



**Prudential
Bancorp, Inc.**

**Annual Shareholder Meeting
(NASDAQ: PBIP)
February 20, 2019**

Disclaimer

This presentation may contain certain forward-looking statements, including statements about the financial condition, results of operations and earnings outlook for Prudential Bancorp, Inc. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "believe," "expect," "anticipate," "estimate" and "intend" or future or conditional verbs such as "will," "would," "should," "could" or "may." Forward-looking statements, by their nature, are subject to risks and uncertainties. A number of factors, many of which are beyond the Company's control, could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. The Company's reports filed periodically with the Securities and Exchange Commission describe some of these factors, including general economic conditions, changes in interest rates, deposit flows, the cost of funds, changes in credit quality and interest rate risks associated with the Company's business and operations. Other factors described include changes in the quality or composition of our loan, investment and mortgage-backed securities portfolio, changes in competition, fiscal and monetary policies, legislation and regulatory changes, geographic concentration of the Company's business; fluctuations in real estate values, the adequacy of loan loss reserves, the risk that goodwill and intangibles recorded in the Company's financial statements will become impaired, 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.

Investors are encouraged to access the Company's periodic reports filed with the Securities and Exchange Commission for financial and business information regarding the Company at www.psbanker.com under the Investor Relations menu. We undertake no obligation to update any forward-looking statements.



Prudential Bancorp, Inc. Overview

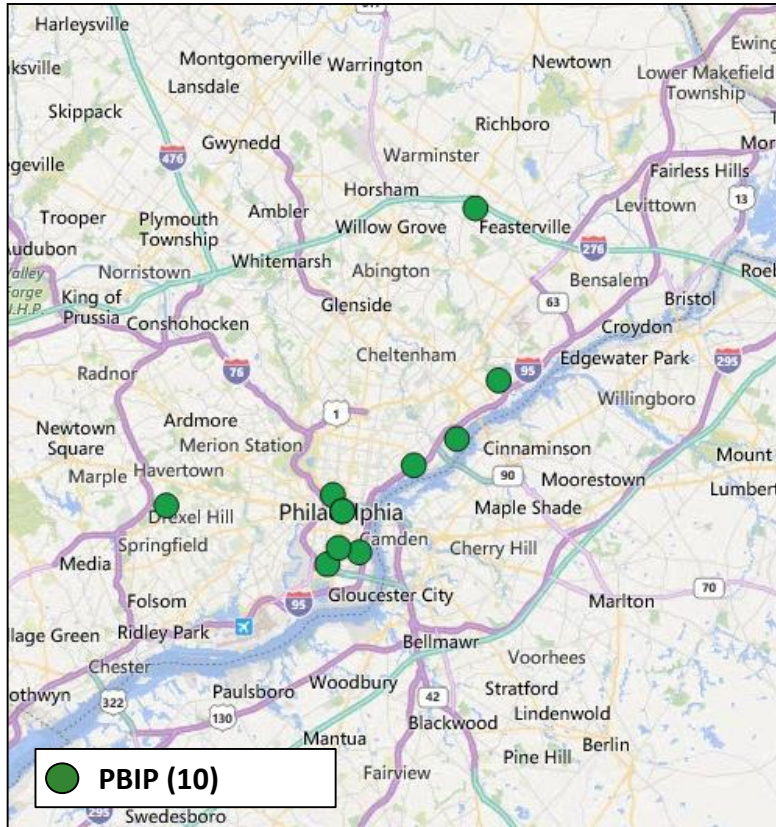
Prudential

- Prudential Bancorp, Inc. (“the Company”) is the holding company for Prudential Bank (“the Bank”).
- The Bank operates out of its main office in Philadelphia, Pennsylvania, its executive offices in Huntingdon Valley, Montgomery County, Pennsylvania as well as nine additional full-service branch offices, seven of which are in Philadelphia, one is in Huntingdon Valley, Montgomery County and one is in Drexel Hill, Delaware County.
- We are a community-oriented savings bank with roots in Philadelphia dating back to 1886.



