PULB 10-Q 3/31/2009

Section 1: 10-Q (1ST QTR FORM 10-Q)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 March 31, 2009

OR

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

For the transition period from ____________ to ____________

0-24571
Commission File Number

Pulaski Financial Corp.
(Exact name of registrant as specified in its charter)

Missouri	43-1816913
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
12300 Olive Boulevard St. Louis, Missouri	63141-6434
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (314) 878-2210

Not Applicable
(Former name, address and former fiscal year, if changed since last report)

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 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 a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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 the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 7, 2009
Common Stock, par value $.01 per share	10,312,201 shares

PULASKI FINANCIAL CORP. AND SUBSIDIARIES

FORM 10-Q

MARCH 31, 2009

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PART I—FINANCIAL INFORMATION

PULASKI FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2009 AND SEPTEMBER 30, 2008 (UNAUDITED)

	March 31, 2009	September 30, 2008
ASSETS		
Cash and amounts due from depository institutions	$ 26,669,796	$ 28,430,409
Federal funds sold and overnight deposits	26,803,371	647,453
Total cash and cash equivalents	53,473,167	29,077,862
Equity securities available for sale, at fair value	589,000	733,000
Debt securities available for sale, at fair value	5,012,859	—
Mortgage-backed and related securities held to maturity, at amortized cost (fair value, $14,649,157 and $15,607,652 at March 31, 2009 and September 30, 2008, respectively)	14,414,583	15,744,497
Mortgage-backed securities available for sale, at fair value	16,857,130	10,180,666
Capital stock of Federal Home Loan Bank, at cost	11,649,800	10,896,100
Loans held for sale, at lower of cost or market	110,201,448	71,966,443
Loans receivable, net of allowance for loan losses of $18,467,535 and $12,761,532 at March 31, 2009 and September 30, 2008, respectively	1,172,785,888	1,088,736,516
Real estate acquired in settlement of loans, net of allowance for losses of $267,356 and $417,773 at March 31, 2009 and September 30, 2008, respectively	3,999,678	3,518,806
Premises and equipment, net	19,548,993	19,853,426
Bank-owned life insurance	28,149,049	27,591,986
Accrued interest receivable	4,889,691	5,614,887
Goodwill	3,938,524	3,938,524
Core deposit intangible	299,602	361,591
Deferred tax asset	6,013,886	8,062,641
Prepaid expenses, accounts receivable and other assets	9,569,957	7,873,515
Total assets	$1,461,393,255	$1,304,150,460
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	$1,094,872,922	$ 915,311,365
Advances from Federal Home Loan Bank of Des Moines	86,100,000	210,600,000
Borrowings from the Federal Reserve Bank of St. Louis	130,000,000	40,000,000
Note payable	—	7,640,000
Subordinated debentures	19,589,000	19,589,000
Advance payments by borrowers for taxes and insurance	2,762,391	3,667,014
Accrued interest payable	1,195,669	1,505,949
Due to other banks	—	14,377,831
Other liabilities	10,797,995	9,098,795
Total liabilities	1,345,317,977	1,221,789,954
Stockholders' Equity:		
Preferred stock—$.01 par value per share, authorized 1,000,000 shares; 32,538 shares issued at March 31, 2009, $1,000 per share liquidation value, net of discount	30,440,827	—
Common stock—$.01 par value per share, authorized 18,000,000 shares; 13,068,618 shares issued at March 31, 2009 and September 30, 2008	130,687	130,687
Additional paid-in capital from common stock	54,528,272	51,987,198
Treasury stock, at cost; 2,764,878 and 2,853,078 shares at March 31, 2009 and September 30, 2008, respectively	(15,932,784)	(16,278,615)
Treasury stock, equity trust, at cost; 239,138 and 226,992 shares at March 31, 2009 and September 30, 2008, respectively	(2,705,791)	(2,771,883)
Accumulated other comprehensive income (loss)	73,746	(97,394)
Retained earnings	49,540,321	49,390,513
Total stockholders' equity	116,075,278	82,360,506
Total liabilities and stockholders' equity	$1,461,393,255	$1,304,150,460

See accompanying notes to the unaudited consolidated financial statements.

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PULASKI FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
THREE AND SIX MONTHS ENDED MARCH 31, 2009 AND 2008 (UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Interest and Dividend Income:				
Loans receivable	$16,310,470	$18,401,922	$32,661,392	$37,343,577
Securities and other	346,558	586,921	830,348	1,015,413
Total interest and dividend income	16,657,028	18,988,843	33,491,740	38,358,990
Interest Expense:				
Deposits	5,312,328	7,666,839	11,435,622	15,868,576
Advances from Federal Home Loan Bank of Des Moines	915,395	2,062,933	2,086,047	4,588,300
Borrowings from the Federal Reserve Bank of St. Louis	135,165	16,493	214,932	16,630
Subordinated debentures	200,190	341,042	446,613	734,602
Notes payable	12,233	37,714	113,354	85,567
Total interest expense	6,575,311	10,125,021	14,296,568	21,293,675
Net interest income	10,081,717	8,863,822	19,195,172	17,065,315
Provision for loan losses	5,664,407	1,728,140	10,355,985	2,760,691
Net interest income after provision for loan losses	4,417,310	7,135,682	8,839,187	14,304,624
Non-Interest Income:				
Mortgage revenues	4,313,013	1,846,936	5,862,643	2,954,471
Retail banking fees	935,598	932,155	1,902,632	1,960,653
Investment brokerage revenues	379,227	355,659	640,691	570,669
Gain on the sales of securities	—	262,768	243,386	316,693
Other	143,790	445,052	435,812	1,018,610
Total non-interest income	5,771,628	3,842,570	9,085,164	6,821,096
Non-Interest Expense:				
Salaries and employee benefits	3,593,274	3,199,356	6,935,276	6,219,913
Occupancy, equipment and data processing expense	2,053,152	1,958,654	3,933,441	3,658,120
Advertising	209,286	294,262	495,285	634,429
Professional services	370,947	424,586	632,418	707,802
FDIC deposit insurance premium expense	410,593	157,540	609,812	390,291
Loss (gain) on derivative instruments	—	57,925	—	(64,322)
Real estate foreclosure losses and expense, net	409,437	154,881	751,001	383,441
Other	607,336	669,025	1,169,492	1,266,571
Total non-interest expense	7,654,025	6,916,229	14,526,725	13,196,245
Income before income taxes	2,534,913	4,062,023	3,397,626	7,929,475
Income tax expense	761,910	1,513,742	1,058,766	2,649,042
Net income	**$ 1,773,003**	**$ 2,548,281**	**$ 2,338,860**	**$ 5,280,433**
Other comprehensive income (loss)	58,944	(294,099)	171,140	(227,816)
Comprehensive income	$ 1,831,947	$ 2,254,182	$ 2,510,000	$ 5,052,617
Income available to common shares	$ 1,535,393	$ 2,548,281	$ 2,101,250	$ 5,280,433
Per Share Amounts:				
Basic earnings per common share	$ 0.15	$ 0.26	$ 0.21	$ 0.54
Weighted average common shares outstanding—basic	10,153,221	9,854,302	10,133,651	9,817,014
Diluted earnings per common share	$ 0.15	$ 0.25	$ 0.20	$ 0.52
Weighted average common shares outstanding—diluted	10,283,324	10,209,176	10,324,389	10,197,921

See accompanying notes to the unaudited consolidated financial statements.

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PULASKI FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED MARCH 31, 2009 (UNAUDITED)

	Preferred Stock, Net of Discount	Common Stock	Additional Paid-In Capital Common	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance, September 30, 2008	$ —	$130,687	$51,987,198	$(19,050,498)	$ (97,394)	$49,390,513	$ 82,360,506
Comprehensive income:							
Net income	—	—	—	—	—	2,338,860	2,338,860
Change in unrealized gain (loss) on investment securities, net of tax	—	—	—	—	322,040	—	322,040
Realized gain on sales of investment securities included in net income, net of tax	—	—	—	—	(150,900)	—	(150,900)
Comprehensive income	—	—	—	—	171,140	2,338,860	2,510,000
Preferred stock and common stock warrant issued	30,334,273	—	2,167,495	—	—	—	32,501,768
Common stock dividends ($0.095 per share)	—	—	—	—	—	(1,951,442)	(1,951,442)
Preferred stock dividend	—	—	—	—	—	(131,056)	(131,056)
Amortization of discount on preferred stock	106,554	—	—	—	—	(106,554)	—
Stock option and award expense	—	—	232,185	—	—	—	232,185
Common stock issued under dividend reinvestment plan (67,320 shares)	—	—	66,671	274,734	—	—	341,405
Restricted common stock issued (24,327 shares)	—	—	(99,278)	99,278	—	—	—
Common stock surrendered to satisfy tax withholding obligations of stock-based compensation	—	—	—	(28,181)	—	—	(28,181)
Purchase of equity trust shares (11,160 shares)	—	—	—	(68,200)	—	—	(68,200)
Distribution of equity trust shares (9,504 shares)	—	—	(134,292)	134,292	—	—	—
Amortization of equity trust expense	—	—	296,913	—	—	—	296,913
Excess tax benefit from stock-based compensation	—	—	11,380	—	—	—	11,380
Balance, March 31, 2009	$30,440,827	$130,687	$54,528,272	$(18,638,575)	$ 73,746	$49,540,321	$116,075,278

See accompanying notes to the unaudited consolidated financial statements.

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PULASKI FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR SIX MONTHS ENDED MARCH 31, 2009 AND MARCH 31, 2008 (UNAUDITED)

	Six Months Ended March 31,	
	2009	2008
Cash Flows From Operating Activities:		
Net income	$ 2,338,860	$ 5,280,433
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation, amortization and accretion:		
Premises and equipment	927,688	853,576
Net deferred loan costs	1,388,296	1,423,525
Net amortization of debt and equity securities premiums and discounts	79,593	(228,966)
Broker fees financed under interest-rate swap agreements	—	345,874
Equity trust expense, net	296,913	122,942
Stock option and award expense	232,185	231,835
Provision for loan losses	10,355,985	2,760,691
Provision for losses on real estate acquired in settlement of loans	196,956	152,000
Losses on sales of real estate acquired in settlement of loans	239,229	81,044
Originations of loans held for sale	(914,107,005)	(708,060,249)
Proceeds from sales of loans held for sale	881,278,228	689,163,917
Gain on sales of loans held for sale	(5,406,228)	(2,867,917)
Loss on equity securities available for sale	155,500	—
Gain on sales of debt securities available for sale	(398,886)	(316,693)
Gain on sale of investment in joint venture	—	(30,755)
Gain on derivative instruments	—	(64,322)
Increase in cash value of bank-owned life insurance	(557,063)	(437,959)
Decrease (increase) in deferred tax asset	2,048,755	(180,000)
Excess tax benefit from stock-based compensation Excess tax benefit from stock-based compensation	(11,380)	(60,803)
Increase in accrued expenses	108,141	530,598
Decrease in current income taxes payable	(261,869)	(2,184,093)
Changes in other assets and liabilities	441,233	(1,657,163)
Net adjustments	(22,993,729)	(20,422,918)
Net cash used in operating activities	(20,654,869)	(15,142,485)
Cash Flows From Investing Activities:		
Proceeds from:		
Maturities of time deposits in other banks	99,000	—
Maturities of debt securities held to maturity	—	29,000,000
Maturities of debt securities available for sale	1,000,000	7,000,000
Sales of debt securities available for sale	51,050,500	24,798,746
Redemption of FHLB stock	4,571,500	7,089,000
Sales of real estate acquired in settlement of loans receivable	3,248,200	1,682,249
Sales of equipment	12,150	8,125
Sale of investment in joint venture	—	49,375
Purchases of:		
Debt securities held to maturity	—	(38,861,190)
Debt securities available for sale	(56,715,014)	(24,426,102)
Mortgage-backed securities available for sale	(7,003,443)	—
Equity securities available for sale	—	(9,159,029)
FHLB stock	(5,325,200)	(12,302,800)
Bank-owned life insurance	—	(1,500,000)
Premises and equipment	(635,405)	(602,205)
Principal payments received on mortgage-backed securities	1,892,020	239,318
Net increase in loans receivable	(99,958,911)	(95,264,406)
Cash paid for equity in joint venture	—	(233,691)
Net cash used in investing activities	$(107,764,603)	$(112,482,610)

Continued on next page.

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PULASKI FINANCIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR SIX MONTHS ENDED MARCH 31, 2009 AND MARCH 31, 2008, CONTINUED (UNAUDITED)

	Six Months Ended March 31,	
	2009	**2008**
Cash Flows From Financing Activities:		
Net increase in deposits	$ 179,561,557	$ 19,772,369
Proceeds from (repayment of) Federal Home Loan Bank advances, net	(124,500,000)	106,600,000
Proceeds from Federal Reserve Bank borrowings, net	90,000,000	—
Proceeds from notes payable	—	3,000,000
Payment on notes payable	(7,640,000)	(170,000)
Net decrease in due to other banks	(14,377,831)	(100,166)
Net decrease in advance payments by borrowers for taxes and insurance	(904,623)	(1,412,477)
Treasury stock issued for purchase of equity in joint venture	—	191,835
Proceeds from cash received in dividend reinvestment plan	341,405	337,349
Proceeds from issuance of preferred stock and common stock warrants	32,501,768	—
Purchase of equity trust shares	(68,200)	(110,000)
Excess tax benefit for stock based compensation	11,380	60,803
Treasury stock issued for stock options exercised	—	800,922
Dividends paid on common stock	(1,951,442)	(1,809,685)
Dividends paid on preferred stock	(131,056)	—
Common stock surrendered to satisfy tax withholding obligations of stock-based compensation	(28,181)	(146,872)
Common stock repurchased	—	(388,750)
Net cash provided by financing activities	152,814,777	126,625,328
Net increase (decrease) in cash and cash equivalents	24,395,305	(999,767)
Cash and cash equivalents at beginning of period	29,077,862	23,674,743
Cash and cash equivalents at end of period	$ 53,473,167	$ 22,674,976
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest on deposits	$ 11,696,714	$ 16,815,115
Interest on advances from FHLB	2,110,196	4,603,478
Interest on other borrowings	227,754	16,630
Interest on subordinated debentures	457,860	752,692
Interest on notes payable	114,323	84,762
Cash paid during the period for interest	14,606,847	22,272,677
Income taxes, net	(659,000)	4,569,532
Noncash Investing Activities:		
Real estate acquired in settlement of loans receivable	4,165,257	5,449,165

See accompanying notes to the unaudited consolidated financial statements.

PULASKI FINANCIAL CORP. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements include the accounts of Pulaski Financial Corp. (the “Company”) and its wholly owned subsidiary, Pulaski Bank (the “Bank”), and the Bank’s wholly owned subsidiary, Pulaski Service Corporation. All significant intercompany accounts and transactions have been eliminated. The assets of the Company consist primarily of the investment in the outstanding shares of the Bank and its liabilities consist principally of subordinated debentures and notes payable. Accordingly, the information set forth in this report, including the consolidated financial statements and related financial data, relates primarily to the Bank. The Company, through the Bank, operates as a single business segment, providing traditional community banking services through its full service branch network.

In the opinion of management, the unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial condition of the Company as of March 31, 2009 and September 30, 2008 and its results of operations for the three- and six-month periods ended March 31, 2009 and 2008. The results of operations for the three- and six-month periods ended March 31, 2009 are not necessarily indicative of the operating results that may be expected for the entire fiscal year. These unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended September 30, 2008 contained in the Company’s 2008 Annual Report to Stockholders, which was filed as an exhibit to the Company’s Annual Report on Form 10-K for the year ended September 30, 2008.

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements that affect the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. The allowance for loan losses and fair values of financial instruments are significant estimates reported within the consolidated financial statements.

Certain reclassifications have been made to fiscal 2008 amounts to conform to the fiscal 2009 presentation.

2. PREFERRED STOCK

On January 16, 2009, as part of the U.S. Department of Treasury’s Capital Purchase Program, the Company issued 32,538 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, $1,000 per share liquidation preference, and a warrant to purchase up to 778,421 shares of the Company’s common stock for a period of ten years at an exercise price of $6.27 per share in exchange for $32.5 million in cash from the U.S. Department of Treasury. The proceeds, net of issuance costs consisting primarily of legal fees, were allocated between the preferred stock and the warrant on a pro rata basis, based upon the estimated market values of the preferred stock and the warrants. As a result, $2.2 million of the proceeds were allocated to the warrant, which increased additional paid in capital from common stock. The amount allocated to the warrant is considered a discount on the preferred stock and will be amortized using the level yield method over a five-year period through a charge to retained earnings. Such amortization will not reduce net income, but will reduce income available for common shares.

The preferred stock pays cumulative dividends of 5% per year for the first five years and 9% per year thereafter. After three years, the Company may, at its option, redeem the preferred stock at its liquidation preference plus accrued and unpaid dividends. The securities purchase agreement between the Company and the U.S. Treasury limits, for three years, the rate of dividend payments on the Company’s common stock to the amount of its last quarterly cash dividend prior to participation in the program of $0.095 per share unless an increase is approved by the Treasury, limits the Company’s ability to repurchase its common stock for three years, and subjects the Company to certain executive compensation limitations included in the Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009.

