of Prudential Bancorp–New common stock prepared by FinPro, Inc., an independent appraisal firm, and the number of shares of common stock sold in the offering. The exchange ratio will ensure that public shareholders of existing Prudential Bancorp common stock will own approximately the same percentage of Prudential Bancorp–New common stock after the conversion and offering as they owned of existing Prudential Bancorp common stock immediately prior to completion of the conversion and offering, as adjusted for the assets of Prudential Mutual Holding Company, exclusive of the effect of their purchase of additional shares in the offering and the receipt of cash in lieu of fractional shares. The exchange ratio will not depend on the market price of existing Prudential Bancorp's common stock.

The exchange ratio ranges from a minimum of 0.6979 to a maximum of 0.9442 shares of Prudential Bancorp–New common stock per share of existing Prudential Bancorp common stock. Shares of Prudential Bancorp–New common stock issued in the share exchange will have an initial value of $10.00 per share. The exchange ratio and the number of shares of Prudential Bancorp–New you would receive in exchange for your existing Prudential Bancorp shares will be determined by the number of shares we sell in the offering. The higher the number of shares sold, the higher the exchange ratio. If the offering closes at the minimum of the offering range and you own 100 shares of existing Prudential Bancorp common stock, you would receive 69 shares of Prudential Bancorp–New common stock, which would have an initial value of $690 based on the offering price, plus $7.90 cash. We cannot tell you today whether the offering will close at the minimum or some other point in the valuation range. Depending on the exchange ratio and the market value of existing Prudential Bancorp common stock at the time of the exchange, the initial market

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value of the Prudential Bancorp–New common stock that you receive in the share exchange could be less than the market value of the existing Prudential Bancorp common stock that you currently own. Based on the $9.93 per share closing price of existing Prudential Bancorp common stock as of the date of this proxy/prospectus, the initial value of the Prudential Bancorp–New common stock you receive in the share exchange will be less than the market value of the existing Prudential Bancorp common stock you currently own. See “The Conversion and Offering — Delivery and Exchange of Stock Certificates” and “The Conversion and Offering — Effect of the Conversion and Offering on Public Shareholders.”

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 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

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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."

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.

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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:

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

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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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INFORMATION ABOUT THE SPECIAL MEETING OF SHAREHOLDERS

To Be Held on September 26, 2013

General

This proxy statement/prospectus is being furnished to you in connection with the solicitation by the board of directors of Prudential Bancorp of proxies to be voted at the special meeting of shareholders to be held at the Holiday Inn — Philadelphia Stadium located at 900 Packer Avenue, Philadelphia, Pennsylvania on Thursday, September 26, 2013 at 10:00 a.m., Eastern Time, and any adjournment or postponement thereof.

The purpose of the special meeting is to consider and vote upon the plan of conversion and reorganization of Prudential Mutual Holding Company, existing Prudential Bancorp, Prudential Savings Bank and Prudential Bancorp–New.

The plan of conversion and reorganization provides for a series of transactions, referred to as the conversion and offering, which will result in the elimination of Prudential Mutual Holding Company and existing Prudential Bancorp. The plan of conversion and reorganization will also result in the creation of a new stock form holding company which will own all of the outstanding shares of Prudential Savings Bank, the exchange of shares of common stock of existing Prudential Bancorp by shareholders other than Prudential Mutual Holding Company, who are referred to as the "public shareholders," for shares of the new stock holding company, Prudential Bancorp–New, the issuance and the sale of additional shares to depositors of Prudential Savings Bank and others in an offering. The conversion and offering will be accomplished through a series of substantially simultaneous and interdependent transactions as follows:

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

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- Existing Prudential Bancorp then will merge with and into the Prudential Bancorp–New with Prudential Bancorp–New being the survivor of such merger.

As a result of the above transactions, Prudential Savings Bank will become a wholly-owned subsidiary of the new holding company, Prudential Bancorp–New, and the outstanding shares of existing Prudential Bancorp common stock will be converted into the shares of common stock of Prudential Bancorp–New pursuant to the exchange ratio. After the exchange, the public shareholders will own in the aggregate approximately the same percentage of the common stock of Prudential Bancorp–New to be outstanding upon the completion of the conversion and offering as the percentage of common stock of existing Prudential Bancorp owned by them in the aggregate immediately prior to consummation of the conversion and offering before giving effect to (a) adjustment for the assets of Prudential Mutual Holding Company, (b) the payment of cash in lieu of issuing fractional exchange shares, and (c) any shares of common stock purchased by public shareholders in the offering.

This proxy statement/prospectus is first being mailed to shareholders of existing Prudential Bancorp on or about August 21, 2013.

Voting in favor of or against the plan of conversion and reorganization includes a vote for or against the conversion of Prudential Mutual Holding Company and Prudential Savings Bank to the fully public ownership structure as contemplated by the plan of conversion and reorganization. Voting in favor of the plan of conversion and reorganization will not obligate you to purchase any common stock in the offering and will not affect the balance, interest rate or federal deposit insurance of any deposits at Prudential Savings Bank.

Record Date and Voting Rights

You are entitled to one vote at the special meeting for each share of existing Prudential Bancorp common stock that you owned of record at the close of business on July 31, 2013. On the record date, there were 10,023,495 shares of common stock outstanding including 7,478,062 shares held by Prudential Mutual Holding Company.

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You may vote your shares at the special meeting in person or by proxy. To vote in person, you must attend the special meeting and obtain and submit a ballot, which we will provide to you at the special meeting. To vote by proxy, you must complete, sign and return the enclosed proxy card or vote over the Internet or by telephone if such options are available to you. If you properly complete your proxy card and send it to us in time to vote or vote over the Internet or by telephone, the board of directors as your "proxy" will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxy will vote your shares "FOR" the proposals identified in the Notice of Special Meeting.

If any other matter is presented, your proxy will vote the shares represented by all properly executed proxies on such matters as a majority of the board of directors determines. As of the date of this proxy statement/prospectus, we know of no other matters that may be presented at the special meeting, other than those listed in the Notice of Special Meeting.

Quorum

A quorum of shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of the outstanding shares of common stock entitled to vote are represented in person or by proxy at the special meeting, a quorum will exist. We will include proxies marked as abstentions to determine the number of shares present at the special meeting.

Vote Required

Proposal 1: Approval of the Plan of Conversion and Reorganization. We must obtain the affirmative vote of (i) the holders of a majority of the outstanding shares of common stock of existing Prudential Bancorp, other than Prudential Mutual Holding Company, and (ii) the holders of two-thirds of the votes eligible to be cast by shareholders of existing Prudential Bancorp, including Prudential Mutual Holding Company.

Proposals 2 and 3: Related to Certain Provisions in the Articles of Incorporation of Prudential Bancorp–New. The provisions of the articles of incorporation of Prudential Bancorp–New which are summarized as proposals 2 and 3 were approved by the board of directors of existing Prudential Bancorp as part of the process to approve the plan of conversion and reorganization. In Proposals 2 and 3, shareholders are being asked to approve these provisions in the articles of incorporation of Prudential Bancorp–New. In order to be approved, each of Proposal 2 and 3 must receive the affirmative vote of a majority of the votes cast on such proposal. In the event such proposals did not receive a majority of the votes cast, we would amend the articles of incorporation of Prudential Bancorp–New prior to consummation of the conversion and reorganization in order to delete the subject provisions from the articles of incorporation. However, we expect that Prudential Mutual Holding Company, which owns more than a majority of the outstanding shares of common stock of existing Prudential Bancorp, to vote affirmatively on each of Proposals 2 and 3, thereby ensuring their passage.

Proposal 4: Adjournment of the Special Meeting, if Necessary, to Solicit Additional Proxies. We must obtain the affirmative vote of a majority of the votes cast at the special meeting to approve the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

Other Matters. We must obtain the affirmative vote of a majority of the total votes cast at the special meeting in person or by proxy to approve other proposals.

Prudential Mutual Holding Company intends to vote all of the shares of existing Prudential Bancorp common stock that it owns "for" each of the proposals to approve the plan of conversion and reorganization, the proposals related to the articles of incorporation of Prudential Bancorp–New and the proposal to adjourn the special meeting, if necessary, to solicit additional proxies, thereby ensuring a quorum will be present at the special meeting and that proposals 2, 3 and 4 will be adopted.

Effect of Abstentions and Shares held in "Street" Name

Abstentions will have the same effect as a vote "Against" the proposal to approve the plan of conversion and reorganization. Under the Pennsylvania Business Corporation Law of 1998 (the "PBCL"), abstentions do not constitute votes cast and will not affect the vote required for proposals 2, 3 or 4.

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Prudential Mutual Holding Company intends to vote all of its shares to approve the plan of conversion and reorganization and the other proposals. If your shares are held in a brokerage account in “street” name and you do not instruct your broker how to vote on the proposals, your broker is not permitted to vote on the proposals on your behalf.

Revoking Your Proxy

If you are a shareholder of record, you may revoke your proxy at any time before it is voted by:

- filing a written revocation of the proxy with the corporate secretary of Prudential Bancorp;
- submitting a signed proxy card bearing a later date; or
- attending and voting in person at the special meeting.

If your shares are held in street name and you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee on how to change your vote.

Solicitation of Proxies

This proxy statement/prospectus is being furnished to you in connection with the solicitation of proxies for the special meeting of shareholders by the existing Prudential Bancorp board of directors. Existing Prudential Bancorp will pay the costs of soliciting proxies from its shareholders. To the extent necessary to permit approval of the plan of conversion and reorganization and the other proposals being considered, directors, officers or employees of existing Prudential Bancorp and Prudential Savings Bank may solicit proxies by mail, telephone and other forms of communication. We will reimburse such persons for their reasonable out-of-pocket expenses incurred in connection with such solicitation.

The board of directors of existing Prudential Bancorp recommends that you promptly sign, date, mark and return the enclosed proxy card or vote over the Internet or by telephone if such options are available to you and vote “For” the adoption of the plan of conversion and reorganization and “FOR” each of proposals 2, 3 and 4. Returning the proxy card will not prevent you from voting in person at the special meeting.

Your prompt vote is very important. Failure to vote will have the same effect as voting against the plan of conversion and reorganization.

PROPOSAL 1 — APPROVAL OF THE PLAN OF CONVERSION AND REORGANIZATION

THE CONVERSION AND OFFERING

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

General

The Boards of Directors of Prudential Bancorp–New, Prudential Mutual Holding Company, existing Prudential Bancorp and Prudential Savings Bank unanimously adopted the plan of conversion and reorganization on June 13, 2013, which was subsequently amended on July 17, 2013 and July 30, 2013.

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The second step conversion that we are now undertaking involves a series of transactions by which we will convert our organization from the mutual holding company form to the fully public stock holding company structure. Under the plan of conversion and reorganization, we will convert from the mutual holding company form of organization to the stock holding company form of organization and Prudential Savings Bank will become a wholly owned subsidiary of Prudential Bancorp–New, a newly formed Pennsylvania corporation. Shareholders of existing Prudential Bancorp, other than Prudential Mutual Holding Company, will receive shares of common stock of the new holding company, Prudential Bancorp–New, in exchange for their shares of existing Prudential Bancorp common stock. Following the conversion and offering, existing Prudential Bancorp and Prudential Mutual Holding Company will no longer exist.
The following is a brief summary of the conversion and offering and is qualified in its entirety by reference to the provisions of the plan of conversion and reorganization. A copy of the plan of conversion and reorganization is available upon request at each office of Prudential Savings Bank. The plan of conversion and reorganization is filed as an exhibit to the registration statement of which this prospectus is a part, copies of which may be obtained from the Securities and Exchange Commission. The plan of conversion and reorganization also is included as an exhibit to our holding company application filed with the Federal Reserve Board. See “Where You Can Find Additional Information.”
Purposes of the Conversion and Offering
Prudential Mutual Holding Company, as a mutual holding company, does not have shareholders and has no authority to issue capital stock. As a result of the conversion and offering, Prudential Savings Bank will be structured in the form used by holding companies of commercial banks, most business entities and most stock savings institutions. The conversion to the fully public form of ownership will remove the uncertainties associated with the mutual holding company structure created by the recently enacted financial reform legislation. The conversion and offering will also be important to our future performance by providing a larger capital base to support our operations. Although existing Prudential Bancorp currently has the ability to raise additional capital through the sale of additional shares of Prudential Bancorp common stock, that ability is limited by the mutual holding company structure which, among other things, requires that Prudential Mutual Holding Company always hold a majority of the outstanding shares of Prudential Bancorp’s common stock.
We are pursuing the conversion and related offering for the following reasons:
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- 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 savings and loan 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.

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- The number of our outstanding shares of common stock after the conversion and offering will be greater than the current number of shares of existing Prudential Bancorp common stock held by the public shareholders. We expect this will facilitate development of a more active and liquid trading market for our common stock. See “Market for Our Common Stock.”

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

In light of the foregoing, the Boards of Directors of Prudential Mutual Holding Company, existing Prudential Bancorp and Prudential Savings Bank as well as Prudential Bancorp–New believe that it is in the best interests of such companies, the depositors and other customers of Prudential Savings Bank and shareholders of existing Prudential Bancorp to continue to implement our business strategy, and that the most feasible way to do so is through the conversion and offering.

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Effect of the Conversion and Offering on Public Shareholders

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

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

- the total number of shares of common stock to be issued in the conversion and offering;
- the total shares of common stock outstanding after the conversion and offering;
- the exchange ratio; and
- the number of shares an owner of 100 shares of existing Prudential Bancorp common stock will receive in the exchange, adjusted for the number of shares sold in the offering, and the assumed value of each of such shares.

	Shares to be Sold in the Offering		**Shares of Prudential Bancorp–New Stock to be Issued in Exchange for Existing Prudential Bancorp Common Stock**		**Total Shares of Prudential Bancorp–New Common Stock to be Outstanding after the Conversion (1)**	**Exchange Ratio**	**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."

(2)

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

(3)

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

As indicated in the table above, the exchange ratio ranges from a minimum of 0.6979 to a maximum of 0.9442 shares of Prudential Bancorp–New common stock for each share of existing Prudential Bancorp common stock. Shares of Prudential Bancorp–New common stock issued in the share exchange will have an initial value of $10.00 per share. Depending on the exchange ratio and the market value of existing Prudential Bancorp common stock at the time of the exchange, the initial market value of the Prudential Bancorp–New common stock that existing Prudential Bancorp shareholders receive in the share exchange could be less than the market value of the existing Prudential Bancorp common stock that such persons currently own. If the conversion and offering is completed at the minimum of the offering range, each share of existing Prudential Bancorp would be converted into 0.6979 shares of Prudential Bancorp–New common stock with an initial value of $6.98 based on the $10.00 offering price in the conversion. This compares to the closing sale price of $9.93 per share price for existing Prudential Bancorp common stock

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on August 12, 2013, as reported on the Nasdaq Global Market. In addition, as discussed in ‘‘Pro Forma Data,’’ pro forma stockholders’ equity following the conversion and offering will range between $107.3 million and $124.1 million at the minimum and the maximum of the offering range, respectively.

Ownership of Prudential Bancorp–New After the Conversion and Offering

The following table shows information regarding the shares of common stock that Prudential Bancorp–New will issue in the conversion and offering. The table also shows the number of shares that will be owned by existing Prudential Bancorp public shareholders at the completion of the conversion and offering who will receive the new holding company’s common stock in exchange for their shares of existing Prudential Bancorp common stock. The number of shares of common stock to be issued is based, in part, on our independent appraisal.

	5,278,542 Shares Issued at Minimum of Offering Range			**6,210,199 Shares Issued at Midpoint of Offering Range**			**7,141,602 Shares Issued at Maximum of Offering Range**		
	Amount	**Percent of Total**		**Amount**	**Percent of Total**		**Amount**	**Percent of Total**	
Purchasers in the stock offering	5,278,542	74.8	%	6,210,199	74.8	%	7,141,602	74.8	%
Existing Prudential Bancorp public shareholders in the exchange	1,776,458	25.2		2,089,801	25.2		2,403,398	25.2	
Total shares outstanding after the conversion and offering	7,055,000	100.0	%	8,300,000	100.0	%	9,545,000	100.0	%

Effect on Stockholders’ Equity per Share of the Shares Exchanged. As adjusted for the exchange ratio, the conversion and offering will increase the stockholders’ equity per share of the public shareholders of existing Prudential Bancorp common stock. At March 31, 2013, the stockholders’ equity per share of existing Prudential Bancorp common stock including shares held by Prudential Mutual Holding Company was $6.00. Based on the pro forma information set forth for March 31 2013, in “Pro Forma Data,” pro forma stockholders’ equity per share following the conversion and offering will be $15.21, $13.94 and $13.00 at the minimum, midpoint, and maximum, respectively, of the offering range. As adjusted at that date for the exchange ratio, the effective stockholders’ equity per share for current shareholders would be $10.62, $11.44 and $12.27 at the minimum, midpoint and maximum, respectively, of the offering range.

Effect on Earnings per Share of the Shares Exchanged. As adjusted for the exchange ratio, the conversion and offering will also increase the pro forma earnings per share attributable to the shares held by public shareholders. For the six months ended March 31, 2013, basic earnings per share of existing Prudential Bancorp common stock was $0.03, which equates to net income of $0.0076 per share to the 25.4% of the outstanding shares held by public shareholders. Based on the pro forma information set forth for the three months ended March 31, 2013, in “Pro Forma Data,” annualized earnings per share of common stock following the conversion and offering will range from $0.01 to zero, respectively, for the minimum to the maximum of the offering range. As adjusted at that date for the exchange ratio, the effective annualized earnings per share for current shareholders would range from $0.01 to zero, respectively, for the minimum to the maximum of the offering range.

Effect on the Market and Appraised Value of the Shares Exchanged. The aggregate value of the shares of common stock received in exchange for the publicly held shares of existing Prudential Bancorp common stock at the subscription price of $10.00 per share is $17.8 million, $20.9 million and $24.0 million at the minimum, midpoint and maximum, respectively, of the offering range. The last trade of existing Prudential Bancorp common stock on June 12, 2013, the last trading day preceding the public announcement of the conversion and offering, was $8.34 per share, and the price at which existing Prudential Bancorp common stock last traded on August 12, 2013 was $9.93 per share. The equivalent price per share for each share of Prudential Bancorp–New exchanged by shareholders will be $6.98, $8.21 and $9.44 at the minimum, midpoint and maximum, respectively, of the offering range.

Dissenters' and Appraisal Rights. The public shareholders of existing Prudential Bancorp common stock will not have dissenters' rights or appraisal rights in connection with the conversion and offering.

