

**PRUDENTIAL BANCORP, INC.**  
**Compensation Committee Charter**  
**(as of December 12, 2017)**

**I. Members.**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) Prudential Bancorp, Inc. (the “Company”) shall consist of at least three independent directors, including a chair and such other independent directors as the Board shall appoint upon recommendation by the Nominating and Corporate Governance Committee. An “independent director” is a director who meets the NASDAQ Stock Market (“Nasdaq”) definition of “independence,” including the additional requirements imposed by Rule 5605(d)(2)(A) of the Nasdaq Stock Market Rules (“Nasdaq Rules”), as determined by the Board. Additionally, members of the Committee must qualify as (a) “non-employee directors” for purposes of Rule 16b-3 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (b) “outside directors” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. Members of the Committee will be appointed annually by the Board and shall serve at the pleasure of the Board.

**II. Purpose of the Committee.**

The purpose of the Committee shall be to discharge the responsibilities of the Board relating to compensation of the Company’s executives; to oversee and advise the Board on the adoption of policies that govern the Company’s annual compensation and benefit plans, including but not limited to its stock-based compensation plans; to the extent required by Items 402 and 407 of Regulation S-K promulgated pursuant to the Exchange Act, review and discuss with management the compensation discussion and analysis (“CD&A”) provided for under the provisions of Item 402 of Regulation S-K for inclusion in the Company’s public documents, and to produce the report of the Committee to accompany the CD&A in such documents as required by Item 407 of Regulation S-K.

**III. Philosophy.**

The Committee’s compensation philosophy is intended to assist the Company in competing with similar businesses (including publicly held financial institutions and their holding companies) for the management talent that the Company needs. The core of the Company’s compensation philosophy shall be to pay for performance and to pay in a manner that is both comparable as well as consistent with other similar financial institutions and which provides and creates appropriate incentives for management to achieve the performance goals established by the Committee and/or the Board. The Company’s compensation philosophy shall also take into account risk management, operational stability, and legal and regulatory compliance.

#### **IV. Objectives of the Company's Compensation Programs.**

The primary objectives of the Company's executive compensation policies and programs are as follows:

- a. To attract, retain and motivate an experienced, competent executive management team that will effectively implement the Board's strategic vision for the Company;
- b. To reward the executive management team for the enhancement of shareholder value based on a number of factors and consideration including but not limited to the Company's annual earnings performance and achievement of individual and corporate performance goals;
- c. To make certain that compensation rewards are adequately balanced between short-term and long-term performance goals; and
- d. To maintain compensation levels that are competitive with other financial institutions, particularly those considered to be the Company's peers based on asset size and market/geographic area.

#### **V. Duties and Responsibilities of the Committee.**

The Committee's duties and responsibilities shall include:

- a. Overseeing compensation policies and plans for executive officers (defined as Senior Vice President and above) . The Committee shall also annually review and make recommendations to the Board with respect to the compensation of directors.
- b. Making recommendations to the Board with respect to the Company's incentive-compensation plans and the adoption of stock-based plans that are subject to Board approval. The Company's use of stock-based compensation should align the interests of employees and directors with those of the Company's shareholders.
- c. Overseeing the hiring, retention, and evaluation of executive officers with appropriate qualifications and expertise to operate the Company's business.
- d. Annually reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those goals and objectives, and recommending to the independent members of the Board the CEO's compensation level based on this evaluation, consistent with the Company's compensation philosophy. Such recommendation shall address the CEO's (a) the annual base salary level, (b) the annual bonus level, (c) level of grants of equity compensation under the Company's stock-based compensation plans, (d) employment agreement, and (e) any special or supplemental benefits, in each case as, when and if appropriate. In determining the long-term incentive component of CEO compensation, the Committee will consider the Company's performance and

relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years. The CEO shall not be present during any Committee deliberation of or actions taken with respect to his compensation.

