**Press Release**

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# PRUDENTIAL BANCORP, INC. ANNOUNCES THIRD QUARTER FISCAL 2018 RESULTS – SURPASSES $1.0 BILLION IN TOTAL ASSETS

Philadelphia, Pennsylvania (July 20, 2018) – Prudential Bancorp, Inc. (the "Company") (Nasdaq:PBIP), the holding company for Prudential Bank (the "Bank"), reported net income of $2.4 million, or $0.28 per basic and $0.26 per diluted share, for the quarter ended June 30, 2018 as compared to $2.1 million, or $0.25 for both per basic share and per diluted share, for the same quarter in fiscal 2017. For the nine months ended June 30, 2018, the Company recognized net income of $4.6 million, or $0.52 per basic share and $0.50 per diluted share as compared to net income of $707,000, or $0.08 for both per basic share and per diluted share, for the same period in fiscal 2017. The nine-month period in fiscal 2017 included a one-time $2.7 million pre-tax expense related to the acquisition of Polonia Bancorp, Inc. ("Polonia") which was completed as of January 1, 2017 as well as a $1.9 million non-cash pre-tax expense charge-off associated with a large lending relationship.

Dennis Pollack, President and CEO, commented, "We reached a major milestone this quarter by reaching the $1.0 billion asset mark. In conjunction with this continued growth, we are pleased to continue to report increased earnings on both a linked quarter and a year over year basis reflecting the successful implementation of various strategies to enhance our earnings. Our third quarter results were highlighted by continued growth of our net interest income propelled by growth in our loan and securities portfolios. Management continues to be dedicated to executing our strategic priorities, improving the Company's profitability, and enhancing shareholder value."

***Highlights for the quarter ended June 30, 2018 are as follows:***

- Total assets reached $1.0 billion, up from $899.5 million at September 30, 2017.
- Net income increased to $2.4 million for the quarter ended June 30, 2018 from $2.1 million for the comparable quarter in fiscal 2017 and $2.2 million for the quarter ended March 31, 2018.
- Net loans increased $31.1 million to $602.5 from $571.3 million at September 30, 2017.
- Total deposits increased $79.1 million to $715.1 million from $636.0 million at September 30, 2017.
- The efficiency ratio for the quarter ended June 30, 2018 was 52.21% compared to 56.94% for quarter ended March 31, 2018.

***Net Interest Income:***

For the three months ended June 30, 2018, net interest income increased to $6.2 million as compared to $6.1 million for the same period in fiscal 2017. The increase reflected a $1.5 million, or 20.2%, increase in interest income, partially offset by an increase of $1.3 million, or 96.7%, in interest paid on deposits and borrowings. The increase in net interest income between the periods was primarily due to the increase in the weighted average balance of earning assets combined with the results to date of the shift in emphasis to originating commercial and construction loans, which

generally produce higher yields than those obtained on residential loans. The average balance of interest-earning assets for the three months ended June 30, 2018 increased by $113.8 million, or 14.0% from the comparable quarter in 2017. The yield on interest-earning assets increased by 20 basis points, to 3.87% for the quarter ended June 30, 2018 from the comparable period in 2017. The weighted average cost of borrowings and deposits increased to 1.30% during the quarter ended June 30, 2018 from 0.76% during the comparable period in 2017 due to increases in market rates of interest. For the nine months ended June 30, 2018, net interest income increased to $18.6 million as compared to $15.0 million for the same period in fiscal 2017. The increase reflected a $6.7 million, or 36.1%, increase in interest income, partially offset by an increase of $3.1 million, or 86.7%, in interest paid on deposits and borrowings. The increase in interest income for the nine months ended June 30, 2018 was, as it was for the third quarter of fiscal 2018, primarily due to the increase in the weighted average balances of earning assets combined with the increasing balances of commercial and construction loans in the portfolio as well as a rising interest rate environment. The average balance of interest-earning assets increased by $188.2 million, or 26.5% from the comparable period in 2017. The yield on interest-earning assets increased by 26 basis points to 3.77% for the nine months ended June 30, 2018 from the comparable period in 2017. The weighted average cost of borrowings and deposits increased to 1.12% during the nine months ended June 30, 2018 from 0.78% during the comparable period in 2017 due to increases in market rates of interest.

