

PRUDENTIAL BANCORP, INC.
Form 10-Q
August 09, 2016

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 June 30, 2016

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: 000-55084

Prudential Bancorp, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Pennsylvania
(State or Other Jurisdiction of Incorporation or Organization)

46-2935427
(I.R.S. Employer Identification No.)

1834 West Oregon Avenue

19145
Zip Code

Philadelphia, Pennsylvania
(Address of Principal Executive Offices)

(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). 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

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 July 31, 2016, 9,544,809 shares were issued and 8,045,544 were outstanding.

PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES

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PRUDENTIAL BANCORP, INC. AND SUBSIDIARIES**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	June 30, 2016	September 30, 2015
	(Dollars in Thousands)	
ASSETS		
Cash and amounts due from depository institutions	\$ 2,180	\$ 2,150
Interest-bearing deposits	36,392	9,122
Total cash and cash equivalents	38,572	11,272
Investment and mortgage-backed securities available for sale (amortized cost— June 30, 2016, \$136,913; September 30, 2015, \$77,456)	138,683	77,483
Investment and mortgage-backed securities held to maturity (fair value— June 30, 2016, \$16,793; September 30, 2015, \$66,877)	15,488	66,384
Loans receivable—net of allowance for loan losses (June 30, 2016, \$3,269; September 30, 2015, \$2,930)	342,459	312,633
Accrued interest receivable	1,763	1,665
Real estate owned	207	869
Federal Home Loan Bank stock—at cost	2,387	369
Office properties and equipment—net	1,419	1,492
Bank owned life insurance	12,973	12,722
Prepaid expenses and other assets	1,863	1,325
Deferred tax assets-net	476	975
TOTAL ASSETS	\$ 556,290	\$ 487,189
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 2,832	\$ 2,293
Interest-bearing	383,808	362,781
Total deposits	386,640	365,074
Advances from Federal Home Loan Bank	50,227	-
Accrued interest payable	1,015	1,291
Advances from borrowers for taxes and insurance	2,769	1,670
Accounts payable and accrued expenses	2,573	2,153

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Total liabilities	443,224	370,188
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 40,000,000 shares authorized; 9,544,809 issued and 8,060,799 outstanding at June 30, 2016 and 9,544,809 issued and 8,449,625 outstanding at September 30, 2015	95	95
Additional paid-in capital	95,433	95,286
Unearned Employee Stock Ownership Plan shares	(4,644)	(4,926)
Treasury stock, at cost: 1,499,265 shares at June 30, 2016 and 1,095,184 at September 30, 2015	(21,013)	(14,691)
Retained earnings	42,263	41,219
Accumulated other comprehensive income	932	18
Total stockholders' equity	113,066	117,001
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 556,290	\$ 487,189

See notes to unaudited consolidated financial statements.

PRUDENTIAL bancorp, inc. and subsidiarIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
	(Dollars in Thousands, Except Per Share Data)			
INTEREST INCOME:				
Interest on loans	\$ 3,263	\$ 3,085	\$ 9,489	\$ 9,629
Interest on mortgage-backed securities	673	465	1,868	1,331
Interest and dividends on investments	529	487	1,517	1,587
Interest on interest-bearing assets	9	18	22	52
Total interest income	4,474	4,055	12,896	12,599
INTEREST EXPENSE:				
Interest on deposits	682	851	2,177	2,623
Interest on advances from Federal Home Loan Bank	142	-	296	-
Total interest expense	824	851	2,473	2,623
NET INTEREST INCOME	3,650	3,204	10,423	9,976
PROVISION FOR LOAN LOSSES	150	210	225	585
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,500	2,994	10,198	9,391
NON-INTEREST INCOME:				
Fees and other service charges	142	87	371	283
Gain on sale of loans, net	-	-	2	138
Gain on the sale of office properties	-	231	-	2,024
Gain on sale of investment securities (AFS)	161	-	161	-
Income from bank owned life insurance	83	84	251	261
Other	14	43	98	77
Total non-interest income	400	445	883	2,783
NON-INTEREST EXPENSE:				
Salaries and employee benefits	1,684	2,157	5,071	5,997

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Data processing	112	97	340	309
Professional services	230	303	750	923
Office occupancy	246	279	753	769
Director compensation	123	107	351	275
Deposit insurance	134	95	306	231
Advertising	17	37	55	140
Other	269	357	881	1,225
Total non-interest expense	2,815	3,432	8,507	9,869
INCOME BEFORE INCOME TAXES	1,085	7	2,574	2,305
INCOME TAXES:				
Current expense	308	(46)	807	279
Deferred expense (benefit)	-	6	29	(193)
Total income tax expense (benefit)	308	(40)	836	86
NET INCOME	\$ 777	\$ 47	\$ 1,738	\$ 2,219
BASIC EARNINGS PER SHARE	\$ 0.10	\$ 0.01	\$ 0.23	\$ 0.26
DILUTED EARNINGS PER SHARE	\$ 0.10	\$ 0.01	\$ 0.23	\$ 0.26
DIVIDENDS PER SHARE	\$ 0.03	\$ 0.18	\$ 0.09	\$ 0.24

See notes to unaudited consolidated financial statements.

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UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three months ended June		Nine months ended June	
	30, 2016	2015	30, 2016	2015
	(Dollars in Thousands)		(Dollars in Thousands)	
Net income	\$ 777	\$ 47	\$ 1,738	\$ 2,219
Unrealized holding gains (losses) on available-for-sale securities	744	(1,145)	1,897	452
Tax effect	(257)	389	(645)	(154)
Reclassification adjustment for net gain on sale of securities realized in net income	(161)	-	(161)	-
Tax effect	55	-	55	-
Unrealized holding loss on interest rate swaps	(351)	-	(351)	-
Tax effect	119	-	119	-
Total other comprehensive income (loss)	149	(756)	914	298
Comprehensive Income (loss)	\$ 926	\$ (709)	\$ 2,652	\$ 2,517

See notes to unaudited consolidated financial statements.

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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 (Loss)	Total Stockholders' Equity
(Dollars in Thousands, Except Per Share Data)							
BALANCE, OCTOBER 1, 2015	\$95	\$95,286	\$ (4,926)	\$ (14,691)	\$41,219	\$ 18	\$ 117,001
Net income					1,738		1,738
Other comprehensive income						914	914
Dividends paid (\$0.09 per share)					(694)		(694)
Excess tax benefit from stock compensation plans		156	&nbs				