3. EARNINGS PER SHARE

Basic earnings per common share is computed using the weighted average number of common shares outstanding. The dilutive effect of potential common shares outstanding is included in diluted earnings per share. The computations of basic and diluted earnings per share are presented in the following table.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Net income	$ 1,773,003	$ 2,548,281	$ 2,338,860	$ 5,280,433
Less:				
Preferred dividends declared	(131,056)	—	(131,056)	—
Amortization of discount on preferred stock	(106,554)	—	(106,554)	—
Income available for common shares	$ 1,535,393	$ 2,548,281	$ 2,101,250	$ 5,280,433
Weighted average common shares outstanding—basic	10,153,221	9,854,302	10,133,651	9,817,014
Treasury stock—equity trust	87,987	177,556	95,001	177,560
Equivalent shares—employee stock options and awards	42,116	177,318	50,275	203,347
Equivalent shares—common stock warrant	—	—	45,462	—
Weighted average common shares outstanding—diluted	10,283,324	10,209,176	10,324,389	10,197,921
Earnings per common share:				
Basic	$ 0.15	$ 0.26	$ 0.21	$ 0.54
Diluted	$ 0.15	$ 0.25	$ 0.20	$ 0.52

Under the treasury stock method, outstanding stock options are dilutive when the average market price of the Company's common stock, combined with the effect of any unamortized compensation expense, exceeds the option price during a period. In addition, proceeds from the assumed exercise of dilutive options along with the related tax benefit are assumed to be used to repurchase common shares at the average market price of such stock during the period. Similarly, outstanding warrants are dilutive when the average market price of the Company's common stock exceeds the exercise price during a period. Proceeds from the assumed exercise of dilutive warrants are assumed to be used to repurchase common shares at the average market price of such stock during the period.

The following options and warrants to purchase common shares during the three- and six-month periods ended March 31, 2009 and 2008 were not included in the respective computations of diluted earnings per share because the exercise price of the options, when combined with the effect of the unamortized compensation expense, and the exercise price of the warrants were greater than the average market price of the common shares and were considered anti-dilutive. The options expire in various periods from 2012 through 2019, respectively, and the warrants expire in 2019.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Number of option shares	747,245	385,503	696,873	362,471
Equivalent anti-dilutive shares	812,231	160,370	696,917	142,940
Number of warrant shares	778,421	—	—	—
Equivalent anti-dilutive shares	13,399	—	—	—

4. STOCK-BASED COMPENSATION

The Company's shareholder-approved, stock-based incentive plans permit the grant of awards in the form of options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code, options that do not so qualify (non-statutory stock options,) and grants of restricted shares of common stock. All employees, non-employee directors and consultants of the Company and its affiliates are eligible to receive awards under the plans. Except as described below, all stock option awards issued during the six months ended March 31, 2009 were granted with an exercise price equal to the market value of the Company's shares at the date of grant and vest over a period of two to five years. In November 2008, options for 32,000 shares of the Company's common stock were awarded to directors with terms providing for immediate vesting and exercise prices equal to the market value of the Company's shares at the date of grant. The exercise period for stock options generally may not exceed 10 years from the date of grant. Option and share awards provide for accelerated vesting if there is a change in control (as defined in the plans).

A summary of the Company's stock option program as of March 31, 2009 and changes during the six-month period then ended, is presented below:

	Number Of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Life (years)
Outstanding at October 1, 2008	788,233	$ 10.38		
Granted	179,350	$ 7.27		
Exercised	—	—		
Expired	—	—		
Forfeited	(3,000)	$ 12.99		
Outstanding at March 31, 2009	964,583	$ 9.80	$184,000	6.4
Exercisable at March 31, 2009	480,311	$ 8.79	$184,000	4.2

The weighted-average grant-date fair value of options granted during the six months ended March 31, 2009 was $1.82 per share. As of March 31, 2009, the total unrecognized compensation expense related to non-vested stock options and awards was $1.3 million and the related weighted average period over which it is expected to be recognized is 3.1 years.

The fair value of stock options granted during the six-month periods ended March 31, 2009 and 2008 is estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

	Six Months Ended March 31, 2009	Six Months Ended March 31, 2008
Risk free interest rate	4.30%	4.22%
Expected volatility	35.53%	27.83%
Expected life in years	5.4	5.5
Dividend yield	4.27%	2.62%
Expected forfeiture rate	3.37%	1.28%

The Company maintains an Equity Trust Plan for the benefit of key loan officers and sales staff. The plan is designed to recruit, retain and motivate top-performing loan officers and other key revenue-producing employees who are instrumental to the Company's success. The plan allows the recipients to defer a percentage of commissions earned, which might be partially matched by the Company and paid into a rabbi trust for the benefit of the participants. The assets of the trust are limited to Company shares purchased in the open market and cash. Should the participants

voluntarily leave the Company, they forego any unvested accrued benefits. At March 31, 2009, there were 239,138 shares in the plan with an aggregate value of $2.7 million, which were classified as treasury stock – equity trust in the Company's consolidated financial statements, of which 87,005 were not yet vested. Vested shares in the plan are treated as issued and outstanding when computing basic and diluted earnings per share, whereas unvested shares are treated as issued and outstanding only when computing diluted earnings per share. Excess tax benefits associated with all stock-based compensation totaled approximately $11,000 for the six months ended March 31, 2009.

5. INCOME TAXES

The Company has adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("Interpretation No. 48"). At March 31, 2009, the Company had $180,000 of unrecognized tax benefits, $139,000 of which would affect the effective tax rate if recognized. The Company recognizes interest related to uncertain tax positions in income tax expense and classifies such interest and penalties in the liability for unrecognized tax benefits. As of March 31, 2009, the Company had approximately $41,000 accrued for the payment of interest and penalties. The tax years ended September 30, 2005 through 2008 remain open to examination by the taxing jurisdictions to which the Company is subject.

6. DEBT SECURITIES

Debt securities available for sale at March 31, 2009 consisted of two Federal Home Loan Bank bonds and one Freddie Mac bond totaling $5.0 million with a weighted average interest rate of 2.32% and a weighted average maturity of five months. Gross unrealized gains and gross unrealized losses at March 31, 2009 totaled $2,000 and $1,700, respectively. At March 31, 2009, the Company had one Federal Home Loan Bank bond classified as available for sale that was in a continuous unrealized loss position for less than twelve months totaling $1,700 and had a market value totaling $2.0 million. The Company has the ability and intent to hold this security until its maturity on July 28, 2009. Further, the Company believes the deterioration in value is attributable to changes in market interest rates and not the credit quality of the issuer.

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7. MORTGAGE-BACKED SECURITIES

Mortgage-backed securities held to maturity and available for sale at March 31, 2009 and September 30, 2008 are summarized as follows:

	March 31, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held to Maturity:				
Mortgage-backed securities:				
Freddie Mac	$ 2,260	$ 242	$ —	$ 2,502
Ginnie Mae	235,470	20,247	—	255,717
Fannie Mae	14,154,273	220,602	(6,491)	14,368,384
Total mortgage-backed securities	14,392,003	241,091	(6,491)	14,626,603
Collateralized mortgage obligations -				
Freddie Mac	22,580	—	(26)	22,554
Total held to maturity	$14,414,583	$241,091	$ (6,517)	$14,649,157
Weighted average rate at end of period	4.72%			
Available for Sale:				
Mortgage-backed securities:				
Ginnie Mae	$ 557,839	$ 24,629	$ —	$ 582,468
Fannie Mae	1,726,050	28,979	—	1,755,029
Total mortgage-backed securities	2,283,889	53,608	—	2,337,497
Collateralized mortgage obligations:				
Freddie Mac	1,514,063	27,923	—	1,541,986
Ginnie Mae	7,768,695	68,602	—	7,837,297
Fannie Mae	5,171,875	—	(31,525)	5,140,350
Total collateralized mortgage obligations	14,454,633	96,525	(31,525)	14,519,633
Total available for sale	$16,738,522	$150,133	$ (31,525)	$16,857,130
Weighted average rate at end of period	3.77%			

	September 30, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held to Maturity:				
Mortgage-backed securities:				
Freddie Mac	$ 3,556	$ 376	$ (3)	$ 3,929
Ginnie Mae	282,820	29,312	(308)	311,824
Fannie Mae	15,434,529	48,119	(214,043)	15,268,605
Total mortgage-backed securities	15,720,905	77,807	(214,354)	15,584,358
Collateralized mortgage obligations -				
Freddie Mac	23,592	—	(298)	23,294
Total held to maturity	$15,744,497	$ 77,807	$(214,652)	$15,607,652
Weighted average rate at end of period	4.91%			
Available for Sale:				
Mortgage-backed securities:				
Ginnie Mae	$ 263,833	$ 15,657	$ —	$ 279,490
Fannie Mae	1,957,014	—	(14,006)	1,943,008
Total mortgage-backed securities	2,220,847	15,657	(14,006)	2,222,498
Collateralized mortgage obligations: -				
Ginnie Mae	8,105,406	—	(147,238)	7,958,168
Total available for sale	$10,326,253	$ 15,657	$(161,244)	$10,180,666
Weighted average rate at end of period	4.16%			

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The summary below displays the length of time mortgage-backed securities held to maturity and available for sale were in a continuous unrealized loss position as of March 31, 2009 and September 30, 2008. The Company has the ability and intent to hold these securities until such time as the values recover or the securities repay or mature. Further, the Company believes the deterioration in value is attributable to changes in market interest rates and not the credit quality of the issuers.

LENGTH OF TIME IN CONTINUOUS UNREALIZED LOSS POSITION AT MARCH 31, 2009

	Less than 12 months		12 months or more		Total	
	Amortized Cost	Unrealized Losses	Amortized Cost	Unrealized Losses	Amortized Cost	Unrealized Losses
Held to Maturity:						
Mortgage-backed securities	$ 2,295,623	$ 6,491	$ —	$ —	$ 2,295,623	$ 6,491
Collateralized mortgage obligations	22,580	26	—	—	22,580	26
Total held to maturity	2,318,203	6,517	—	—	2,318,203	6,517
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Available for Sale:						
Mortgage-backed securities	—	—	—	—	—	—
Collateralized mortgage obligations	5,140,350	31,525	—	—	5,140,350	31,525
Total available for sale	5,140,350	31,525	—	—	5,140,350	31,525
Total at March 31, 2009	$ 7,458,553	$ 38,042	$ —	$ —	$ 7,458,553	$ 38,042
Percent of total	100.0%	100.0%	—	—	100.0%	100.0%

LENGTH OF TIME IN CONTINUOUS UNREALIZED LOSS POSITION AT SEPTEMBER 30, 2008

	Less than 12 months		12 months or more		Total	
	Amortized Cost	Unrealized Losses	Amortized Cost	Unrealized Losses	Amortized Cost	Unrealized Losses
Held to Maturity:						
Mortgage-backed securities	$10,201,656	$214,354	$ —	$ —	$10,201,656	$214,354
Collateralized mortgage obligations	23,592	298	—	—	23,592	298
Total held to maturity	10,225,248	214,652	—	—	10,225,248	214,652
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Available for Sale:						
Mortgage-backed securities	1,943,008	14,006	—	—	1,943,008	14,006
Collateralized mortgage obligations	7,958,168	147,238	—	—	7,958,168	147,238
Total available for sale	9,901,176	161,244	—	—	9,901,176	161,244
Total at September 30, 2008	$20,126,424	$375,896	$ —	$ —	$20,126,424	$375,896
Percent of total	100.0%	100.0%	—	—	100.0%	100.0%

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8. LOANS RECEIVABLE

Loans receivable at March 31, 2009 and September 30, 2008 are summarized as follows:

	March 31, 2009	September 30, 2008
Real estate mortgage:		
Residential first mortgage	$ 265,828,645	$ 253,132,315
Residential second mortgage	76,375,441	86,348,973
Home equity lines of credit	231,874,625	225,357,406
Multi-family residential	36,769,188	32,546,370
Commercial real estate	298,746,152	261,166,327
Real estate construction and development:		
Residential	28,012,333	34,511,026
Multi-family	7,058,323	9,607,101
Commercial	69,535,536	55,263,607
Commercial and industrial	168,456,525	137,688,076
Consumer and installment	5,554,142	6,895,479
	1,188,210,910	1,102,516,680
Add (less):		
Deferred loan costs	4,837,558	5,204,730
Loans in process	(1,795,045)	(6,223,362)
Allowance for loan losses	(18,467,535)	(12,761,532)
Total	$1,172,785,888	$1,088,736,516
Weighted average interest rate at end of period	5.30%	6.02%

9. DEPOSITS

Deposits at March 31, 2009 and September 30, 2008 are summarized as follows:

	March 31, 2009		September 30, 2008	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Transaction accounts:				
Non-interest-bearing checking	$ 129,308,955	—	$ 76,404,474	—
Interest-bearing checking	213,811,588	1.58%	178,697,883	2.51%
Passbook savings accounts	26,306,886	0.19%	25,828,504	0.32%
Money market	139,276,900	0.78%	149,141,121	2.12%
Total transaction accounts	508,704,329	0.89%	430,071,982	1.80%
Certificates of deposit:				
Retail	283,825,519	3.09%	232,369,917	3.50%
CDARS	177,402,074	1.94%	123,932,466	2.79%
Brokered	124,941,000	3.20%	128,937,000	3.85%
Total certificates of deposit	586,168,593	2.77%	485,239,383	3.41%
Total deposits	$1,094,872,922	1.89%	$915,311,365	2.65%

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10. FAIR VALUES OF ASSETS AND LIABILITIES

Effective October 1, 2008, the Company adopted the provisions of Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS No. 157”), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Under SFAS 157, a fair value measurement should reflect all of the assumptions that market participants would use in pricing the asset or liability, including assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, and the risk of nonperformance.

SFAS 157 specifies a three-level hierarchy for valuation techniques used to measure financial assets and financial liabilities at fair value. This hierarchy is based on whether the valuation inputs are observable or unobservable. Financial instrument valuations are considered Level 1 when they are based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instrument valuations use quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Financial instrument valuations are considered Level 3 when they are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable, and when determination of the fair value requires significant management judgment or estimation.

In April 2009, the Financial Accounting Standards Board issued Staff Position No. FAS 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly” (“FSP FAS 157-4”), which provides additional guidance on determining fair value when the volume and level of activity for the asset or liability has significantly decreased. The FSP also includes guidance on identifying circumstances when a transaction may not be considered orderly. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company is currently evaluating the potential impact the new pronouncement will have, if any, on its financial statements.

The following disclosures exclude certain non-financial assets and liabilities, which are deferred under the provisions of Financial Accounting Standards Board Staff Position No. FAS 157-2, “Effective Date of FASB Staff Position No. 157” (“FSP No. 157-2”). Such non-financial assets include foreclosed real estate, long-lived assets and goodwill, which are written down to fair value if considered impaired. The deferral of these disclosures is intended to allow additional time to consider the effect of various implementation issues relating to these non-financial assets and liabilities, and defers disclosures required by SFAS No. 157 until the Company’s fiscal year beginning October 1, 2009. The Company does not expect the adoption of the remaining provisions of this statement to have a material effect on its financial statements.

The Company records securities available for sale and derivative financial instruments at their fair values on a recurring basis. Additionally, the Company records other assets at their fair values on a nonrecurring basis, such as loans held for sale, loans held for investment and certain other assets. These nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or impairment write-downs of individual assets. The following is a general description of the methods used to value such assets.

Equity Securities Available for Sale. The fair values of equity securities available for sale are generally based on quoted market prices or market prices for similar assets. However, nonpublic investments are initially valued at transaction price and subsequently adjusted when evidence is available to support such adjustments.

Debt and Mortgage-Backed Securities Available for Sale. The fair values of debt and mortgage-backed securities available for sale are generally based on quoted market prices or market prices for similar assets.

Interest Rate Swap Assets and Liabilities. The fair values of interest rate swap assets and liabilities are generally based on the income approach to value using observable Level II market expectations at measurement date and standard quantitative valuation techniques to convert future amounts to a single present amount (discounted)

assuming that participants are motivated, but not compelled to transact. Level II inputs for the swap valuations are limited to quoted prices for similar assets or liabilities in active markets (specifically futures contracts on LIBOR for the first two years) and inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR cash and swap rates, LIBOR basis spreads, volatilities, and credit risk at commonly quoted intervals). Mid-market pricing is used as a practical expedient for fair value measurements.

Loans Held for Sale. The fair values of loans held for sale are generally based on quoted market prices or market prices for similar assets.

Impaired Loans. The fair values of impaired loans are generally based on market prices for similar assets.