For the three and nine months ended June 30, 2018, the net interest margin was 2.70% and 2.77%, respectively, compared to 2.99% and 2.82% for the same periods in fiscal 2017, respectively. The margin decreases in the 2018 periods reflected in large part the increased cost of deposits in a highly competitive interest rate environment.

***Non-Interest Income:***

Non-interest income amounted to $985,000 and $2.0 million for the three and nine month periods ended June 30, 2018, respectively, compared to $624,000 and $1.5 million, respectively, for the comparable periods in fiscal 2017. The increase experienced in both of the 2018 periods was primarily attributable to the recognition of $808,000 in gains during 2018 associated with the unwinding of two cash flow hedges. The hedges were unwound to lock in the embedded gains of the hedge instruments. These increases were partially offset by losses on the sale of securities yielding below current market yields in order to better position the securities portfolio in a rising rate environment. The proceeds from the sales were used to invest in higher yielding loan and investment products.

***Non-Interest Expenses:***

For the three month period ended June 30, 2018, non-interest expense increased $265,000 or 7.6% to $3.8 million primarily due to increased employee and professional services expense. For the nine month period ended June 30, 2018, non-interest expense decreased $1.3 million or 10.1% to $11.7 million compared to the same period in the prior fiscal year. The primary reason for the higher level of non-interest expense experienced during the nine month period ended June 30, 2017 was the one-time merger-related charge in the 2017 period of approximately $2.7 million, pre-tax, incurred in connection with the completion of the Polonia acquisition in January 2017.

***Income Taxes:***

For the three month period ended June 30, 2018, the Company recorded a tax expense of $676,000, compared to an expense of $1.0 million for the same period in fiscal 2017. For the nine

month period ended June 30, 2018, the Company recorded an income tax expense of $3.6 million as compared to an expense of $230,000 for the same period in fiscal 2017. The $3.6 million tax expense for the nine months ended June 30, 2018 included a one-time charge of $1.8 million related to a re-evaluation of the Company's deferred tax assets due to the Tax Cuts and Jobs Act legislation enacted in 2017 that reduced the statutory income tax rate from 35% to 21%. During fiscal 2018, commencing with the quarter ended December 31, 2017, the Company's statutory income tax rate was reduced to 24.25% as compared to companies which are calendar year tax reporting companies whose statutory rate decreased to 21% starting January 1, 2018. Effective October 1, 2018, the Company's statutory tax rate will be reduced to 21%. The Company's tax obligation for the nine month period in fiscal 2017 was reduced significantly due to the one-time merger-related charge related to the Polonia acquisition recorded during the three months ended March 31, 2017.

***Balance Sheet:***

At June 30, 2018, the Company had total assets of $1.0 billion, as compared to $899.5 million at September 30, 2017, an increase of 14.4%. At June 30, 2018, the investment portfolio increased by $88.7 million to $328.4 million as compared to September 30, 2017 primarily as a result of the purchase of investment grade corporate bonds and U.S. government agency mortgage-backed securities. Net loans receivable increased $31.2 million to $602.5 million at June 30, 2018 from $571.3 million at September 30, 2017. Cash and cash equivalents increased $8.2 million to $36.1 million to fund continuing loan and investment growth.

Total liabilities increased by $133.9 million to $897.3 million at June 30, 2018 from $763.4 million at September 30, 2017. Total deposits increased $79.1 million, consisting primarily of certificates of deposit, which were used to fund asset growth as well as meet short-term liquidity needs. At June 30, 2018, the Company had FHLB advances outstanding of $164.2 million, as compared to $114.3 million at September 30, 2017. The increase in the level of borrowings was primarily due to match funding of loan originations as well as to fund purchases of investment securities in order to lock in the yield with minimal interest rate risk as part of the Company's asset/liability management strategies. All of the borrowings had maturities of less than six years.

Total stockholders' equity decreased by $4.7 million to $131.5 million at June 30, 2018 from $136.2 million at September 30, 2017. The decrease was a primarily due to a reduction in the fair market value of available for sale securities as of June 30, 2018 due to rising market rates. Also contributing to the decrease were dividend payments of $2.7 million consisting of both regular quarterly dividends totaling $0.15 per share as well as a special dividend of $0.15 per share.