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Exchange of Shares

The conversion of your shares of common stock of existing Prudential Bancorp into the right to receive shares of common stock of Prudential Bancorp–New will occur automatically on the effective date of the conversion, although you will need to exchange your stock certificate(s) if you hold shares in certificate form. As soon as practicable after the effective date of the conversion, our exchange agent will send a transmittal form to you. The transmittal forms are expected to be mailed promptly after the effective date and will contain instructions on how to submit the stock certificate(s) representing shares of common stock of existing Prudential Bancorp. Upon completion of the conversion, shares of Prudential Bancorp which are held in "street name" will be exchanged without any action on the part of the shareholder.

No fractional shares of common stock of Prudential Bancorp–New will be issued to you when the conversion is completed. For each fractional share that would otherwise be issued to a shareholder who holds a certificate, you will receive a check in an amount equal to the product obtained by multiplying the fractional share interest to which you would otherwise be entitled by $10.00. If your shares are held in street name, you will automatically receive cash in lieu of fractional shares in your brokerage account. For more information regarding the exchange of your shares see "The Conversion and Offering — Delivery and Exchange of Stock Certificates — Exchange Shares."

Conditions to the Conversion and Offering

Consummation of the conversion and stock offering are subject to the receipt of all requisite regulatory approvals, including various approvals of the Federal Reserve Board and the Pennsylvania Department of Banking and Securities. The Federal Reserve Board has approved our holding company application, subject to certain standard commitments on our part, and the Pennsylvania Department of Banking and Securities has approved our application for acquisition of control of Prudential Savings Bank. Receipt of such approvals does not constitute a recommendation or endorsement of the plan of conversion and reorganization or the stock offering by such agencies. Consummation of the conversion and stock offering also is subject to approval by the shareholders of existing Prudential Bancorp at the special meeting of shareholders of existing Prudential Bancorp and of the depositors of Prudential Savings Bank at a special meeting of depositors to be held the same day as the special meeting of shareholders.

The board of directors of existing Prudential Bancorp unanimously recommends that you vote "FOR" approval of the plan of conversion and reorganization.

PROPOSALS 2 and 3 — PROPOSALS RELATED
TO THE ARTICLES OF INCORPORATION OF PRUDENTIAL BANCORP–NEW

By their approval of the plan of conversion and reorganization as set forth in Proposal 1, the board of directors of existing Prudential Bancorp has approved both of the proposals numbered 2 and 3, which relate to provisions included in the articles of incorporation of Prudential Bancorp–New. Both of these proposals are discussed in more detail below. As a result of the conversion, the public shareholders of existing Prudential Bancorp, whose rights are presently governed by the articles of incorporation and bylaws of existing Prudential Bancorp, will become shareholders of Prudential Bancorp–New, whose rights will be governed by the articles of incorporation and bylaws of Prudential Bancorp–New. The following proposals address the two material differences between the articles of incorporation of the two companies. This discussion is qualified in its entirety by reference to the articles of incorporation of existing Prudential Bancorp and the articles of incorporation of Prudential Bancorp–New. See "Where You Can Find Additional Information" for procedures for obtaining a copy of those documents.

The provisions of the articles of incorporation of Prudential Bancorp–New which are summarized as proposals 2 and 3 were approved as part of the process in which the board of directors of existing Prudential Bancorp approved the plan of conversion and reorganization. In Proposals 2 and 3, shareholders are being asked to approve these provisions in the articles of incorporation of Prudential Bancorp–New. In order to be approved, each of Proposal 2 and 3 must receive the affirmative vote of a majority of the votes cast on such proposal. In the event such proposals did not receive a majority of the votes cast, we would amend the articles of incorporation of Prudential Bancorp–New prior to consummation of the conversion

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and reorganization in order to delete the subject provisions from the articles of incorporation. However, we expect that Prudential Mutual Holding Company, which owns more than a majority of the outstanding shares of common stock of existing Prudential Bancorp, to vote affirmatively on each of Proposals 2 and 3, thereby ensuring their passage.

Proposal 2 — Approval of a Provision in the Articles of Incorporation of Prudential Bancorp–New Requiring a Super-Majority Shareholder Approval for Mergers, Consolidations and Similar Transactions, Unless They Have Been Approved in Advance by at Least Two-Thirds of the Board of Directors of Prudential Bancorp–New.

The articles of incorporation of existing Prudential Bancorp do not provide for a super-majority vote for approval of mergers, consolidations or similar transactions. For a merger, consolidation, sale of assets or other similar transaction to occur, the PBCL generally requires the approval of the board of directors and the affirmative vote of the holders of a majority of the votes cast by all shareholders entitled to vote thereon. The articles of incorporation of Prudential Bancorp–New provides that mergers, consolidations, share exchanges, asset sales, voluntary dissolutions and other similar transactions must be approved by the affirmative vote of 75% of the shares entitled to vote in an election, unless the action has been recommended by at least two-thirds of the board of directors, in which case a vote of a majority of the votes cast by shareholders would be sufficient. The board of directors of Prudential Bancorp–New believes that these types of fundamental transactions generally should be first considered and approved by the board of directors as the board generally believes that it is in the best position to make an initial assessment of the merits of any such transactions. This provision in the articles of incorporation of Prudential Bancorp–New makes an acquisition, merger or other similar corporate transaction less likely to occur, even if such transaction is supported by most shareholders, unless it is supported by two-thirds of the board of directors of Prudential Bancorp–New. Thus, it may be deemed to have an anti-takeover effect.

Proposal 3 — Approval of a Provision in the Articles of Incorporation of Prudential Bancorp–New Requiring a Super-Majority Shareholder of Amendments to Certain Provisions in the Articles of Incorporation and Bylaws of Prudential Bancorp–New.

No amendment of the current articles of incorporation of existing Prudential Bancorp may be made unless it is first proposed by the board of directors, then approved by the holders of a majority of the shares entitled to vote generally in an election of directors. The articles of incorporation of Prudential Bancorp–New generally provide that no amendment of the articles of incorporation may be made unless it is first approved by the board of directors and thereafter approved by the holders of a majority of the shares entitled to vote generally in an election of directors, voting together as a single class, as well as such additional vote of the preferred stock as may be required by the provisions of any series thereof, provided, however, any amendment which is inconsistent with Articles VI (directors), VII (meetings of shareholders, actions without a meeting), VIII (liability of directors and officers), IX (restrictions on offers and acquisitions), XI (shareholder approval of mergers and other actions) and XII (amendments to the articles of incorporation and bylaws) must be approved by the affirmative vote of the holders of not less than 75% of the voting power of the shares entitled to vote thereon unless approved by the affirmative vote of 80% of the directors of Prudential Bancorp–New then in office.

The current bylaws of existing Prudential Bancorp may be amended by a majority vote of the full board of directors or by a majority vote of the shares entitled to vote generally in an election of directors. The bylaws of Prudential Bancorp–New may similarly be amended by the majority vote of the full board of directors at a regular or special meeting of the board of directors or by a majority vote of the shares entitled to vote generally in an election of directors, voting together as a single class, as well as such additional vote the preferred stock as may be required by the provisions of any series thereof, provided, however, that the shareholder vote requirement for any amendment to the bylaws which is inconsistent with Sections 2.10 (shareholder proposals), 3.1 (number of directors and powers), 3.2 (classifications and terms of directors), 3.3 (director vacancies), 3.4 (removal of directors) and 3.12 (nominations of directors) and Article VI (indemnification) is the affirmative vote of the holders of not less than 75% of the voting power of the shares entitled to vote thereon.

These limitations on amendments to specified provisions of the articles of incorporation and bylaws of Prudential Bancorp–New are intended to ensure that the referenced provisions are not limited or changed upon a simple majority vote. While this limits the ability of shareholders of Prudential Bancorp–New to

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amend those provisions, Prudential Mutual Holding Company, as a 74.6% shareholder of existing Prudential Bancorp, currently can effectively block any shareholder proposed change to the charter or bylaws of existing Prudential Bancorp.

These provisions in the articles of incorporation of Prudential Bancorp–New could have the effect of discouraging a tender offer or other takeover attempt where the ability to make fundamental changes through amendments to the articles of incorporation or bylaws is an important element of the takeover strategy of the potential acquirer. The board of directors believes that the provisions limiting certain amendments to the articles of incorporation and bylaws will put the board of directors in a stronger position to negotiate with third parties with respect to transactions potentially affecting the corporate structure of Prudential Bancorp–New and the fundamental rights of its shareholders, and to preserve the ability of all shareholders to have an effective voice in the outcome of such matters.

The board of directors of existing Prudential Bancorp unanimously recommends that you vote "FOR" approval of the Proposals 2 and 3.

PROPOSAL 4 — ADJOURNMENT OF THE SPECIAL MEETING

If there are not sufficient votes to constitute a quorum or to approve the plan of conversion and reorganization at the time of the special meeting, the plan of conversion and reorganization may not be approved unless the special meeting is adjourned to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by existing Prudential Bancorp at the time of the special meeting to be voted for an adjournment, if necessary, existing Prudential Bancorp has submitted the question of adjournment to its shareholders as a separate matter for their consideration. If it is necessary to adjourn the special meeting, no notice of the adjourned special meeting is required to be given to shareholders, other than an announcement at the special meeting of the hour, date and place to which the special meeting is adjourned unless the board of directors fixes a new record date.

The board of directors of existing Prudential Bancorp recommends that you vote "FOR" approval of the adjournment of the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the proposal to approve the plan of conversion and reorganization.

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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, 2013	Three Months Ended June 30, 2012	Nine Months Ended June 30, 2013	Nine Months Ended June 30, 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

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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 15 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			Midpoint of Offering Range 6,210,199 Shares At $10.00 Per Share			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 OF 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	500.0 x	500.0 x	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:

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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

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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 commercial real 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;

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• Concentrations of credit and changes in levels of such concentrations; and

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• 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)

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	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 noted mutual fund redemption in kind.

Liquidity and Capital Resources

Liquidity is the ability to maintain cash flows that are adequate to fund our operations and meet our other obligations on a timely and cost effective basis in various market conditions. Our ability to meet our current financial obligations is a function of balance sheet structure, the ability to liquidate assets and the availability of alternative sources of funds. To meet the needs of clients and manage our risk, we engage in liquidity planning and management.

Our primary sources of funds are from deposits, scheduled principal and interest payments on loans, loan prepayments and the maturity of loans, mortgage-backed securities and other investments, and other funds provided from operations. While scheduled payments from the amortization of loans and mortgage-backed securities and maturing investment securities are relatively predictable sources of funds, deposit flows and loan prepayments can be greatly influenced by general interest rates, economic conditions and competition. We also maintain excess funds in short-term, interest-bearing assets that provide additional liquidity. At March 31, 2013, our cash and cash equivalents amounted to $33.6 million. In addition, our available for sale investment and mortgage-backed securities amounted to an aggregate of $62.7 million at March 31, 2013.

We use our liquidity to fund existing and future loan commitments, to fund maturing certificates of deposit and demand deposit withdrawals, to invest in other interest-earning assets, and to meet operating expenses. At March 31, 2013, we had $7.5 million in outstanding commitments to originate fixed and variable-rate loans, not including loans in process. We also had commitments under unused lines of credit of $6.1 million and letters of credit outstanding of $187,000 at March 31, 2013. At March 31, 2013, we had certificates of deposit maturing within the next 12 months amounting to $141.4 million. Based upon historical experience, we anticipate that a significant portion of the maturing certificates of deposit will be redeposited with us unless we determine to lower rates to below competition in order to facilitate the reduction of higher cost deposits during periods when there is excess cash on hand or in order to satisfy our asset/liability goals. There were no deposits as of March 31, 2013 requiring the pledging of collateral.

In addition to cash flows from loan and securities payments and prepayments as well as from sales of available for sale securities, we have significant borrowing capacity available to fund liquidity requirements should the need arise. Our borrowings consist solely of advances from the FHLB of Pittsburgh, of which we are a member. Under terms of the collateral agreement with the FHLB of Pittsburgh, we pledge residential mortgage loans as well as our stock in the FHLB of Pittsburgh as collateral for such advances. At March 31, 2013, we had $340,000 in outstanding FHLB of Pittsburgh advances and we had the ability to borrow up to $135.0 million in additional FHLB of Pittsburgh advances. A borrowing line of credit has also been established with the Federal Reserve Bank of Philadelphia. In addition, we have the ability to generate brokered certificates of deposit.

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

Impact of Inflation and Changing Prices

Our consolidated financial statements, accompanying notes, and related financial data have been prepared in accordance with U.S. GAAP, which requires the measurement of financial position and operating results in terms of historical dollars without considering the changes in purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of operations. Most of our assets and liabilities are monetary in nature; therefore, the impact of interest rates has a greater impact on our performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

Exposure to Changes in Interest Rates

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

The table below sets forth the amounts of our interest-earning assets and interest-bearing liabilities outstanding at March 31, 2013, which we expect, based upon certain assumptions, to reprice or mature in each of the future time periods shown (the "GAP Table"). Except as stated below, the amounts of assets and liabilities shown which reprice or mature during a particular period were determined in accordance with the earlier of term to repricing or the contractual maturity of the asset or liability. The table sets forth an approximation of the projected repricing of assets and liabilities at March 31, 2013, on the basis of contractual maturities, anticipated prepayments, and scheduled rate adjustments within a three month period and subsequent selected time intervals. The loan amounts in the table reflect principal balances expected to be redeployed and/or repriced as a result of contractual amortization and anticipated prepayments of adjustable-rate loans and fixed-rate loans, and as a result of contractual rate adjustments on adjustable-rate loans. Annual prepayment rates for adjustable-rate and fixed-rate single-family and multi-family residential and commercial mortgage loans are assumed to range from 10.4% to 31.1%. The annual prepayment rate for mortgage-backed securities is assumed to range from 0.4% to 25.0%. Money market deposit accounts, savings accounts and interest-bearing checking accounts are assumed to have annual rates of withdrawal, or "decay rates," based on information from an internal analysis of our accounts up to a maximum of ten years.

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	3 Months or Less	More than 3 Months to 1 Year	More than 1 Year to 3 Years	More than 3 Years to 5 Years	More than 5 Years	Total Amount
			(Dollars in Thousands)			
Interest-earning assets (1):						
Investment and mortgage-backed securities (2)	$6,412	$17,755	$16,951	$10,528	$97,662	$149,308
Loans receivable (3)	32,029	48,342	93,750	46,702	58,437	279,260
Other interest-earning assets (4)	32,826	—	—	—	—	32,826
Total interest-earning assets	71,267	66,097	110,701	57,230	156,099	461,394
Interest-bearing liabilities:						
Savings accounts	1,923	5,110	9,869	9,049	47,278	73,229
Checking and money market accounts	3,957	11,871	23,657	17,765	46,282	103,532
Certificate accounts	55,226	86,199	53,103	41,692	—	236,220
FHLB advances	—	—	340	—	—	340
Real estate tax escrow accounts	1,266	—	—	—	—	1,266
Total interest-bearing liabilities	62,372	103,180	86,969	68,506	93,560	414,587
Interest-earning assets less interest-bearing liabilities	$8,895	$(37,083)	$23,732	$(11,276)	$62,539	$46,807
Cumulative interest-rate sensitivity gap (5)	$8,895	$(28,188)	$(4,456)	$(15,732)	$46,807	
Cumulative interest-rate gap as a percentage of total assets at March 31, 2013	1.86%	(5.88)%	(0.93)%	(3.28)%	9.77%	
Cumulative interest-earning assets as a percentage of cumulative interest-bearing liabilities at March 31, 2013	114.26%	82.97%	98.24%	95.10%	111.29%	

(1)

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

(2)

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

(3)

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

(4)

- Includes FHLB stock.

(5)

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

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

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

Change in Interest Rates In Basis Points (Rate Shock)	**Net Portfolio Value**			**NPV as % of Portfolio Value of Assets**	
	Amount	**$ Change**	**% Change**	**NPV Ratio**	**Change**
			(Dollars in Thousands)		
300	$48,130	$(32,171)	(40.06)%	11.29%	(5.21)%
200	59,451	(20,850)	(25.96)	13.32	(3.18)
100	71,057	(9,244)	(11.51)	15.20	(1.30)
Static	80,301	—	—	16.50	—
(100)	79,887	(414)	(0.52)	16.10	(0.40)
(200)	80,366	65	0.08	15.95	(0.55)
(300)	87,379	7,078	8.81	17.04	0.54

At March 31, 2013, our NPV was $80.3 million or 16.50% of the market value of assets. Following a 200 basis point increase in interest rates, our "post shock" NPV would be $59.5 million or 13.32% of the market value of assets. The change in our NPV ratio of sensitivity measure was an increase of 318 basis points.

As is the case with the GAP Table, certain shortcomings are inherent in the methodology used in the above interest rate risk measurements. Modeling changes in NPV require the making of certain assumptions which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the models presented assume that the composition of our interest sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration to maturity or repricing of specific assets and liabilities. Accordingly, although the NPV model provides an indication of interest rate risk exposure at a particular point in time, such model is not intended to and does not provide a precise forecast of the effect of changes in market interest rates on net interest income and will differ from actual results.

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BUSINESS

General

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

Initially following the completion of the conversion and offering, Prudential Bancorp–New will have no significant assets other than owning 100% of the outstanding common stock of Prudential Savings Bank and the net proceeds it retains from the offering and it will have no significant liabilities. See "Use of Proceeds." Prudential Bancorp–New intends to use the support staff and offices of Prudential Savings Bank. If Prudential Bancorp–New expands or changes its business in the future, it may hire its own employees.

Existing Prudential Bancorp is a Pennsylvania corporation which was organized as a mid-tier holding company for Prudential Savings Bank, a Pennsylvania-chartered, FDIC-insured savings bank. Prudential Savings Bank is a wholly owned subsidiary of existing Prudential Bancorp. Existing Prudential Bancorp's results of operations are primarily dependent on the results of Prudential Savings Bank. As of March 31, 2013, existing Prudential Bancorp on a consolidated basis, had total assets of approximately $479.1 million, total deposits of approximately $416.1 million, and total stockholders' equity of approximately $60.2 million.

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

Prudential Savings Bank is a community-oriented savings bank headquartered in South Philadelphia which was originally organized in 1886 as a Pennsylvania-chartered building and loan association known as "The South Philadelphia Building and Loan Association No. 2." Prudential Savings Bank grew through a number of mergers with other mutual institutions and converted to a Pennsylvania-chartered savings bank in August 2004. The banking office network currently consists of the headquarters and main office and six full-service branch offices. Six of the banking offices are located in Philadelphia (Philadelphia County) and one is in Drexel Hill in neighboring Delaware County, Pennsylvania. Prudential Savings Bank maintains ATMs at six of the banking offices and also provides on-line banking services.