- e. Recommending to the Board individual performance goals for the executive officers in relation to Board-established corporate goals for the measurement of individual performance and approving related compensation.
- f. Annually reviewing and approving the compensation of executive officers, consistent with the Company's compensation philosophy, including any officers who are deemed to be "executive officers" as defined in Rule 3b-7 promulgated pursuant to the Exchange Act. Such compensation shall consist of the annual base salary level and may include other components of the executive officer's compensation including (a) the annual bonus level, (b) the level of grants of equity compensation under the Company's stock-based compensation plans, (c) employment agreements, severance arrangements, and change-in-control agreements or compensation terms and provisions in the Company's benefit plans, and (d) any special or supplemental benefits, in each case as, when and if appropriate.
- g. Reviewing the compensation ranges for the Company's officers and other management group employees as compared to the compensation of similarly situated individuals at institutions in the Company's peer group or other similar-situated institutions.
- h. Performing the functions assigned to it under the Company's various compensation and benefit plans, including stock-based incentive compensation plans, and arrangements or by the Board with respect to those plans and arrangements.
- i. Reviewing periodic reports from management on matters relating to the Company's personnel appointments and practices.
- j. Periodically reviewing the Company's employee benefits and retirement programs.
- k. To the extent required by Item 402 of Regulation S-K, reviewing and discussing annually with management the CD&A provided by Item 402 of Regulation S-K to the extent such CD&A is required to be prepared and included in the Company's proxy statement for the annual meeting of shareholders of the Company and, based on such review and discussion, if required, determining whether to recommend to the Board that the CD&A be included in the Company's annual proxy statement of other securities filings.
- l. To the extent required by Item 407 of Regulation S-K, providing annually, over the names of the Committee's members, the report of the Committee for inclusion in the Company's proxy statement for its annual meeting of shareholders.

- m. The Committee shall oversee the Company's compliance with the requirements of Regulation 14A promulgated pursuant to the Exchange Act with regard to shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the Nasdaq Rules that, with limited exceptions, shareholders approve equity compensation plans.
- n. The Committee may form and delegate authority to subcommittees as it deems appropriate.
- o. The Committee shall have the Charter published at least every three years in accordance with SEC regulations in the event it is not made available on the Company's Internet site.
- p. Annually evaluating the adequacy of this Charter and as appropriate, adopt and recommend changes to the Board for its review and approval.

## **VI. Outside Advisors.**

The Committee shall have the authority, in its sole discretion, to retain such compensation consultant, outside counsel and/or other advisor as it determines appropriate to assist it in the full performance of its functions, but only after taking into consideration factors relevant to the advisor's independence from management as specified in Nasdaq Rule 5605(d)(3)(D). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any advisor retained by the Committee.

## **VII. Meetings and Procedures.**

The Committee shall meet as often as may be deemed necessary or appropriate in its judgment, but not less than one time per year, either in person or telephonically, and at such time and place as the Committee shall determine. The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter. A meeting may be called by the chairman of the Committee or by a majority of the members of the Committee. Notice of any meeting shall be given by the person or persons calling the meeting to each other member of the Committee at least 24 hours prior to the meeting. Notice may be given in the same fashion as permitted for notice of Board meetings pursuant to the Company's Bylaws and applicable law. A meeting shall be deemed properly called if each member of the Committee shall have received notice given as aforesaid or, notice is waived in the manner provided for in the Company's Bylaws.

The Committee shall have a chairman who is a member of the Committee and a secretary who may, but need not be, a member of the Committee. The Board shall designate

the chairman of the Committee and the Committee shall designate the secretary for the Committee. If the Board does not designate a chairman, or if the chairman shall not be present at a meeting, the Committee shall select its own chairman.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. A majority vote of the Committee members present at a meeting, if a quorum is present, shall constitute an act of the Committee. Unless otherwise restricted by the Articles of Incorporation or Bylaws of the Company, any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all members of the Committee consent thereto in writing, and the writing or writings are filed with the minutes of the Committee.

The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.

Following each of its meetings, the Committee shall report its actions and recommendations to the Board. The secretary of the Committee shall keep written minutes of its meetings, which minutes shall be subject to approval by the members of the Committee and, once approved, shall be maintained with the books and records of the Company.

Reviewed and approved as amended at a Board of Directors meeting held on December 19, 2016

**Reviewed and approved without amendment at a Board of Directors meeting held on December 12, 2017**