***Asset Quality:***

At June 30, 2018, the Company's non-performing assets totaled $14.3 million or 1.4% of total assets as compared to $15.6 million or 1.7% of total assets at September 30, 2017. Non-performing assets at June 30, 2018 included five construction loans aggregating $8.7 million, 30 one-to-four family residential loans aggregating $3.8 million, one single-family residential investment property loan in the amount of $156,000 and five commercial real estate loans aggregating $1.5 million. Non-performing assets also included at June 30, 2018 real estate owned consisting of one single-family residential property with an aggregate carrying value of $85,000. At June 30, 2018, the Company had 10 loans aggregating $6.2 million that were classified as troubled debt restructurings ("TDRs"). Six of such loans aggregating $1.1 million were performing in accordance with the restructured terms as of June 30, 2018 and were accruing interest. One TDR is on non-accrual and consists of a $156,000 loan secured by various commercial and residential properties. The three remaining TDRs totaling

$4.9 million are also classified as non-accrual and are a part of a lending relationship totaling $10.7 million (after taking into account the previously disclosed $1.9 million write-down recognized during the quarter ending March 31, 2017 related to this borrowing relationship). The primary project of the borrower (the development of a 169-unit townhouse project in Bristol Borough, Pennsylvania) is the subject of litigation between the Bank and the borrower and as a result, the project currently is not proceeding. Subsequent to the commencement of the litigation previously disclosed, the borrower filed for bankruptcy under Chapter 11 (Reorganization) of the federal bankruptcy code in June 2017. The Bank has moved the underlying litigation noted above with the borrower and the Bank from state court to the federal bankruptcy court in which the bankruptcy proceeding is being heard. The state litigation is stayed pending the resolution of the bankruptcy proceedings. As of June 30, 2018, the Company had reviewed $16.9 million of loans for possible impairment compared to $19.7 million reviewed for possible impairment as of September 30, 2017.

The Company recorded a provision for loan losses in the amount of $325,000 and $685,000 for the three and nine months ended June 30, 2018, respectively, compared to a provision for loan losses of $30,000 and $2.6 million, respectively, for the same periods in 2017. The large provision during the nine month period ended June 30, 2017 was primarily due to the $1.9 million charge-off related to the aforementioned borrower who planned to develop 169 residential lots incurred in the quarter ended March 31, 2017. During the three months ended June 30, 2018, the Company recorded charge offs of $125,000 and recoveries of $2,000. During the nine months ended June 30, 2018, the Company recorded charge offs of $137,000 and recoveries of $27,000.

The allowance for loan losses totaled $5.0 million, or 0.8% of total loans and 35.5% of total non-performing loans (which included loans acquired from Polonia at their fair value) at June 30, 2018 as compared to $4.5 million, or 0.8% of total loans and 29.0% of total non-performing loans at September 30, 2017. The Company believes that the allowance for loan losses at June 30, 2018 was sufficient to cover all inherent and known losses associated with the loan portfolio at such date.

***About Prudential Bancorp, Inc.:***

Prudential Bancorp, Inc. is the holding company for Prudential Bank. Prudential Bank is a Pennsylvania-chartered, FDIC-insured savings bank that was originally organized in 1886. The Bank conducts business from its headquarters and main office in Philadelphia, Pennsylvania as well as nine additional full-service financial centers, seven of which are in Philadelphia, one in Drexel Hill, Delaware County, and one in Huntingdon Valley, Montgomery County, Pennsylvania.

***Forward Looking Statements:***

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, expectations or predictions of future financial or business performance, conditions relating to the Company, or other effects of the merger of the Company and Polonia. These forward-looking statements include statements with respect to the Company’s beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, that are subject to significant risks and uncertainties, and are subject to change based on various factors (some of which are beyond the Company’s control). The words “may,” “could,” “should,” “would,” “will,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan” and similar expressions are intended to identify forward-looking statements.

In addition to factors previously disclosed in the reports filed by the Company with the Securities and Exchange Commission ("SEC") and those identified elsewhere in this press release, the following factors, among others, could cause actual results to differ materially from forward looking statements or historical performance: the strength of the United States economy in general and the strength of the local economies in which the Company conducts its operations; general economic conditions; legislative and regulatory changes; monetary and fiscal policies of the federal government; changes in tax policies, rates and regulations of federal, state and local tax authorities; changes in interest rates, deposit flows, the cost of funds, demand for loan products, demand for financial services, competition, changes in the quality or composition of the Company's loan, investment and mortgage-backed securities portfolios; changes in accounting principles, policies or guidelines and other economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and fees; and the success of the Company at managing the risks involved in the foregoing.

The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company to reflect events or circumstances occurring after the date of this press release.