Prudential Bank Branch Listings

Prudential



Address

1834 W Oregon Ave, Philadelphia, PA 19145

2646 E Allegheny Ave, Philadelphia, PA 19134

3993 Huntingdon Pike, Huntingdon Valley, PA 19006

1722 S Broad St, Philadelphia, PA 19145

238A Moore St, Philadelphia, PA 19148

2133 Spring Garden St, Philadelphia, PA 19130

1270 Township Line Rd, Drexel Hill, PA 19026

8000 Frankford Ave, Philadelphia, PA 19136

1500 JFK Blvd, Philadelphia, PA 19103

4800 Richmond St, Philadelphia, PA 19137

2018 Fiscal Year¹ Highlights

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- Significant growth in core earnings with the Company recording \$8.8 million in core earnings and \$7.1 million in GAAP earnings, compared to \$5.8 million in core earnings and \$2.8 million in GAAP earnings for fiscal 2017 ²
- Non-interest expense as a percentage of average assets declined to 1.60% in fiscal 2018 from 2.10% in fiscal 2017
- Net loans at September 30, 2018 increased \$31.6 million, or 5.5%, from the level at September 30, 2017
- Total deposits at September 30, 2018 increased \$148.3 million, or 23.3%, from the level at September 30, 2017
- Payment of four quarterly cash dividends aggregating \$0.20 per share of common stock and two special cash dividends aggregating an additional \$0.50 per share of common stock

(1) September 30 concludes PBIP's Fiscal Year

(2) Core earnings is a non-GAAP measure.

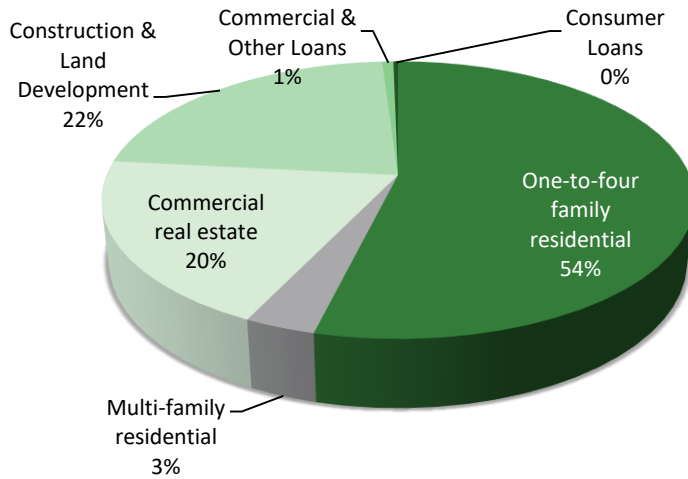
See reconciliation of non-GAAP measures in slide 10.

Source: Company Documents



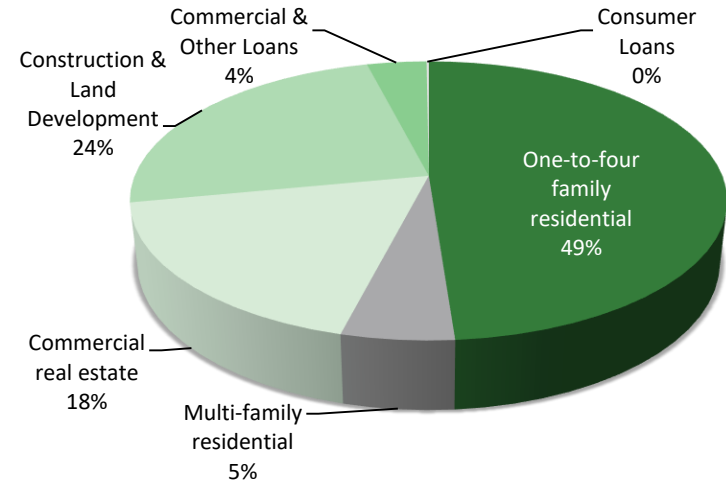
Loan Portfolio Composition

Prudential



Total Loans¹: \$652,607,000

9/30/2017



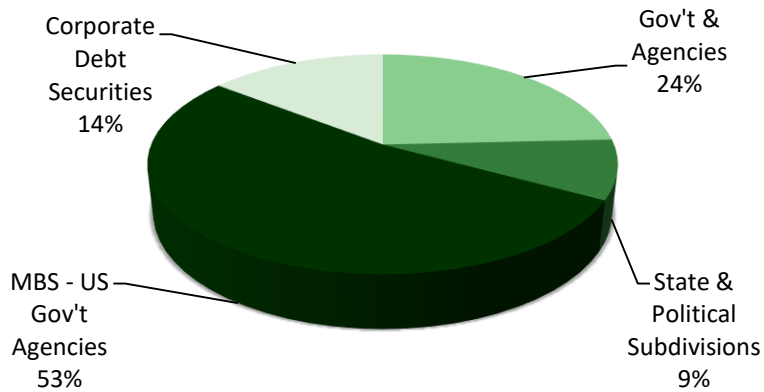
Total Loans¹: \$665,391,000

9/30/2018

(1) Includes undisbursed portion of loans in process and deferred loan costs
Source: Company Documents