Assets and liabilities that were recorded at fair value on a recurring basis at March 31, 2009 and the level of inputs used to determine their fair values are summarized below:

	Carrying Value at March 31, 2009			
		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
		(in thousands)		
Assets:				
Equity securities available for sale	$ 589	$ —	$ 589	$ —
Debt securities available for sale	5,013	—	5,013	—
Mortage-backed securities available for sale	16,857	—	16,857	—
Interest-rate swap	1,561	—	1,561	—
Total assets	$24,020	$ —	$24,020	$ —
Liabilities:				
Interest-rate swap	1,561	—	1,561	—
Total liabilities	$ 1,561	$ —	$ 1,561	$ —

Assets that were recorded at fair value or at the lower of cost or market on a non-recurring basis at March 31, 2009 and the level of inputs used to determine their fair values are summarized below:

	Carrying Value at March 31, 2009				Total Losses Recognized in Quarter Ended March 31, 2009
		Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3	
			(in thousands)		
Assets:					
Loans held for sale, at lower of cost or market	$110,201	$ —	$ 110,201	$ —	$ —
Impaired loans	45,703	—	45,703	—	1,285
Total assets	$155,904	$ —	$ 155,904	$ —	$ 1,285

11. INTEREST-RATE SWAPS

The Company entered into two $14 million notional value interest-rate swap contracts during 2008 totaling $28 million notional value. These contracts supported a $14 million, variable-rate, commercial loan relationship and were used to allow the commercial loan customer to pay a fixed interest rate to the Bank, while the Bank, in turn, charged the customer a floating interest rate on the loan. Under the terms of the swap contract between the Bank and the loan customer, the customer pays the Bank a fixed interest rate of 6.58%, while the Bank pays the customer a variable interest rate of one-month LIBOR plus 2.30%. Under the terms of a similar but separate swap contract between the Bank and a major securities broker, the Bank pays the broker a fixed interest rate of 6.58%, while the broker pays the Bank a variable interest rate of one-month LIBOR plus 2.30%. The two contracts have identical terms except for the interest rates and interest does not begin to accrue until May 2009. The contracts are scheduled to mature on May 15, 2015. While these two swap derivatives generally work together as an interest-rate hedge, the

Company has not designated them for hedge treatment under SFAS No. 133. Consequently, both derivatives are marked to fair value through either a charge or credit to current earnings.

The fair values of these contracts recorded in the consolidated balance sheets are summarized as follows:

	March 31, 2009	September 30, 2008
Fair value recorded in other assets	$1,561,000	$ 70,000
Fair value recorded in other liabilities	1,561,000	70,000

The gross gains and losses on these contracts recorded in the consolidated statements of income and comprehensive income for the three- and six-month periods ended March 31, 2009 and 2008 are summarized as follows:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
	(in thousands)			
Gross gains included in loss (gain) on derivative financial instruments	$(1,491,000)	$ —	$(70,000)	$ —
Gross losses included in loss (gain) on derivative financial instruments	1,491,000	—	70,000	—
Net loss (gain)	$ —	$ —	$ —	$ —

12. GOODWILL

Goodwill totaled $3.9 million at March 31, 2009 and September 30, 2008, respectively. Goodwill represents the amount of acquisition cost over the fair value of net assets acquired in the purchase of another financial institution. The Company reviews goodwill for impairment at least annually or more frequently if events or changes in circumstances indicate the carrying value of the asset might be impaired. Impairment is determined by comparing the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Any such adjustments are reflected in the results of operations in the periods in which they become known. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill becomes its new accounting basis. Because of the decline in the market value of the Company’s common stock during the six months ended March 31, 2009, the Company reviewed goodwill for impairment as of March 31, 2009 in addition to its annual review at September 30, 2008. No impairment losses were recognized during fiscal year 2008 or the six months ended March 31, 2009.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This report contains certain "forward-looking statements" within the meaning of the federal securities laws, which are made in good faith pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts; rather they are statements based on Pulaski Financial Corp.'s (the "Company") current expectations regarding its business strategies, intended results and future performance. Forward-looking statements are generally preceded by terms such as "expects," "believes," "anticipates," "intends" and similar expressions.

Management's ability to predict results or the effect of future plans or strategies is inherently uncertain. Factors which could affect actual results include interest rate trends, the general economic climate in the market area in which Pulaski Financial Corp. operates, as well as nationwide, Pulaski Financial Corp.'s ability to control costs and expenses, competitive products and pricing, loan demand, loan delinquency rates and changes in federal and state legislation and regulation. The Company provides greater detail regarding some of these factors in its Form 10-K for the year ended September 30, 2008, including the Risk Factors section of that report. The Company's forward-looking statements may also be subject to other risks and uncertainties, including those that it may discuss elsewhere in this report or in its other filings with the SEC. These factors should be considered in evaluating the forward-looking statements and undue reliance should not be placed on such statements. Pulaski Financial Corp. assumes no obligation to update any forward-looking statements to reflect events or circumstances after the date of the statements or to reflect the occurrence of anticipated or unanticipated events.

GENERAL

Pulaski Financial Corp. is a community-based, financial institution holding company headquartered in St. Louis, Missouri. It conducts operations primarily through Pulaski Bank (the "Bank"), a federally chartered savings bank with $1.5 billion in assets at March 31, 2009. Pulaski Bank provides an array of financial products and services for businesses and consumers primarily through its twelve full-service offices in the St. Louis metropolitan area and three loan production offices in the St. Louis and Kansas City metropolitan areas.

The Company has primarily grown its assets and deposits internally by building its residential and commercial lending operations, by opening de novo branches, and by hiring experienced bankers with existing customer relationships in its market. The Company's goal is to continue to deliver value to its shareholders and enhance its franchise value and earnings through controlled growth in its banking operations, while maintaining the personal, community-oriented customer service that has characterized its success to date.

COMMUNITY BANKING STRATEGY PRODUCES MEANINGFUL GROWTH IN KEY BUSINESS LINES

The Company experienced decreases in net income of 30.4% and 55.7% during the three- and six-month periods ended March 31, 2009, respectively, compared with the same periods last year largely as the result of increased provisions for loan losses. However, execution of its community banking strategy produced strong performance in each of its three primary business lines, commercial banking services, retail mortgage lending and retail banking services, resulting in meaningful growth in loans receivable, core deposits, total assets, net interest income and mortgage revenues. The Company's community banking strategy emphasizes high-quality, responsive, and personalized customer service. The Company has been successful in distinguishing itself from the larger regional banks operating in its market areas by offering quicker decision making in the delivery of banking products and services, offering customized products where needed, and providing customers access to senior decision makers.

Commercial Banking Services

The Company's commercial banking services are centered on serving small- to medium-sized businesses and the Company's growth in the St. Louis market continues to be driven by its staff of experienced commercial bankers and the commercial banking relationships they generate. Total assets grew $157.2 million, or 12.1%, from $1.30 billion at September 30, 2008 to $1.46 billion at March 31, 2009, largely as the result of an $84.0 million increase in loans receivable. Commercial loans accounted for substantially all of the growth in loans receivable as the Company continued to originate commercial loans to its most credit-worthy customers under tightened credit standards. During the six-month period, mortgage loans secured by commercial real estate increased $37.6 million to $298.7 million, commercial and industrial loans increased $30.8 million to $168.5 million and commercial real estate construction and development loans increased $14.3 million to $69.5 million at March 31, 2009, respectively. Commercial loan originations totaled $91.4 million and $234.8 million during the three and six months ended March 31, 2009, respectively, compared with $109.8 million and $272.3 million during the same period last year.

The Company's commercial loan customers are also among the best sources of core deposit accounts. Commercial checking account balances increased $28.9 million to $197.6 million at March 31, 2009 compared with $168.8 million at September 30, 2008.

Retail Mortgage Lending

The Company is a conforming, residential mortgage lender that originates loans directly through commission-based sales staffs in the St. Louis and Kansas City metropolitan areas. The Company is a leading mortgage originator in these two markets, as it has successfully leveraged its reputation for strength and quality customer service with these staffs of experienced mortgage loan officers who have strong community relationships. Substantially all of the loans originated in the retail mortgage division are one- to four-family residential loans that are sold to investors on a servicing-released basis. Such sales generate mortgage revenues, which is the Company's largest source of non-interest income.

The Federal Reserve's actions taken to lower market interest rates and stimulate mortgage lending activity resulted in a dramatic increase in mortgage refinancing volume beginning in late November 2008. The Company was able to capture a meaningful share of this increased activity without significantly adding fixed costs to its infrastructure. During the three and six months ended March 31, 2009, the Company originated residential mortgage loans for sale to investors totaling $262.8 million and $914.1 million, respectively, compared with $395.0 million and $708.1 million during the same 2008 periods, respectively. Residential loans sold to investors for the three months ended March 31, 2009 totaled $620.4 million, which generated mortgage revenues totaling $4.3 million, compared with $402.3 million of loans sold and $1.8 million in revenues for the three months ended March 31, 2008. Residential loans sold to investors for the six months ended March 31, 2009 totaled $875.9 million, which generated mortgage revenues totaling $5.9 million, compared with $686.3 million of loans sold and $3.0 million in revenues for the six months ended March 31, 2008. The Company experienced a market-driven decline in gross profit margins on loans sold during the 2009 periods as the result of tighter pricing in a market dominated by refinancing activity. However, because of increased efficiencies, the Company's net profit margins on loans sold increased to 0.70% and 0.67% during the three and six months ended March 31, 2009, respectively, compared with 0.46% and 0.43% during the same 2008 periods, respectively. Loans held for sale increased $38.2 million to $110.2 million at March 31, 2009 from $72.0 million at September 30, 2008.

Retail Banking Services

Core deposits, which include checking, money market and passbook accounts, provide a stable funding source for the Company's asset growth and produce valuable fee income. Their growth continues to be one of the Company's primary strategic objectives. Core deposits increased $78.6 million, or 18%, to $508.7 million at March 31, 2009 from $430.1 million at September 30, 2008. Checking accounts, which represent the cornerstone product in a customer relationship, increased $88.0 million to $343.1 million at March 31, 2009 from $255.1 million at September 30, 2008. The increase was primarily the result of a $28.9 million increase in commercial checking accounts, a $23.3 million increase in retail checking accounts and a $35.9 million increase in non-interest bearing checking accounts related to the Company's outstanding official checks, which it began clearing internally during the quarter ended December 31, 2008. Also enhancing its ability to attract core deposits, the Bank elected to participate in the FDIC's Transaction Account Guarantee Program during the quarter ended March 31, 2009. This program provides full FDIC insurance coverage for non interest-

bearing transaction accounts and qualifying NOW accounts, regardless of the dollar amount, and is in addition to the standard FDIC insurance that was temporarily increased to $250,000 per depositor. Both FDIC limits will be in effect through December 31, 2009. Money market accounts decreased $9.9 million during the six months ended March 31, 2009, but increased $11.4 million during the March 2009 quarter to $139.3 million at March 31, 2009 primarily as the result of the introduction of a new product during March 2009 that offers the Bank's customers the ability to receive FDIC insurance on deposits up to $12.5 million. Money market and interest-bearing checking accounts carry adjustable interest rates that make them an ideal funding source for the Company's prime-adjusting commercial and home equity loans. Primarily as the result of declining market interest rates, the weighted-average costs of interest-bearing checking accounts and money market accounts decreased to 1.58% and 0.78%, respectively, at March 31, 2009 compared with 2.51% and 2.12% at September 30, 2008.

Certificates of deposit increased $100.9 million to $586.2 million at March 31, 2009 from $485.2 million at September 30, 2008, primarily as the result of a $51.5 million increase in retail certificates of deposit to $283.8 million and a $53.5 million increase in CDARS time deposits to $177.4 million. CDARS deposits, which are generally offered to in-market retail and commercial customers, offer the bank's customers the ability to receive FDIC insurance on deposits up to $50 million. Brokered time deposits decreased $4.0 million to $124.9 million at March 31, 2009 compared with $128.9 million at September 30, 2008, as the Company repaid certain maturing brokered deposits with increases in retail deposits. Total deposits increased $179.6 million, or 19.6%, to $1.09 billion at March 31, 2009 from $915.3 million at September 30, 2008.

Retail banking fees, which include fees charged to customers who have overdrawn their checking accounts and service charges on other retail banking products, were $936,000 for the three months ended March 31, 2009 compared with $932,000 for the same 2008 period. Retail banking fees were $1.9 million for the six months ended March 31, 2009 compared with $2.0 million for the same period a year ago. Primarily as the result of tightened consumer spending in the current difficult economic environment, the Bank experienced a reduction in the volume of overdrawn checking accounts during the three- and six- months ended March 31, 2009 compared with the same period last year.

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Average Balance Sheets

The following table sets forth information regarding average daily balances of assets and liabilities as well as the total dollar amounts of interest income from average interest-earning assets and interest expense on average interest-bearing liabilities, resultant yields, interest rate spread, net interest margin, and ratio of average interest-earning assets to average interest-bearing liabilities for the periods indicated.

	Three Months Ended					
	March 31, 2009			March 31, 2008		
	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable: [1]						
Real estate	$ 335,981	$ 5,317	6.33%	$ 339,927	$ 5,966	7.02%
Commercial	594,094	7,013	4.72%	473,324	7,649	6.46%
Home equity lines of credit	231,975	2,169	3.74%	224,071	3,707	6.62%
Consumer	3,599	54	5.94%	4,240	63	5.89%
Total loans receivable	1,165,649	14,553	4.99%	1,041,562	17,385	6.68%
Loans held for sale	153,190	1,758	4.59%	81,205	1,017	5.01%
Securities and other	56,263	346	2.53%	45,854	587	5.12%
Total interest-earning assets	1,375,102	16,657	4.85%	1,168,621	18,989	6.50%
Non-interest-earning assets	70,556			81,106		
Total assets	$1,445,658			$1,249,727		
Interest-bearing liabilities:						
Interest-bearing checking	$ 207,412	809	1.56%	$ 86,672	388	1.79%
Passbook savings	25,440	12	0.19%	27,852	21	0.30%
Money market	135,634	266	0.78%	198,302	1,518	3.06%
Certificates of deposit	586,746	4,225	2.88%	505,383	5,740	4.54%
Total interest-bearing deposits	955,232	5,312	2.22%	818,209	7,667	3.75%
FHLB advances	109,399	915	3.35%	240,107	2,063	3.44%
Federal Reserve borrowings	122,922	135	0.44%	1,890	16	3.49%
Note payable	1,613	12	3.03%	2,927	38	5.15%
Subordinated debentures	19,589	201	4.09%	19,589	341	6.96%
Total interest-bearing liabilities	1,208,755	6,575	2.18%	1,082,722	10,125	3.74%
Non-interest bearing liabilities:						
Non-interest bearing deposits	109,302			61,653		
Other non-interest bearing liabilities	14,775			19,342		
Total non-interest-bearing liabilities	124,077			80,995		
Stockholders' equity	112,826			86,010		
Total liabilities and stockholders' equity	$1,445,658			$1,249,727		
Net interest income		$ 10,082			$ 8,864	
Interest rate spread [2]			2.67%			2.76%
Net interest margin [3]			2.93%			3.03%
Ratio of average interest-earning assets to average interest-bearing liabilities	113.76%			107.93%		

(1) Includes non-accrual loans with an average balance of $14.9 million and $6.5 million for the three months ended March 31, 2009 and respectively.

(2) Yield on interest-earning assets less cost of interest-bearing liabilities.

(3) Net interest income divided by average interest-earning assets.

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	Six Months Ended					
	March 31, 2009			March 31, 2008		
	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable: [1]						
Real estate	$ 340,055	$ 11,074	6.51%	$ 342,310	$ 12,186	7.12%
Commercial	570,434	14,188	4.97%	449,039	15,396	6.86%
Home equity lines of credit	229,350	4,870	4.25%	222,215	7,900	7.11%
Consumer	3,664	106	5.82%	4,300	118	5.49%
Total loans receivable	1,143,503	30,238	5.29%	1,017,864	35,600	6.99%
Loans held for sale	101,402	2,423	4.78%	66,276	1,744	5.26%
Securities and other	56,743	831	2.93%	42,566	1,015	4.79%
Total interest-earning assets	1,301,648	33,492	5.15%	1,126,706	38,359	6.81%
Non-interest-earning assets	77,083			78,703		
Total assets	$1,378,731			$1,205,409		
Interest-bearing liabilities:						
Interest-bearing checking	$ 197,678	1,868	1.89%	$ 74,334	639	1.72%
Passbook savings	25,627	25	0.19%	28,320	47	0.34%
Money market	137,895	834	1.21%	190,125	3,322	3.49%
Certificates of deposit	552,448	8,709	3.15%	497,397	11,861	4.77%
Total interest-bearing deposits	913,648	11,436	2.50%	790,176	15,869	4.02%
FHLB advances	155,277	2,086	2.69%	225,470	4,588	4.07%
Federal Reserve borrowings	74,538	215	0.58%	946	17	3.52%
Note payable	4,660	113	4.87%	2,953	86	5.79%
Subordinated debentures	19,589	447	4.56%	19,589	734	7.50%
Total interest-bearing liabilities	1,167,712	14,297	2.45%	1,039,134	21,294	4.10%
Non-interest bearing liabilities:						
Non-interest bearing deposits	98,043			60,666		
Other non-interest bearing liabilities	14,141			20,183		
Total non-interest-bearing liabilities	112,184			80,849		
Stockholders' equity	98,835			85,426		
Total liabilities and stockholders' equity	$1,378,731			$1,205,409		
Net interest income		$ 19,195			$ 17,065	
Interest rate spread [2]			2.70%			2.71%
Net interest margin [3]			2.95%			3.03%
Ratio of average interest-earning assets to average interest-bearing liabilities	111.47%			108.43%		

(1) Includes non-accrual loans with an average balance of $12.8 million and $6.5 million for the six months ended March 31, 2009 and 2008, respectively.

(2) Yield on interest-earning assets less cost of interest-bearing liabilities.

(3) Net interest income divided by average interest-earning assets.

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RATE VOLUME ANALYSIS

The following table sets forth the effects of changing rates and volumes on net interest income for the periods indicated. The total change for each category of interest-earning asset and interest-bearing liability is segmented into the change attributable to variations in volume (change in volume multiplied by prior period rate) and the change attributable to variations in interest rates (changes in rates multiplied by prior period volume). Changes in interest income and expense attributed to both changes in volume and changes in rate are allocated proportionately to rate and volume.

