

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Prudential Bancorp, Inc.		46-2935427	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Jack E. Rothkopf	215-755-1500	jrothkopf@prudentialbanker.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
1834 West Oregon Avenue		Philadelphia, PA 19145	
8 Date of action		9 Classification and description	
01/01/2017		Prudential Bancorp, Inc. Common Stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
74431A101		PBIP	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On January 1, 2017, Prudential Bancorp, Inc. ("Prudential") completed its acquisition of Polonia Bancorp, Inc. ("Polonia") through the merger of Polonia with and into Prudential (the "Merger") pursuant to the terms of a definitive merger agreement ("Merger Agreement"). Polonia shareholders exchanged their Polonia common stock ("Polonia Stock") into a right to receive either 0.7460 shares of Prudential common stock or \$11.09 in cash, subject to 50% of Polonia Stock being exchanged for Prudential common stock (the "Proration Provision"). Based on the final election results of the Polonia shareholders and applying the Proration Provision, Polonia shareholders received the following Merger Consideration: (i) Polonia shareholders who requested all stock, received 63.27% of their value in Polonia Stock in Prudential common stock and 36.73% in cash for each share of Polonia Stock; (ii) Polonia shareholders who requested cash or expressed no preference received \$11.09 for each share of Polonia Stock tendered. Polonia shareholders who did not submit elections received \$11.09 for each share of Polonia Stock held thereby.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See Attachment A.

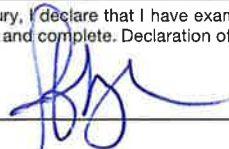
16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See Attachment B.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ►
Internal Revenue Code Sections 302, 318, 354, 356, 368 and 1001

18 Can any resulting loss be recognized? ► **A Polonia shareholder who received Prudential common stock and cash in exchange for all of his or her Polonia Stock will not recognize any loss (other than with respect to any cash-in-lieu received). A Polonia shareholder who received solely cash in exchange for all of his or her Polonia stock or cash in lieu of fractional shares may recognize a loss if the amount of cash received is less than the tax basis in his or her Polonia Stock or fractional shares, as applicable.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► **In general, any adjustment to the tax basis that causes gain or loss recognized by Polonia shareholder as a result of the completion of the Merger should be reported for the taxable year which includes January 1, 2017. (e.g. a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2017 calendar year).**

Sign Here
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.
Signature ►  Date ► 2/16/17
Print your name ► **Jeffrey T. Hanuscin** Title ► **FVP Controller.**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►				Firm's EIN ►
	Firm's address ►				Phone no.

ATTACHMENT A TO IRS FORM 8937, LINE 15
PRUDENTIAL BANCORP, INC.'S ACQUISITION OF POLONIA BANCORP, INC.
ON JANUARY 1, 2017

Effect of the Action

The Merger qualified as a tax-free reorganization within the meaning of Section 368(a) of the Code. As such, in general the tax basis consequences to Polonia shareholders would be determined under Section 358 of the Code. The effect of the Merger on the tax basis on Polonia common stock ("Polonia Stock") held by Polonia shareholder depends primarily on whether the shares of Polonia Stock were exchanged solely for Prudential common stock ("Prudential Stock"), for a combination of Prudential Stock and cash or solely for cash. As a result of the requirement that at least 50% of the Polonia Stock be exchange for Prudential Stock, no Polonia shareholder received solely Prudential Stock in exchange for their shares of Polonia Stock. The treatment is summarized as follows:

Shareholder Who Received Prudential Stock and Cash. The tax basis of the shares of Prudential Stock received by a Polonia shareholder who receives a combination of Prudential Stock and cash in exchange for his or her Polonia Stock will be the same basis of the shares of Polonia Stock surrendered in exchange for the shares of Prudential Stock, plus any gain recognized by such shareholder in the Merger, and minus any cash received by the shareholder in the Merger.

Shareholder Who Received Cash. A Polonia shareholder who received cash and/or cash in lieu of fractional shares interest in Prudential Stock will be treated as receiving full payment for their Polonia Stock. Gain or loss generally will be recognized based on the difference between the cash received and the portion of the shareholder's basis on his or her Polonia Stock.

In general, any gain recognized should be reported by a Polonia shareholder for the taxable year which includes January 1, 2017. (e.g. a calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2017 calendar year).

**ATTACHMENT B TO IRS FORM 8937, LINE 15
PRUDENTIAL BANCORP, INC.'S ACQUISITION OF POLONIA BANCORP, INC.
ON JANUARY 1, 2017**

The following examples illustrate the method by which a former Polonia shareholder would determine his or her basis in Prudential Bancorp common stock received in the Merger. The examples assume that the shareholder is an individual U.S. citizen or resident who acquired shares of Prudential Stock in on block at the same price for cash and holds such shares as capital assets. These examples do not address any special rules that may apply to a particular shareholder (including shares received a compensation), nor does it address the consequences of any state, local or foreign tax laws.

Example 1: Shareholders who received stock and cash.

Polonia shareholder who made a valid stock election and received both stock and cash based on Proration Provision determined by the Final Election Results.

Shares of Polonia Stock held prior to the Merger= 1,000

Polonia Shareholder received 471 shares, .9942 fraction shares and \$4,073.34 in cash

Tax basis in each share of Polonia Stock =\$10.00
(this is only an example; each shareholder has his or her own tax basis)

Aggregate tax basis in Polonia Stock+ \$10,000.00

Fair market value of each share of Prudential Stock received in the Merger =\$17.21
(average of the highest and lowest quoted selling price on December 30, 2016)

Fair market value for Prudential common stock for purpose of determining fractional share payments =\$16.45 (average closing price of Prudential Stock for the thirty (30) consecutive trading days ended December 30, 2016).

1. Cost Basis in Polonia Stock: (1,000 x \$10.00)	\$	10,000.00
2. Total Merger Consideration		
-Prudential Stock (471 x \$17.21)	\$	8,105.91
-Cash Received (367.3 x \$11.09)	\$	4,073.34
-Value of fractional shares (.9942 x \$16.45)	\$	17.11
		12,296.36

Total Consideration	\$	12,196.46
3. Realized Gain:	\$	2,196.46
4. Recognized Gain:		
Cash per share (367.3 shares x \$1.09)	\$	400.36
Value of fractional shares	\$	17.11
	\$	<u>417.47</u>

Example 2: Shareholders who received cash.

Polonia shareholders who elected to receive cash was paid \$11.09 per share of common stock.

Shares of Polonia Stock held prior to the Merger= 1,000

Tax basis in each share of Polonia Stock =\$10.00

1. Recognized gain:		
(1,000 x \$11.09)	\$	11,090.00
Less cost basis	\$	10,000.00
	\$	<u>1,090.00</u>

Posted to Prudential Bank website on February 15, 2017.

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed herein.