We are primarily engaged in attracting deposits from the general public and using those funds to invest in loans and securities. Our principal sources of funds are deposits, repayments of loans and mortgage-backed securities, maturities and calls of investment securities and interest-bearing deposits, funds provided from operations and funds borrowed from the Federal Home Loan Bank of Pittsburgh. These funds are primarily used for the origination of various loan types including single-family residential mortgage loans, construction and land development loans, non-residential or commercial real estate mortgage loans, home equity loans and lines of credit, commercial business loans and consumer loans. We are an active originator of residential home mortgage loans in our market area, including loans in excess of $417,000 (which are referred to as "jumbo loans"). Traditionally, we focused on originating long-term single-family residential mortgage loans for portfolio. Although, we had been involved in construction lending beginning in fiscal 2003, we began to significantly increase our involvement in construction and land development lending. With the decline in real estate values starting in 2008, we curtailed new construction and land development lending, focused on working with our existing construction lending customers to complete projects that were underway and renewed our focus on residential lending. Construction and land development loans decreased from $42.6 million or 16.5% of the total loan portfolio at September 30, 2008 to $14.8 million or 5.3% of the total loan portfolio at March 31, 2013. As real estate values recover and market conditions improve for residential construction lending, we expect to increase our construction and land development lending. See "— Asset Quality".

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At March 31, 2013, our non-performing assets totaled $7.4 million or 1.6% of total assets as compared to $16.0 million or 3.3% of total assets at September 30, 2012 and $14.9 million or 3.0% of total assets at September 30, 2011. Non-performing assets at March 31, 2013 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 consisted of commercial real estate loans. Included in the $2.1 million of non-performing commercial real estate loans was a $1.3 million troubled debt restructuring, while performing in accordance with its restructured terms, remained on non-accrual. The troubled debt restructuring relates to a loan extended in connection with the sale of all the loans related to a 133-unit completed condominium project in Philadelphia. See "— Lending Activities — Construction and Land Development Lending." Non-performing asse also included six one-to four-family residential real estate owned properties totaling $1.3 million at March 31, 2013. The allowance for loan losses totaled $2.5 million, or 0.9% of total loans and 40.7% of total non-performing loans at March 31, 2013. See "— Asset Quality".

The investment and mortgage-backed securities portfolio decreased by $55.2 million to $129.1 million at September 30, 2012 from $184.3 million at September 30, 2011 but increased to $150.7 million at March 31, 2013. The decrease from September 30, 2011 to September 30, 2012 was due to securities being sold or called, the proceeds of which at September 30, 2012 were still in the process of being deployed primarily into the purchase of U.S. government agency securities and the origination of residential mortgage loans. During the six months ended March 31, 2013, the proceeds of such calls and sales were deployed. A significant portion of the investment securities consist of debt and mortgage-backed securities issued by government sponsored enterprises ("GSEs") or U.S. government agencies. At March 31, 2013, the investment and mortgage-backed securities held for sale had an aggregate gross unrealized loss of $266,000 which reflected primarily unrealized losses related to non-agency mortgage-backed securities in the portfolio due in large part to continued turbulence in the mortgage industry.

Our executive offices are located at 1834 West Oregon Avenue, Philadelphia, Pennsylvania and our telephone number is (215) 755-1500. We maintain a website at www.prudentialsavingsbank.com and we provide our customers with on-line banking and telephone banking services. The information presented on our website, currently and in the future, is not considered to be part of this prospectus.

Market Area and Competition

Our primary market area is Philadelphia, in particular South Philadelphia and Center City, as well as Delaware County. We also conduct business in Bucks, Chester and Montgomery Counties which, along with Delaware County, comprise the suburbs of Philadelphia. We also make loans in contiguous counties in southern New Jersey. This area is referred to as the Delaware Valley region.

Philadelphia is the fifth largest metropolitan region in the United States and home to over 63 colleges and universities. Traditionally, the economy of the Philadelphia metropolitan area was driven by the manufacturing and distribution sectors. Currently, the leading employment sectors in the region are (i) educational and health services; (ii) transportation, trade and utilities services; (iii) professional and business services; and (iv) due to the region's numerous historic attractions, leisure and hospitality services. The region's leading employers include Jefferson Health System, the University of Pennsylvania Health System, Merck & Company, Inc. and Comcast Corporation. The Philadelphia metropolitan area has also evolved into one of the major corporate centers in the United States due to its geographic location, access to transportation, significant number of educational facilities to supply technical talent and available land for corporate and industrial development. The Philadelphia metropolitan area is currently home to 13 Fortune 500 companies, including AmerisourceBergen, Comcast, Sunoco, DuPont, Aramark and Lincoln Financial. It is also a major health care area with a number of teaching and research hospitals being operated.

The Philadelphia region is slowly recovering from the effects of the recent economic recession where falling home prices and sharply reduced sales volumes significantly contributed to a recession that officially lasted until June 2009, although the effects continued thereafter. Home prices in the area experienced reflected a modest increase in 2012 and continued to increase in the first quarter of 2013. The unemployment rate for the Philadelphia metropolitan area was 8.0% in March 2013 compared to a Pennsylvania unemployment rate of 7.9% and a national unemployment rate of 7.6% in March 2013.

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

Lending Activities

General. At March 31, 2013, the net loan portfolio totaled $278.2 million or 58.1% of total assets. Historically, the principal lending activity has been the origination of residential real estate loans collateralized by one-to four-family, also known as “single-family” homes, secured by properties located in our market area.

The types of loans that we may originate are subject to federal and state banking laws and regulations. Interest rates charged by us on loans are affected principally by the demand for such loans and the supply of money available for lending purposes and the rates offered by competitors. These factors are, in turn, affected by general and economic conditions, the monetary policy of the federal government, including the Board of Governors of the Federal Reserve System (referred to herein as the Federal Reserve Board), legislative tax policies and governmental budgetary matters.

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

March 31,						**September 30,**					
2013		**2012**		**2011**		**2010**		**2009**			
Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amour**	
					(Dollars in Thousands)						
$241,968	86.07 %	$222,793	84.64 %	$196,533	79.53 %	$197,164	74.96 %	$201,396	75.98 %	$191,34	
4,751	1.69	5,051	1.92	5,723	2.32	4,006	1.52	4,178	1.58	2,801	
18,599	6.62	19,333	7.35	21,175	8.57	19,710	7.49	19,907	7.51	20,518	
14,800	5.26	14,873	5.65	22,226	9.00	40,650	15.46	36,764	13.87	42,634	
280,118	99.64	262,050	99.56	245,657	99.42	261,530	99.43	262,245	98.94	257,29	
593	0.21	632	0.24	814	0.33	893	0.34	2,232	0.84	465	
421	0.15	523	0.20	613	0.25	595	0.23	586	0.22	739	
281,132	100.00%	263,205	100.00%	247,084	100.00%	263,018	100.00%	265,063	100.00%	258,50	
1,872		1,629		3,773		5,366		6,281		13,515	
(1,489)		(989)		(564)		(590)		(644)		(574	
2,512		1,881		3,364		3,151		2,732		1,591	
$278,237		$260,684		$240,511		$255,091		$256,694		$243,96	

(1)

- Includes home equity loans and lines of credit totaling $6.6 million and $10.6 million, respectively, at March 31, 2013 and $8.1 million and $11.7 million, respectively, at September 30, 2012.

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Contractual Terms to Final Maturities. The following tables show the scheduled contractual maturities of loans as of March 31, 2013 and September 30, 2012, before giving effect to net items. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due in one year or less. The amounts shown below do not take into account loan prepayments.

	March 31, 2013						
	One-to Four-Family Residential	Multi-family Residential	Commercial Real Estate	Construction and Land Development	Commercial Business	Consumer	Total
	(In Thousands)						
Amounts due after March 31, 2013 in:							
One year or less	$10,193	$1	$1,296	$6,632	$—	$70	$18,192
After one year through two years	4,866	—	1,233	3,950	8	111	10,168
After two years through three years	3,309	167	3,261	3,746	42	38	10,563
After three years through five years	8,837	1,976	4,753	472	—	122	16,160
After five years through ten years	57,038	2,128	7,372	—	88	80	66,706
After ten years through fifteen years	69,671	373	311	—	323	—	70,678
After fifteen years	88,054	106	373	—	132	—	88,665
Total	$241,968	$4,751	$18,599	$14,800	$593	$421	$281,132

	September 30, 2012						
	One-to Four-Family Residential	Multi-family Residential	Commercial Real Estate	Construction and Land Development	Commercial Business	Consumer	Total
	(In Thousands)						

	September 30, 2012						
Amounts due after September 30, 2012 in:							
One year or less	$8,594	$166	$1,196	$4,970	$20	$81	$15,027
After one year through two years	11,933	—	1,302	5,216	—	25	18,476
After two years through three years	2,004	170	2,930	4,201	53	127	9,485
After three years through five years	9,861	520	4,936	486	—	156	15,959
After five years through ten years	56,104	3,672	8,324	—	92	134	68,326
After ten years through fifteen years	60,656	381	317	—	332	—	61,686
After fifteen years	73,641	142	328	—	135	—	74,246
Total	$222,793	$5,051	$19,333	$14,873	$632	$523	$263,205

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

	March 31, 2013 (In Thousands)		
	Fixed-Rate	**Floating or Adjustable-Rate**	**Total**
One- to four-family residential (1)	$213,677	$18,098	$231,775
Multi-family residential	4,750	—	4,750
Commercial real estate	16,470	833	17,303
Construction and land development	630	7,538	8,168
Commercial business	593	—	593
Consumer	351	—	351
Total	$236,471	$26,469	$262,940

	September 30, 2012 (In Thousands)		
	Fixed-Rate	**Floating or Adjustable-Rate**	**Total**
One- to four-family residential (1)	$206,804	$7,395	$214,199
Multi-family residential	4,885	—	4,885
Commercial real estate	17,303	834	18,137
Construction and land development	1,368	8,535	9,903
Commercial business	612	—	612
Consumer	442	—	442
Total	$231,414	$16,764	$248,178

(1)

- Includes home equity loans and lines of credit.

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

Loan Originations. The lending activities are subject to underwriting standards and loan origination procedures established by our board of directors and management. Loan originations are obtained through a variety of sources, primarily existing customers as well as new customers obtained from referrals and local advertising and promotional efforts. We also use loan correspondents and brokers as a source for a substantial part of our residential mortgage loans, either having them originate such loans using our documentation or purchasing such loans from them immediately upon closing. Loans obtained from loan correspondents are underwritten using the same underwriting standards as loans originated internally. Consumer loan applications are taken at any of our offices while loan applications for all other types of loans, including home equity loans and home equity lines of credit, are taken only at our main office. All loan applications are processed and underwritten centrally at our main office.

Single-family residential mortgage loans are written on standardized documents used by the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and Federal National Mortgage Association (“FNMA” or “Fannie Mae”). Property valuations of loans secured by real estate are undertaken by independent third-party appraisers approved by the board of directors. At March 31, 2013, September 30,

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2012 and September 30, 2011, we had no real estate loans that would be considered subprime loans, which we define as mortgage loans advanced to borrowers who do not qualify for loans bearing market interest rates because of problems with their credit history. We do not originate and have not in the past originated subprime loans.

In addition, we utilize correspondent brokers to assist in the origination of single-family residential loans. However, all of such loans are underwritten by us using our underwriting criteria and are approved in accordance with the procedures established by our loan policy prior to loan closing. We also occasionally purchase participation interests in larger balance loans, typically commercial real estate loans, from other financial institutions in our market area. Such participations are reviewed for compliance with our underwriting criteria and are approved by the Management Loan Committee and either the Executive Committee or the full Board of Directors before they are purchased. Generally, loan purchases have been without any recourse to the seller. However, we actively monitor the performance of such loans through the receipt of regular updates, including inspections reports, from the lead lender regarding the loan's performance, discussing the loan with the lead lender on a regular basis and receiving copies of updated financial statements of the borrower from the lead lender.

We also have sold participation interests in construction and land development loans originated by us to other institutions in its market area. When we have sold participation interests, it has been done without recourse. We generally have sold participation interests in loans only when a loan would exceed our internal loans to one borrower limits. With respect to the sale of participation interests in such loans, we have received commitments to purchase such participation interests prior to the time the loan is closed. In addition, we have sold loans in the past to the Federal Home Loan Bank of Pittsburgh pursuant to the Mortgage Partnership Finance program consisting of long-term, fixed-rate single-family residential loans originated which had interest rates below certain levels established by the Board of Directors. Such sales provide for a limited amount of recourse. At March 31, 2013, our recourse exposure was approximately $64,000, we have not sold any loans pursuant to this program for several years. During the six months ended March 31, 2013, we sold $9.2 million of loans consisting of all the loans related to a 133-unit condominium project located in Philadelphia. See "— Lending Activities — Construction and Land Development Lending." No loan sales occurred during the fiscal years ended September 30, 2012, 2011 or 2010.

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

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

	Six Months Ended March 31,		**Year Ended September 30,**		
	2013	**2012**	**2012**	**2011**	**2010**
			(In Thousands)		
Loan originations (1)					
One- to four-family residential	$39,741	$20,590	$60,913	$27,947	$28,120
Multi-family residential	—	770	770	1,891	300
Commercial real estate	1,321	1,576	1,576	2,487	915
Construction and land development	2,021	2,950	7,960	9,622	20,929
Commercial business	379	577	1,049	986	2,941
Consumer	36	74	193	370	302
Total loan originations	43,497	26,537	72,461	43,303	53,507
Loans purchased	—	—	1,624	—	—
Total loans originated and acquired	43,497	26,537	74,085	43,303	53,507
Loans sold	9,240	—	—	—	—
Loans transferred to real estate owned	236	199	223	461	1,692
Loan principal repayments	16,521	28,470	53,302	52,914	52,456
Total loans sold and principal repayments	25,997	28,669	53,525	53,375	54,148
(Increase/decrease) due to other items, net (2)	53	(148)	(387)	(4,508)	(962)
Net increase (decrease) in loan portfolio	$17,553	$(2,280)	$20,173	$(14,580)	$(1,603)

(1)

- Includes loan participations with other lenders.

(2)

- Other items consist of the undisbursed portion of loans in process, deferred fees and the allowance for loan losses. The March 31, 2013 balance of other items consisted of the accretion of deferred loan fee income. The 2012 balance consisted primarily of the $725,000 loan loss provision expense offset by in part by a $338,000 accretion of deferred loan fee income. The 2011 balance consisted primarily of $4.6 million loan loss provision expense partially offset by a $122,000 accretion of deferred loan fee income. The 2010 balance consisted primarily of the $1.1 million loan loss provision expense offset by in part by a $148,000 accretion of deferred loan fee income.

One-to Four-Family Residential Mortgage Lending. Our primary lending activity continues to be the origination or purchase of loans secured by first mortgages on one-to four-family residential properties located in our market area. Our single-family residential mortgage loans are obtained through the lending department and branch personnel as well as through correspondents. The balance of such loans increased from $191.3 million or 74.0% of total loans at September 30, 2008 to $242.0 million or 86.1% of total loans at March 31, 2013.

Single-family residential mortgage loans generally are underwritten on terms and documentation conforming to guidelines issued by Freddie Mac and Fannie Mae. Our jumbo loans also conform to Freddie Mac and Fannie Mae Guidelines except of for the size limitation. We generally have retained for portfolio a substantial portion of the single-family residential mortgage loans that we originate, including our jumbo residential mortgage loans, only selling certain long-term, fixed-rate loans bearing interest rates below certain levels established by the board. All of such loans have been sold to the Federal Home Loan Bank of Pittsburgh pursuant to the Mortgage Partnership Finance Program. No sales pursuant to this program occurred during the past three fiscal years or during the first six months of fiscal year 2013. We service all loans that we have originated, including loans that we subsequently sell. We currently offer adjustable-rate mortgage and balloon loans, which are structured as shorter term fixed-rate loans (generally 15 years or less) followed by a final payment of the full amount of the principal due at the maturity date. Due to the interest rate environment, originations of such loans have been limited in recent years. However,

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in recent periods we have offered "hybrid" adjustable-rate loans as described below in order to increase the interest-rate sensitivity of the loan portfolio, which loans have been more attractive to customers than traditional adjustable-rate loans since the initial interest rate is fixed for a specified period. At March 31, 2013, $17.2 million, or 7.6%, of our one-to four-family residential loan portfolio (excluding home equity loans and lines of credit) consisted of adjustable-rate loans. We also originate fixed-rate, fully amortizing mortgage loans with maturities of 15, 20 or 30 years.

In light of the historically low current interest rate environment and to assist in the implementation of its asset/liability management policy, in recent periods we have been increasing our emphasis on the origination of adjustable-rate single-family mortgage loans. The adjustable-rate loans currently offered by us have interest rates which are fixed for the first five, seven or 10 years and then adjust every year thereafter for the remainder of the term of the loan in accordance with a designated index, currently one-year U.S. Treasury obligations, adjusted to a constant maturity ("CMT"), plus a stipulated margin. Our adjustable-rate single-family residential mortgage loans generally have a cap of 2% on any increase or decrease in the interest rate at any adjustment date, and a maximum adjustment limit of 5% on any such increase or decrease over the life of the loan. Our adjustable-rate loans require that any payment adjustment resulting from a change in the interest rate of an adjustable-rate loan be sufficient to result in full amortization of the loan by the end of the loan term and, thus, do not permit any of the increased payment to be added to the principal amount of the loan, creating negative amortization. Although we offer adjustable-rate loans with initial rates below the fully indexed rate, five/one hybrid loans tied to the one-year CMT are underwritten using methods approved by Freddie Mac or Fannie Mae which require borrowers to be qualified at 2% above the discounted loan rate under certain conditions.