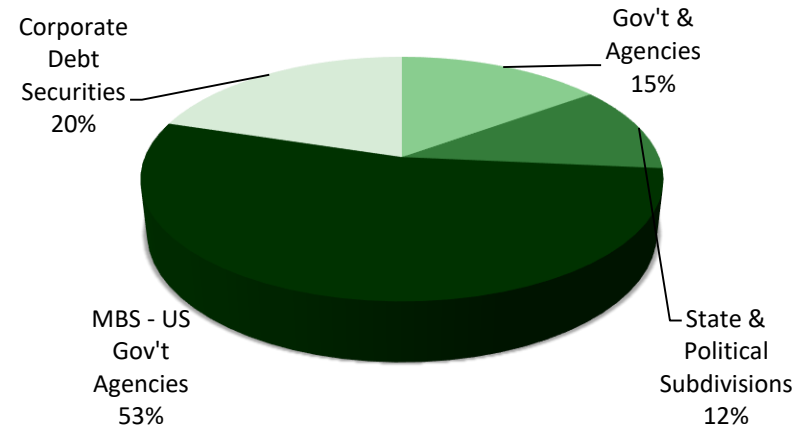
Investment Portfolio Composition

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Portfolio Value: \$239,686,000

9/30/2017



Portfolio Value: \$366,039,000

9/30/2018

Nonperforming Asset Detail

Period Ended <i>(Dollars in Thousands)</i>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Non-accrual Loans					
1-4 Family Loans	\$ 5,002	\$ 3,547	\$ 4,244	\$ 5,107	\$ 3,012
Comm & Multifamily Real Estate Loans	<u>877</u>	<u>1,589</u>	<u>1,346</u>	<u>1,566</u>	<u>1,627</u>
Total Real Estate Loans	5,879	5,136	5,590	6,673	4,639
Construction/Development Loans	-	8,796	10,288	8,724	8,750
Total Consumer Loans	-	-	-	-	-
Commercial Loans	-	-	-	-	-
Other Loans	-	-	-	-	-
Total Non-accrual Loans	<u>5,879</u>	<u>13,932⁽¹⁾</u>	<u>15,878⁽¹⁾</u>	<u>15,397⁽¹⁾</u>	<u>13,389⁽¹⁾</u>
Real Estate Owned	<u>360</u>	<u>869</u>	<u>581</u>	<u>192</u>	<u>1,026</u>
Total Non-performing Assets	<u>6,239</u>	<u>14,801</u>	<u>16,459</u>	<u>15,589</u>	<u>14,415</u>

(1) Includes one borrowing relationship aggregating \$10.3 million, \$12.3 million, \$10.7 million and \$10.6 million for FY 2015, 2016, 2017 and 2018, respectively.

Source: Company Documents



Prudential Bancorp, Inc.

Summary Balance Sheet Comparison

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Period Ended	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<i>(Dollars in Thousands, except per share data)</i>				
Total Assets	\$487,189	\$559,480	\$899,540	\$1,081,170
Cash and Cash Equivalents	11,272	12,440	27,903	48,171
Investments				
Held-to-maturity	66,384	39,971	61,284	59,852
Available-for-sale	77,483	138,694	178,402	306,187
Other	369	2,463	6,002	7,585
Loans Receivable, Net	312,633	344,948	571,343	602,932
Deposits	365,074	389,201	635,982	784,258
FHLB Advances	-	50,638	114,318	154,683
Stockholders' Equity	117,001	114,002	136,179	128,409
Loans/Deposits	86.4%	89.5%	90.5%	77.5%
<u>Capital Ratios:</u>				
Tier 1 Risk-Based Ratio	50.63%	38.57%	23.94%	19.74%
Risk-based Capital Ratio	51.98%	39.70%	24.83%	20.58%
Leverage Ratio	23.73%	20.41%	14.81%	12.51%
Tangible Book Value per Share ⁽¹⁾	\$13.85	\$14.17	\$14.36	\$13.55

Dollars in thousands except per share data

(1) Tangible Book Value per Share is a non-GAAP measure. See reconciliation of non-GAAP measures on slide 10.