For a complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review the Company's filings with the SEC, including the "Risk Factors" section in its most recent Annual Report on Form 10-K for the year ended September 30, 2017, as supplemented by its quarterly or other reports subsequently filed with the SEC.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA
(Unaudited)

| | At June 30, 2018 | At September 30, 2017 |
|---|---|---|
| | (Dollars in Thousands) | |
| **Selected Consolidated Financial and Other Data (Unaudited):** | | |
| Total assets | $1,028,858 | $899,540 |
| Cash and cash equivalents | 36,055 | 27,903 |
| Investment and mortgage-backed securities: | | |
| Held-to-maturity | 58,127 | 61,284 |
| Available-for-sale | 270,275 | 178,402 |
| Loans receivable, net | 602,455 | 571,343 |
| Goodwill and intangible assets | 6,707 | 6,811 |
| Deposits | 715,053 | 635,982 |
| FHLB advances | 164,164 | 114,318 |
| Non-performing loans | 14,198 | 15,393 |
| Non-performing assets | 14,283 | 15,585 |
| Stockholders' equity | 131,517 | 136,179 |
| Full-service offices | 10 | 11 |

| | At or For the Three Months Ended June 30, | | At or For the Nine Months Ended June 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | (Dollars in Thousands Except Per Share Amounts) | | | |
| **Selected Operating Data:** | | | | |
| Total interest income | $8,931 | $7,430 | $25,322 | $18,606 |
| Total interest expense | 2,709 | 1,377 | 6,736 | 3,608 |
| Net interest income | 6,222 | 6,053 | 18,586 | 14,998 |
| Provision for loan losses | 325 | 30 | 685 | 2,580 |
| Net interest income after provision for loan losses | 5,897 | 6,023 | 17,901 | 12,418 |
| Total non-interest income | 985 | 625 | 1,967 | 1,500 |
| Total non-interest expense | 3,770 | 3,500 | 11,682 | 12,891 |
| Income before income taxes | 3,112 | 3,148 | 8,186 | 937 |
| Income tax expense | 676 | 1,031 | 3,559 | 230 |
| Net income | $2,436 | $2,117 | $ 4,627 | $707 |
| Basic earnings per share | $0.28 | $0.25 | $0.52 | $0.08 |
| Diluted earnings per share | $0.26 | $0.25 | $0.50 | $0.08 |
| Dividends paid per common share | $0.05 | $0.03 | $0.30 | $0.09 |
| Tangible book value per share at end of period(1) | $13.87 | $14.02 | $13.87 | $14.02 |
| Common stock outstanding (shares) | 9,008,836 | 9,007,735 | 9,008,836 | 9,007,735 |
| **Selected Operating Ratios(2):** | | | | |
| Average yield on interest-earning assets | 3.87% | 3.67% | 3.77% | 3.49% |
| Average rate paid on interest-bearing liabilities | 1.30% | 0.76% | 1.12% | 0.78% |
| Average interest rate spread (3) | 2.57% | 2.91% | 2.65% | 2.71% |
| Net interest margin (3) | 2.70% | 2.99% | 2.77% | 2.82% |
| Average interest-earning assets to average interest-bearing liabilities | 111.05% | 112.35% | 112.04% | 114.92% |
| Net interest income after provision for loan losses to non-interest expense | 156.71% | 172.09% | 153.33% | 95.66% |
| Total non-interest expense to total average assets | 1.54% | 1.62% | 1.65% | 3.44% |
| Efficiency ratio(4) | 52.21% | 52.41% | 56.80% | 78.68% |
| Return on average assets | 1.00% | 0.93% | 0.65% | 0.19% |
| Return on average equity | 7.80% | 6.39% | 4.74% | 1.12% |
| Average equity to average total assets | 12.82% | 15.29% | 13.79% | 16.69% |