	Three Months Ended March 31, 2009 vs 2008			Six Months Ended March 31, 2009 vs 2008		
	Volume	Rate	Net	Volume	Rate	Net
	(in thousands)					
Interest-earning assets:						
Loans receivable:						
Real estate	$ (69)	$ (580)	$ (649)	$ (80)	$ (1,032)	$(1,112)
Commercial	7,704	(8,340)	(636)	7,809	(9,017)	(1,208)
Home equity lines of credit	852	(2,390)	(1,538)	715	(3,745)	(3,030)
Consumer	(12)	3	(9)	(29)	17	(12)
Total loans receivable	8,475	(11,307)	(2,832)	8,415	(13,777)	(5,362)
Loans held for sale	1,299	(558)	741	1,122	(443)	679
Securities and other	191	(432)	(241)	407	(591)	(184)
Net change in income on interest earning assets	9,965	(12,297)	(2,332)	9,944	(14,811)	(4,867)
Interest-bearing liabilities:						
Interest-bearing checking	751	(330)	421	1,160	69	1,229
Passbook savings	(2)	(7)	(9)	(4)	(18)	(22)
Money market	(373)	(879)	(1,252)	(737)	(1,751)	(2,488)
Certificates of deposit	4,666	(6,181)	(1,515)	3,187	(6,339)	(3,152)
Total interest-bearing deposits	5,042	(7,397)	(2,355)	3,606	(8,039)	(4,433)
FHLB advances	(1,095)	(53)	(1,148)	(1,198)	(1,304)	(2,502)
Federal Reserve borrowings	232	(113)	119	251	(53)	198
Note payable	(13)	(13)	(26)	62	(35)	27
Subordinated debentures	—	(140)	(140)	—	(287)	(287)
Net change in expense on interest bearing liabilities	4,166	(7,716)	(3,550)	2,721	(9,718)	(6,997)
Change in net interest income	$ 5,799	$ (4,581)	$ 1,218	$ 7,223	$ (5,093)	$ 2,130

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RESULTS OF OPERATIONS

Net income for the quarter ended March 31, 2009 was $1.8 million, or $0.15 per diluted common share on 10.3 million average diluted shares outstanding, compared with net income of $2.5 million, or $0.25 per diluted common share on 10.2 million average diluted shares outstanding, during the same quarter last year. For the six months ended March 31, 2009, net income was $2.3 million, or $0.20 per diluted common share on 10.3 million average diluted shares outstanding, compared with $5.3 million, or $0.52 per diluted common share on a 10.2 million average diluted shares outstanding, for the same period a year ago. Net income for the three- and six-months ended March 31, 2009 was negatively impacted by a $5.7 million and $10.4 million provision for loan losses compared with $1.7 million and $2.8 million for same periods in 2008. In addition, dividends and discount amortization on preferred stock totaling $238,000, or $0.02 per common share, reduced income available for common shares in the three and six months ended March 31, 2009.

Net interest income rose 13.7%, or $1.2 million, to $10.1 million for the quarter ended March 31, 2009 compared with $8.9 million for the same period last quarter. For the six months ended March 31, 2009, net interest income rose to $19.2 million compared with $17.1 million for the same six-month period last year. The increases were fueled by growth in the average balances of loans receivable and loans held for sale, partially offset by declines in the net interest margin.

The net interest margin was 2.93% for the three months ended March 31, 2009 compared with 2.96% for the quarter ended December 31, 2008 and 3.03% for the March 2008 quarter. For the six-month period, the net interest margin was 2.95% in 2009 compared with 3.03% in 2008. The Company experienced declines in interest rates on its prime-adjusting commercial and home equity loans and on its short-term wholesale borrowings following reductions in the prime interest rate during the December 2008 quarter. However, interest rates paid on its retail deposits did not fall as quickly due to competition for deposits and, accordingly, the Company experienced compression in its net interest margin during the fiscal 2009 periods. In addition, the significant growth in mortgage loans held for sale resulting from increased refinancing activity, which were at yields lower than loans held in portfolio, generated increased interest income, but resulted in downward pressure on the overall yield on average interest-earning assets. Management believes the continued maturity of fixed-rate deposits and improved pricing on wholesale funding coupled with continued price improvement on new commercial loan originations and renewals, including interest-rate floors on adjustable-rate loans, will benefit the Company's net interest margin in future periods.

Total interest and dividend income decreased $2.3 million, or 12.3%, to $16.7 million for the quarter ended March 31, 2009 compared with $19.0 million for the same 2008 quarter. For the six months ended March 31, 2009, total interest and dividend income was $33.5 million compared with $38.4 million for the same period a year ago. The decreases were primarily due to decreases in the average yields on loans receivable and loans held for sale, partially offset by increases in the average balances of such loans.

The average balance of loans receivable increased to $1.17 billion and $1.14 billion during the three and six months ended March 31, 2009, respectively, compared with $1.04 billion and $1.02 billion during the same 2008 periods, respectively, primarily as the result of commercial loan growth. As the result of declining market interest rates, the average yield on loans receivable decreased to 4.99% and 5.29% during the three and six months ended March 31, 2009, respectively, compared with 6.68% and 6.99% during the same 2008 periods, respectively. See *Community Banking Strategy Produces Meaningful Growth In Key Business Lines – Commercial Banking Services.*

The average balance of loans held for sale increased to $153.2 million and $101.4 million during the three and six months ended March 31, 2009, respectively, compared with $81.2 million and $66.3 million during the same 2008 periods, respectively, as the result of the increased refinancing activity. As the result of declining market interest rates, the average yield on loans held for sale decreased to 4.59% and 4.78% during the three and six months ended March 31, 2009, respectively, compared with 5.01% and 5.26% during the same 2008 periods, respectively. See *Community Banking Strategy Produces Meaningful Growth In Key Business Lines – Retail Mortgage Lending.*

Total interest expense decreased $3.5 million, or 35.1%, to $6.6 million for the quarter ended March 31, 2009 compared with $10.1 million for the quarter ended March 31, 2008 and decreased $7.0 million to $14.3 million during the six months ended March 31, 2009 compared with $21.3 million during the same six-month period last year. The lower expense was the result of decreases in the average cost of funds partially offset by increases in the average balance of interest-bearing liabilities. The average cost of funds decreased from 3.74% for the quarter ended March 31, 2008 to 2.18% for the quarter

ended March 31, 2009 while the average balance of interest-bearing liabilities increased from $1.08 billion to $1.21 billion during the same periods, respectively. For the six-month periods, the average balance of interest-bearing liabilities increased from $1.04 billion in 2008 to $1.17 billion in 2009 while the average cost of funds decreased from 4.10% to 2.45% during the same periods, respectively. The increased average balance in interest-bearing liabilities, which was used to fund asset growth during the period, resulted primarily from increases in the average balances of deposits (mainly checking accounts and certificates of deposit) and, to a lesser extent, an increase in borrowings from the Federal Reserve Bank of St. Louis ("Federal Reserve Bank"), offset by a decrease in the average balance of advances from the Federal Home Loan Bank of Des Moines ("FHLB"). The decreased average costs were the result of lower market interest rates during the period, growth in core deposits and a shift in the mix of wholesale funding sources. The Company primarily funds its assets with savings deposits from its retail and commercial customers. This funding source is supplemented with wholesale funds consisting primarily of borrowings from the FHLB, short-term borrowings from the Federal Reserve Bank and time deposits from national brokers. Management actively chooses among these wholesale funding sources depending on their relative costs and the Company's overall borrowing capacity at the FHLB and the Federal Reserve Bank.

Interest expense on deposits decreased $2.4 million, or 30.7%, to $5.3 million during the quarter ended March 31, 2009 compared with $7.7 million for the quarter ended March 31, 2008. For the six months ended March 31, 2009, interest expense on deposits was $11.4 million compared with $15.9 million for the same period a year ago. The decrease in interest expense was the result of a decrease in the average cost partially offset by an increase in the average balance. The average balance of interest-bearing deposits increased to $955.2 million for the quarter ended March 31, 2009 from $818.2 million for the quarter ended March 31, 2008 while the average cost of deposits decreased from 3.75% to 2.22% during the same periods, respectively. For the six-month periods, the average balance of interest-bearing deposits increased to $913.6 million from $790.2 million while the average cost of deposits decreased from 4.02% to 2.50% during the same periods, respectively. Growth in average total deposits during the fiscal 2009 periods was the result of growth in core deposits, CDARS time deposits and retail time deposits. The growth in core deposits combined with lower market interest rates resulted in lower average costs during the fiscal 2009 periods. See *Community Banking Strategy Produces Meaningful Growth In Key Business Lines – Retail Banking Services.*

In February 2009, the FDIC adopted an interim final rule imposing a special assessment on all insured institutions due to recent bank and savings association failures. The emergency assessment amounts to 20 basis points of assessable deposits as of June 30, 2009. The assessment will be collected on September 30, 2009. The FDIC subsequently announced that it would reduce the special assessment to 10 basis points if Congress increases the FDIC's borrowing authority with the U.S. Department of the Treasury. The assessment is expected to increase interest expense on deposits during the quarter ended June 30, 2009. In addition, the interim rule would also permit the FDIC to impose additional emergency special assessments after June 30, 2009, of up to 10 basis points per quarter if necessary to maintain public confidence in federal deposit insurance or as a result of deterioration in the deposit insurance fund reserve ratio due to institution failures. Any such special assessments are expected to increase interest expense on deposits if and when they become effective.

Interest expense on advances from the Federal Home Loan Bank decreased $1.1 million, or 55.6%, to $915,000 during the quarter ended March 31, 2009 compared with $2.1 million for the quarter ended March 31, 2008 and decreased to $2.1 million during the six months ended March 31, 2009 compared with $4.6 million for the same six-month period last year as the result of decreases in the average cost and the average balance. The average balance decreased to $109.4 million for the quarter ended March 31, 2009 from $240.1 million for the quarter ended March 31, 2008 and the average cost decreased from 3.44% to 3.35% during the same periods, respectively. For the six-month periods, the average balance decreased to $155.3 million during 2009 from $225.5 million during 2008 and the average cost decreased from 4.07% to 2.69% during the same periods, respectively The decreased average balances resulted from management's decision to shift a portion of these short-term borrowings to less costly short-term borrowings at the Federal Reserve Bank and growth in deposits. The decreased average cost was the result of lower market interest rates during the 2009 period.

Interest expense on borrowings from the Federal Reserve Bank increased to $135,000 during the quarter ended March 31, 2009 compared with $16,000 for the quarter ended March 31, 2008 as the result of an increase in the average balance to $122.9 million for the quarter ended March 31, 2009 from $1.9 million for the quarter ended March 31, 2008 while the average costs of these borrowings decreased to 0.44% from 3.49% during the same periods, respectively. For the six months ended March 31, 2009, interest expense on these borrowings increased $198,000 to $215,000 during 2009 compared with $17,000 for 2008. The average balance increased to $74.5 million during the six months ended March 31,

2009 from $946,000 during the same period in 2008 while the average cost decreased from 3.52% to 0.58% for the same periods, respectively.

Provision for Loan Losses

The ***provision for loan losses*** for the three and six months ended March 31, 2009 was $5.7 million and $10.4 million respectively, compared with $1.7 million and $2.8 million, respectively for the same periods a year ago. See *Non-Performing Assets* and *Allowance for Loan Losses*.

Non-Interest Income

Total non-interest income increased 50.2% to $5.8 million for the quarter ended March 31, 2009 compared with $3.8 million for the same period last year. For the six months ended March 31, 2009, total non-interest income increased $2.3 million to $9.1 million compared with $6.8 million for the same six-month period last year. The increases were primarily the result of strong growth in mortgage revenues, partially offset by decreases in other non-interest income and gain on sale of sales of securities. See *Community Banking Strategy Produces Meaningful Growth In Key Business Lines – Retail Mortgage Lending.*

Gain on sales of securities totaled $263,000 for the three months ended March 31, 2008 on sales of $20.0 million of debt securities classified as available for sale. There were no such sales during the three months ended March 31, 2009. For the six-month periods, gain on sales of securities totaled $243,000 in 2009 on sales of $51.1 million of debt securities classified as available for sale compared with $317,000 in 2008 on sales of $24.8 million of available-for-sale debt securities. Such securities are primarily held as collateral to secure large commercial and municipal deposits. The total balance held in these securities is adjusted to reflect fluctuations in the balances of the deposits they are securing.

Investment brokerage revenues totaled $379,000 and $641,000 for the three and six months ended March 31, 2009, respectively compared with $356,000 and $571,000, respectively for the same periods a year ago. The Company operates an investment brokerage division whose operations consist principally of brokering bonds from wholesale brokerage houses to bank, municipal and individual investors. Revenues are generated on trading spreads and fluctuate with changes in trading volumes and market interest rates. The increased revenues in the fiscal 2009 periods were the result of a shift in the mix of products sold resulting in higher profit margins.

Other non-interest income totaled $144,000 and $436,000 for the three and six months ended March 31, 2009, respectively, compared with $445,000 and $1.0 million for the same 2008 periods. The decreases were primarily the result of a decrease in fees received from a correspondent bank related to the Bank's official check clearing process and impairment charges recognized in the 2009 periods for certain investments that were previously carried at historical cost. Subsequent to September 30, 2008, the Bank began clearing its official checks internally, allowing the Bank the use of the float related to these outstanding checks. This process was previously performed by a correspondent bank that paid the Bank fees for the use of the float.

Non-Interest Expense

Total non-interest expense increased $738,000 to $7.7 million for the quarter ended March 31, 2009 compared with $6.9 million for the same period a year ago. For the six months ended March 31, 2009 total non-interest expense increased $1.3 million to $14.5 million compared with $13.2 million for the same six-month period last year. The increases were primarily due to increases in salaries and employee benefits expense, occupancy, equipment and data processing expense, FDIC deposit insurance premium expense and real estate foreclosure expense and losses. Partially offsetting these increases were decreases in advertising expense, professional services expense and other non-interest expense as the Company focused on reducing controllable expenses and began to realize benefits from a more disciplined line-item budget accountability process.

Salaries and employee benefits expense increased $394,000 to $3.6 million for the quarter ended March 31, 2009 compared with $3.2 million for the quarter ended March 31, 2008 and increased $715,000 to $6.9 million for the six months ended March 31, 2009 compared with $6.2 million for the six months ended March 31, 2008. The increases were the result

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of the payment of incentives related to the increased mortgage and commercial lending volumes, which did not qualify as capitalized loan origination expenses, and also to the reversal, in March 2008, of $364,000 in accrued performance-based incentives related to the separation of several employees.

Occupancy, equipment and data processing expense increased $94,000 to $2.1 million for the three-month period ended March 31, 2009 compared with $2.0 million for the three-month period ended March 31, 2008 and increased $275,000 to $3.9 million for the six months ended March 31, 2009 compared with $3.7 million for the six months ended March 31, 2008. The increase was largely related to an increase in expense related to the use of an independent security company to provide security guards at certain of the Bank's branch offices, increased expenses related to the temporary relocation of one of the Bank's branch offices due to water damage, and increased expenses related to the increased level of loan and deposit activity.

Advertising expense decreased $85,000 to $209,000 for the three-month period ended March 31, 2009 compared with $294,000 for the three-month period ended March 31, 2008 and decreased $139,000 to $495,000 for the six months ended March 31, 2009 compared with $634,000 for the six months ended March 31, 2008. The decreases were generally due to a reduction in the overall level of advertising during the 2009 period and a more focused effort to control such expenses.

FDIC deposit insurance premium expense increased $253,000 to $411,000 for the three months ended March 31, 2009 compared with $158,000 for the same period in 2008 and increased $220,000 to $610,000 for the six months ended March 31, 2009 compared with $390,000 for the six months ended March 31, 2008. The increases were the result of deposit growth and the recent industry-wide increase in FDIC insurance rates.

Loss (gain) on derivative instruments totaled a loss of $58,000 for the quarter ended March 31, 2008 and a gain of $64,000 for the six-month period ended March 31, 2008. There were no such gains or losses during the 2009 periods. During November 2004, the Company entered into interest rate swap agreements with notional values totaling $80 million, which were designed to convert the fixed rates paid on certain brokered certificates of deposits into variable, LIBOR-based rates. The Company used long-haul, fair-value, hedge accounting. Under this method, any hedge ineffectiveness was deemed not material and the impact was recognized as a charge or credit to earnings during the period in which the ineffectiveness occurred. All of these interest-rate swap agreements were called by the counterparties during the year ended September 30, 2008 due to the declining interest-rate environment.

Real estate foreclosure losses and expense, net includes realized losses on the final disposition of foreclosed properties, additional write-downs for declines in the fair market values of properties which occur subsequent to foreclosure and expenses incurred in connection with maintaining the properties until they are sold. Real estate foreclosure losses and expense, net increased $255,000 to $409,000 for the quarter ended March 31, 2009 compared with $155,000 for the same period last year and increased $368,000 to $751,000 for the six-month period ended March 31, 2009 compared to $383,000 for the same period a year ago. The increases were generally due to the overall increased foreclosure activity and the related realized losses on sales. See *Non-Performing Assets and Allowance for Loan Losses.*

Income Taxes

The ***provision for income taxes*** was $762,000 and $1.1 million for the three and six months ended March 31, 2009 compared with $1.5 million and $2.6 million for the three and six months ended March 31, 2008, respectively. The effective tax rates for the three and six months ended March 31, 2009 were 30.1% and 31.2%, respectively, compared with 37.3% and 33.4% for the same 2008 periods. The lower effective tax rates in the 2009 periods were primarily the result of a higher percentage of non-taxable income to total pre-tax income related to bank-owned life insurance and non-taxable interest income.