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

Our single-family residential mortgage loans also include home equity loans and lines of credit, which amounted to $6.6 million and $10.6 million, respectively, at March 31, 2013. The unused portion of home equity lines was $4.9 million at such date. Our home equity loans are fully amortizing and have terms to maturity of up to 20 years. While home equity loans also are secured by the borrower's residence, we generally obtain a second mortgage position on these loans. Our lending policy provides that our home equity loans have loan-to-value ratios, when combined with any first mortgage, of 80% or less at time of origination, although the preponderance of our home equity loans have combined loan-to-value ratios of 75% or less at time of origination. We also offer home equity revolving lines of credit with interest tied to the Wall Street Journal prime rate. Generally, we have a second mortgage on the borrower's residence as collateral on our home equity lines. In addition, our home equity lines generally have loan-to-value ratios (combined with any loan secured by a first mortgage) of 75% or less at time of origination. Our customers may apply for home equity lines as well as home equity loans at any banking office. While there has been recent decline in some collateral values due to the weak real estate market, we believe our conservative underwriting guidelines have minimized our exposure in that regard.

Construction and Land Development Lending. We have been involved in construction and land development lending for many years. Prior to 2007, we emphasized construction loan originations because construction loans had shorter terms to maturity, provided an attractive yield and they generally had floating or adjustable interest rates. However, since 2008, our construction loan portfolio has decreased as market conditions made these loans less desirable due to the weakening of the real estate market resulting in slower sales and reduced housing prices in certain instances, resulting in certain of our construction loan projects experiencing difficulties. We have focused our construction lending on making loans to developers and homebuilders with whom we have long-standing relationships within our primary market area to acquire, develop and build single-family residences or condominium projects. Our construction loans include, to a lesser extent, loans for the construction of multi-family residential or mixed-use properties. At March 31, 2013, our construction and land development loans amounted to $14.8 million, or 5.3% of

our
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total loan portfolio. This amount includes $1.9 million of undisbursed loans in process. The average size of our construction and land development loans, excluding loans to our largest lending relationship, was approximately $600,000 at March 31, 2013. Our construction loan portfolio has decreased substantially since September 30, 2008 when construction loans amounted to $42.6 million or 16.5% of our total loan portfolio.
Loans to finance the construction of condominium projects or single-family homes and subdivisions are generally offered to experienced builders in our primary market area with whom we have an established relationship. Residential construction and development loans are offered with terms of up to 36 months although typically the terms are 12 to 24 months. The maximum loan-to-value limit applicable to these loans is 75% of the appraised post construction value and the policy does not require amortization of the principal during the term of the loan. We often establish interest reserves and obtain personal and corporate guarantees as additional security on the construction loans. Interest reserves are used to pay the monthly interest payments during the development phase of the loan and are treated as an addition to the loan balance. Interest reserves pose an additional risk to us if we do not become aware of deterioration in the borrower’s financial condition before the interest reserve is fully utilized. In order to help monitor the risk, financial statements and tax returns are obtained from borrowers on an annual basis. Additionally, construction loans are reviewed at least annually pursuant to a third-party loan review. Construction loan proceeds are disbursed periodically in increments as construction progresses and as inspection by approved appraisers or loan inspectors warrants. Construction loans are negotiated on an individual basis but typically have floating rates of interest based upon the Wall Street Journal prime rate. Additional fees may be charged as funds are disbursed. In addition to interest payments during the term of the construction loan, we typically require that payments to reduce the principal outstanding be made as units are completed and released. Generally such principal payments must be equal to 110% of the amount attributable to acquisition and development of the lot plus 100% of the amount attributable to construction of the individual home. We permit a pre-determined number of model homes to be constructed on an unsold or “speculative” basis. Generally, speculative units are limited to two units per project and to no more than two projects per developer. All other units must be pre-sold before we will disburse funds for construction. Construction loans also include loans to acquire land and loans to develop the basic infrastructure, such as roads and sewers. The majority of our construction loans are secured by properties located in the Philadelphia metropolitan statistical area. In addition, we have sold participation interests in a number of the larger construction projects, although we generally retain at least a 20% interest. Such sales do not provide for any recourse against the Bank.
Set forth below is a brief description of the four largest construction loans.
In June 2010, we extended a $5.1 million loan to a local real estate developer for the construction of 19 single-family homes in Bucks County, Pennsylvania. The loan has a 36 month term with interest only due during the term and a variable interest rate indexed to the Wall Street Journal prime rate plus a margin. The loan has a floor of 6.0%. The loan-to-value ratio at the date of origination was approximately 67% which includes certain additional collateral. We retained the entire interest in the loan. As of March 31, 2013, the outstanding loan balance was approximately $3.8 million and 14 units have been sold with an additional five lots under agreements of sale. The loan is performing in accordance with its terms.
In September 2009, we extended a $3.9 million construction and land development loan to a local developer to purchase land for future development of 39 single-family residential real estate units. The loan was a variable-rate loan indexed to the Wall Street Journal prime rate plus a margin. The loan has a floor of 5.5% and with a maturity date after pre-approved extensions of June 2011. During 2011, a new appraisal revealed that the market value of the collateral had substantially decreased in value. The borrower subsequently agreed to provide additional collateral resulting in a revised loan-to-value ratio of 73%. The loan has been converted to a 30 year amortizing loan with a three year balloon maturing in September 2014. Additionally, a portion of proceeds received by the developer from the sale of units in other projects must be applied to reduce the principal of this loan. The borrower has agreed not to develop the project until certain other projects are completed. The modification was not considered a troubled debt restructuring as the loan was current at the time of the restructuring and the restructured loan was made at current market rates. As of March 31, 2013, the outstanding loan balance was approximately $3.8 million. The loan is performing in accordance with its terms. The aggregate principal balance of the six loans extended to this borrower at March 31, 2013 was $9.4 million.

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In 2007, we extended a $2.4 million construction loan to a local developer for the purchase and renovation of a property in Center City Philadelphia. During 2009, an additional $530,000 was made available as part of the issuance of two home equity lines of credit secured by the renovated property and the developer's primary residence. Although construction is complete, the property remains unsold. The loans were modified during June 2011, being restructured to three year balloon loans bearing interest at 4.875% amortizing based on a 30 year schedule. The modification was not considered a troubled debt restructuring as the loans were current at the time of the restructuring and the restructured loans were made at current market rates. The loans are classified as substandard due to the need for several extensions when the loans could not be satisfied at their original maturity date as well as due to delinquency issues in prior periods. As of March 31, 2013, the loan balance was $2.8 million. There was a $71,000 charge-off recognized during fiscal 2012 based on a decrease in the appraised values of the loan collateral. No further charge-offs were required during the six months ended March 31, 2013 and the loans were current as of March 31, 2013.

In March 2010, we extended a $2.5 million loan to a local real estate developer for the financing of a 5 unit condominium project in Center City Philadelphia. The loan had a 36 month term with interest only due during the term and a variable interest rate indexed to the Wall Street Journal prime rate plus a margin. The loan has a floor of 6.25%. At the end of the 36 month term, the loan converted to a five year balloon with principal and interest amortization based on a 30 year schedule. The loan-to-value ratio at the date of origination was approximately 55% which includes certain additional collateral. We retained the entire interest in the loan. As of March 31, 2013, the outstanding loan balance was approximately $2.5 million since the loan just converted, in accordance with its terms, to an amortizing loan. The loan is performing in accordance with its terms at March 31, 2013.

In addition, our previously largest loan relationship consisted of several loans made to finance the construction and development of a 133-unit residential condominium project located in Center City Philadelphia. We, along with five other banks that had participation interests in the loans, advanced $29.0 million to the borrower. As the lead lender in the project, we retained the largest interest in the loan, $5.8 million or 20% of the aggregate loan balance. Construction of the units was completed in September 2010. Sales of the units were slower than projected and, as such, in fiscal 2011, the loans were restructured and a lower interest rate was granted in exchange for the pledging of additional collateral. The restructured loans were classified as troubled debt restructurings and placed on non-accrual status and reflected in our non-performing assets. At September 30, 2012 there were 80 unsold units all of which were being used as rental properties to provide cash flow to service the debt. As of September 30, 2012, the principal balance of the loan was $20.7 million (which reflected reductions to recognize charge-offs and discounts) with the portion retained by us aggregating $8.8 million (including the additional loan referenced below). Our interest in the loans reflected the acquisition by us and another participant of the interests of two other participants in the loans. In October 2012, we and one of the participants acquired the interest of a third participant in the loans increasing our interest to $9.2 million. In addition, in fiscal 2010 we extended a new loan of $790,000 to the borrower to finance the construction of 21 commercial condominiums at the same location. During November 2012, we entered into an agreement with a third party to sell all the loans for $14.0 million, which transaction was completed in January 2013. In connection with such sale, we and the other participants extended a loan to an affiliate of the borrower in the amount of $2.25 million, the proceeds of which were provided to us and the other participants in partial payment of the principal due on the loans sold to the third party. Additional real estate collateral consisting of residential and commercial condominium units with an aggregate value of approximately $2.8 million was provided to secure the loan. The new loan has been classified as a troubled debt restructuring and is non-accrual. However, it is performing in accordance with its terms. No additional losses were incurred upon the consummation of the loan sale.

Construction financing is generally considered to involve a higher degree of credit risk than long-term financing on improved, owner-occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the property's value at completion of construction compared to the estimated costs, including interest, of construction and other assumptions. Additionally, if the estimate of value proves to be inaccurate, we may be confronted with a project, when completed, having a value less

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than the loan amount. We have attempted to minimize these risks by generally concentrating on residential construction loans in our market area to contractors with whom we have established lending relationships and by selling, with respect to larger construction and land development loans, participation interests in order to reduce our exposure.

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

The commercial real estate and multi-family residential real estate loan portfolio consists primarily of loans secured by small office buildings, strip shopping centers, small apartment buildings and other properties used for commercial and multi-family purposes located in our market area. At March 31, 2013, the average commercial and multi-family real estate loan size was approximately $284,000. The largest multi-family residential or commercial real estate loan at March 31, 2013 was a $1.8 million participation interest in a commercial real estate loan serviced by another lender secured by a hotel in suburban Philadelphia. The loan was performing in accordance with its terms at such date. Substantially all of the properties securing the multi-family residential and commercial real estate loans are located in our primary market area.

Although terms for commercial real estate and multi-family loans vary, our underwriting standards generally allow for terms up to 15 years with loan-to-value ratios of not more than 75%. Most of the loans are structured with balloon payments of 10 years or less and amortization periods of up to 25 years. Interest rates are either fixed or adjustable, based upon designated market indices such as the Wall Street Journal prime rate plus a margin or, with respect to our multi-family residential loans, the Average Contract Interest Rate for previously occupied houses as reported by the Federal Housing Finance Board. In addition, fees are charged to the borrower at the origination of the loan. We generally obtain personal guarantees of the principals as well as additional collateral for commercial real estate and multi-family real estate loans.

Commercial real estate and multi-family real estate lending involves different risks than single-family residential lending. These risks include larger loans to individual borrowers and loan payments that are dependent upon the successful operation of the project or the borrower’s business. These risks can be affected by supply and demand conditions in the project’s market area of rental housing units, office and retail space and other commercial space. We attempt to minimize these risks by limiting loans to proven businesses, only considering properties with existing operating performance which can be analyzed, using conservative debt coverage ratios in our underwriting, and periodically monitoring the operation of the business or project and the physical condition of the property.

Various aspects of commercial and multi-family loan transactions are evaluated in an effort to mitigate the additional risk in these types of loans. In our underwriting procedures, consideration is given to the stability of the property’s cash flow history, future operating projections, current and projected occupancy levels, location and physical condition. Generally, we impose a debt service ratio (the ratio of net cash flows from operations before the payment of debt service to debt service) of not less than 120%. We also evaluate the credit and financial condition of the borrower, and if applicable, the guarantor. Appraisal reports prepared by independent appraisers are reviewed by us prior to the closing of the loan. With respect to loan participation interests we purchase, we underwrite the loans as if we were the originating lender.

Our origination of commercial real estate and multi-family residential real estate loans decreased during the periods from fiscal 2010 through the six months ended March 31, 2013 compared to previous years. Although some delinquencies have existed with respect to these types of loans in our portfolio, no losses have been incurred over the past several years.

Consumer Lending Activities. We offer various types of consumer loans such as loans secured by deposit accounts and unsecured personal loans. Consumer loans are originated primarily through existing and walk-in customers and direct advertising. At March 31, 2013, $421,000, or 0.2% of the total loan portfolio consisted of consumer loans. Consumer loans generally have higher interest rates and shorter terms than residential loans. However, consumer loans have additional credit risk due to the type of collateral securing the loan or in some cases, the absence of collateral.

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Commercial Business Loans. Our commercial business loans amounted to $593,000 or 0.2% of the total loan portfolio at March 31, 2013.

Our commercial business loans typically are made to small to mid-sized businesses in our market area primarily to provide working capital. Small business loans may have adjustable or fixed rates of interest and generally have terms of three years or less but may be as long as 15 years. Our commercial loans are underwritten based on the creditworthiness of the borrower and generally require a debt service coverage ratio of at least 120%. In addition, we generally obtain personal guarantees from the principals of the borrower with respect to commercial business loans and frequently obtain real estate as additional collateral.

We are considering entering into a correspondent relationship which will source SBA guaranteed loans to us. Such loans would bear variable interest rates tied to the Wall Street Journal prime rate plus a margin. The loans would generally have 25 year terms with prepayment penalties imposed if the loans are repaid within the first three years. We expect to start originating such loans during first quarter of fiscal 2014 and will seek to originate approximately $5.0 million per year. We expect to sell the 75% SBA-guaranteed portion of the loans, retaining the remaining 25%. In addition, we are also expecting to purchase lease financings secured by commercial vehicles and equipment. The loans would bear fixed interest rates tied to the Wall Street Journal prime rate plus a margin and would typically have terms of between 36 and 48 months. The loans would be fully amortizing. The lease finance company selling the lease financings to us would guarantee the principal balance of the loans and we would also obtain personal guarantees from the principals of the lease finance company. We will limit our maximum investment in the loans orientated under this arrangement to $5.0 million. The individual leases financed are expected to generally range in size from $50,000 to $80,000. We anticipate commencing the lease financing program in the fourth quarter of fiscal 2013.

Loan Approval Procedures and Authority. Our Board of Directors establishes our lending policies and procedures. Our various lending policies are reviewed at least annually by our management team and the Board in order to consider modifications as a result of market conditions, regulatory changes and other factors. All modifications must be approved by either the Management Loan Committee, and either the Executive Committee of the Board or the full Board of Directors.

Home equity loans and lines of credit up to $100,000 can be approved by one underwriter and two lending officers. Amounts in excess of the individual lending limit with respect to home equity loans and lines of credit must be approved by our two lending officers, and either our President or our Chief Financial Officer. Residential owner-occupied non-home equity loans up to $1.0 million can be approved by Management Loan Committee. All other loans, including all construction and land loans, must be approved by Management Loan Committee and either the Executive Committee of the Board or the full Board of Directors of Prudential Savings Bank.

Asset Quality

General. One of our key objectives has been, and continues to be, maintaining a high level of asset quality. In addition to maintaining credit standards for new originations which we believe are prudent, we are proactive in our loan monitoring, collection and workout processes in dealing with delinquent or problem loans. We also retain an independent, third party to undertake periodic reviews of the credit quality of a random sample of new loans as well as all of our major loans on at least an annual basis.

Reports listing all delinquent accounts are generated and reviewed by management on a monthly basis. These reports include information regarding all loans 30 days or more delinquent and all real estate owned properties and are provided to the Board of Directors. The procedures we take with respect to delinquencies vary depending on the nature of the loan, period and cause of delinquency and whether the borrower is habitually delinquent. When a borrower fails to make a required payment on a loan, we take a number of steps to have the borrower cure the delinquency and restore the loan to current status. We generally send the borrower a written notice of non-payment after the loan is first past due. Our guidelines provide that telephone, written correspondence and/or face-to-face contact will be attempted to ascertain the reasons for delinquency and the prospects of repayment. When contact is made with the borrower at any time prior to foreclosure, we will attempt to obtain full payment, work out a repayment schedule with the borrower to

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

On loans where the collection of principal or interest payments is doubtful, the accrual of interest income ceases ("non-accrual" loans). On loans 90 days or more past due as to principal and interest payments, our policy is to discontinue accruing additional interest and reverse any interest currently accrued. On occasion, this action may be taken earlier if the financial condition of the borrower raises significant concern with regard to his/her ability to service the debt in accordance with the terms of the loan agreement. Interest income is not accrued on these loans until the borrower's financial condition and payment record demonstrate an ability to service the debt.

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

We account for our impaired loans in accordance with generally accepted accounting principles. An impaired loan generally is one for which it is more likely than not, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Large groups of smaller balance, homogeneous loans are collectively evaluated for impairment. Loans collectively evaluated for impairment include smaller balance commercial real estate loans, residential real estate loans and consumer loans. These loans are evaluated as a group because they have similar characteristics and performance experience. Larger commercial real estate, construction and land development and commercial business loans are individually evaluated for impairment on at least an annual basis by management and the independent third-party loan review function. All loans classified as substandard as part of the loan review process or due to delinquency status are evaluated for potential impairment. There were $21.0 million of loans evaluated for impairment as of March 31, 2013, consisting of $16.0 million of one-to four-family residential loans, $2.6 million of commercial real estate loans, $1.5 million of construction and land development loans and $906,000 of multi-family loans. Although no specific allocations were applied to these loans, there were partial charge-offs of $154,000 applicable to the loans that were reviewed for impairment during the six months ended March 31, 2013. There was $30.6 million and $11.4 million of impaired loans as of September 30, 2012 and 2012, respectively.

Federal regulations and our policies require that we utilize an internal asset classification system as a means of reporting problem and potential problem assets. We have incorporated an internal asset classification system, consistent with Federal banking regulations, as a part of our credit monitoring system. We currently classify problem and potential problem assets as "special mention", "substandard," "doubtful" or "loss" assets. An asset is considered "substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. "Substandard" assets include those characterized by the "distinct possibility" that the insured institution will sustain "some loss" if the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substandard" with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as "loss" are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are required to be designated “special mention.”

When an insured institution classifies one or more assets, or portions thereof, as “substandard” or “doubtful,” it is required that a general valuation allowance for loan losses be established for loan losses in accordance with established methodology. General valuation allowances represent loss allowances which have been established to recognize the inherent losses associated with lending activities, but which, unlike specific allocations, have not been allocated to particular problem assets. When an insured institution classifies one or more assets, or portions thereof, as “loss,” it is required either to establish a specific allocation equal to 100% of the amount of the loss or to charge off such amount.

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

We review and classify assets on a quarterly basis and the Board of Directors is provided with reports on our classified and criticized assets. We classify assets in accordance with the management guidelines described above. At March 31, 2013 and at September 30, 2012 and 2011, we had no assets classified as “doubtful” or “loss”, and 22.3 million, $30.6 million and $19.0 million, respectively, at such dates of loans and real estate owned classified as “substandard.” There were no loans designated as “special mention” as of March 31, 2013 or as of September 30, 2012 and $6.8 million of such loans as of September 30, 2011.