| | At or for the Three Months Ended June 30, | | At or for Nine Months Ended June 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| **Asset Quality Ratios(5)** | | | | |
| Non-performing loans as a percentage of loans receivable, net(6) | 2.36% | 2.96% | 2.36% | 2.96% |
| Non-performing assets as a percentage of total assets(6) | 1.39% | 1.87% | 1.39% | 1.87% |
| Allowance for loan losses as a percentage of total loans | 0.83% | 0.74% | 0.83% | 0.74% |
| Allowance for loan losses as a percentage of non-performing loans | 35.50% | 25.32% | 35.50% | 25.32% |
| Net charge-offs to average loans receivable | 0.08% | -0.01% | 0.02% | 0.39% |
| **Capital Ratios(7)** | | | | |
| Tier 1 leverage ratio | | | | |
| Company | 13.19% | 14.76% | 13.19% | 14.76% |
| Bank | 12.58% | 13.44% | 12.58% | 13.44% |
| Tier 1 common risk-based capital ratio | | | | |
| Company | 20.47% | 24.60% | 20.47% | 24.60% |
| Bank | 19.51% | 22.40% | 19.51% | 22.40% |
| Tier 1 risk-based capital ratio | | | | |
| Company | 20.47% | 24.60% | 20.47% | 24.60% |
| Bank | 19.51% | 22.40% | 19.51% | 22.40% |
| Total risk-based capital ratio | | | | |
| Company | 21.30% | 25.44% | 21.30% | 25.44% |
| Bank | 20.35% | 23.24% | 20.35% | 23.24% |

(1) Non-GAAP measure: see reconciliation below.

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

(3) Average interest rate spread represents the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities. Net interest margin represents net interest income as a percentage of average interest-earning assets.

(4) The efficiency ratio represents the ratio of non-interest expense divided by the sum of net interest income and non-interest income.

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

(6) Non-performing assets generally consist of all loans on non-accrual, loans which are 90 days or more past due as to principal or interest, and real estate acquired through foreclosure or acceptance of a deed in-lieu of foreclosure. Non-performing assets and non-performing loans also include loans classified as troubled debt restructurings due to being recently restructured which are initially placed on non-accrual in connection with such restructuring and remain on non-accrual until such time that an adequate sustained payment period under the restructured terms has been established to justify returning the loan to accrual status. It is the Company's policy to cease accruing interest on all loans which are 90 days or more past due as to interest or principal.

(7) The Company is not subject to the regulatory capital ratios imposed by Basel III on bank holding companies because the Company is deemed to be a small bank holding company.

Non-GAAP Measures Disclosures

Reported amounts are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Company’s management believes that the supplemental non-GAAP information provided in this press release is utilized by market analysts and others to evaluate a company's financial condition and, therefore, such information is useful to investors. These disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures presented by other companies.

The following table shows the reconciliation of net income and core net income (a non-GAAP measure which excludes the effects of the one-time write-down of the Company’s deferred tax assets as a result of the enactment of the Tax Reform Act, merger-related expenses related to the Polonia acquisition and the one-time charge-off related to a large lending relationship; management believes many investors desire to evaluate net income without regard to such expenses):

| | At or For the Three Months Ended June 30, | | At or For the Nine Months Ended June 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | (Dollars in Thousands) | | | |
| Income before income taxes | $ 3,119 | $ 3,148 | $ 8,193 | $ 937 |
| Income tax expense | 683 | 1,031 | 3,566 | 230 |
| Net income | 2,436 | 2,117 | 4,627 | 707 |
| One time write-down of deferred tax asset | - | - | 1,756 | - |
| One-time merger related costs(net of taxes) | - | - | - | 1,968 |
| One time charge-off (net of taxes) | - | - | - | 1,280 |
| Core net income | $ 2,436 | $ 2,117 | $ 6,383 | $ 3,955 |

The following table shows the reconciliation of the Company’s book value and tangible book value (a non-GAAP measure which excludes goodwill and core deposit intangible resulting from the Polonia acquisition from total stockholders’ equity as calculated in accordance with GAAP).

| (Dollars in Thousands, Except Per Share Amounts) | As of June 30, 2018 | | As of September 30, 2017 | |
|---|---|---|---|---|
| | Book Value | Tangible Book Value | Book Value | Tangible Book Value |
| Total stockholders’ equity | $131,517 | $131,517 | $ 136,179 | $ 136,179 |
| Less intangible assets: | | | | |
| Goodwill | -- | 6,102 | -- | 6,102 |
| Core deposit intangible | -- | 605 | -- | 709 |
| Total intangibles | $ -- | 6,707 | $ -- | 6,811 |
| Adjusted stockholders’ equity | $ 131,517 | $ 124,810 | $ 136,179 | $ 129,368 |
| Shares of common stock outstanding | 9,008,826 | 9,008,836 | 9,008,125 | 9,008,125 |
| Adjusted book value per share | $14.60 | $13.86 | $15.12 | $14.36 |