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NON-PERFORMING ASSETS AND ALLOWANCE FOR LOAN LOSSES

Non-performing assets at March 31, 2009, December 31, 2008 and September 30, 2008 are summarized as follows:

	March 31, 2009	December 31, 2008	September 30, 2008
Non-accrual loans:			
Residential real estate:			
First mortgage	$ 4,526,284	$ 4,330,175	$ 5,903,709
Second mortgage	824,154	628,127	752,245
Home equity	2,342,883	3,027,561	1,695,073
Commercial and multi-family real estate	5,783,115	1,513,516	1,125,117
Real estate construction and development	372,998	1,089,027	133,108
Commercial and industrial	3,644,934	3,119,410	341,250
Consumer and other	142,392	223,022	159,727
Total non-accrual loans	17,636,760	13,930,838	10,110,229
Accruing loans past due 90 days or more:			
Residential real estate:			
First mortgage	2,644,940	4,909,005	2,542,770
Second mortgage	109,535	—	—
Home equity	647,822	435,579	1,467,606
Commercial and multi-family real estate	14,213	—	230,845
Real estate construction and development	557,435	557,435	—
Consumer and other	39,771	—	7,349
Total accruing loans past due 90 days or more	4,013,716	5,902,019	4,248,570
Troubled-debt restructured:			
Current under restructured terms:			
Residential real estate:			
First mortgage	12,023,658	9,480,307	3,800,747
Second mortgage	1,549,511	1,156,601	659,033
Home equity	1,405,519	902,739	—
Commercial and multi-family real estate	7,895,865	7,896,715	—
Commercial and industrial	1,336,788	1,361,080	537,422
Consumer and other	64,287	—	—
Total current troubled debt restructured	24,275,628	20,797,442	4,997,202
Past due under restructured terms:			
Residential real estate:			
First mortgage	2,619,663	652,114	1,183,967
Second mortgage	57,591	11,591	11,371
Home equity	93,449	55,122	112,081
Commercial and industrial	1,020,252	1,020,252	—
Total past due troubled debt restructured	3,790,955	1,739,079	1,307,419
Total troubled debt restructured	28,066,583	22,536,521	6,304,621
Total non-performing loans	49,717,059	42,369,378	20,663,420
Real estate acquired in settlement of loans:			
Residential real estate	3,896,178	2,505,831	3,518,806
Commercial real estate	103,500	103,500	—
Total real estate acquired in settlement of loans	3,999,678	2,609,331	3,518,806
Other nonperforming assets	2,500	91,792	236,690
Total non-performing assets	$53,719,237	$45,070,501	$24,418,916
Ratio of non-performing loans to total loans receivable	4.17%	3.66%	1.88%
Ratio of non-performing assets to totals assets	3.68%	3.31%	1.87%
Ratio of allowance for loan losses to non-performing loans	37.15%	36.97%	61.76%
Excluding troubled-debt restructured that is current under restructured terms and related allowance for loan losses:			
Ratio of non-performing loans to total loans receivable	2.14%	1.86%	1.42%
Ratio of non-performing assets to totals assets	2.01%	1.78%	1.49%
Ratio of allowance for loan losses to non-performing loans	66.30%	65.00%	81.20%

Non-performing loans increased to $49.7 million at March 31, 2009 from $42.4 million at December 31, 2008 and $20.7 million at September 30, 2008, primarily as the result of increased troubled debt restructurings. The increase in troubled debt restructurings was due to management's decision to proactively modify loan repayment terms with borrowers who were experiencing financial difficulties in the current economic climate with the belief that these actions would maximize the Bank's recoveries on these loans. The restructured terms of the loans generally included a reduction of the interest rates and, if the underlying collateral values supported the resulting carrying values of the loans, the addition of past due interest to the principal balance of the loans. Many of these borrowers were current at the time of the modification and showed strong intent and ability to repay their obligations under the modified terms. At March 31, 2009, $24.3 million, or 86%, of the total restructured loans were performing as agreed under the modified terms of the loans.

While these modifications were generally targeted at residential mortgage loan customers, during the quarter ended December 31, 2008, the Company restructured a $7.8 million commercial real estate loan made to a St. Louis-based customer, which was collateralized by a strip shopping center in Naples, Florida. The Company's lending practices generally limit lending outside of its two primary market areas, St. Louis and Kansas City. However, management has had a long, successful relationship with this borrower. While the loan had been current under the previous loan terms and remains current under the restructured terms, management determined it was necessary to temporarily reduce the interest rate and defer principal payments while the borrower attempts to secure additional tenants in the property. However, after considering the values of the borrower's personal guarantees and the underlying collateral, the Company recorded a $1.2 million provision for loan loss related to this loan during the December 2008 quarter.

A loan is classified as a troubled debt restructuring if the Company, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. A loan classified as a troubled debt restructuring will retain such classification until the borrower demonstrates the ability to pay under the terms of the restructured note through a sustained period of repayment performance, which is generally one year. Interest income on restructured loans is accrued at the reduced rate once the borrower demonstrates the ability to pay under the terms of the restructured note through a sustained period of repayment performance, which is generally three months for loans that were less than 30 days past due at the time of restructuring and six months for loans that were 30 days or more past due at the time of restructuring.

Also contributing to the rise in non-performing assets during the six months ended March 31, 2009 was a $7.5 million increase in non-accrual loans. During the quarter ended March 31, 2009, three loans made to two commercial borrowers with principal balances totaling $4.0 million that were secured by residential building lots under development and raw land, were placed on non-accrual status. Loans are placed on non-accrual status when, in the opinion of management, there is reasonable doubt as to the collectability of interest or principal. Management considers many factors before placing a loan on non-accrual, including the overall financial condition of the borrower, the progress of management's collection efforts and the value of the underlying collateral.

The ratio of the allowance for loan losses to loans receivable increased to 1.55% at March 31, 2009 compared with 1.35% at December 31, 2008 and 1.16% at September 30, 2008 as the result of the significant increase in the allowance. The ratio of the allowance for loan losses to non-performing loans was 37.15% at March 31, 2009 compared with 36.97% at December 31, 2008 and 61.76% at September 30, 2008. Excluding restructured loans that were performing under their restructured terms and the related allowance for loan losses, the ratio of the allowance for loan losses to the remaining non-performing loans was 66.3% at March 31, 2009 compared with 65.0% at December 31, 2008 and 81.2% at September 30, 2008. Management believes the changes in this coverage ratio are appropriate due to a change in the mix of non-performing loans during the period, specifically increased troubled debt restructurings that were performing under their restructured terms and residential first mortgage loans. At March 31, 2009, 44% of total non-performing loans were residential first mortgage loans, which carry a lower level of inherent risk than other types of loans in the Company's portfolio, especially compared to second mortgage loans and home equity lines of credit where the Company often does not own or service the first mortgage loan.

Real estate acquired in settlement of loans was $4.0 million at March 31, 2009 compared with $3.5 million at September 30, 2008. The balance at March 31, 2009 consisted of 52 residential real estate properties and one commercial real estate property in the Company's two primary market areas of St. Louis and Kansas City.

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The following table summarizes the activity in the allowance for loan losses for the periods indicated.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	2008	2009	2008
Balance, beginning of period	$15,663,958	$11,151,483	$12,761,532	$10,421,304
Provision charged to expense	5,664,407	1,728,140	10,355,985	2,760,691
Charge-offs:				
Residential real estate first mortgage	1,008,416	53,115	1,675,520	154,565
Residential real estate second mortgage	386,032	604,380	856,891	738,162
Home equity lines of credit	879,804	610,453	1,490,131	738,042
Real estate construction & development	458,400	28,700	466,703	28,700
Commercial & multi-family real estate	—	374,000	—	374,000
Commercial & industrial	107,394	—	130,971	—
Consumer and other	31,521	93,885	75,004	141,656
Total charge-offs	2,871,567	1,764,533	4,695,220	2,175,125
Recoveries:				
Residential real estate first mortgage	854	—	2,136	—
Residential real estate second mortgage	2,921	—	3,244	—
Home equity lines of credit	3,482	677	16,144	106,895
Commercial and multi-family real estate	—	—	14,283	—
Consumer and other	3,480	91	9,431	2,093
Total recoveries	10,737	768	45,238	108,988
Balance, end of period	$18,467,535	$11,115,858	$18,467,535	$11,115,858

	March 31, 2009	September 30, 2008
Specific loan loss allowance related to non-performing loans	$ 3,937,641	$ 807,629
Balance of non-performing loans with no specific loan loss allowance	33,617,778	17,704,652
Ratio of allowance to total loans outstanding	1.55%	1.16%

The provision for loan losses for the three months ended March 31, 2009 was $5.7 million compared with $4.7 million for the December 2008 quarter and $1.7 million for the March 2008 quarter. For the six-month periods, the provision for loan losses was $10.4 million in 2009 compared with $2.8 million in 2008. The increased provision in the fiscal 2009 periods was due to the increase in the level of non-performing loans, net charge-offs and growth in performing commercial loans, which have historically carried a higher level of inherent risk than residential loans.

Net charge-offs for the three- and six-month periods ended March 31, 2009 totaled $2.9 million, or 0.98% of average loans on an annualized basis, and $4.6 million, or 0.81% of average loans on an annualized basis, respectively, compared with $1.8 million, or 0.68% of average loans on an annualized basis, and $2.1 million, or 0.41% of average loans on an annualized basis, for the same periods a year ago, respectively. Management adheres to specific loan underwriting guidelines focusing primarily on residential and commercial real estate and home equity loans secured by one- to four-family and commercial properties within its primary market areas. Because the Company's loan portfolio is typically collateralized by real estate, losses occur more frequently when property values are declining and borrowers are losing equity in the underlying collateral. Recent declines in residential real estate values in the Company's market areas, as well as nationally, contributed to the increased charge-offs in the 2009 periods. The Company has not engaged in sub-prime lending activities.

The Company maintains the allowance for loan losses to absorb probable losses in the Company's loan portfolio. Loan losses are charged against and recoveries are credited to the allowance. Provisions for loan losses are charged to income and credited to the allowance in an amount necessary to maintain an appropriate allowance given risks identified in the portfolio. The allowance is based upon management's quarterly estimates of probable losses inherent in the loan portfolio. Management's estimates are determined through a method of quantifying certain risks in the portfolio that are affected primarily by changes in the nature and volume of the portfolio combined with an analysis of past-due and classified loans, and can also be affected by the following factors: changes in lending policies and procedures, including underwriting

standards and collections, charge-off and recovery practices, changes in national and local economic conditions and developments, assessment of collateral values based on independent appraisals, and changes in the experience, ability, and depth of lending management staff.

The following assessments are performed quarterly in accordance with the Company's allowance for loan losses methodology:

Homogeneous residential mortgage loans are given one of five standard risk ratings at the time of origination. The risk ratings are assigned through the use of a credit scoring model, which assesses credit risk determinants from the borrower's credit history, the loan-to-value, debt-to-income ratios or other personal history. The Company's historical loss rates and industry data for each credit rating, adjusted as described below, are used to determine the appropriate allocation percentage for each loan grade. Commercial real estate, consumer and home equity loans are assigned standard risk weightings that determine the allocation percentage.

When commercial real estate loans are over 30 days delinquent or residential, consumer and home equity loans are over 90 days past due, they are evaluated individually for impairment. Additionally, loans that demonstrate credit weaknesses that may impact the borrower's ability to repay or the value of the collateral are also reviewed individually for impairment. The Company considers a loan to be impaired when management believes it will be unable to collect all principal and interest due according to the contractual terms of the loan. If a loan is determined to be impaired, the Company establishes an allowance for loan losses equal to the excess of the loan's carrying value over the present value of estimated future cash flows or the fair value of collateral if the loan is collateral dependent.

The Company's methodology includes factors that allow the Company to adjust its estimates of losses based on the most recent information available. Historical loss rates used to determine allowance provisions are adjusted to reflect the impact of current conditions, including actual collection and charge-off experience. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the allowance for loan losses. Such agencies may require the Company to modify its allowance for loan losses based on their judgment about information available to them at the time of their examination.

Management believes that the amount maintained in the allowance will be adequate to absorb probable losses inherent in the portfolio. Although management believes that it uses the best information available to make such determinations, future adjustments to the allowance for loan losses may be necessary and results of operations could be significantly and adversely affected if circumstances differ substantially from the assumptions used in making the determinations. While management believes it has established the allowance for loan losses in accordance with U.S. generally accepted accounting principles, there can be no assurance that the Bank's regulators, in reviewing the Bank's loan portfolio, will not request the Bank to significantly increase its allowance for loan losses. In addition, because future events affecting borrowers and collateral cannot be predicted with certainty, there can be no assurance that the existing allowance for loan losses is adequate or that a substantial increase will not be necessary should the quality of any loans deteriorate as a result of the factors discussed above. Any material increase in the allowance for loan losses could adversely affect the Company's financial condition and results of operations.

FINANCIAL CONDITION

Cash and cash equivalents increased $24.4 million to $53.5 million at March 31, 2009 from $29.1 million at September 30, 2008. Cash balances included overnight investments in federal funds, which increased to $26.8 million at March 31, 2009 compared with $647,000 at September 30, 2008, primarily as the result of an increase in float related to loan fundings during the last few days of the month. Subsequent to September 30, 2008, the Bank began clearing its official checks internally, which increased the amount of float related to such outstanding checks.

Debt securities available for sale increased to $5.0 million at March 31, 2009 compared with $0 at September 30, 2008. ***Mortgage-backed securities available for sale*** increased to $16.9 million at March 31, 2009 from $10.2 million at September 30, 2008, while ***mortgage-backed securities held to maturity*** decreased to $14.4 million at March 31, 2009 from $15.7 million at September 30, 2008. Such securities are primarily held as collateral to secure large commercial and municipal deposits. The total balance held in these securities is adjusted as individual securities mature to reflect fluctuations in the balances of the deposits they are securing.

Stock in the Federal Home Loan Bank of Des Moines increased $754,000 to $11.6 million at March 31, 2009 from $10.9 million at September 30, 2008. The Bank is generally required to hold stock equal to 5% of its total FHLB borrowings. However, effective in December 2008, the FHLB informed its member banks that it was temporarily suspending redemptions of its stock when members reduced their outstanding borrowings.

Deferred tax assets decreased $2.0 million to $6.0 million at March 31, 2009 from $8.1 million at September 30, 2008 primarily as the result of the utilization of capital loss carryovers generated by losses on the sale of the Company's entire portfolio of Fannie Mae preferred stock during September 2008. At the time of sale, such losses were classified as capital losses for Federal income tax purposes and, accordingly, could only be deducted on the Company's income tax return to the extent they could be used to offset capital gains. On October 3, 2008, the Emergency Economic Stabilization Act of 2008 was enacted, which provided ordinary loss treatment on such sales. However, under Statement of Accounting Standards No. 109, Accounting for Income Taxes, these losses were treated as capital losses for financial accounting purposes at September 30, 2008, but were recognized as ordinary losses during the quarter ended December 31, 2008.

Prepaid expenses, accounts receivable and other assets increased $1.7 million to $9.6 million at March 31, 2009 from $7.9 million at September 30, 2008. The increase was primarily the result of an increase in the fair value of an interest-rate swap agreement with a notional value of $14 million, which also increased ***other liabilities*** by a like amount. See *Quantitative and Qualitative Disclosures about Market Risk.*

Advances from the Federal Home Loan Bank of Des Moines decreased $124.5 million to $86.1 million at March 31, 2009 from $210.6 million at September 30, 2008 while ***borrowings from the Federal Reserve Bank*** increased $90.0 million to $130.0 million at March 31, 2009 from $40.0 million at September 30, 2008. The Company supplements its primary funding source, retail deposits, with wholesale funding sources consisting of borrowings from the FHLB, short-term borrowings from the Federal Reserve Bank of St. Louis and brokered certificates of deposit acquired on a national level. Management actively chooses between these wholesale funding sources depending on their relative costs. Funds received from retail deposit growth during the six months ended March 31, 2009 were used to reduce the net outstanding balance of these borrowings by $34.5 million.

Note payable decreased from $7.6 million at September 30, 2008 to $0 at March 31, 2009 as the Company repaid these borrowings from a correspondent bank using a portion of the proceeds from the sale of preferred stock to the U.S. Department of Treasury. See *Note 2 of Notes to Unaudited Consolidated Financial Statements.*

Due to other banks decreased from $14.4 million at September 30, 2008 to $0 at March 31, 2009. The balance at September 30, 2008 represented the Bank's outstanding official checks that were cleared through a correspondent bank's checking account. Subsequent to September 30, 2008, the Company began to perform this clearing process internally, resulting in the decrease in the liability.