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Delinquent Loans. The following table shows the delinquencies in the loan portfolio as of the dates indicated.

March 31, 2013				September 30, 2012				September 30, 2		
30 – 89 Days Overdue		90 or More Days Overdue		30 – 89 Days Overdue		90 or More Days Overdue		30 – 89 Days Overdue		9
ber f ans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Number of Loans	Principal Balance	Nu L
	(Dollars in Thousands)									
	$129	21	$4,128	10	$1,108	31	$4,624	26	$3,048	20
	—	—	—	—	—	—	—	—	—	—
	331	5	730	1	233	1	241	1	358	3
	—	—	—	—	—	1	517	—	—	3
	—	—	—	—	—	—	—	—	—	—
	10	—	—	1	1	—	—	—	—	—
	$470	26	$4,858	12	$1,342	33	$5,382	27	$3,406	26
	0.17 %		1.75 %		0.51 %		2.06 %		1.42 %	
	0.17		1.73		0.51		2.04		1.38	

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

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

	March 31, 2013	September 30, 2012	2011	2010	2009	2008
	(Dollars in Thousands)					
Non-accruing loans:						
One-to four-family residential	$4,128	$12,904 (1)	$10,314 (1)	$—	$—	$—
Multi-family residential	—	—	—	—	—	—
Commercial real estate	2,050 (1)	597	545	—	—	—
Construction and land development	—	517	1,772	—	640	3,640
Commercial business	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Total non-accruing loans	6,178	14,018	12,631	—	640	3,640
Accruing loans 90 days or more past due:						
One-to four-family residential	—	—	—	1,811	851	152
Multi-family residential	—	—	—	—	—	—
Commercial real estate	—	—	—	1,462	491	244
Construction	—	—	—	206	—	—
Commercial business	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Total accruing loans 90 days or more past due	—	—	—	3,479	1,342	396
Total non-performing loans (2)	6,178	14,018	12,631	3,479	1,982	4,036
Real estate owned, net (3)	1,258	1,972	2,268	3,197	3,622	1,488
Total non-performing assets	$7,436	$15,990	$14,899	$6,676	$5,604	$5,524
Total non-performing loans as a percentage of loans, net	2.22 %	5.38 %	5.25 %	1.36 %	0.77 %	1.65 %
Total non-performing loans as a percentage of total assets	1.29 %	2.86 %	2.53 %	0.66 %	0.39 %	0.82 %
Total non-performing assets as a percentage of total assets	1.55 %	3.26 %	2.98 %	1.26 %	1.09 %	1.13 %

(1)

- Includes at September 30, 2012 and 2011, $8.1 million of troubled debt restructurings consisting of five loans to the same borrower related to the 133-unit condominium project discussed previously. Includes one $1.3 million troubled debt restructuring at March 31, 2013.

(2)

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

(3)

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

Interest income on non-accrual loans is recognized only as collected. There was $406,000 of such interest recognized during fiscal 2012 while there was $251,000 of such interest recognized for non-accrual

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loans for fiscal 2011. Prudential Savings Bank recognized $86,000 of interest on non-accrual loans during the six months ended March 31, 2013. Approximately $107,000 and $295,000 in additional interest income would have been recognized during the six months ended March 31, 2013 and the year ended September 30, 2012 if these loans had been performing during the six months ended March 31, 2013 and fiscal 2012, respectively.

At March 31, 2013, our non-performing assets totaled $7.4 million or 1.6% of total assets as compared to $16.0 million or 3.3% of total assets at September 30, 2012 and $14.9 million or 3.0% of total assets at September 30, 2011. Non-performing assets at March 31, 2013 included $6.2 million in non-performing loans of which there were 21 one-to four-family residential loans totaling $4.1 million and six commercial real estate loans, one of which consists of a $1.3 million loan extended as part of the resolution in January 2013 of what was at the time our largest construction loan project. The loan is collateralized by residential and commercial condominium units with an aggregate loan-to-value ratio of 80%. The loan is classified as a troubled debt restructuring but it is performing in accordance with its terms. (See "— Lending Activities — Construction and Land Development Lending" for additional information regarding this loan relationship). Four of the five other non-performing commercial loans are to one borrower and total approximately $594,000. A principal of the borrower also has a single-family residential loan on non-accrual in the amount of $159,000 at March 31, 2013.

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

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

The carrying value of loans is periodically evaluated and the allowance is adjusted accordingly. The establishment of the allowance for loan losses is significantly affected by management judgment and uncertainties and there is a likelihood that different amounts would be reported under different conditions or assumptions. Various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses. Such agencies may require us to make additional provisions for estimated loan losses based upon judgments that differ from those of management. As of March 31, 2013, our allowance for loan losses of $2.5 million was 0.9% of total loans receivable and 40.7% of non-performing loans.

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

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Management will continue to monitor and modify the allowance for loan losses as conditions dictate. No assurances can be given that the 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.

The following table shows changes in the allowance for loan losses during the periods presented.

	Six Months Ended March 31,		At or for the Year Ended September 30,				
	2013	2012	2012	2011	2010	2009	2008
	(Dollars in Thousands)						
Total loans outstanding at end of period	$281,132	$243,438	$263,205	$247,084	$263,018	$265,063	$258,501
Average loans outstanding	270,611	238,958	242,781	246,188	254,781	253,278	227,662
Allowance for loan losses, beginning of period	1,881	3,364	3,364	3,151	2,732	1,591	1,011
Provision for loan losses	—	250	725	4,630	1,110	1,403	1,084
Charge-offs:							
One-to four-family residential	154	261	1,905	750	51	45	—
Multi-family residential and commercial real estate	—	—	—	—	—	—	—
Construction and land development	—	303	303	3,667	640	217	504
Commercial business	—	—	—	—	—	—	—
Consumer	—	—	—	—	—	—	—
Total charge-offs	154	564	2,208	4,417	691	262	504
Recoveries on loans previously charged off	785	—	—	—	—	—	—
Allowance for loan losses, end of period	$2,512	3,050	$1,881	$3,364	$3,151	$2,732	$1,591
Allowance for loan losses as a percent of total loans	0.89 %	1.25 %	0.71 %	1.36 %	1.20 %	1.03 %	0.62 %
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 %

	Six Months Ended March 31,						
			At or for the Year Ended September 30,				
Ratio of net charge-offs during the period to average loans outstanding during the period	0.06 %	0.47 %	0.91 %	1.79 %	0.27 %	0.10 %	0.22 %

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

31,		September 30,						
3	2012		2011		2010		2009	
Loan Category as a % of Total Loans	Amount of Allowance	Loan Category as a % of Total Loans	Amount of Allowance	Loan Category as a % of Total Loans	Amount of Allowance	Loan Category as a % of Total Loans	Amount of Allowance	Loan Category as a % of Total Loans
				(Dollars in Thousands)				
86.07 %	$830	84.64 %	$1,651	79.53 %	$672	74.96 %	$403	75.98 %
1.69	7	1.92	7	2.32	4	1.52	7	1.58
6.62	125	7.35	221	8.57	560	7.49	193	7.51
5.26	745	5.65	1,481	9.00	1,909	15.46	2,114	13.87
0.21	3	0.24	3	0.33	3	0.34	7	0.84
0.15	1	0.20	1	0.25	1	0.23	1	0.22
—	170	—	—	—	2	—	7	—
100.00 %	$1,881	100.00 %	$3,364	100.00 %	$3,151	100.00 %	$2,732	100.00 %

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The aggregate allowance for loan losses decreased by $1.5 million from September 30, 2011 to September 30, 2012 due to charge-offs of $2.2 million as we took an aggressive approach in writing down all substandard loans to the net realizable value of the applicable underlying collateral. The fluctuation in the allowance was determined based on management's consideration of the known and inherent losses in the loan portfolio that was reasonably estimateable at such time as well as current qualitative and quantitative risk factors as of September 30, 2012. However, during the six months ended March 31, 2013, we recovered $760,000 as a result of sales of units in a construction project that previously had been non-performing. The one remaining unit in the project is under an agreement of sale and upon closing, we expect to recover an additional $135,000.

Investment Activities

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

The investment policy is designed primarily to manage the interest rate sensitivity of the assets and liabilities, to generate a favorable return without incurring undue interest rate and credit risk, to complement the lending activities and to provide and maintain liquidity. The current investment policy generally permits investments in debt securities issued by the U.S. government and U.S. agencies, municipal bonds, and corporate debt obligations, as well as investments in preferred and common stock of government agencies and government sponsored enterprises such as Fannie Mae, Freddie Mac and the Federal Home Loan Bank of Pittsburgh (federal agency securities) and, to a lesser extent, other equity securities. Securities in these categories are classified as "investment securities" for financial reporting purposes. The policy also permits investments in mortgage-backed securities, including pass-through securities issued and guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae as well as collateralized mortgage obligations ("CMOs") issued or backed by securities issued by these government sponsored agencies.

Ginnie Mae is a government agency within the Department of Housing and Urban Development which is intended to help finance government-assisted housing programs. Ginnie Mae securities are backed by loans insured by the Federal Housing Administration, or guaranteed by the Department of Veterans Affairs. The timely payment of principal and interest on Ginnie Mae securities is guaranteed by Ginnie Mae and backed by the full faith and credit of the U.S. Government. Freddie Mac is a private corporation chartered by the U.S. Government. Freddie Mac issues participation certificates backed principally by conventional mortgage loans. Freddie Mac guarantees the timely payment of interest and the ultimate return of principal on participation certificates. Fannie Mae is a private corporation chartered by the U.S. Congress with a mandate to establish a secondary market for mortgage loans. Fannie Mae guarantees the timely payment of principal and interest on Fannie Mae securities. Freddie Mac and Fannie Mae securities are not backed by the full faith and credit of the U.S. Government. On September 7, 2008, Freddie Mac and Fannie Mae were placed into conservatorship by the U.S. Government. During 2011 and 2012, the Federal Housing Administration Agency indicated that the Treasury Department is committed to fund Freddie Mac and Fannie Mae to levels needed in order to sufficiently meet their funding needs.

Investments in mortgage-backed securities involve a risk that actual prepayments will be greater than estimated prepayments over the life of the security, which may require adjustments to the amortization of any premium or accretion of any discount relating to such instruments thereby changing the net yield on such securities. There is also reinvestment risk associated with the cash flows from such securities or in the event such securities are redeemed by the issuer. In addition, the market value of such securities may be adversely affected by changes in interest rates. Further, privately issued mortgage-backed securities and CMOs also have a higher risk of default due to adverse changes in the creditworthiness of the issuer. Management's practice is generally to not invest in such securities, and the current portfolio is limited to the securities received as a result of the redemption in kind of an investment in a mutual fund. See further discussion in Note 5 of the Notes to Consolidated Financial Statements included elsewhere herein.

At March 31, 2013, the investment and mortgage-backed securities portfolio amounted to $151.0 million or 31.5% of total assets at such date. The largest component of the securities portfolio as of

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

Our securities are classified at the time of acquisition as available for sale, held to maturity or trading. Securities classified as held to maturity must be purchased with the intent and ability to hold that security until its final maturity, and can be sold prior to maturity only under rare circumstances. Held to maturity securities are accounted for based upon the amortized cost of the security. Available for sale securities can be sold at any time based upon needs or market conditions. Available for sale securities are accounted for at fair value, with unrealized gains and losses on these securities, net of income tax provisions, reflected as accumulated other comprehensive income. At March 31, 2013, we had $88.0 million of investment and mortgage-backed securities classified as held to maturity, $62.7 million of investment and mortgage-backed securities classified as available for sale and no securities classified as trading securities.

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

Our mortgage-backed securities consist primarily of mortgage pass-through certificates issued by Ginnie Mae, Fannie Mae or Freddie Mac. At March 31, 2013, approximately 6.5% of the mortgage-backed securities were non-agency securities, all of which were acquired through the 2008 redemption in kind of our entire investment in a mutual fund. See further discussion in Note 5 of the Notes to Consolidated Financial Statements included elsewhere herein.

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

	March 31, 2013		**September 30, 2012**		**2011**		**2010**	
	Amortized Cost	**Market Value**	**Amortized Cost**	**Market Value**	**Amortized Cost**	**Market Value**	**Amortized Cost**	**Market Value**
				(In Thousands)				
Mortgage-backed securities – U.S. Government agencies	$53,676	$56,498	$64,357	$68,364	$78,588	$85,220	$78,036	$83,342
Mortgage-backed securities – non-agency	3,707(1)	3,792	4,308	4,103	5,249	4,357	8,067	7,199
U.S. Government and agency obligations	91,917	92,589	58,469	59,902	97,068	98,508	95,978	97,995
Municipal obligations	—	—	—	—	—	—	475	475
Total debt securities	149,306	152,879	127,134	132,369	180,905	188,085	182,556	189,011
FHLB stock	1,659	1,659	2,239	2,239	2,887	2,887	3,545	3,545
FHLMC preferred stock	6	18	6	7	6	6	8	8
Total investment and mortgage-backed securities	$150,965	$154,556	$129,379	$134,615	$183,798	$190,978	$186,109	$192,564

(1)

- Includes impaired securitites.

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The following tables set forth the amortized cost of investment and mortgage-backed securities which mature during each of the periods indicated and the weighted average yields for each range of maturities at March 31, 2013 and September 30, 2012. Tax-exempt yields have not been adjusted to a tax-equivalent basis.

	Amounts at March 31, 2013 Which Mature In									
	One Year or Less	Weighted Average Yield	Over One Year Through Five Years	Weighted Average Yield	Over Five Years Through Ten Years	Weighted Average Yield	Over Ten Years	Weighted Average Yield	Total	We Av Y
					(Dollars in Thousands)					
d other rities:										
ernment cy ns	$3,000	1.04%	$2,000	2.10%	$14,497	2.70%	$72,420	2.53%	$91,917	2.5
e-backed	—		—		31	1.74	57,352	3.26	57,383	3.2
	$3,000	1.04%	$2,000	2.10%	$14,528	2.70%	$129,773	2.85%	$149,300	2.7

	Amounts at September 30, 2012 Which Mature In									
	One Year or Less	Weighted Average Yield	Over One Year Through Five Years	Weighted Average Yield	Over Five Years Through Ten Years	Weighted Average Yield	Over Ten Years	Weighted Average Yield	Total	We Av Y
					(Dollars in Thousands)					
d other rities:										
ernment cy ns	$1,000	0.87%	$4,000	1.59%	$16,496	2.66%	$36,973	2.85%	$58,469	2.6
e-backed	—	—	—	—	22	2.56	68,643	3.79	68,665	3.7
	$1,000	0.87%	$4,000	1.59%	$16,518	2.66%	$105,616	3.46%	$127,134	3.2

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The following table sets forth the purchases and principal repayments of our mortgage-backed securities at amortized cost during the periods indicated.

	At or For the Six Months Ended March 31,		At or For the Year Ended September 30,		
	2013	2012	2012	2011	2010
	(Dollars in Thousands)				
Mortgage-backed securities at beginning of period	$68,665	$83,837	$83,837	$86,103	$95,217
Purchases	1,977	21,890	25,821	14,613	11,853
Sale of mortgage-backed securities available for sale	(288)	—	(19,528)	(90)	—
Other than temporary impairment of securities (1)	(20)	(103)	(154)	(202)	(560)
Maturities and repayments	(13,013)	(11,325)	(21,623)	(16,918)	(20,810)
Amortizations of premiums and discounts, net	62	184	312	331	403
Mortgage-backed securities at end of period	$57,383	$94,483	$68,665	$83,837	$86,103
Weighted average yield at end of period	3.26%	3.94%	3.79%	4.55%	5.37%

(1)

- Impairment primarily relates to non-agency mortgage-backed securities received in redemption in kind from the sale of the investment in a mutual fund.

Sources of Funds

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

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

The flow of deposits is influenced significantly by general economic conditions, changes in money market rates, prevailing interest rates and competition. Deposits are obtained predominantly from the areas where the branch offices are located. We have historically relied primarily on customer service and long-standing relationships with customers to attract and retain these deposits; however, market interest rates and rates offered by competing financial institutions significantly affect our ability to attract and retain deposits. The interest rates offered on deposits are competitive in the market place.

We use traditional means of advertising our deposit products, including broadcast and print media and we generally do not solicit deposits from outside our market area.

We do not actively solicit certificate accounts of $100,000 and above, known as “jumbo CDs,” or use brokers to obtain deposits. At March 31, 2013, our jumbo CDs amounted to $90.7 million, of which $54.7 million are scheduled to mature within twelve months subsequent to such date. At March 31, 2013, the weighted average remaining period until maturity of our certificate of deposit accounts was 16.9 months.

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

	March 31, 2013			September 30, 2012			2011			2010		
	Amount	% of Total Deposits		Amount	% of Total Deposits		Amount	% of Total Deposits		Amount	% of Total Deposits	
	(Dollars in Thousands)											
Certificate accounts:												
Less than 1.00%	$76,433	18.37	%	$62,984	14.80	%	$23,195	5.32	%	$4,786	1.03	%
1.00% – 1.99%	62,803	15.09		63,981	15.03		105,366	24.17		90,381	19.46	
2.00% – 2.99%	70,403	16.92		84,887	19.95		77,636	17.81		114,170	24.58	
3.00% – 3.99%	19,085	4.59		19,460	4.57		21,801	5.00		28,962	6.24	
4.00% – 4.99%	7,496	1.80		10,101	2.37		10,914	2.50		21,096	4.54	
5.00% – 5.99%	—	—		6,001	1.41		17,325	3.97		30,695	6.61	
Total certificate accounts	236,220	56.77		247,414	58.13		256,237	58.77		290,090	62.46	
Transaction accounts:												
Savings	72,260	17.37		71,083	16.70		70,623	16.20		69,901	15.05	
Checking:												
Interest-bearing	35,640	8.56		33,659	7.91		29,658	6.80		26,146	5.63	
Non-interest-bearing	3,116	0.75		3,711	0.87		3,847	0.88		2,496	0.54	
Money market	68,861	16.55		69,735	16.39		75,649	17.35		75,822	16.32	
Total transaction accounts	179,877	43.23		178,188	41.87		179,777	41.23		174,365	37.54	
Total deposits	$416,097	100.00	%	$425,602	100.00	%	$436,014	100.00	%	$464,455	100.00	%

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

Six Months Ended March 31, 2013			Year Ended September 30, 2012			2011			2	
Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Average Rate Paid	Average Balance	Interest Expense	Average Rate Paid	Average Balance	In Ex
					(Dollars in Thousands)					
$71,314	$119	0.33%	$70,186	$401	0.57%	$69,741	$700	1.00%	$69,363	$1,2
104,512	181	0.35	103,988	490	0.47	105,046	779	0.74	105,724	1,1
242,528	2,057	1.70	258,154	4,884	1.89	271,758	5,612	2.07	264,082	6,3
418,354	$2,357	1.13	432,328	$5,775	1.34	446,545	$7,091	1.59	439,169	$8,6
3,317			3,924			3,291			2,241	
$421,671		1.12%	$436,252		1.32%	$449,836		1.58%	$441,410	

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The following table presents, by various interest rate categories and maturities, the amount of certificates of deposit at March 31, 2013 and September 30, 2012.

