

PRUDENTIAL BANCORP INC OF PENNSYLVANIA
Form 10-Q
February 14, 2008

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, 2007
- 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)
1834 Oregon Avenue
Philadelphia, Pennsylvania
(Address of Principal Executive Offices)

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

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 9, 2008, 11,336,406 shares were issued and outstanding

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA

TABLE OF CONTENTS

	PAGE
PART I	FINANCIAL INFORMATION:
Item 1.	Condensed Financial Statements
	Unaudited Consolidated Statements of Financial Condition December 31, 2007 and September 30, 2007 2
	Unaudited Consolidated Statements of Income for the Three Months Ended December 31, 2007 and 2006 3
	Unaudited Consolidated Statement of Changes in Stockholders' Equity and Comprehensive Income for the Three Months Ended December 31, 2007 and 2006 4
	Unaudited Consolidated Statements of Cash Flows for the Three Months Ended December 31, 2007 and 2006 5
	Notes to Consolidated Unaudited Financial Statements 6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations 18
Item 3.	Quantitative and Qualitative Disclosures About Market Risk 25
Item 4.	Controls and Procedures 28
PART II	OTHER INFORMATION
Item 1.	Legal Proceedings 29
Item 1A.	Risk Factors 29
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds 29
Item 3.	Defaults Upon Senior Securities 30
Item 4.	Submission of Matters to a Vote of Security Holders 30
Item 5.	Other Information 30
Item 6.	Exhibits 31
SIGNATURES	32

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	December 31, 2007	September 30, 2007
	(Dollars in thousands)	
ASSETS		
Cash and amounts due from depository institutions	\$ 5,489	\$ 4,133
Interest-bearing deposits	4,552	8,136
Total cash and cash equivalents	10,041	12,269
Investment securities held to maturity (estimated fair value—December 31, 2007, \$129,402; September 30, 2007, \$133,693)	129,076	134,782
Investment securities available for sale (amortized cost—December 31, 2007, \$37,007; September 30, 2007, \$38,007)	36,747	38,343
Mortgage-backed securities held to maturity (estimated fair value— December 31, 2007, \$43,701; September 30, 2007, \$44,213)	44,196	45,534
Mortgage-backed securities available for sale (amortized cost— December 31, 2007, \$13,146; September 30, 2007, \$8,492)	13,312	8,549
Loans receivable—net of allowance for loan losses (December 31, 2007, \$1,086; September 30, 2007, \$1,011)	221,968	219,149
Accrued interest receivable:		
Loans receivable	1,297	1,264
Mortgage-backed securities	249	234
Investment securities	1,870	2,006
Federal Home Loan Bank stock—at cost	2,299	2,397
Office properties and equipment—net	2,305	2,363
Prepaid expenses and other assets	6,898	7,274
Deferred tax asset-net	237	28
TOTAL ASSETS	\$ 470,495	\$ 474,192
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 4,638	\$ 4,480
Interest-bearing	355,025	349,558
Total deposits	359,663	354,038
Advances from Federal Home Loan Bank	27,733	33,743
Accrued interest payable	873	2,868
Advances from borrowers for taxes and insurance	1,817	1,117
Accounts payable and accrued expenses	440	913
Accrued dividend payable	545	552
Total liabilities	391,071	393,231

COMMITMENTS AND CONTINGENCIES (Note 8)

STOCKHOLDERS' EQUITY:

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 - 11,370,706 at December 31, 2007; 11,478,366 at September 30, 2007	126	126
Additional paid-in capital	54,896	54,880
Unearned ESOP shares	(3,848)	(3,903)
Treasury stock, at cost: 1,193,044 shares at December 31, 2007; 1,085,384 shares at September 30, 2007	(15,722)	(14,372)
Retained earnings	44,034	43,971
Accumulated other comprehensive (expense) income	(62)	259
Total stockholders' equity	79,424	80,961
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 470,495	\$ 474,192

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF INCOME

	Three Months Ended December 31,	
	2007	2006
	(Dollars in Thousands Except Per Share Amounts)	
INTEREST INCOME:		
Interest on loans	\$ 3,635	\$ 3,825
Interest on mortgage-backed securities	724	711
Interest and dividends on investments	2,302	2,147
Total interest income	6,661	6,683
INTEREST EXPENSE:		
Interest on deposits	3,494	3,204
Interest on borrowings	400	390
Total interest expense	3,894	3,594
NET INTEREST INCOME	2,767	3,089
PROVISION FOR LOAN LOSSES	75	60
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,692	3,029
NON-INTEREST INCOME:		
Fees and other service charges	142	145
Other	80	165
Total non-interest income	222	310
NON-INTEREST EXPENSE:		
Salaries and employee benefits	1,153	1,115
Data processing	124	119
Professional services	85	228
Office occupancy	85	88
Depreciation	83	62
Payroll taxes	68	67
Director compensation	64	71
Other	354	271
Total non-interest expense	2,016	2,021
INCOME BEFORE INCOME TAXES	898	1,318

INCOME TAXES:			
Current		331	302
Deferred (benefit) expense		(43)	120
Total income tax		288	422
NET INCOME	\$	610	\$ 896
BASIC EARNINGS PER SHARE	\$	0.06	\$ 0.08
DILUTED EARNINGS PER SHARE	\$	0.06	\$ 0.08

See notes to unaudited consolidated financial statements.

PRUDENTIAL BANCORP, INC. OF PENNSYLVANIA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND
COMPREHENSIVE INCOME

Common	Additional Paid-In	Unearned ESOP	&#	Accumulated Other	Total
--------	-----------------------	------------------	----	----------------------	-------