Total stockholders' equity increased $33.7 million to $116.1 million at March 31, 2009 from $82.4 million at September 30, 2008. On January 16, 2009, as part of the U.S. Department of Treasury's Capital Purchase Program, the Company issued 32,538 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, $1,000 per share liquidation preference, and a warrant to purchase up to 778,421 shares of the Company's common stock at an exercise price of $6.27 per share in exchange for $32.5 million in cash from the U.S. Department of Treasury. See *Note 2 of Notes to Unaudited Consolidated Financial Statements.* Also increasing stockholders' equity were net income totaling $2.3 million, common stock issued under the Company's dividend reinvestment plan totaling $341,000, the amortization of equity trust expense of $297,000 and an increase in accumulated other comprehensive income of $171,000, partially offset by dividend payments of $2.0 million.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2009, the Bank had outstanding commitments to originate loans totaling $192.0 million and commitments to sell loans totaling $245.8 million. Certificates of deposit totaling $468.8 million at March 31, 2009 were scheduled to mature in one year or less. Based on past experience, management believes the majority of certificates of deposit maturing in one year or less will remain with the Bank.

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If the Bank or the Company require funds beyond their ability to generate them internally, the Bank has the ability to borrow funds from the FHLB and the Federal Reserve Bank and to raise certificates of deposit on a national level through broker relationships. The borrowings from the FHLB are obtained under a blanket agreement, which assigns all investments in FHLB stock, qualifying first residential mortgage loans, residential loans held for sale and home equity loans with a 90% or less loan-to-value ratio as collateral to secure the amounts borrowed. Total borrowings from the FHLB are subject to limitations based upon a risk assessment of the Bank. At March 31, 2009, the Bank had approximately $229.8 million in additional borrowing authority under the arrangement with the FHLB in addition to the $86.1 million in advances outstanding at that date.

The borrowings from the Federal Reserve Bank consist of short-term borrowings (generally maturing overnight or within 28 days) borrowed under the Bank's primary credit line at the Federal Reserve's Discount Window and its Term Auction Facility. The Bank had approximately $42.4 million in additional borrowing authority at March 31, 2009 under this arrangement in addition to the $130.0 million in borrowings outstanding at that date and had approximately $230.0 million of commercial loans pledged as collateral under this agreement.

SOURCES AND USES OF CASH

The Company is a large originator of residential mortgage loans with substantially all of such loans sold in the secondary residential mortgage market. Consequently, the ***primary source and use of cash in operations*** is the origination and subsequent sale of loans held for sale. During the six months ended March 31, 2009, the origination of loans held for sale used $914.1 million of cash and the sales of such loans provided cash totaling $881.3 million compared with originations and sales totaling $708.1 million and $689.2 million, respectively, during the six months ended March 31, 2008.

The primary use of cash from ***investing activities*** is the origination of loans receivable which are held in portfolio. During the six months ended March 31, 2009, the Company had a net increase in loans receivable of $100.0 million compared with an increase of $95.3 million for the six months ended March 31, 2008. In addition, the Company purchased $56.7 million in debt securities and $7.0 million in mortgage-backed securities during the six months ended March 31, 2009 compared with purchases of $63.3 million in debt securities and $9.2 million in equity securities during the six months ended March 31, 2008. Sources of cash from investing activities also included sales and maturities of debt securities totaling $51.1 million and $1.0 million, during the six months ended March 31, 2009 compared with sales and maturities of debt securities totaling $24.8 million and $36.0 million, respectively, during the six months ended March 31, 2008.

The Company's primary sources and uses of funds from ***financing activities*** during the six months ended March 31, 2009 included a $179.6 million increase in deposits compared with a $19.8 million increase for the six months ended March 31, 2008, a $90.0 million increase in borrowings from the Federal Reserve Bank for the six months ended March 31, 2009 compared with no increase during the same period last year, a $124.5 million decrease in advances from the Federal Home Loan Bank compared with a $106.6 million increase during the same period last year, and proceeds from the issuance of preferred stock totaling $32.5 million during January 2009.

The following table presents the maturity structure of time deposits and other maturing liabilities at March 31, 2009:

	March 31, 2009			
	Certificates of Deposit	FHLB Borrowings	Federal Reserve Borrowings	Subordinated Debentures
	(In thousands)			
Maturing in:				
Three months or less	$ 254,994	$ 20,000	$ 130,000	$ —
Over three months through six months	115,994	5,100	—	—
Over six months through twelve months	97,834	1,500	—	—
Over twelve months	117,347	59,500	—	19,589
Total	$ 586,169	$ 86,100	$ 130,000	$ 19,589

CONTRACTUAL OBLIGATIONS

In addition to its owned banking facilities, the Company has entered into long-term operating leases to support ongoing activities. The required payments under such commitments at March 31, 2009 are as follows:

Less than one year	$ 623,676
Over 1 year through 3 years	1,133,572
Over 3 years through 5 years	1,000,930
Over 5 years	1,275,545
Total	$4,033,723

REGULATORY CAPITAL

The Bank is required to maintain specific amounts of capital pursuant to Office of Thrift Supervision ("OTS") regulations on minimum capital standards. The OTS's minimum capital standards generally require the maintenance of regulatory capital sufficient to meet each of three tests, hereinafter described as the tangible capital requirement, the Tier I (core) capital requirement and the risk-based capital requirement. The tangible capital requirement provides for minimum tangible capital (defined as stockholders' equity less all intangible assets) equal to 1.5% of adjusted total assets. The Tier I capital requirement provides for minimum core capital (tangible capital plus certain forms of supervisory goodwill and other qualifying intangible assets) equal to 4.0% of adjusted total assets. The risk-based capital requirement provides for the maintenance of core capital plus a portion of unallocated loss allowances equal to 8.0% of risk-weighted assets. In computing risk-weighted assets, the Bank multiplies the value of each asset on its balance sheet by a defined risk-weighting factor (e.g., one-to four-family conventional residential loans carry a risk-weighting factor of 50%).

The following table illustrates the Bank's actual regulatory capital levels compared with its regulatory capital requirements at March 31, 2009 and September 30, 2008.

	Actual		Regulatory Capital Requirements			
			For Capital Adequacy Purposes		To be Categorized as "Well Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
As of March 31, 2009:						
Tangible capital (to total assets)	$126,015	8.66%	$ 21,828	1.50%	N/A	N/A
Total risk-based capital (to risk-weighted assets)	140,545	11.76	95,590	8.00	$ 119,487	10.00%
Tier I risk-based capital (to risk-weighted assets)	126,015	10.55	N/A	N/A	71,692	6.00
Tier I leverage capital (to average assets)	126,015	8.66	58,209	4.00	72,761	5.00
As of September 30, 2008:						
Tangible capital (to total assets)	$102,884	7.93%	$ 19,471	1.50%	N/A	N/A
Total risk-based capital (to risk-weighted assets)	114,838	10.59	86,769	8.00	$ 108,462	10.00%
Tier I risk-based capital (to risk-weighted assets)	102,884	9.49	N/A	N/A	65,077	6.00
Tier I leverage capital (to average assets)	102,884	7.93	51,923	4.00	64,904	5.00

EFFECTS OF INFLATION

Changes in interest rates may have a significant impact on a bank's performance because virtually all assets and liabilities of banks are monetary in nature. Interest rates do not necessarily move in the same direction or in the same magnitude as the

prices of goods and services. Inflation does have an impact on the growth of total assets in the banking industry, often resulting in a need to increase equity capital at higher than normal rates to maintain an appropriate equity to asset ratio. The Company's operations are not currently impacted by inflation.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK AND OFF-BALANCE SHEET ARRANGEMENTS

There have been no material changes in the Company's quantitative or qualitative aspects of market risk during the quarter ended March 31, 2009 from those disclosed in the Company's Annual Report on Form 10-K for the year ended September 30, 2008.

In the normal course of operations, the Company engages in a variety of financial transactions that, in accordance with generally accepted accounting principles, are not recorded in its financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are used primarily to manage customers' requests for funding and take the form of loan commitments and lines of credit. Additionally, the Company engages in certain hedging activities, which are described in greater detail below.

For the three and six months ended March 31, 2009, the Company did not engage in any off-balance-sheet transactions reasonably likely to have a material effect on its financial condition, results of operations or cash flows.

The Company originates and purchases derivative financial instruments, including interest rate lock commitments, forward contracts to sell mortgage-backed securities and interest rate swaps. Derivative financial instruments originated by the Company consist of interest rate lock commitments to originate residential real estate loans. At March 31, 2009, the Company had issued $192.1 million of unexpired interest rate lock commitments to loan customers compared with $137.4 million of unexpired commitments at September 30, 2008.

The Company entered into two $14 million notional value interest-rate swap contracts during 2008. These contracts supported a $14 million, variable-rate, commercial loan relationship and were used to allow the commercial loan customer to pay a fixed interest rate to the Bank, while the Bank, in turn, charged the customer a floating interest rate on the loan. Under the terms of the swap contract between the Bank and the loan customer, the customer pays the Bank a fixed interest rate of 6.58%, while the Bank pays the customer a variable interest rate of one-month LIBOR plus 2.30%. Under the terms of a similar but separate swap contract between the Bank and a major securities broker, the Bank pays the broker a fixed interest rate of 6.58%, while the broker pays the Bank a variable interest rate of one-month LIBOR plus 2.30%. The two contracts have identical terms except for the interest rates and interest does not begin to accrue until May 2009. The contracts are scheduled to mature on May 15, 2015. While these two swap derivatives generally work together as an interest-rate hedge, the Company has not designated them for hedge treatment under SFAS No. 133. Consequently, both derivatives are marked to fair value through either a charge or credit to current earnings, the net effect of which offset one another during the six months ended March 31, 2009. The fair values of these derivative instruments recorded in other assets and other liabilities in the Company's financial statements at March 31, 2009 and September 30, 2008 were $1.6 million and $70,000, respectively.

CONTROLS AND PROCEDURES

The Company maintains "disclosure controls and procedures" as such term is defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission (the "SEC") (1) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) is accumulated and communicated to the Company's management including its principal executive and principal financial officers as appropriate to allow timely decisions regarding required disclosure.

During the quarter ended March 31, 2009, the Company's management, including its principal executive officer and principal financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2009, and concluded that the Company's disclosure controls and procedures were effective as of such date.

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

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IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board issued Statement No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting standards, and expands disclosures about fair value measurements. SFAS No. 157 was effective for the Company beginning October 1, 2008. In March 2008, the FASB issued Staff Position No. FAS 157-2 ("FSP No. 157-2"), which delays the effective date of SFAS No. 157 for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to the Company's fiscal year beginning October 1, 2009. The adoption of SFAS No. 157 did not have a material effect on the Company's financial condition or results of operations.

In April 2009, the FASB issued Staff Position ("FSP") No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"). SFAS No. 157 defines fair value as the price that would be received to sell the asset or transfer the liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. FSP FAS 157-4 provides additional guidance on determining when the volume and level of activity for the asset or liability has significantly decreased. The FSP also includes guidance on identifying circumstances when a transaction may not be considered orderly and provides that a transaction price not associated with an orderly transaction is given little, if any, weight when estimating fair value. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity early adopting FSP FAS 157-4 must also early adopt FSP FAS 115-2 and FAS 124-2 (as defined below). The Company will adopt FSP FAS 157-4 during the quarter ended June 30, 2009. Management has evaluated the requirements of this FSP and believes it will not have a material effect on the Company's financial condition or results of operations.

In April 2009, the FASB issued Staff Position No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2 and FAS 124-2"). FSP FAS 115-2 and FAS 124-2 clarifies the interaction of the factors that should be considered when determining whether a debt security is other-than-temporarily impaired. For debt securities, management must assess whether (a) it has the intent to sell the security and (b) it is more likely than not that it will be required to sell the security prior to its anticipated recovery. These steps are performed before assessing whether the entity will recover the cost basis of the investment. Previously, this assessment required management to assert it has both the intent and the ability to hold a security for a period of time sufficient to allow for an anticipated recovery in fair value to avoid recognizing an other-than-temporary impairment. This change does not affect the need to forecast recovery of the value of the security through either cash flows or market price. In instances when a determination is made that an other-then-temporary impairment exists but the investor does not intend to sell the debt security and it is not more likely than not that it will be required to sell the debt security prior to its anticipated recovery, FSP FAS 115-2 and FAS 124-2 changes the presentation and amount of the other-than-temporary impairment recognized in the income statement. The other-than-temporary impairment is separated into (a) the amount of the total other-than-temporary impairment related to a decrease in cash flows expected to be collected from the debt security (the credit loss) and (b) the amount of the total other-than-temporary impairment related to all other factors. The amount of the total other-than-temporary impairment related to the credit loss is recognized in earnings. The amount of the total other-than-temporary impairment related to all other factors is recognized in other comprehensive income. This FSP is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. An entity early adopting FSP FAS 115-2 and FAS 124-2 must also early adopt FSP FAS 157-4. The Company will adopt FSP FAS 115-2 and FAS 124-2 during the quarter ended June 30, 2009. Management has evaluated the requirements of this FSP and believes it will not have a material effect on the Company's financial condition or results of operations.

In April 2009, the FASB issued Staff Position No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 amends SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, "Interim Financial Reporting", to require those disclosures in summarized financial information at interim reporting periods. Management has evaluated the requirements of FSP FAS 107-1 and APB 28-1 and believes it will not have a material effect on the Company's financial condition or results of operations.

In September 2006, the FASB issued Statement No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans" ("SFAS No. 158"), which requires balance sheet recognition of the funded status of pension and other postretirement benefits with the offset to accumulated other comprehensive income. Employers will recognize actuarial gains and losses, prior service cost, and any remaining transition amounts when recognizing a plan's funded status. SFAS No. 158 was effective for the Company beginning October 1, 2007. The adoption of SFAS No. 158 did not have a material effect on the Company's financial condition or results of operations.

In February 2007, the FASB issued Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS No. 159 provides companies with an option to report selected financial assets and liabilities at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and (c) must be applied to the entire instrument and not to only a portion of the instrument. SFAS No. 159 was effective for the Company beginning October 1, 2008. The adoption of SFAS No. 159 did not have a material effect on the Company's financial condition or results of operations.

In December 2007, the FASB issued Statement No. 141 (revised 2007), "Business Combinations—A Replacement of FASB Statement No. 141" ("SFAS 141(R)") and Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51" ("SFAS 160"). SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures certain items in a business combination, as well as disclosures about the nature and financial effects of a business combination. SFAS 160 establishes accounting and reporting standards surrounding noncontrolling interests, or minority interests, which are the portions of equity in a subsidiary not attributable, directly or indirectly, to a parent. The pronouncements are effective for fiscal years beginning on or after December 15, 2008 and apply prospectively to business combinations. Presentation and disclosure requirements related to noncontrolling interests must be retrospectively applied. Management is currently evaluating the impact of SFAS 141(R) on its accounting for future acquisitions and the impact of SFAS 160 on the Company's consolidated financial statements.

In March 2008, the FASB issued Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities—An Amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires enhanced qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Management has evaluated the requirements of SFAS 161 and believes it will not have a material effect on the Company's financial condition or results of operations.

In September 2006, the Emerging Issues Task Force Issue 06-4, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements," was ratified. This EITF Issue addresses accounting for separate agreements that split life insurance policy benefits between an employer and employee. The Issue requires the employer to recognize a liability for future benefits payable to the employee under these agreements. The effects of applying this Issue must be recognized through either a change in accounting principle through an adjustment to equity or through the retrospective application to all prior periods. The consensus in this Issue is effective for fiscal years beginning after December 15, 2007, with earlier application permitted. Management has evaluated the requirements of the Issue and believes it will not have a material effect on the Company's financial condition or results of operations.

In November 2007, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 109, "Written Loan Commitments Recorded at Fair Value through Earnings" ("SAB No. 109"). SAB No. 109 provides revised guidance on the valuation of written loan commitments accounted for at fair value through earnings. Former guidance under SAB No. 105, "Application of Accounting Principles to Loan Commitments," indicated that the expected net future cash flows related to the associated servicing of the loan should not be incorporated into the measurement of the fair value of a derivative loan commitment. The new guidance under SAB No. 109 requires these cash flows to be included in the fair value measurement. The SAB requires this view to be applied on a prospective basis to derivative loan commitments issued or modified in the first quarter of 2008. The Company's application of SAB No. 109 in 2008 did not have a material effect on its consolidated financial statements.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings:

Periodically, there have been various claims and lawsuits involving the Bank, such as claims to enforce liens, condemnation proceedings on properties in which the Bank holds security interests, claims involving the making and servicing of real property loans and other issues incident to the Bank's business. Neither the Bank nor the Company is a party to any pending legal proceedings that it believes would have a material adverse effect on the financial condition or operations of the Company.

Item 1A. Risk Factors:

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2008, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:

The following table provides information regarding the Company's purchases of its equity securities during the three months ended March 31, 2009.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (1)
January 1, 2009 through January 31, 2009	—	—	—	380,619
February 1, 2009 through February 28, 2009	—	—	—	380,619
March 1, 2009 through March 31, 2009	—	—	—	380,619
Total	—	—	—	

(1) In February 2007, the Company announced a repurchase program under which it would repurchase up to 497,000 shares of the Company's common stock. The repurchase program will continue until it is completed or terminated by the Board of Directors. However, as part of the Company's participation in the Capital Repurchase Program of the U.S. Department of Treasury's Troubled Asset Repurchase Program, prior to the earlier of January 16, 2012 or the date on which the preferred stock issued in that transaction has been redeemed in full or the Treasury has transferred its shares to non-affiliates, the Company cannot increase its

quarterly cash dividend above $0.095 per share or repurchase any shares of its common stock, without the prior approval of the Treasury.