	Balance at March 31, 2013 Maturing in the 12 Months Ending March 31,				
Certificates of Deposit	**2014**	**2015**	**2016**	**Thereafter**	**Total**
	(In Thousands)				
Less than 1.00%	$70,541	$5,892	$—	$—	$76,433
1.00% – 1.99%	21,622	6,656	15,295	19,230	62,803
2.00% – 2.99%	40,000	872	7,069	22,462	70,403
3.00% – 3.99%	1,766	12,691	4,628	—	19,085
4.00% – 4.99%	7,496	—	—	—	7,496
5.00% – 5.99%	—	—	—	—	—
Total certificate accounts	$141,425	$26,111	$26,992	$41,692	$236,220

	Balance at September 30, 2012 Maturing in the 12 Months Ending September 30,				
Certificates of Deposit	**2013**	**2014**	**2015**	**Thereafter**	**Total**
	(In Thousands)				
Less than 1.00%	$49,756	$13,228	$—	$—	$62,984
1.00% – 1.99%	28,886	18,469	9,749	6,877	63,981
2.00% – 2.99%	52,813	1,118	2,035	28,921	84,887
3.00% – 3.99%	596	6,823	11,767	274	19,460
4.00% – 4.99%	7,314	2,787	—	—	10,101
5.00% – 5.99%	6,001	—	—	—	6,001
Total certificate accounts	$145,366	$42,425	$23,551	$36,072	$247,414

The following tables show the maturities of our certificates of deposit of $100,000 or more at March 31, 2013 and September 30, 2012, by time remaining to maturity.

	At March 31, 2013		
Quarter Ending:	**Amount**	**Weighted Avg Rate**	
	(Dollars in Thousands)		
June 30, 2013	$23,102	1.76	%
September 30, 2013	12,654	1.36	
December 31, 2013	9,797	1.20	
March 31, 2014	9,131	1.45	
After March 31, 2014	36,060	2.10	
Total certificates of deposit with balances of $100,000 or more	$90,744	1.75	%

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Quarter Ending:	At September 30, 2012 Amount	Weighted Avg Rate
	(Dollars in Thousands)	
December 31, 2012	$13,020	1.72 %
March 31, 2013	13,598	1.78
June 30, 2013	20,805	1.87
September 30, 2013	10,758	1.51
After September 30, 2013	38,064	2.15
Total certificates of deposit with balances of $100,000 or more	$96,245	1.91 %

Borrowings. We utilize advances from the Federal Home Loan Bank of Pittsburgh as an alternative to retail deposits to fund the operations as part of the operating and liquidity strategy. See "Liquidity and Capital Resources" in "Management's Discussion and Analysis of Financial Condition and Results of Operation." These FHLB advances are collateralized primarily by certain mortgage loans and mortgage-backed securities and secondarily by an investment in capital stock of the Federal Home Loan Bank of Pittsburgh. There are no specific credit covenants associated with these borrowings. FHLB advances are made pursuant to several different credit programs, each of which has its own interest rate and range of maturities. The maximum amount that the Federal Home Loan Bank of Pittsburgh will advance to member institutions, including Prudential Savings Bank, fluctuates from time to time in accordance with the policies of the Federal Home Loan Bank. At March 31, 2013, we had $340,000 in outstanding FHLB advances (as described below) and $135.0 million of additional FHLB advances available. At such date, maturities of our outstanding advances range from one month to three years. We have not utilized any other types of borrowings such as securities sold under agreements to repurchase.

The following table shows certain information regarding borrowings at or for the dates indicated:

	At or For the Six Months Ended March 31,		At or For the Year Ended September 30,		
	2013	2012	2012	2011	2010
	(Dollars in Thousands)				
FHLB advances:					
Average balance outstanding	$359	$ 559	$537	$591	$16,676
Maximum amount outstanding at any month-end during the period	340	567	567	611	25,304
Balance outstanding at end of period	340	551	483	570	615
Average interest rate during the period	0.00 %	0.72 %	0.75 %	1.02 %	4.47 %
Weighted average interest rate at end of period	0.00 %	0.86 %	0.59 %	1.02 %	1.02 %

We have two FHLB advances totaling $340,000 made under a community housing program in which we participate. Both FHLB advances bear a 0% interest rate. As of March 31, 2013, there were no advances from the FHLB which are not part of the community housing program.

Subsidiaries

Existing Prudential Bancorp has only one direct subsidiary: Prudential Savings Bank. Prudential Savings Bank's sole subsidiary as of March 31, 2013 was PSB Delaware, Inc., a Delaware-chartered corporation established to hold investment securities. As of March 31, 2013, PSB Delaware, Inc. had assets of $110.6 million primarily consisting of mortgage-backed and investment securities. We may consider the establishment of one or more additional subsidiaries in the future.

Employees

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

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Properties

We currently conduct business from our headquarters and main office and six additional banking offices. The following table sets forth the net book value of the land, building and leasehold improvements and certain other information with respect to our offices at March 31, 2013. All the offices are owned by us with the exception of the Old City Branch.

Description/Address	Leased/Owned	Date of Lease Expiration	Net Book Value of Property and Leasehold Improvements	Amount of Deposits at March 31, 2013
			(In Thousands)	
Headquarters and Main Office 1834 West Oregon Avenue Philadelphia, PA 19145-4725	Owned	N/A	$354	$ 215,239
Snyder Branch 2101 South 19th Street Philadelphia, PA 19145-3709	Owned	N/A	6	20,597
Center City Branch 112 South 19th Street Philadelphia, PA 19103-4667	Owned	N/A	18	35,027
Broad Street Branch 1722 South Broad Street Philadelphia, PA 19145-2388	Owned	N/A	207	50,918
Pennsport Branch 238A Moore Street Philadelphia, PA 19148-1925	Owned	N/A	41	43,013
Drexel Hill Branch 601 Morgan Avenue Drexel Hill, PA 19026-3105	Owned	N/A	81	38,743
Old City Branch 28 North 3rd Street Philadelphia, PA 19106-2108	Leased	May 2015	142	12,560
Total			$849	$ 416,097

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REGULATION

General

Prudential Savings Bank is a Pennsylvania-chartered savings bank and is subject to extensive regulation and examination by the Pennsylvania Department of Banking and by the Federal Deposit Insurance Corporation, and is also subject to certain requirements established by the Federal Reserve Board. The federal and state laws and regulations which are applicable to banks regulate, among other things, the scope of their business, their investments, their reserves against deposits, the payment of dividends, the timing of the availability of deposited funds and the nature and amount of and collateral for certain loans. There are periodic examinations by the Pennsylvania Department of Banking and the Federal Deposit Insurance Corporation to test Prudential Savings Bank's compliance with various regulatory requirements. This regulation and supervision establishes a comprehensive framework of activities in which an institution can engage and is intended primarily for the protection of the insurance fund and depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. Any change in such regulation, whether by the Pennsylvania Department of Banking, the Federal Deposit Insurance Corporation, the Federal Reserve Board or the Congress could have a material adverse impact on existing Prudential Bancorp, Prudential Savings Bank and Prudential Mutual Holding Company and their operations.

Federal law provides the federal banking regulators, including the Federal Deposit Insurance Corporation and the Federal Reserve Board, with substantial enforcement powers. This enforcement authority includes, among other things, the ability to assess civil money penalties, to issue cease-and-desist or removal orders, and to initiate injunctive actions against banking organizations and institution-affiliated parties, as defined. In general, these enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with regulatory authorities.

Existing Prudential Bancorp and Prudential Mutual Holding Company are registered as bank holding companies under the Bank Holding Company Act and are subject to regulation and supervision by the Federal Reserve Board and by the Pennsylvania Department of Banking. Prudential Bancorp–New will also become a registered bank holding company upon completion of the reorganization. Existing Prudential Bancorp and Prudential Mutual Holding Company file annually a report of their operations with, and are subject to examination by, the Federal Reserve Board and the Pennsylvania Department of Banking. This regulation and oversight is generally intended to ensure that existing Prudential Bancorp and Prudential Mutual Holding Company limit their activities to those allowed by law and that they operate in a safe and sound manner without endangering the financial health of Prudential Savings Bank.

In connection with the reorganization completed in March 2005, existing Prudential Bancorp registered its common stock with the Securities and Exchange Commission under the Securities Exchange Act of 1934. Existing Prudential Bancorp is subject to the proxy and tender offer rules, insider trading reporting requirements and restrictions, and certain other requirements under the Securities Exchange Act of 1934. Existing Prudential Bancorp's common stock is listed on the Nasdaq Global Market under the symbol "PBIP." The Nasdaq Stock Market listing requirements impose additional requirements on us, including, among other things, rules relating to corporate governance and the composition and independence of our board of directors and various committees of the board, such as the audit committee.

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

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The Dodd-Frank Act

On July 21, 2010, the President signed into law the Dodd-Frank Act. The Dodd-Frank Act imposes new restrictions and an expanded framework of regulatory oversight for financial institutions, including depository institutions. The new law also establishes an independent federal consumer protection bureau within the Federal Reserve Board. The following discussion summarizes significant aspects of the new law that may affect Prudential Savings Bank, Prudential Mutual Holding Company and existing Prudential Bancorp and Prudential Bancorp–New. Many of the regulations implementing these changes have not been promulgated, so we cannot determine the full impact on our business and operations at this time.

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

- A new independent consumer financial protection bureau has been established within the Federal Reserve Board, empowered to exercise broad regulatory, supervisory and enforcement authority with respect to both new and existing consumer financial protection laws. Smaller financial institutions, like Prudential Savings Bank, will be subject to the supervision and enforcement of their primary federal banking regulator with respect to the federal consumer financial protection laws.

- Tier 1 capital treatment for “hybrid” capital items like trust preferred securities is eliminated subject to various grandfathering and transition rules.

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

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

- The deposit insurance assessment base calculation now equals the depository institution’s total assets minus the sum of its average tangible equity during the assessment period.

- The minimum reserve ratio of the Deposit Insurance Fund increased to 1.35 percent of estimated annual insured deposits or assessment base; however, the Federal Deposit Insurance Corporation is directed to “offset the effect” of the increased reserve ratio for insured depository institutions with total consolidated assets of less than $10 billion.

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

- The Federal Deposit Insurance Act was amended to direct federal regulators to require depository institution holding companies to serve as a source of strength for their depository institution subsidiaries.

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

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

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

- Securities exchanges are required to prohibit brokers from using their own discretion to vote shares not beneficially owned by them for certain "significant" matters, which include votes on the election of directors, executive compensation matters, and any other matter determined to be significant.

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- Stock exchanges are prohibited from listing the securities of any issuer that does not have a policy providing for (i) disclosure of its policy on incentive compensation payable on the basis of financial information reportable under the securities laws, and (ii) the recovery from current or former executive officers, following an accounting restatement triggered by material noncompliance with securities law reporting requirements, of any incentive compensation paid erroneously during the three-year period preceding the date on which the restatement was required that exceeds the amount that would have been paid on the basis of the restated financial information.

- Disclosure in annual proxy materials will be required concerning the relationship between the executive compensation paid and the financial performance of the issuer.

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

- Smaller reporting companies are exempt from complying with the internal control auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act.

Regulation of Prudential Savings Bank

Pennsylvania Banking Law. The Pennsylvania Banking Code of 1965 (referred to as the “Banking Code”) contains detailed provisions governing the organization, location of offices, rights and responsibilities of directors, officers, employees and members, as well as corporate powers, savings and investment operations and other aspects of Prudential Savings Bank and its affairs. The Banking Code delegates extensive rulemaking power and administrative discretion to the Pennsylvania Department of Banking so that the supervision and regulation of state-chartered savings banks may be flexible and readily responsive to changes in economic conditions and in savings and lending practices. One of the purposes of the Banking Code is to provide savings banks with the opportunity to be competitive with each other and with other financial institutions existing under other Pennsylvania laws and other state, federal and foreign laws. A Pennsylvania savings bank may locate or change the location of its principal place of business and establish an office anywhere in the Commonwealth, with the prior approval of the Pennsylvania Department of Banking.

The Pennsylvania Department of Banking generally examines each savings bank not less frequently than once every two years. Although the Pennsylvania Department of Banking may accept the examinations and reports of the Federal Deposit Insurance Corporation in lieu of its own examination, the present practice is for the Pennsylvania Department of Banking to alternate with the Federal Deposit Insurance Corporation. The Pennsylvania Department of Banking may order any savings bank to discontinue any violation of law or unsafe or unsound business practice and may direct any director, trustee, officer, attorney or employee of a savings bank engaged in an objectionable activity, after the Pennsylvania Department of Banking has ordered the activity to be terminated, to show cause at a hearing before the Pennsylvania Department of Banking why such person should not be removed.

Insurance of Accounts. The deposits of Prudential Savings Bank are insured to the maximum extent permitted by the Deposit Insurance Fund and are backed by the full faith and credit of the U.S. Government. The Dodd-Frank Act permanently increased deposit insurance on most accounts to $250,000. As insurer, the Federal Deposit Insurance Corporation is authorized to conduct examinations of, and to require reporting by, insured institutions. It also may prohibit any insured institution from engaging in any activity determined by regulation or order to pose a serious

threat to the Federal Deposit Insurance Corporation. The Federal Deposit Insurance Corporation also has the authority to initiate enforcement actions against insured deposit institutions.
The Federal Deposit Insurance Corporation's risk-based premium system provides for quarterly assessments. Each insured institution is placed in one of four risk categories depending on supervisory and capital considerations. Within its risk category, an institution is assigned to an initial base assessment rate which is then adjusted to determine its final assessment rate based on its brokered deposits, secured liabilities and unsecured debt. The Federal Deposit Insurance Corporation recently amended its deposit

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insurance regulations (1) to change the assessment base for insurance from domestic deposits to average assets minus average tangible equity and (2) to lower overall assessment rates. The revised assessments rates are between 2.5 to 9 basis points for banks in the lowest risk category and between 30 to 45 basis points for banks in the highest risk category. The amendments were effective for the quarter beginning April 1, 2011 with the new assessment methodology being reflected in the premium invoices that were due September 30, 2011.

In 2009, the Federal Deposit Insurance Corporation collected a five basis point special assessment on each insured depository institution's assets minus its Tier 1 capital as of September 30, 2009. The amount of our special assessment, which was paid on September 30, 2009, was an additional expense of $232,000.

In 2009, the Federal Deposit Insurance Corporation also required insured deposit institutions on December 30, 2009 to prepay 13 quarters of estimated insurance assessments. Our prepayment totaled approximately $2.5 million. Unlike a special assessment, this prepayment did not immediately affect Prudential Saving Bank's earnings. We were required to book the prepaid assessment as a non-earning asset and record the actual risk-based premium payments at the end of each quarter.

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

The Federal Deposit Insurance Corporation may terminate the deposit insurance of any insured depository institution, including Prudential Savings Bank, if it determines after a hearing that the institution has engaged or is engaging in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, order or any condition imposed by an agreement with the Federal Deposit Insurance Corporation. It also may suspend deposit insurance temporarily during the hearing process for the permanent termination of insurance, if the institution has no tangible capital. If insurance of accounts is terminated, the accounts at the institution at the time of the termination, less subsequent withdrawals, shall continue to be insured for a period of six months to two years, as determined by the Federal Deposit Insurance Corporation. Management is not aware of any existing circumstances which could result in termination of the Bank's deposit insurance.

Capital Requirements. The Federal Deposit Insurance Corporation has promulgated regulations and adopted a statement of policy regarding the capital adequacy of state-chartered banks which, like Prudential Savings Bank, are not members of the Federal Reserve System. These requirements are substantially similar to those adopted by the Federal Reserve Board regarding bank holding companies.

The Federal Deposit Insurance Corporation's capital regulations establish a minimum 3.0% Tier I leverage capital requirement for the most highly rated state-chartered, non-member banks. An additional cushion of at least 100 basis points is required for all other state-chartered, non-member banks, which effectively increases their minimum Tier I leverage ratio to 4.0% or more. Under the Federal Deposit Insurance Corporation's regulation, the most highly rated banks are those that the Federal Deposit Insurance Corporation determines are not anticipating or experiencing significant growth and have well diversified risk, including no undue interest rate risk exposure, excellent asset quality, high liquidity, good earnings and, in general, which are considered a strong banking organization and are rated composite 1 under the Uniform Financial Institutions Rating System. Leverage or core capital is defined as the sum of common stockholders' equity (including retained earnings), noncumulative perpetual preferred stock and related surplus, and minority interests in consolidated subsidiaries, minus all intangible assets other than certain qualifying supervisory goodwill and certain purchased mortgage servicing rights.

The Federal Deposit Insurance Corporation also requires that savings banks meet a risk-based capital standard. The risk-based capital standard for savings banks requires the maintenance of total capital (which is defined as Tier I capital and supplementary (Tier 2) capital) to risk-weighted assets of 8%. In determining the amount of risk-weighted assets, all assets, plus certain off balance sheet assets, are multiplied by a risk-weight of 0% to 100%, based on the risks the Federal Deposit Insurance Corporation believes are inherent in the type of asset or item. The components of Tier I capital are equivalent to those discussed above under the 3% leverage capital standard. The components of supplementary capital include certain

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

The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision, adopted Basel III in September 2010, which constitutes a strengthened set of capital requirements for banking organizations in the United States and around the world. In July of 2013 the respective U.S. federal banking agencies issued final rules implementing Basel III and the Dodd-Frank Act capital requirements to be fully-phased in on a global basis on January 1, 2019. The new regulations establish a new tangible common equity capital requirement, increase the minimum requirement for the current Tier 1 risk-weighted asset ("RWA") ratio, phase out certain kinds of intangibles treated as capital and certain types of instruments and change the risk weightings of certain assets used to determine required capital ratios. The new common equity Tier 1 capital component requires capital of the highest quality – predominantly composed of retained earnings and common stock instruments. For community banks such as Prudential Savings Bank, a common equity Tier 1 capital ratio 4.5% will become effective on January 1, 2015. The new capital rules will also increase the current minimum Tier 1 capital ratio from 4.0% to 6.0% beginning on January 1, 2015. In addition, institutions that seek the freedom to make capital distributions and pay discretionary bonuses to executive officers without restriction must also maintain greater than 2.5% in common equity attributable to a capital conservation buffer to be phased in from January 1, 2016 until January 1, 2019. The new rules also increase the risk weights for several categories of assets, including an increase from 100% to 150% for certain acquisition, development and construction loans and more than 90-day past due exposures.