The Company had no intangible assets for the 2015 and 2016 fiscal years thus Tangible Book Value equaled Book Value.

Source: Company Documents



Prudential Bancorp, Inc.

Summary Income Statement Comparison

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Period Ended	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<i>(Dollars in Thousands, Except Per Share Data)</i>				
Total Interest Income	\$16,680	\$17,483	\$26,343	\$34,851
Total Interest Expense	3,430	3,326	5,266	10,137
Net Interest Income	13,250	14,157	21,077	24,714
Provision	735	225	2,990	810
Total Non-interest Income	3,008	1,337	2,198	2,500
Total Non-interest Expense	13,175	11,290	16,566	15,639
Income Before Income Taxes	2,348	3,979	3,719	10,765
Income Taxes	116	1,259	941	3,701
Net Income	2,232	2,720	2,778	7,064
Dividends Per Share	\$0.27	\$0.12	\$0.12	\$0.70
Diluted Earnings Per Share	\$0.27	\$0.36	\$0.32	\$0.78
Return on Average Assets	0.58%	0.51%	0.35%	0.72%
Return on Average Equity	2.37%	2.36%	2.16%	5.45%
Efficiency Ratio ⁽¹⁾	81.04%	72.87%	71.18%	57.47%

(1) Calculated by dividing non-interest expense by the sum of net interest income and non-interest income



Year Over Year Core Earnings Comparison*

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Core Earnings

(Dollars in Thousands, except per share data)

	<u>Year Ended September 30,</u>	
	<u>2017</u>	<u>2018</u>
GAAP Income Before Income Taxes	\$3,719	\$10,765
Income Tax Expense	<u>941</u>	<u>3,701</u>
Net Income (GAAP)	\$2,778	\$7,064
One-time Write-down of Deferred Tax Assets	--	1,756
One-time Merger Related Expenses (Net of Tax)	1,730	--
One-time Severance Expense (Net of Tax)	--	--
One-time Charge-off (Net of Tax)	<u>1,280</u>	<u>--</u>
Core Income (Non-GAAP)	\$5,788	\$8,820

Tangible Book Value :

	<u>As of September 30, 2017</u>		<u>As of September 30, 2018</u>	
	<u>Book Value</u>	<u>Tangible Book Value</u>	<u>Book Value</u>	<u>Tangible Book Value</u>
Total stockholders' equity	\$136,179	\$136,179	\$128,409	\$128,409
Less intangible assets:				
Goodwill	--	6,102	--	6,102
Core deposit intangible	<u>--</u>	<u>709</u>	<u>--</u>	<u>571</u>
Total intangibles	<u>--</u>	<u>6,811</u>	<u>--</u>	<u>6,673</u>
Adjusted stockholders' equity	<u>\$136,179</u>	<u>\$129,368</u>	<u>\$128,409</u>	<u>\$121,736</u>
Shares of common stock outstanding	9,008,125	9,008,125	8,987,356	8,987,356
Adjusted book value per share	\$15.12	\$14.36	\$14.29	\$13.55

(There were no intangible assets prior to 2017 and thus Tangible Book Value = Book Value for those periods)

* Note: Core Income is a Non-GAAP measure. The Company's management believes that the supplemental non-GAAP information provided is utilized by market analysts and others to evaluate a company's financial condition and, therefore, that 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