Item 3. Defaults Upon Senior Securities: Not applicable

Item 4. Submission of Matters to a Vote of Security Holders: None

Item 5. Other Information: Not applicable

Item 6. Exhibits:

3.1	Articles of Incorporation of Pulaski Financial Corp. [(1)]
3.2	Certificate of Amendment to Articles of Incorporation of Pulaski Financial Corp. [(2)]
3.3	Certificate of Designations establishing Fixed Rate Cumulative Perpetual Preferred Stock, Series A, of Pulaski Financial Corp. [(3)]
3.4	Bylaws of Pulaski Financial Corp. [(4)]
4.1	Form of Certificate for Common Stock [(5)]
4.2	Form of stock certificate for Fixed Rate Cumulative Perpetual Preferred Stock, Series A [(3)]
4.3	Warrant to Purchase 778,421 Shares of Common Stock of Pulaski Financial Corp. [(3)]
10.1	Pulaski Financial Corp. Stock-Based Deferred Compensation Plan, as amended and restated
10.2	Pulaski Financial Corp. Cash-Based Deferred Compensation Plan, as amended and restated
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer

(1) Incorporated by reference into this document from the Exhibits to the 2003 proxy statement as filed with the Securities and Exchange Commission on December 27, 2002.

(2) Incorporated by reference into this document from the Form 10-Q, as filed with the Securities and Exchange Commission on February 17, 2004.

(3) Incorporated herein by reference into this document from the Form 8-K, as filed with the Securities and Exchange Commission on January 16, 2009.

(4) Incorporated herein by reference from the Form 8-K, as filed with the Securities and Exchange Commission on December 21, 2007.

(5) Incorporated by reference from the Form S-1 (Registration No. 333-56465), as amended, as filed with the Securities and Exchange Commission on June 9, 1998.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PULASKI FINANCIAL CORP.

Date: May 8, 2009

/s/Gary W. Douglass
Gary W. Douglass
President and Chief Executive Officer

Date: May 8, 2009

/s/Paul J. Milano
Paul J. Milano
Chief Financial Officer

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Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

Pulaski Financial Corp.
Stock-Based Deferred Compensation Plan, as amended and restated

Article 1
Effective Date and Purpose

1.1 Effective Date. The Pulaski Financial Corp. (the "Company") Stock-Based Deferred Compensation Plan (the "Plan") originally effective as of October 1, 2005, is hereby amended and restated in its entirety as of December 17, 2008 to conform with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

1.2 Purpose. The Plan is a deferred compensation plan, the primary purpose of which is to provide key employees of Pulaski Bank (the "Bank") and its affiliated companies with the opportunity to voluntarily defer a portion of their compensation, subject to the terms of the Plan. The Plan enhances the Company's and the Bank's ability to attract and retain employees of outstanding competence by providing such individuals with an opportunity to increase their equity interest in the Company by investing deferrals in shares of Company common stock ("Common Stock").

Article 2
Administration

2.1 The Committee. The Plan shall be administered by the Compensation Committee of the Board or any other successor committee appointed by the Board (the "Committee").

2.2 Authority of the Committee. The Committee shall have authority to select eligible employees of the Bank for participation in the Plan; determine the terms and conditions of each employee's participation in the Plan; interpret the Plan; establish, amend, or waive rules and regulations for the Plan's administration; and, subject to Article 8 herein, amend the terms and conditions of the Plan and any agreement entered into under the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate any of its authority granted under the Plan to such other person or entity it deems appropriate, including but not limited to, senior management of the Bank.

2.3 Guidelines. Subject to the provisions herein, the Committee may adopt written guidelines for the implementation and administration of the Plan.

2.4 Decisions Binding. All determinations and decisions of the Committee arising under the Plan shall be final binding, and conclusive upon all parties.

Article 3
Eligibility and Participation

3.1 Eligibility. Subject to Sections 3.2 and 3.3, persons eligible to be selected to participate in the Plan in any fiscal year (a "Year") shall include full-time, salaried or commission-based employees of the Bank, its subsidiaries, and affiliates who are key employees, as determined by the Committee in its sole discretion.

3.2 Limitation on Eligibility. It is the intent of the Company that the Plan qualify for treatment as a "top hat" plan under the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor Act thereto ("ERISA"). Accordingly, to the extent required by ERISA to obtain such "top hat" treatment, eligibility shall be extended only to those executives who comprise a select group of management or highly compensated employees. Further, the Committee may place such additional limitations on eligibility as it deems necessary and appropriate under the circumstances.

3.3 Participation. Participation in the Plan and the extent of such participation shall be determined by the Committee based upon the criteria set forth in Sections 3.1 and 3.2 herein. An employee who is chosen to participate in the Plan in any Year (a "Participant") shall be so notified in writing. In the event a Participant selected to participate in the Plan no longer meets the criteria for participation, such Participant shall become an inactive Participant, retaining all the rights described under the Plan, except the right to make any further deferrals, until such time that the Participant again becomes an active Participant.

3.4 Partial Year Eligibility. In the event that an individual first becomes eligible to participate in the Plan during a Year, such individual shall, within thirty (30) calendar days of becoming eligible, be notified by the Bank of his or her eligibility to participate, and the Bank shall provide each such individual with an Election Form, which must be completed by the individual as provided in Section 4.2 herein.

3.5 No Right to Participate. Except as otherwise set forth in a Participant's Deferred Compensation Agreement, no employee shall have the right to be selected as a Participant, or having been so selected for any given Year, to be selected again as a Participant for any other Year.

Article 4
Deferral Opportunity

4.1 Deferrals

(a) *Amount Which May Be Deferred by a Participant*. A Participant may elect to defer, in any Year, the eligible components of Compensation (as described below); provided, however, that the Committee shall have sole discretion to designate which components of Compensation are eligible for deferral elections under the Plan in any given Year. In addition, the Committee may, in its sole discretion, designate the maximum or minimum amount or increments of any single eligible component of Compensation which may be deferred in any Year or establish any other limitations as it deems appropriate in any Year.

The components of "Compensation" shall include (i) "Salary" defined as all regular, basic wages, before reduction for amounts deferred pursuant to the Plan or any other plan of the Bank or the Company, payable in cash to a Participant for services to be rendered, exclusive of any Bonus, other special fees, awards, or incentive compensation, allowances, or amounts designated by the Bank as payment toward or reimbursement of expenses, (ii) "Bonus" defined as any incentive award based on an assessment of performance, payable by the Bank to a Participant with respect to the Participant's services during a Year, including, but not limited to, divisional profitability bonuses and cross-sale incentives and (iii) "Commissions" defined as fees earned in connection with loan originations and other transactions with the Bank or its affiliates.

(b) *Non-Elective Deferrals*. In addition to any elective deferral contributions made by a Participant under subsection (a) hereof, the Bank, in it sole discretion, may, but shall not be required to, credit to a Participant's Account as a nonelective deferral contribution (a "Bank Contribution") any amount it determines appropriate. The amount so credited, if any, may vary from Participant to Participant and may be zero even if a contribution is made on behalf of another Participant. The Bank may also express a Bank Contribution as a matching contribution equal to a percentage of the Participant's annual elective deferral contributions, if any. Subject to a written agreement between the Company, the Bank and the Participant, the Bank may require deferral of a portion of the Participant's Compensation on a non-elective basis and such deferral shall be treated as a Bank Contribution.

4.2 Time of Deferral Election. An election to defer a component of Compensation permitted by the Committee to be deferred by a Participant under the Plan shall be given effect in accordance with the following timing rules:

(a) An election to defer Salary or Commissions shall apply only to Salary or Commissions earned for payroll periods beginning after a properly executed Election Form has been filed with the Committee.

(b) An election to defer a Bonus for any Year shall apply only if a properly executed Election Form has been filed with the Committee before the beginning of the Year to which the Bonus relates.

4.3 Content of Deferral Election. All deferral elections shall be irrevocable, and shall be made on a form or forms prescribed by the Committee (an "Election Form"), as described herein. Participants shall make the following irrevocable elections on each Election Form:

(a) The amount to be deferred with respect to each eligible component of Compensation for the Years;

(b) The length of the deferral period with respect to each eligible component of Compensation, subject to the terms of Section 4.4 herein; and

(c) The method of distribution (i.e., lump sum or installments) to be made to the Participant at the end of the deferral period(s), subject to the terms of Section 4.5 herein.

Notwithstanding the amounts requested to be deferred pursuant to subparagraph (a) above, the limits on deferrals set forth in Section 4.1 herein shall apply to the requested deferrals each Year. A Participant may not change his or her deferral election that is in effect for a Year, unless permitted by the Company in compliance with Section 409A of the Code. If permitted by the Company, a Participant may elect to change the time or form of payment to him or her, by submitting a new Election Form to the Company, provided the following conditions are met: (i) such change will not take effect until at least twelve (12) months after the date on which the new election is made and approved by Bank; (ii) if the original election is pursuant to a specified time or fixed schedule, the change cannot be made less than twelve (12) months before the date of the first scheduled original payment; and (iii) in the case of an election related to a payment other than a payment on account of death, disability, or unforeseeable emergency, the first payment with respect to which the change is made must be deferred for a period of not less than five (5) years from the date such payment would otherwise have been made.

4.4 Length of Deferral. The deferral periods elected by each Participant with respect to deferrals of Compensation for any Year shall be at least equal to one (1) year following the end of the Year to which the deferral relates, unless such deferral is a Bank Contribution subject to a vesting schedule. Participants may also elect to receive a distribution of their deferred amounts upon a Separation from Service. For purposes of this Plan, "Separation from Service" means in the case of an officer, the officer's death or the effective date of the Participant's "Separation from Service" within the meaning of Section 409A of the Code, or, in the case of a Participant who is a director, the date when the Participant ceases to be a member of the Company's Board of Directors for any reason whatsoever other than by reason of a leave of absence, which is approved by the Bank.

4.5 Distribution of Deferred Amounts. Participants shall be entitled to elect to receive distribution of deferred amounts, at the end of the deferral period in a single lump sum distribution or by means of installments.

(a) *Lump Sum Distribution*. Such distribution shall be made in the form of whole shares of Common Stock within two (2) and one-half (1/2) months of the date specified by the Participant as the date for distribution of deferred amounts as described in Sections 4.3 and 4.4 hereof, or as soon thereafter as practicable.

(b) *Installment Distribution*. Participants may elect distribution in annual installments, with a minimum number of installments of two (2) and a maximum of ten (10). The initial distribution shall be made in the form of shares of Common Stock as soon as possible after the commencement date selected by the Participant pursuant to Sections 4.3 and 4.4 hereof. The remaining distributions shall be made in shares of Common Stock each year thereafter, until the Participant's entire deferred compensation account has been distributed. The number of shares distributable with respect to each installment shall be equal to the balance of the number of Common Stock Units remaining in the Participant's deferred compensation account immediately prior to each such distribution, multiplied by a fraction, the numerator of which is one (1), and the denominator of which is the number of installments remaining. If a Participant elects to receive his or her distribution in installments, then he or she may not later elect to accelerate the payment of any installment thereunder.

(c) *Limitation on Form of Distribution*. Distributions under this Plan shall be made solely in the form of whole shares of Common Stock and the Company shall be under no obligation to distribute any amount in cash.

(d) *Death Benefits; Beneficiary Designation*. If a Participant dies before the end of a deferral period or prior to termination of employment, or after distribution of the Participant's account has commenced but prior to the distribution of all amounts to which the Participant is entitled under the Plan, the Participant's account shall be distributable or shall continue to be distributed in accordance with the Participant's election under this Section 4.5 to the person or persons designated pursuant to this subsection (d). A Participant may from time to time designate in writing on a form prescribed by the Committee for such purpose a person or persons (named contingently or successively) to receive benefits distributable under this Plan upon or after the Participant's death. Such designation may be changed from time to time by the Participant by filing a new designation. Each designation shall revoke all prior designations by the Participant. In the absence of a valid beneficiary designation, the Participant's benefits shall be distributable to his or her surviving spouse, or, if the Participant is not survived by a spouse, to his or her estate.

4.6 Unforeseeable Emergency Distribution. Upon the Company's determination (following petition by the Participant) that the Participant has suffered an unforeseeable emergency as described below, the Company shall (i) terminate the then effective deferral

election of the Participant to the extent permitted under Section 409A of the Code, and (ii) distribute to the Participant all or a portion of the Deferral Account balance as determined by the Company, but in no event shall the distribution be greater than the amount determined by the Company that is necessary to satisfy the unforeseeable emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which the unforeseeable emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of assets would not itself cause severe financial hardship); provided, however, that such distribution shall be permitted solely to the extent permitted under Section 409A of the Code. For purposes of this Section, "unforeseeable emergency" means a severe financial hardship to the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse or a dependent (as defined in Section 152(a) of the Code) of the Participant, (b) a loss of the Participant's property due to casualty, or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, each as determined to exist by the Company.

4.7. Special Change in Control Election. In addition to the elections described in Section 4.3 of this Plan, each Participant may make an election applicable solely in the event of a Change in Control of the Bank or the Company with respect to the length of the deferral period for all deferrals under the Plan and the form of distribution of such deferrals. Such election must be made in writing at the time all other Plan elections are made. In the event a Participant does not make a Change in Control election the Participant will receive his or her Plan distribution in a lump sum upon Separation from Service.

For purposes of this Plan, a "Change in Control" shall mean a change in control as defined in Internal Revenue Section 409A of the Code and rules, regulations, and guidance of general application thereunder issued by the Department of the Treasury, including:

(a) *Change in ownership.* A change in ownership of the Company, a corporation of which Pulaski Bank is a wholly owned subsidiary, occurs on the date any one person or group accumulates ownership of the Company stock constituting more than 50% of the total fair market value or total voting power of the Company stock;

(b) *Change in effective control.* (i) any one person or more than one person acting as a group acquires within a 12-month period ownership of the Company stock possessing 30% or more of the total voting power of the Company stock, or (ii) a majority of the Company's Board of Directors is replaced during any 12-month period by Participants whose appointment or election is not endorsed in advance by a majority of the Company's board of directors; or

(c) *Change in ownership of a substantial portion of assets.* A change in ownership of a substantial portion of the Company's assets occurs if in a 12-month period any one person or more than one person acting as a group acquires from the Company assets having a total gross fair market value equal to or exceeding 40% of the total gross fair market value of all of the

Company's assets immediately before the acquisition or acquisitions. For this purpose, gross fair market value means the value of the Company's assets, or the value of the assets being disposed of, determined without regard to any liabilities associated with the assets.

Article 5
Deferred Compensation Accounts

5.1 Participant Accounts. The Company shall establish and maintain an individual bookkeeping account for deferrals made by each Participant under Article 4 herein. Each account shall be credited as of the date the amount deferred otherwise would have become due and payable to the Participant, or as otherwise determined in the Participant's Deferred Compensation Agreement.

5.2 Valuation of Deferred Amounts.

(a) The number of Common Stock Units to be credited to a Participant's deferred compensation account shall be determined by reference to the total number of shares of Company Common Stock acquired by the Plan Trust with the deferred funds and the proportion that each Participant's share of the deferred funds bears to the total amount of deferred funds. Amounts credited to a Participant's deferred compensation account shall be credited solely in the form of "Common Stock Units" with each unit equivalent to one (1) share of Common Stock.

(b) The Participant's Account shall also be credited with additional Common Stock Units equal to the dollar amount of dividends or other distributions paid from time to time during the deferral period on a number of shares of Common Stock equal to the number of Common Stock Units then credited to the Participant's Account divided by the average of the high and low trading prices of the Common Stock on the payment date.

(c) In the event of any change in the outstanding shares of the Common Stock by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, reorganization, combination or exchange of shares, Change in Control or other similar corporate change, then an equitable equivalent adjustment shall be made in the Common Stock Units credited to Accounts under the Plan.

(d) When distribution of a Participant's Account occurs, such distribution shall be made solely by transferring to the Participant or beneficiary a number of shares of the Common Stock equal to the number of whole units then distributable from the Participant's Account. On any distribution date, fractional Common Stock Units shall be rounded up to the nearest whole unit.

5.3 Charges Against Accounts. There shall be charged against each Participant's deferred compensation account any distributions made to the Participant or to his or her

beneficiary. The Company may also charge a Participant's deferred compensation account for annual maintenance fees associated with the account.

Article 6
Rights of Participants

6.1 Contractual Obligation. The Plan shall create a contractual obligation on the part of the Company to make distributions from the Participant's accounts when due.

6.2 Unsecured Interest. No Participant or party claiming an interest in amounts deferred by a Participant shall have any interest whatsoever in any specific asset of the Company or the Bank. To the extent that any party acquires a right to receive distributions under the Plan, such right shall be equivalent to that of an unsecured general creditor of the Company or the Bank.

6.3 Authorization for Trust. The Company may, but shall not be required to, establish one or more trusts, with such trustee as the Committee may approve, for the purpose of providing for the distribution of deferred amounts. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the creditors of the Bank or Company. To the extent any amounts deferred under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such deferred amounts shall remain the obligation of, and shall be paid by, the Company or the Bank.

6.4 Employment. Nothing in the Plan shall interfere with nor limit, in any way, the right of the Bank or any affiliate of the Bank to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Bank or any affiliate of the Bank.