Prudential Savings Bank is also subject to more stringent Pennsylvania Department of Banking capital guidelines. Although not adopted in regulation form, the Pennsylvania Department of Banking utilizes capital standards requiring a minimum of 6% leverage capital and 10% risk-based capital. The components of leverage and risk-based capital are substantially the same as those defined by the Federal Deposit Insurance Corporation. At March 31, 2013, Prudential Savings Bank's capital ratios exceeded each of its capital requirements.

Prompt Corrective Action. The following table shows the amount of capital currently associated with the different capital categories set forth in the prompt corrective action regulations.

Capital Category	**Total Risk-Based Capital**	**Tier 1 Risk-Based Capital**	**Tier 1 Leverage Capital**
Well capitalized	10% or more	6% or more	5% or more
Adequately capitalized	8% or more	4% or more	4% or more
Undercapitalized	Less than 8%	Less than 4%	Less than 4%
Significantly undercapitalized	Less than 6%	Less than 3%	Less than 3%

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

In addition, an institution is "critically undercapitalized" if it has a ratio of tangible equity to total assets that is equal to or less than 2.0%. Under specified circumstances, a federal banking agency may reclassify a well capitalized institution as adequately capitalized and may require an adequately capitalized institution or an undercapitalized institution to comply with supervisory actions as if it were in the next lower category (except that the Federal Deposit Insurance Corporation may not reclassify a significantly undercapitalized institution as critically undercapitalized).

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

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capital restoration plan must concurrently submit a performance guaranty by each company that controls the institution. In addition, undercapitalized institutions are subject to various regulatory restrictions, and the appropriate federal banking agency also may take any number of discretionary supervisory actions.

At March 31, 2013, Prudential Savings Bank was deemed a well capitalized institution for purposes of the prompt corrective action regulations and as such is not subject to the above mentioned restrictions.

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

	Actual		Required for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in Thousands)			
Tier 1 capital (to average assets)						
Prudential Bancorp	$59,267	12.24 %	$19,363	4.0 %	N/A	N/A
Prudential Savings Bank	55,535	11.47	19,363	4.0	$24,204	5.0 %
Tier 1 capital (to risk-weighted assets)						
Prudential Bancorp	59,267	26.74	8,866	4.0	N/A	N/A
Prudential Savings Bank	55,535	25.06	8,866	4.0	13,299	6.0
Total capital (to risk-weighted assets)						
Prudential Bancorp	61,779	27.87	17,732	8.0	N/A	N/A
Prudential Savings Bank	58,047	26.19	17,732	8.0	22,165	10.0

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

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• acquiring or retaining a majority interest in a subsidiary;

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

•

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

•

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

The Federal Deposit Insurance Corporation has adopted regulations pertaining to the other activity restrictions imposed upon insured state banks and their subsidiaries. Pursuant to such regulations, insured state banks engaging in impermissible activities may seek approval from the Federal Deposit Insurance Corporation to continue such activities. State banks not engaging in such activities but that desire to engage in otherwise impermissible activities either directly or through a subsidiary may apply for approval from the Federal Deposit Insurance Corporation to do so; however, if such bank fails to meet the minimum capital requirements or the activities present a significant risk to the Federal Deposit Insurance Corporation insurance funds, such application will not be approved by the Federal Deposit Insurance Corporation. Pursuant to this authority, the Federal Deposit Insurance Corporation has determined that investments in certain majority-owned subsidiaries of insured state banks do not represent a significant risk to the deposit insurance funds. Investments permitted under that authority include real estate activities and securities activities.

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Restrictions on Capital Distributions. Under federal rules, an insured depository institution may not pay any dividend if payment would cause it to become undercapitalized or if it is already undercapitalized. In addition, federal regulators have the authority to restrict or prohibit the payment of dividends for safety and soundness reasons. The Federal Deposit Insurance Corporation also prohibits an insured depository institution from paying dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distributing any of its capital assets while it remains in default in the payment of any assessment due the Federal Deposit Insurance Corporation. Prudential Savings Bank is currently not in default in any assessment payment to the Federal Deposit Insurance Corporation. Pennsylvania law also restricts the payment and amount of dividends, including the requirement that dividends be paid only out of accumulated net earnings.

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

Anti-Money Laundering. Federal anti-money laundering rules impose various requirements on financial institutions to prevent the use of the U.S. financial system to fund terrorist activities. These provisions include a requirement that financial institutions operating in the United States have anti-money laundering compliance programs, due diligence policies and controls to ensure the detection and reporting of money laundering. Such compliance programs supplement existing compliance requirements, also applicable to financial institutions, under the Bank Secrecy Act and the Office of Foreign Assets Control Regulations. Prudential Savings Bank has established policies and procedures to ensure compliance with the federal anti-money laundering provisions.

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

Federal Home Loan Bank System. Prudential Savings Bank is a member of the Federal Home Loan Bank of Pittsburgh, which is one of 12 regional Federal Home Loan Banks. Each Federal Home Loan Bank serves as a reserve or central bank for its members within its assigned region. It is funded primarily from proceeds from the sale of consolidated obligations of the Federal Home Loan Bank System. It makes loans to members (i.e., advances) in accordance with policies and procedures established by the board of directors of the Federal Home Loan Bank.

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

Federal Reserve Board System. The Federal Reserve Board requires all depository institutions to maintain non-interest bearing reserves at specified levels against their transaction accounts, which are primarily checking and NOW accounts, and non-personal time deposits. The balances maintained to meet the reserve requirements imposed by the Federal Reserve Board may be used to satisfy the liquidity requirements that are imposed by the Pennsylvania Department of Banking. At March 31, 2013, Prudential Savings Bank was in compliance with these reserve requirements.

Regulation of Existing Prudential Bancorp and Prudential Mutual Holding Company

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

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another bank or bank holding company, or acquire direct or indirect ownership or control of any voting shares of any bank or bank holding company if, after such acquisition, existing Prudential Bancorp and Prudential Mutual Holding Company would directly or indirectly own or control more than 5% of such shares. Prudential Bancorp–New will be subject to the same restrictions.

Federal statutes impose restrictions on the ability of a bank holding company and its nonbank subsidiaries to obtain extensions of credit from its subsidiary bank, on the subsidiary bank's investments in the stock or securities of the holding company, and on the subsidiary bank's taking of the holding company's stock or securities as collateral for loans to any borrower. A bank holding company and its subsidiaries are also prevented from engaging in certain tie-in arrangements in connection with any extension of credit, lease or sale of property, or furnishing of services by the subsidiary bank.

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

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

- banking or managing or controlling banks and other subsidiaries authorized under the Bank Holding Company Act; and
- any Bank Holding Company Act activity the Federal Reserve Board has determined to be so closely related that it is incidental to banking or managing or controlling banks.

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

Financial Holding Companies. Bank holding companies may also engage in a broad range of activities under a type of financial services company known as a "financial holding company." A financial holding company essentially is a bank holding company with significantly expanded powers. Financial holding companies are authorized by statute to engage in a number of financial activities previously impermissible for bank holding companies, including securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; and merchant banking activities. The Federal Reserve Board and the Department of the Treasury are also authorized to permit additional activities for financial holding companies if the activities are "financial in nature" or "incidental" to financial activities. A bank holding company may become a financial holding company if each of its subsidiary banks is well capitalized, well managed, and has at least a "satisfactory" Community

Reinvestment Act rating. A financial holding company must provide notice to the Federal Reserve Board within 30 days after commencing activities previously determined by statute or by the Federal Reserve

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Board and Department of the Treasury to be permissible. Existing Prudential Bancorp and Prudential Mutual Holding Company have not submitted notices to the Federal Reserve Board of their intent to be deemed financial holding companies. However, they are not precluded from submitting a notice in the future should they wish to engage in activities only permitted to financial holding companies. Upon completion of the reorganization, Prudential Bancorp–New will be eligible to apply to become a financial holding company.

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

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

A Federal Reserve Board policy statement on the payment of cash dividends states that a bank holding company should pay cash dividends only to the extent that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The Federal Reserve Board's policy statement also provides that it would be inappropriate for a company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the federal prompt corrective action regulations, the Federal Reserve Board may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized." See "— Regulation of Prudential Savings Bank — Prompt Corrective Action," above.

Federal Securities Laws. Existing Prudential Bancorp's common stock is registered with the Securities Exchange Commission under Section 12(b) of the Securities Exchange Act of 1934. Existing Prudential Bancorp is subject to the proxy and tender offer rules, insider trading reporting requirements and restrictions, and certain other requirements under the Securities Exchange Act of 1934.

The Sarbanes-Oxley Act. As a public company, existing Prudential Bancorp is subject to the Sarbanes-Oxley Act of 2002 which addresses, among other issues, corporate governance, auditing and accounting, executive compensation, and enhanced and timely disclosure of corporate information. As directed by the Sarbanes-Oxley Act, our principal executive officer and principal financial officer are required to certify that our quarterly and annual reports do not contain any untrue statement of a material fact. The rules adopted by the Securities and Exchange Commission under the Sarbanes-Oxley Act have several requirements, including having these officers certify that: they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our internal control over financial reporting; they have made certain disclosures to our auditors and the audit committee of the Board of Directors about our internal control over financial reporting; and they have included information in our quarterly and annual reports about their evaluation and whether there have been changes in our internal control over financial reporting or in other factors that could materially affect internal control over financial reporting.

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

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equal to 10% of such institution's capital stock and surplus, and contains an aggregate limit on all such transactions with all affiliates to an amount equal to 20% of such capital stock and surplus. Section 23B applies to "covered transactions" as well as certain other transactions and requires that all transactions be on terms substantially the same, or at least as favorable, to the insured financial institution as those provided to a non-affiliate. The term "covered transaction" includes the making of loans to, purchase of assets from and issuance of a guarantee to an affiliate and similar transactions. Section 23B transactions also include the provision of services and the sale of assets by an insured financial institution to an affiliate.

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

Restrictions Applicable to Mutual Holding Companies. While regulations governing Pennsylvania-chartered mutual holding companies have not been adopted, under authority of Section 115.1 of the Pennsylvania Banking Code and a policy statement issued by the Pennsylvania Department of Banking, the Pennsylvania Department of Banking approved the reorganization of Prudential Saving Bank to the mutual holding company form of organization. Pursuant to Pennsylvania law, a mutual holding company may engage only in the following activities:

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

- engaging in such other activities as may be permitted by the Pennsylvania Department of Banking.

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

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

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Mutual Holding Company obtain the prior approval of the Federal Reserve Board before Prudential Mutual Holding Company may waive any dividends from existing Prudential Bancorp. The Federal Reserve Board approval of the 2005 reorganization also required that the amount of any dividends waived by Prudential Mutual Holding Company not be available for payment to the public shareholders of existing Prudential Bancorp (i.e., shareholders except for Prudential Mutual Holding Company) and that such amounts be excluded from existing Prudential Bancorp's capital for purposes of calculating dividends payable to the public shareholders. Moreover, Prudential Savings Bank would be required to maintain the cumulative amount of dividends waived by Prudential Mutual Holding Company in a restricted capital account that would be added to the liquidation account established in the reorganization. This amount would not be available for distribution to public shareholders. The restricted capital account and liquidation account amounts would not be reflected in Prudential Savings Bank's financial statements, but would be considered as a notational or memorandum account of Prudential Savings Bank. These accounts would be maintained in accordance with the laws, rules, regulations and policies of the Pennsylvania Banking Department and the plan of reorganization. The mutual holding company plan of reorganization adopted in 2004 also provided that if Prudential Mutual Holding Company converted to stock form in the future, any waived dividends would reduce the percentage of the converted company's shares of common stock issued to public shareholders in connection with any such transaction. Prudential Mutual Holding Company has not in the past requested the approval of the Federal Reserve Board to waive dividends declared by existing Prudential Bancorp.

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TAXATION

Federal Taxation

General. Existing Prudential Bancorp, Prudential Mutual Holding Company and Prudential Savings Bank are subject to federal income taxation in the same general manner as other corporations with some exceptions listed below. The following discussion of federal, state and local income taxation is only intended to summarize certain pertinent income tax matters and is not a comprehensive description of the applicable tax rules. As of September 30, 2012, the Internal Revenue Service has concluded an audit of existing Prudential Bancorp's tax returns for the year ended September 30, 2010 and no adverse findings were noted. The federal and state income tax return for taxable years through September 30, 2008 have been closed for purposes of examination by the Internal Revenue Service or the Pennsylvania Department of Revenue.

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

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

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

Taxable Distributions and Recapture. Prior to the Small Business Job Protection Act of 1996, bad debt reserves created prior to January 1, 1988 were subject to recapture into taxable income if Prudential Savings Bank failed to meet certain thrift asset and definitional tests. New federal legislation eliminated these savings association related recapture rules. However, under current law, pre-1988 reserves remain subject to recapture should Prudential Savings Bank make certain non-dividend distributions or cease to maintain a bank charter.

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

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

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

State and Local Taxation

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

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is imposed on unconsolidated taxable income for federal purposes with certain adjustments. In general, the Capital Stock and Franchise Tax is a property tax imposed on a corporation's capital stock value at a statutorily defined rate, such value being determined in accordance with a fixed formula based upon average net income and net worth.

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

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MANAGEMENT

Management of Prudential Bancorp–New and Prudential Savings Bank

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

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

Name	**Position with Prudential Bancorp, Age and Principal Occupation During the Past Five Years**	**Year Term Expires**
Joseph R. Corrato	Director. Executive Vice President and Chief Financial Officer of the existing Prudential Bancorp since 2004 and Prudential Savings Bank since 1997. Mr. Corrato joined Prudential Savings Bank in 1978 and served in a variety of positions including Treasurer and Controller prior to becoming Executive Vice President in 1997.	2014
	Mr. Corrato brings to the Board of Directors the benefit of both his extensive financial knowledge as well as his significant management expertise developed through his service with Prudential Savings Bank for more than 30 years. Age 52. Director since 2011.	
Francis V. Mulcahy	Director. Residential real estate appraiser and broker, Media, Pennsylvania.	2014
	Mr. Mulcahy brings substantial knowledge of the local real estate market to the Board of Directors. Age 80. Director since 2005.	
Bruce E. Miller	Director. Owner of six magnetic resonance imaging centers located in Philadelphia, Pennsylvania and Delaware County, Pennsylvania since 2000.	2014
	Mr. Miller brings significant business experience to the Board as a result of his successful operation of a number of small businesses as well as extensive knowledge of the local market area in which Prudential Savings Bank operates. Age 52. Director since 2013.	
Thomas A. Vento	Director. Chairman of the Board of the existing Prudential Bancorp and Prudential Savings Bank since January 1, 2013. President and Chief Executive Officer of existing Prudential Bancorp since 2004; President of Prudential Savings Bank since 1992 and President and Chief Executive Officer since 1993.	2015
	Mr. Vento's service to Prudential Savings Bank in various management capacities and as President since 1992 provide him with significant management expertise as well as extensive knowledge of the local market area for financial institutions and institutional knowledge of Prudential Savings Bank which he brings to the Board of Directors. Age 78. Director since 1992.	

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Name	Position with Prudential Bancorp, Age and Principal Occupation During the Past Five Years	Year Term Expires
John C. Hosier	Director. Commercial Lines Account Executive with Montgomery Insurance Services, Inc., Media, Pennsylvania since 1986, and Commercial Lines Manager of its affiliate, Allman and Company, Inc., Fort Washington, Pennsylvania since 2007, two full-service insurance agencies.	2015
	Mr. Hosier brings significant commercial business experience as well as knowledge of the local insurance market to the Board of Directors. Age 48. Director since 2009.	
Jerome R. Balka, Esq.	Director. Solicitor of Prudential Savings Bank. Partner, Balka & Balka, a law firm, Philadelphia, Pennsylvania. President of Constitution Abstract Co., Inc., a title insurance company, Philadelphia, Pennsylvania from September 2009 to November 2012.	2016
	Mr. Balka serves as Prudential Savings Bank's solicitor and brings substantial legal expertise, particularly with respect to real estate transactions, to the Board of Directors. Age 83. Director since 2000.	
A. J. Fanelli	Director. Self-employed owner of a public accounting practice, Philadelphia, Pennsylvania.	2016
	Mr. Fanelli brings substantial accounting knowledge to the Board of Directors as Chairman of the Audit Committee. Age 76. Director since 2005.	

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

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

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

*

- Member

**

- Chairman

Audit Committee. The Audit Committee reviews with management and the independent registered public accounting firm the systems of internal control, reviews the annual financial statements, including the Annual Report on Form

10-K, and monitors our adherence in accounting and financial reporting to generally accepted accounting principles. The Audit Committee is comprised of four directors, each of whom is an independent director as defined in the Nasdaq Stock Market listing standards and the rules and regulations of the Securities and Exchange Commission. The Board of Directors has determined that none of the members of the Audit Committee meet the definition of Audit Committee financial expert, as such term is defined in the rules of the Securities and Exchange Commission. However, we believe it is important to note that while no one individual member of the Audit Committee has been determined to meet the technical requirements to be an Audit Committee financial expert, each of the members has had significant involvement in financial matters.

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Compensation Committee. It is the responsibility of the Compensation Committee of the Board of Directors to, among other things, oversee our compensation and incentive arrangements for management. No member of the Compensation Committee is a current or former officer or employee of existing Prudential Bancorp, Prudential Savings Bank or any subsidiary. Each of the members is independent as defined in the Nasdaq Stock Market listing standards.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee reviews and makes nominations for the Board of Directors, which are then sent to the full Board of Directors for their ratification. Each of the members is independent as defined in the Nasdaq Stock Market listing standards.

