



Dear Shareholder:

Our fiscal year ended September 30, 2018 was a record breaking year for Prudential Bancorp, Inc.

Fiscal 2018 reflected the results of our first full fiscal year following the completion of the merger with Polonia Bancorp, Inc. as of January 1, 2017. We achieved strong core earnings and continued the growth of our interest-earning assets while at the same time managed our operating expenses and experienced an improvement in asset quality. Management remains focused on executing our strategy, growing the Company's earnings and generating value for our shareholders. Management has implemented significant operating efficiencies combined with substantial improvements in our core operations. The results are increased core profitability and a more streamlined institution. Management will continue to seek for ways to increase shareholder value.

The following are some of the notable changes and highlights of fiscal 2018:

- Significant growth in core earnings with the Company recording \$8.8 million in core earnings for fiscal 2018 compared to the \$5.8 million for fiscal 2017*;
- Non-interest expense as a percentage of average assets declined from 2.10% for fiscal 2017 to 1.60% for fiscal 2018;
- Net loans at September 30, 2018 increased \$31.6 million, or 5.5%, from \$571.3 million at September 30, 2017;
- Total deposits at September 30, 2018 increased \$148.3 million, or 23.3%, from \$636.0 million at September 30, 2017; and
- Dividends increased to \$0.70 per share, including special dividends, during fiscal 2018 from \$0.12 per share during fiscal 2017.

In view of the Company's performance and its continued strong capital position, the board determined to pay in December 2017 a \$0.15 per share special dividend and followed in August 2018 with a second special dividend in the amount of \$0.35 per share. The special dividends reflected the board's desire to share with shareholders a tangible benefit from the results of our improved operations.

The board recognizes its commitment to enhancing shareholder value and is focused primarily on this metric. To this end, the Company continues to explore a full range of options to broaden investor appeal.

On behalf of the Board and management, I want to thank you for your continued support and loyalty.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis Pollack', written in a cursive style.

Dennis Pollack
President and Chief Executive Officer.

* Core earnings is a non-GAAP measure: For the fiscal year ended September 30, 2018, GAAP earnings were \$7.1 million. Core earnings were calculated by adding back a one-time non-cash write-down of deferred tax assets of \$1.8 million as a result of the enactment of the Tax Cuts and Jobs Act in December 2017, resulting in \$8.8 million in core earnings. GAAP net income for the fiscal year ended September 30, 2017 was \$2.8 million. For fiscal 2017, core earnings were calculated by adding back one-time merger-related expenses and one-time charge-off expense aggregating \$3.0 million after applicable taxes, resulting in \$5.8 million in core earnings.