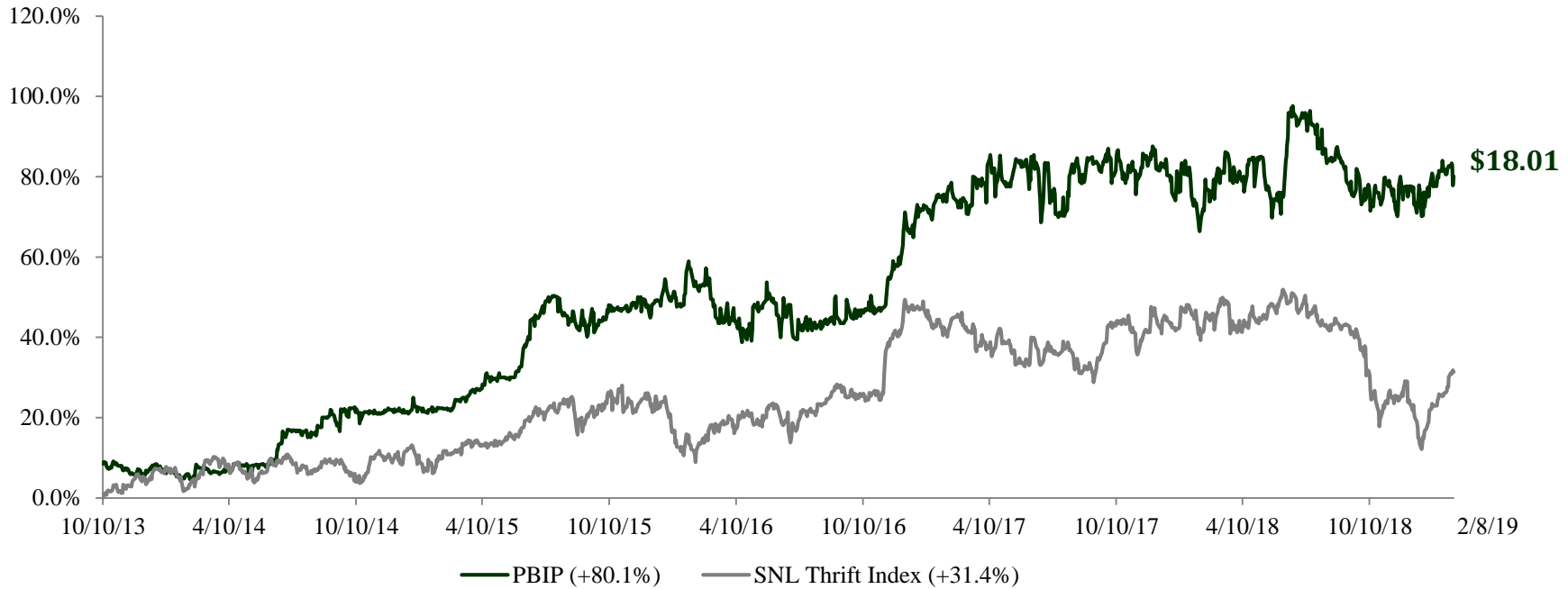
Source: Company Documents



Prudential Bancorp, Inc.

Stock Price Performance Since Second-Step IPO

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Comparison Summary of Q1 Fiscal 2018 and Q1 Fiscal 2019

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Selected Operating Data: (Unaudited)

	Three Months Ended	
	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2018</u>
	<i>(Dollars in thousands, except per share data)</i>	
Total Interest Income	\$8,036	\$10,001
Total Interest Expense *	<u>1,900</u>	<u>3,986</u>
Net Interest Income	\$6,136	\$6,015
Provision for Loan Losses	210	-
Total Non-interest Income	415	380
Total Non-interest Expense	<u>4,043</u>	<u>3,992</u>
Income Before Taxes	\$2,298	\$2,403
Income Taxes	<u>2,264</u>	<u>429</u>
Net Income	\$34	\$1,974
Dividends Per Share	\$0.20	\$0.05
Diluted Earnings Per Share	\$0.00	\$0.22

* Increase due to Deferred Tax Asset write-down as a result of the enactment of the Tax Cut and Jobs Act of 2017

Source: Company Documents



Prudential Bancorp, Inc.

Year Over Year Core Earnings Comparison*

Period Ended

(Dollars in thousands, except per share data)

	<u>Three Months Ended December 31,</u>	
	<u>2017</u>	<u>2018</u>
GAAP Income Before Income Taxes	\$2,298	\$2,403
Income Tax Expense	2,264	429
Net Income (GAAP)	\$34	\$1,974
One-time Write-Down of Deferred Tax Assets	1,756	-
Core Income (Non-GAAP)	\$1,790	\$1,974
Diluted Earnings Per Share	\$ 0.00	\$ 0.22
Core Earnings Per Share (Non-GAAP)	\$ 0.20	\$ 0.22

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* Note: Core Income is a Non-GAAP measure. The Company's management believes that the supplemental non-GAAP information provided is utilized by market analysts and others to evaluate a company's financial condition and, therefore, that 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

Source: Company Documents

Thank you for your attendance today!



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