Director Compensation. Directors of the proposed new holding company who also serve as directors of Prudential Savings Bank initially will not be compensated by the new holding company but will be compensated by Prudential Savings Bank for such service. It is not anticipated that separate compensation will be paid to the new holding company's directors who also serve as directors of Prudential Savings Bank until such time as such persons devote significant time to the separate management of the new holding company's affairs, which is not expected to occur unless we become actively engaged in additional businesses other than holding the stock of Prudential Savings Bank. We may determine that such compensation is appropriate in the future. The primary elements of Prudential Savings Bank's non-employee director compensation program consist of equity compensation and cash compensation.

In fiscal 2012, members of Prudential Savings Bank's Board of Directors received an annual retainer of $25,200. Members also received $2,100 per special meeting attended. For fiscal 2012, members of the Audit Committee, Executive Committee, Compensation Committee and Budget/Finance Committee received fees of $900 per meeting attended. As Chairman of the Board, Mr. Joseph W. Packer, Jr. received an annual retainer of $82,172 in fiscal 2012, in addition to board and committee meeting fees. Mr. Packer retired as Chairman of the Board on December 31, 2012. As solicitor of Prudential Savings Bank, in fiscal 2012 Mr. Balka received an annual retainer of $57,500, which was increased to $60,375 for fiscal 2013, as well as fees earned for providing additional legal services. He also received the normal meeting fee for service on the Executive Committee and the normal annual Board retainer of $25,200. Board fees are subject to periodic adjustment by the Board of Directors. However, the annual retainer, special meeting and committee meeting remained the same for fiscal 2013. As Chairman of the Audit Committee, Mr. Fanelli is receiving an annual retainer of $8,000 in fiscal 2013, the same as for fiscal 2012.

The following table sets forth certain information regarding the compensation paid to our non-employee directors during fiscal year 2012.

Name	**Fees Earned or Paid in Cash**	**All Other Compensation (1)**	**Total (2)**
Jerome R. Balka, Esq.	$39,000	$65,284	$104,284
A. J. Fanelli	54,200	—	54,200
John C. Hosier	46,200	—	46,200
Bruce E. Miller (3)	—	—	—
Francis V. Mulcahy	47,100	—	47,100
Joseph W. Packer, Jr. (3)	134,672	34,053	168,725

(1)

- Represents for Mr. Balka, his annual retainer of $57,500 as solicitor of Prudential Savings Bank and $7,784 for additional legal services, and for Mr. Packer, includes life insurance premiums, health insurance premiums and reimbursement of certain Philadelphia city wage taxes amounting to $12,283, $17,058 and $4,712, respectively.

(Footnotes continued on next page)

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(2)

- At September 30, 2012, each non-employee director other than Mr. Hosier (and Mr. Miller who had not been appointed to the Board at such date) held unvested stock awards covering 4,522 shares of common stock under our 2008 Recognition and Retention Plan ("RRP") and outstanding optionscovering 28,268 shares under our 2008 Stock Option Plan ("Option Plan"), of which options covering 16,962 shares were exercisable as of the voting record date. Mr. Hosier held 3,392 unvested stock awards and outstanding options covering 14,134 shares at such date, of which options covering 5,654 shares were exercisable as of the voting record date.

(3)

- Mr. Packer resigned effective December 31, 2012, and has been appointed Chairman Emeritus. Mr. Miller did not serve as a director of existing Prudential Bancorp or Prudential Savings Bank during fiscal 2012.

Board Leadership Structure

Mr. Vento serves as our Chairman, President and Chief Executive Officer as well as of Prudential Savings Bank. Our Board of Directors has determined that the appointment of our President and Chief Executive Officer as the Chairman of the Board promotes a unity of vision for existing Prudential Bancorp as it continues to implement its strategic goals. In addition, the President and Chief Executive Officer is the director most familiar with our business and operations and is best situated to lead discussions on important matters affecting our business. By combining the President and Chief Executive Officer and Chairman positions, the Board believes there is a firm link between management and the Board which promotes the development and implementation of our corporate strategy and goals. The Board is aware of the potential conflicts that may arise when an insider chairs the Board, but believes these will be limited by existing safeguards which include the fact that as a bank holding company, our operations are highly regulated.

Board's Role in Risk Oversight

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

Two of our senior executive officers, Messrs. Corrato and Vento, serve on our Board of Directors. Other members of our senior management regularly attend meetings of the Board of Directors and are available to address any questions or concerns raised by the Board of Directors on risk management or other matters. Prudential Savings Bank has established an Asset-Liability Committee, a Loan Quality Committee and an Investment Committee composed of members of senior management, including Messrs. Corrato and Vento. The independent directors work together to provide strong, independent oversight of Prudential Bancorp's management and affairs.

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

Name	Age and Principal Occupation During the Past Five Years
Salvatore Fratanduono	Senior Vice President and Chief Lending Officer of Prudential Savings Bank since February 2013. Prior thereto, Mr. Fratanduono served as Vice President – Lending of Prudential Savings Bank from 2001 to February 2013. Age 50.
Jeffrey T. Hanuscin	Vice President and Controller of Prudential Savings Bank since May 2013. Prior thereto, Mr. Hanuscin served as Senior Vice President, Chief Financial Officer and Treasurer of Nova Bank, Berwyn, Pennsylvania from April 2008 to October 2011.

Name	Age and Principal Occupation During the Past Five Years
	Age 48.

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Name	Age and Principal Occupation During the Past Five Years
Jack E. Rothkopf	Senior Vice President and Treasurer of Prudential Savings Bank since April 2013; from January 2006 to April 2013, served as Vice President and Controller. Prior thereto, Mr. Rothkopf served as Assistant Vice President of Popular Financial Holdings, Marlton, New Jersey from October 2000 to January 2006. Age 49.

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

Summary Compensation Table

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

Name and Principal Position	Fiscal Year	Salary	Bonus (1)	All Other Compensation (2)		Total
Thomas A. Vento	2012	$311,319	$19,507	$72,233	(3)	$403,059
Chairman, President and Chief Executive Officer	2011	308,237	—	64,593		372,830
Joseph R. Corrato	2012	193,841	12,146	69,220	(3)	275,207
Executive Vice President and Chief Financial Officer	2011	191,921	—	38,546		230,467
David H. Krauter (4)	2012	147,876	5,791	20,628		174,295
Vice President and Chief Lending Officer	2011	138,302	—	20,036		158,338

(1)

- Represents bonuses earned in fiscal 2012 which were paid in fiscal 2013. Under the Prudential Savings Bank 2012 Bonus Program, each named executive officer was eligible to receive a fixed proportionate allocation of the bonus pool for employees based on salary and length of service. No bonuses were awarded for fiscal 2011.

(2)

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

(3)

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

(4)

- Mr. Krauter resigned as Chief Lending Officer effective January 31, 2013. Mr. Krauter continues to serve Prudential Savings Bank in a business development role.

Narrative to Summary Compensation Table

The Compensation Committee, upon review of Mr. Vento's performance and other factors, approved a base salary of $311,319 for Mr. Vento in fiscal 2012, which increased 1.0% from $308,237 in fiscal 2011. In addition, the Compensation Committee approved base salaries for Messrs. Corrato and Krauter for fiscal 2012 of $193,841 and $147,876, respectively, reflecting increases of 1.0% and 6.9%, respectively. The dollar amount of their base salaries were generally determined by the Compensation Committee's review of the local market for chief executive officer, chief financial officer and chief lending officer compensation and

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were intended to ensure that Prudential Savings Bank remained competitive in attracting and retaining qualified senior executive officers. The Compensation Committee approved the payment of bonuses with respect to fiscal 2012 but not the grant of any equity awards. For fiscal 2012, a bonus pool of $150,000 was established in December 2012. The bonus pool was distributed to all eligible employees, including Messrs. Vento, Corrato and Krauter, based on salary and length of service. In addition, in fiscal 2012, Messrs. Vento, Corrato and Krauter each received the use of an automobile to assist them in fulfilling their duties.

Outstanding Equity Awards at Fiscal Year-End

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

	Option Awards (1)				Stock Awards (2)	
	Number of Securities Underlying Unexercised Options					
Name	**Exercisable**	**Unexercisable**	**Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested (3)**
Thomas A. Vento	67,845	45,229	$11.17	1/5/2019	18,000	$ 106,200
Joseph R. Corrato	33,923	22,614	11.17	1/5/2019	9,600	56,640
David H. Krauter	20,355	13,567	11.17	1/5/2019	6,000	35,400

(1)

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

(2)

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

(3)

- Calculated by multiplying the closing market price per share of our common stock on September 28, 2012, which was $5.90, by the applicable number of shares of common stock underlying the named executive officer’s unvested stock awards.

Employment Agreements

Prudential Savings Bank entered into amended and restated employment agreements effective as of May 20, 2013 with Messrs. Vento and Corrato that have a term of three years, with respect to Mr. Vento, and two years, with respect to Mr. Corrato. Prudential Savings Bank entered into employment agreements with Messrs. Fratanduono and Rothkopf that have terms of two years, effective as of May 20, 2013. The terms of the agreements are extended on each December 31 st thereafter for one additional year unless either Prudential Savings Bank or the executive gives notice at least 30 days prior to each such December 31st that the agreement shall not be extended. The terms of the employment agreements provide for an initial annual base salary, which is reviewed annually by the Board of Directors. The executives are also entitled to participate in our benefit plans and programs and receive reimbursement for reasonable business expenses. Each of the employment agreements is terminable with or without cause by Prudential Savings Bank. The executives have no right to compensation or other benefits pursuant to the employment agreements for any period after voluntary termination by the executive without good cause, as defined in the agreements, or termination by Prudential Savings Bank for cause, disability, retirement or death.

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

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Messrs. Fratanduono and Rothkopf) or, until the executive's full time employment with another employer, of the executive's participation in all employee benefit plans in which the executive was entitled to participate or similar plans, programs or arrangements if his continued participation is not permissible.

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

Benefit Plans

Retirement Plan. Prudential Savings Bank participates in the Financial Institutions Retirement Fund, a multiple employer defined benefit plan intended to satisfy the tax-qualification requirements of Section 401(a) of the Internal Revenue Code. Full-time employees, excluding hourly paid workers, become eligible to participate in the retirement plan upon the attainment of age 21 and the completion of one year of eligibility service. For purposes of the retirement plan, a full-time employee earns one year of eligibility service when he completes 1,000 hours of service within a one-year eligibility computation period. An employee's first eligibility computation period is the one-year period beginning on the employee's date of hire. Subsequent eligibility computation periods begin on January 1 and end on December 31.

The retirement plan provides for a monthly benefit upon a participant's retirement at or after the age of 65, or if later, the fifth anniversary of the participant's initial participation in the retirement plan (i.e., the participant's "normal retirement date"). A participant may also receive a benefit on his early retirement date, which is the date on which he attains age 45 and is partially or fully vested under the terms of the retirement plan. Benefits received prior to a participant's normal retirement date are reduced by certain factors set forth in the retirement plan. The retirement plan provides a benefit of 1.50% of a participant's highest 5-year average earnings, multiplied by the participant's years of benefit service. Earnings are defined as base salary, subject to an annual Internal Revenue Service limit of $250,000 on earnings for 2012. Annual benefits provided under the retirement plan also are subject to Internal Revenue Service limits, which vary by age and benefit payment type. Participants become fully vested in their benefits under the retirement plan upon the completion of five years of vesting service as well as upon the attainment of normal retirement age (age 65).

401(k) and Profit Sharing Plan. We adopted the Prudential Savings Bank Employees' Savings and Profit Sharing Plan and Trust ("401(k) Plan") effective October 1, 2004. To participate in the 401(k) Plan, eligible employees must have completed three months of full time service. Participating employees may make elective salary reduction contributions of up to $17,500, of their eligible compensation for 2013. Prudential Savings Bank does not currently contribute a matching contribution to the 401(k) Plan.

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

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The Endorsement Split Dollar Agreements may be terminated at any time by Prudential Savings Bank or the officer or by Prudential Savings Bank upon the officer's termination of service to Prudential Savings Bank. Upon termination, Prudential Savings Bank may surrender the policy and collect the cash surrender value.

Employee Stock Ownership Plan. In 2005, Prudential Savings Bank established an employee stock ownership plan for all eligible employees. As part of Prudential Savings Bank's mutual holding company reorganization, the employee stock ownership plan purchased 452,295 shares of Prudential Bancorp's common stock on the open market. Employees, excluding hourly paid workers, who have been credited with at least 1,000 hours of service during a 12-month period and who have attained age 21 are eligible to participate in the employee stock ownership plan. The current trustees of the employee stock ownership plan are Messrs. Fanelli, Hosier and Mulcahy.

As part of the conversion and offering, the employee stock ownership plan intends to purchase a number of shares of Prudential Bancorp–New's common stock equal to 4.0% of the shares sold in the offering, or 211,141 shares and 285,664 shares based on the minimum and maximum of the offering range, respectively. We anticipate that the employee stock ownership plan will borrow funds from the new holding company, and that such loan will equal 100% of the aggregate purchase price of the common stock acquired by the employee stock ownership plan and have a term of 20 years. The new holding company has agreed to loan the employee stock ownership plan the funds necessary to purchase shares. The loan to the employee stock ownership plan will be repaid principally from Prudential Savings Bank's contributions to the employee stock ownership plan and the collateral for the loan will be the common stock purchased by the employee stock ownership plan. The interest rate for the employee stock ownership plan loan will be fixed and is expected to be at the prime rate published in the Wall Street Journal at the date the employee stock ownership plan enters into the loan. The new holding company may, in any plan year, make additional discretionary contributions to the employee stock ownership for the benefit of plan participants in either cash or shares of common stock, which may be acquired through the purchase of outstanding shares in the market or from individual shareholders, upon the original issuance of additional shares by the new holding company or upon the sale of treasury shares by the new holding company. Such purchases, if made, would be funded through additional borrowings by the employee stock ownership plan or additional contributions from the new holding company or from Prudential Savings Bank. The timing, amount and manner of future contributions to the employee stock ownership plan will be affected by various factors, including prevailing regulatory policies, the requirements of applicable laws and regulations and market conditions.

Shares purchased by the employee stock ownership plan with the loan proceeds will be held in a suspense account and released for allocation to participants on a pro rata basis as debt service payments are made. Shares released from the employee stock ownership plan suspense account will be allocated to each eligible participant's plan account based on the ratio of each such participant's compensation to the total compensation of all eligible employee stock ownership plan participants. Forfeitures may be used for several purposes such as the payment of expenses or be reallocated among remaining participating employees. Upon the completion of five years of service, the account balances of participants within the employee stock ownership plan become 100% vested. In the case of a "change in control," as defined in the plan, however, participants will become immediately fully vested in their account balances. Participants also become fully vested in their account balances upon death, disability or retirement. Benefits may be payable upon retirement or separation from service.

Generally accepted accounting principles require that any third party borrowing by the new holding company be reflected as a liability on its statement of financial condition. Since the employee stock ownership plan is borrowing from the new holding company, the loan will not be treated as a liability but instead will be excluded from shareholders' equity. If the employee stock ownership plan purchases newly issued shares from the new holding company, total shareholders' equity would neither increase nor decrease, but per share shareholders' equity and per share net earnings would decrease as the newly issued shares are allocated to the employee stock ownership plan participants.

Prudential Savings Bank's employee stock ownership plan is subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations of the Internal Revenue Service and the Department of Labor.

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New Stock Benefit Plans

Stock Option Plan. Following consummation of the conversion and offering, we intend to adopt a new stock option plan, which will be designed to attract and retain qualified personnel in key positions, provide directors, officers and key employees with a proprietary interest in the new holding company as an incentive to contribute to its success and reward key employees for outstanding performance. The new stock option plan will provide for the grant of incentive stock options, intended to comply with the requirements of Section 422 of the Internal Revenue Code, and non-incentive or compensatory stock options. Options may be granted to our directors and key employees. The new stock option plan will be administered and interpreted by a committee of the board of directors. Unless sooner terminated, the new stock option plan shall continue in effect for a period of 10 years from the date the stock option plan is adopted by the board of directors.

Under the new stock option plan, the committee will determine which directors, officers and key employees will be granted options, whether options will be incentive or compensatory options, the number of shares subject to each option, the exercise price of each option, whether options may be exercised by delivering other shares of common stock and when such options become exercisable. The per share exercise price of an incentive stock option must at least equal the fair market value of a share of common stock on the date the option is granted (110% of fair market value in the case of incentive stock options granted to employees who are 5% shareholders).

After the conversion and offering, we intend to present the stock option plan to shareholders for approval and to reserve an amount equal to 10.0% of the shares of the new holding company common stock sold in the offering, which is 527,854 shares or 714,160 shares based on the minimum and maximum of the offering range, respectively, for issuance under the new stock option plan, subject to potential adjustment as discussed below if the plan is presented prior to one year after the completion of the conversion and offering. The stock option plan will provide that no individual officer or employee of the new holding company may receive more than 25% of the options available for grant under the new stock option plan and non-employee directors may not receive more than 5% individually, or 30% in the aggregate of the options available for grant under the new stock option plan. The exercise price of any options granted under any such plan must be at least equal to the fair market value of the common stock as of the date of grant. Further, options under such plan generally will vest no more rapidly than over a five year period at 20% per year. Each stock option or portion thereof will be exercisable at any time on or after it vests and will be exercisable until 10 years after its date of grant or for periods of up to five years following the death, disability or other termination of the optionee's employment or service as a director. However, failure to exercise incentive stock options within three months after the date on which the optionee's employment terminates may result in the loss of incentive stock option treatment. If the new stock option plan is adopted within 12 months following the completion of the conversion, the number of shares reserved for the exercise of stock options under the new plan would generally be limited to 10% of the shares sold in the offering, subject to adjustment as may be required by federal regulations or policy to reflect shares of common stock reserved by existing Prudential Bancorp under the existing stock option plan, so that the total shares reserved for stock options does not exceed 10% of Prudential Bancorp–New's outstanding shares immediately after the conversion and offering. We have not determined whether we will present the new stock option plan for stockholder approval prior to or more than 12 months after the completion of the conversion.

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

Under current provisions of the Internal Revenue Code, the federal income tax treatment of incentive stock options and compensatory stock options is different. A holder of incentive stock options who meets

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

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

Per Share Exercise Price	**Per Share Option Value**	**Value of 527,854 Options Granted at Minimum of Range**	**621,019 Options Granted at Midpoint of Range**	**714,160 Options Granted at Maximum of Range**
		(Dollars in Thousands, Except Per Share Amounts)		
$ 8.00	$3.87	$2,042,795	$2,403,344	$2,763,799
10.00	4.84	2,554,813	3,005,732	3,456,534
12.00				