

PRUDENTIAL BANCORP INC OF PENNSYLVANIA  
Form 10-Q  
February 14, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 000-51214

Prudential Bancorp, Inc. of Pennsylvania  
(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania  
(State or Other Jurisdiction of Incorporation or Organization)

68-0593604  
(I.R.S. Employer Identification No.)

1834 Oregon Avenue  
Philadelphia, Pennsylvania  
(Address of Principal Executive Offices)

19145  
Zip Code

(215) 755-1500  
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
x Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practical date: as of February 1, 2013, 10,023,495 shares were issued and outstanding.

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PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA

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## PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	December 31, 2012	September 30, 2012
	(Dollars in Thousands)	
<b>ASSETS</b>		
Cash and amounts due from depository institutions	\$2,849	\$ 3,001
Interest-bearing deposits	50,414	78,272
Total cash and cash equivalents	53,263	81,273
Investment and mortgage-backed securities available for sale (amortized cost—December 31, 2012, \$64,863; September 30, 2012, \$64,030)	66,462	65,975
Investment and mortgage-backed securities held to maturity (estimated fair value—December 31, 2012, \$81,973; September 30, 2012, \$66,401)	79,208	63,110
Loans receivable—net of allowance for loan losses (December 31, 2012, \$2,081; September 30, 2012, \$1,881)	273,971	260,684
Accrued interest receivable	1,898	1,661
Real estate owned	1,953	1,972
Federal Home Loan Bank stock—at cost	1,945	2,239
Office properties and equipment—net	1,633	1,688
Bank owned life insurance	6,972	6,919
Prepaid expenses and other assets	1,298	2,234
Deferred tax asset-net	2,568	2,749
<b>TOTAL ASSETS</b>	<b>\$491,171</b>	<b>\$ 490,504</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Deposits:		
Noninterest-bearing	\$3,279	\$ 3,711
Interest-bearing	424,497	421,891
Total deposits	427,776	425,602
Advances from Federal Home Loan Bank	340	483
Accrued interest payable	25	2,382
Advances from borrowers for taxes and insurance	2,189	1,273
Accounts payable and accrued expenses	773	933
Total liabilities	431,103	430,673
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 40,000,000 shares authorized, issued 12,563,750; outstanding - 10,023,495 at December 31, 2012 and September 30, 2012	126	126
Additional paid-in capital	54,748	54,610
Unearned ESOP shares	(2,732 )	(2,787 )

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Treasury stock, at cost: 2,540,255 shares at December 31, 2012 and September 30, 2012	(31,625 )	(31,625 )
Retained earnings	38,496	38,224
Accumulated other comprehensive income	1,055	1,283
Total stockholders' equity	60,068	59,831
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$491,171</b>	<b>\$ 490,504</b>

See notes to unaudited consolidated financial statements.

## PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,	
	2012	2011
	(Dollars in Thousands Except Per Share Amounts)	
<b>INTEREST INCOME:</b>		
Interest on loans	\$ 3,253	\$ 3,268
Interest on mortgage-backed securities	634	1,044
Interest and dividends on investments	476	646
Interest on interest-bearing deposits	34	25
Total interest income	4,397	4,983
<b>INTEREST EXPENSE:</b>		
Interest on deposits	1,220	1,513
Interest on borrowings	-	1
Total interest expense	1,220	1,514
NET INTEREST INCOME	3,177	3,469
PROVISION FOR LOAN LOSSES	-	150
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,177	3,319
<b>NON-INTEREST INCOME:</b>		
Gain on sale of mortgage-backed securities available for sale	16	-
Gain on sale of real estate owned	10	-
Fees and other service charges	97	117
Total other-than-temporary impairment losses	(20 )	(144 )
Portion of losses recognized in other comprehensive income, before taxes	6	107
Net impairment losses recognized in earnings	(14 )	(37 )
Other	115	93
Total non-interest income	224	173
<b>NON-INTEREST EXPENSE:</b>		
Salaries and employee benefits	1,458	1,519
Data processing	110	109
Professional services	184	220
Office occupancy	97	98

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Depreciation	86	84
Payroll taxes	71	64
Director compensation	98	107
Real estate owned expenses	103	152
Federal Deposit Insurance Corporation insurance	162	162
Other	409	352
Total non-interest expense	2,778	2,867
INCOME BEFORE INCOME TAXES	623	625
INCOME TAXES:		
Current expense	53	411
Deferred expense (benefit)	298	(190 )
Total income tax expense	351	221
NET INCOME	\$ 272	\$ 404
BASIC EARNINGS PER SHARE	\$ 0.03	\$ 0.04
DILUTED EARNINGS PER SHARE	\$ 0.03	\$ 0.04

See notes to unaudited consolidated financial statements.



PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended December 31,	
	2012	2011
	(Dollars in Thousands)	
Net income	\$272	\$404
Unrealized holding loss on available-for-sale securities	(342 )	(103 )
Tax effect	116	35
Reclassification adjustment for net gains realized in net income	(16 )	-
Tax effect	5	-
Reclassification adjustment for other than temporary impairment losses on debt securities	14	37
Tax effect	(5 )	(13 )
Total Other Comprehensive Loss	(228 )	(44 )
Comprehensive Income	\$44	\$360

See notes to unaudited consolidated financial statements

## PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	(Dollars in Thousands except per share amounts)						
BALANCE, OCTOBER 1, 2012	\$126	\$54,610	\$(2,787 )	\$(31,625 )	\$38,224	\$ 1,283	\$ 59,831
Net income					272		272
Other comprehensive loss						(228 )	(228 )
Excess tax benefit from stock compensation		39					39
Stock option expense		55					55
Recognition and Retention Plan expense		64					64
ESOP shares committed to be released (5,655 shares)		(20 )	55				35
BALANCE, December 31, 2012	\$126	\$54,748	\$(2,732 )	\$(31,625 )	\$38,496	\$ 1,055	\$ 60,068

	Common Stock	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	(Dollars in Thousands except per share amounts)						
BALANCE, OCTOBER 1, 2011	\$126	\$54,078	\$(3,011 )	\$(31,625 )	\$35,631	\$ 2,253	\$ 57,452
Net income					404		404
Other comprehensive loss						(44 )	(44 )
Excess tax benefit from stock compensation		40					40
Stock option expense		55					