Article 7
Withholding of Taxes

The Company shall have the right to require Participants to remit to the Company an amount sufficient to satisfy any withholding tax requirements or to deduct from all distributions made pursuant to the Plan amounts sufficient to satisfy withholding tax requirements.

Article 8
Amendment and Termination

The Company hereby reserves the right to amend, modify, or terminate the Plan at any time by action of the Board, provided, however, that no such amendment or termination shall in any material manner adversely affect any Participant's rights to amounts previously deferred hereunder without the consent of the Participant.

Article 9
Claims Procedure

(a) Claim. A person who believes that he is being denied a benefit to which he is entitled under this Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Company, setting forth his claim. The request must be addressed to the Secretary of the Board at the Company's then principal place of business.

(b) Claim Decision. Upon receipt of a claim, the Committee shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Committee may, however, extend the reply period for an additional ninety (90) days for reasonable cause. If the claim is denied in whole or in part, the Committee shall adopt a written opinion, using language calculated to be understood by the Claimant, setting forth:

(i) The specific reason or reasons for such denial;

(ii) The specific reference to pertinent provisions of this Plan on which such denial is based;

(iii) A description of any additional material or information necessary for the Claimant to perfect his claim and an explanation why such material or such information is necessary;

(iv) Appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and

(v) The time limits for requesting a review of the decision and for review of the decision.

(c) Request for Review. With sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Board review the determination of the Committee. Such request must be addressed to the Secretary of the Board, at its then principal place of business. The Claimant or his duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Committee. If the Claimant does not request a review of the Committee's determination by the Board within such sixty (60) day period, he shall be barred and stopped from challenging the Committee's determination.

(d) Review of Decision. Within sixty (60) days after receipt of a request for review, the Board will review the Committee's determination. After considering all materials presented by the Claimant, the Board will provide the Claimant with a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision

and containing specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Secretary of the Board will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

Article 10
Miscellaneous

10.1 Notice. Except as otherwise provided herein, any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Secretary of the Company. Notice to the Secretary, if mailed, shall be addressed to the principal executive offices of the Company. Notice mailed to a Participant shall be at such address as is given in the records of the Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.2 Nontransferability. Participant's rights to deferred amounts credited hereunder the Plan may not be sold, transferred, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. In no event shall the Company make any distribution under the Plan to any assignee or creditor of a Participant.

10.3 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.4. Costs of the Plan. All costs of implementing and administering the Plan shall be borne by the Company or an affiliate of the Company, unless otherwise specified herein.

10.5 Status under ERISA. The Plan is intended to be an unfunded plan which is maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301, and 401 of ERISA, and to therefore be exempt from the provisions of Parts 2, 3, and 4 of Title 1 of ERISA.

10.6 Applicable Law. The Plan shall be governed by and construed in accordance with the laws of the State of Missouri.

10.7 Successors. All obligations of the Company or the Bank under the Plan shall be binding on any successor to the Bank or the Bank, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Bank or the Company.

10.8 Prohibited Acceleration/Distribution Timing. This Section shall take precedence over any other provision of the Plan to the contrary. No provision of this Plan shall be followed if following the provision would result in the acceleration of the time or schedule of any payment from the Plan (i) as would require income tax to a Participant prior to the date on which the amount is distributable to or on behalf of the Participant under The Plan or (ii) which would result in penalties to the Participant under Section 409A of the Code. In addition, if the timing of any distribution election would result in any tax or other penalty (other than ordinarily payable Federal, state or local income or payroll taxes), which tax or penalty can be avoided by payment of the distribution at a later time, then the distribution shall be made (or commence, as the case may be) on (or as soon as practicable after) the first date on which such distributions can be made (or commence) without such tax or penalty.

10.9 Aggregation of Employers. To the extent required under Section 409A of the Code, if the Company is a member of a controlled group of corporations or a group of trades or business under common control (as described in Section 414(b) or (c) of the Code), all members of the group shall be treated as a single employer for purposes of whether there has occurred a Separation from Service and for any other purposes under the Plan as Section 409A of the Code shall require.

10.10 Savings Clause Relating to Compliance with Section 409A of the Code. Despite any contrary provision of this Agreement, if, when a Participant's service terminates, the Participant is a "specified employee," as defined in Section 409A of the Code, and if any payments under this Plan will result in additional tax or interest to the Participant because of Section 409A of the Code, the Participant shall not be entitled to the such payments until the earliest of (i) the date that is at least six months after termination of the Participant's employment for reasons other than the Participant's death, (ii) the date of the Participant's death, or (iii) any earlier date that does not result in additional tax or interest to the Participant under Section 409A of the Code. If any provision of this Agreement would subject the Participant to additional tax or interest under Section 409A of the Code, the Company shall reform the provision. However, the Company shall maintain to the maximum extent practicable the original intent of the applicable provision without subjecting the Participant to additional tax or interest.

10.11 Transition Relief. On or before December 31, 2008, if a Participant wishes to change his or her election as to the form or timing of a distribution under this Plan, the Participant may do so by completing a Transition Relief Election Form, provided that any such election (i) must be made prior to the Participant's Separation from Service, (ii) shall not take effect before the date that is 12 months after the date the election is made, (iii) cannot apply to amounts that would otherwise be payable in 2008 and may not cause an amount to be paid in 2008 that would otherwise be paid in a later year.

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Section 3: EX-10.2 (EXHIBIT 10.2)

Exhibit 10.2

Pulaski Financial Corp.
Cash-Based Deferred Compensation Plan, as amended and restated

Article 1
Effective Date and Purpose

1.1 Effective Date. The Pulaski Financial Corp. Cash-Based Deferred Compensation Plan (the "Plan") originally effective as of October 1, 2005, is hereby amended and restated in its entirety as of December 17, 2008 to conform with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

1.2 Purpose. The Plan is a deferred compensation plan, the primary purpose of which is to provide key employees of Pulaski Bank (the "Bank") and its affiliated companies with the opportunity to voluntarily defer a portion of their compensation, subject to the terms of the Plan. The Plan enhances the Bank's and the Company's ability to attract and retain employees of outstanding competence by providing such individuals with an opportunity to accumulate additional sources of post-employment income on a tax-advantaged basis.

Article 2
Administration

2.1 The Committee. The Plan shall be administered by the Compensation Committee of the Board or any other successor committee appointed by the Board (the "Committee").

2.2 Authority of the Committee. The Committee shall have authority to select eligible employees of the Bank for participation in the Plan; determine the terms and conditions of each employee's participation in the Plan; interpret the Plan; establish, amend, or waive rules and regulations for the Plan's administration; and, subject to Article 8 herein, amend the terms and conditions of the Plan and any agreement entered into under the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan. As permitted by law, the Committee may delegate any of its authority granted under the Plan to such other person or entity it deems appropriate, including but not limited to, senior management of the Bank.

2.3 Guidelines. Subject to the provisions herein, the Committee may adopt written guidelines for the implementation and administration of the Plan.

2.4 Decisions Binding. All determinations and decisions of the Committee arising under the Plan shall be final binding, and conclusive upon all parties.

Article 3
Eligibility and Participation

3.1 Eligibility. Subject to Sections 3.2 and 3.3, persons eligible to be selected to participate in the Plan in any fiscal year (a "Year") shall include full-time, salaried or commission-based employees of the Bank, its subsidiaries, and affiliates who are key employees, as determined by the Committee in its sole discretion.

3.2 Limitation on Eligibility. It is the intent of the Company that the Plan qualify for treatment as a "top hat" plan under the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor Act thereto ("ERISA"). Accordingly, to the extent required by ERISA to obtain such "top hat" treatment, eligibility shall be extended only to those executives who comprise a

select group of management or highly compensated employees. Further, the Committee may place such additional limitations on eligibility as it deems necessary and appropriate under the circumstances.

3.3 Participation. Participation in the Plan and the extent of such participation shall be determined by the Committee based upon the criteria set forth in Sections 3.1 and 3.2 herein. An employee who is chosen to participate in the Plan in any Year (a "Participant") shall be so notified in writing. In the event a Participant selected to participate in the Plan no longer meets the criteria for participation, such Participant shall become an inactive Participant, retaining all the rights described under the Plan, except the right to make any further deferrals, until such time that the Participant again becomes an active Participant.

3.4 Partial Year Eligibility. In the event that an individual first becomes eligible to participate in the Plan during a Year, such individual shall, within thirty (30) calendar days of becoming eligible, be notified by the Bank of his or her eligibility to participate, and the Bank shall provide each such individual with an Election Form, which must be completed by the individual as provided in Section 4.2 herein.

3.5 No Right to Participate. Except as otherwise set forth in a Participant's Deferred Compensation Agreement, no employee shall have the right to be selected as a Participant, or having been so selected for any given Year, to be selected again as a Participant for any other Year.

Article 4
Deferral Opportunity

4.1 Deferrals

(a) *Amount Which May Be Deferred by a Participant*. A Participant may elect to defer, in any Year, the eligible components of Compensation (as described below); provided, however, that the Committee shall have sole discretion to designate which components of Compensation are eligible for deferral elections under the Plan in any given Year. In addition, the Committee may, in its sole discretion, designate the maximum or minimum amount or increments of any single eligible component of Compensation which may be deferred in any Year or establish any other limitations as it deems appropriate in any Year.

The components of "Compensation" shall include (i) "Salary" defined as all regular, basic wages, before reduction for amounts deferred pursuant to the Plan or any other plan of the Bank or the Company, payable in cash to a Participant for services to be rendered, exclusive of any Bonus, other special fees, awards, or incentive compensation, allowances, or amounts designated by the Bank as payment toward or reimbursement of expenses, (ii) "Bonus" defined as any incentive award based on an assessment of performance, payable by the Bank to a Participant with respect to the Participant's services during a Year, including, but not limited to, divisional profitability bonuses and cross-sale incentives, and (iii) "Commissions" defined as fees earned in connection with loan originations and other transactions with the Bank or its affiliates.

(b) *Non-Elective Deferrals*. In addition to any elective deferral contributions made by a Participant under subsection (a) hereof, the Bank, in it sole discretion, may, but shall not be required to, credit to a Participant's Account as a nonelective deferral contribution (a "Bank Contribution") any amount it determines appropriate. The amount so credited, if any, may vary from Participant to Participant and may be zero even if a contribution is made on behalf of another Participant. The Bank may also express a Bank Contribution as a matching contribution equal to a percentage of the Participant's annual elective deferral contributions, if any. Subject to a written agreement between the

Company, the Bank and the Participant, the Bank may require deferral of a portion of the Participant's Compensation on a non-elective basis and such deferral shall be treated as a Bank Contribution.

4.2 Time of Deferral Election. An election to defer a component of Compensation permitted by the Committee to be deferred by a Participant under the Plan shall be given effect in accordance with the following timing rules:

(a) An election to defer Salary or Commissions shall apply only to Salary or Commissions earned for payroll periods beginning after a properly executed Election Form has been filed with the Committee.

(b) An election to defer a Bonus for any Year shall apply only if a properly executed Election Form has been filed with the Committee before the beginning of the Year to which the Bonus relates.

4.3 Content of Deferral Election. All deferral elections shall be irrevocable, and shall be made on a form or forms prescribed by the Committee (an "Election Form"), as described herein. Participants shall make the following irrevocable elections on each Election Form:

(a) The amount to be deferred with respect to each eligible component of Compensation for the Years;

(b) The length of the deferral period with respect to each eligible component of Compensation, subject to the terms of Section 4.4 herein; and

(c) The method of distribution (i.e. lump sum or installments) to be made to the Participant at the end of the deferral period(s), subject to the terms of Section 4.5 herein.

Notwithstanding the amounts requested to be deferred pursuant to subparagraph (a) above, the limits on deferrals set forth in Section 4.1 herein shall apply to the requested deferrals each Year. A Participant may not change his or her deferral election that is in effect for a Year, unless permitted by the Company in compliance with Section 409A of the Code. If permitted by the Company, a Participant may elect to change the time or form of payment to him or her, by submitting a new Election Form to the Company, provided the following conditions are met: (i) such change will not take effect until at least twelve (12) months after the date on which the new election is made and approved by Bank; (ii) if the original election is pursuant to a specified time or fixed schedule, the change cannot be made less than twelve (12) months before the date of the first scheduled original payment; and (iii) in the case of an election related to a payment other than a payment on account of death, disability, or unforeseeable emergency, the first payment with respect to which the change is made must be deferred for a period of not less than five (5) years from the date such payment would otherwise have been made.

4.4 Length of Deferral. The deferral periods elected by each Participant with respect to deferrals of Compensation for any Year shall be at least equal to one (1) year following the end of the Year to which the deferral relates, unless such deferral is a Bank Contribution subject to a vesting schedule. Participants may also elect to receive a distribution of their deferred amounts upon a Separation from Service. For purposes of this Plan, "Separation from Service" means in the case of an officer, the officer's death or the effective date of the Participant's "Separation from Service" within the meaning of Section 409A of the Code, or, in the case of a Participant who is a director, the date when the Participant ceases to be a member of the Company's Board of Directors for any reason whatsoever other than by reason of a leave of absence, which is approved by the Bank.

4.5 Distribution of Deferred Amounts. Participants shall be entitled to elect to receive distribution of deferred amounts, at the end of the deferral period in a single lump sum distribution, by means of installments.

(a) *Lump Sum Distribution*. Such distribution shall be made in cash within one hundred and twenty (120) calendar days of the date specified by the Participant as the date for distribution of deferred amounts as described in Sections 4.3 and 4.4 hereof, or as soon thereafter as practicable.

(b) *Installment Distribution*. Participants may elect distribution in annual installments, with a minimum number of installments of two (2) and a maximum of ten (10). The initial distribution shall be made in the form of cash as soon as practicable after the commencement date selected by the Participant pursuant to Sections 4.3 and 4.4 hereof, or as soon thereafter as practicable. The remaining distributions shall be made in cash each year thereafter, until the Participant's entire deferred compensation account has been distributed. The amount of each installment shall be equal to the balance remaining in the Participant's account immediately prior to such distribution, multiplied by a fraction, the numerator of which is one (1), and the denominator of which is the number of installments remaining.

(c) *Death Benefits; Beneficiary Designation*. If a Participant dies before the end of a deferral period or prior to termination of employment, or after distribution of the Participant's account has commenced but prior to the distribution of all amounts to which the Participant is entitled under the Plan, the Participant's account shall be distributable or shall continue to be distributed in accordance with the Participant's election under this Section 4.5 to the person or persons designated pursuant to this subsection (c). A Participant may from time to time designate in writing on a form prescribed by the Committee for such purpose a person or persons (named contingently or successively) to receive benefits distributable under this Plan upon or after the Participant's death. Such designation may be changed from time to time by the Participant by filing a new designation. Each designation shall revoke all prior designations by the Participant. In the absence of a valid beneficiary designation, the Participant's benefits shall be distributable to his or her surviving spouse, or, if the Participant is not survived by a spouse, to his or her estate.

4.6. Special Change in Control Election. In addition to the elections described in Section 4.3 of this Plan, each Participant may make an election applicable solely in the event of a Change in Control of the Bank or the Company with respect to the length of the deferral period for all deferrals under the Plan and the form of distribution of such deferrals. Such election must be made in writing at the time all other Plan elections are made. In the event a Participant does not make a Change in Control election the Participant will receive his or her Plan distribution in a lump sum upon Separation from Service.

For purposes of this Plan, a "Change in Control" shall mean a change in control as defined in Internal Revenue Section 409A of the Code and rules, regulations, and guidance of general application thereunder issued by the Department of the Treasury, including:

(a) Change in ownership. A change in ownership of the Company, a corporation of which Pulaski Bank is a wholly owned subsidiary, occurs on the date any one person or group accumulates ownership of the Company stock constituting more than 50% of the total fair market value or total voting power of the Company stock;

(b) Change in effective control. (i) any one person or more than one person acting as a group acquires within a 12-month period ownership of the Company stock possessing 30% or more of the total voting power of the Company stock, or (ii) a majority of the Company's Board of Directors is replaced during any 12-month period by Participants whose appointment or election is not endorsed in advance by a majority of the Company's board of directors; or

(c) Change in ownership of a substantial portion of assets. A change in ownership of a substantial portion of the Company's assets occurs if in a 12-month period any one person or more than one person acting as a group acquires from the Company assets having a total gross fair market value equal to or exceeding 40% of the total gross fair market value of all of the Company's assets immediately before the acquisition or acquisitions. For this purpose, gross fair market value means the value of the Company's assets, or the value of the assets being disposed of, determined without regard to any liabilities associated with the assets.

4.7 Unforeseeable Emergency Distribution. Upon the Company's determination (following petition by the Participant) that the Participant has suffered an unforeseeable emergency as described below, the Company shall (i) terminate the then effective deferral election of the Participant to the extent permitted under Section 409A of the Code, and (ii) distribute to the Participant all or a portion of the Deferral Account balance as determined by the Company, but in no event shall the distribution be greater than the amount determined by the Company that is necessary to satisfy the unforeseeable emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which the unforeseeable emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of assets would not itself cause severe financial hardship); provided, however, that such distribution shall be permitted solely to the extent permitted under Section 409A of the Code. For purposes of this Section, "unforeseeable emergency" means a severe financial hardship to the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse or a dependent (as defined in Section 152(a) of the Code) of the Participant, (b) a loss of the Participant's property due to casualty, or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, each as determined to exist by the Company.

Article 5
Deferred Compensation Accounts

5.1 Participant Accounts. The Company shall establish and maintain an individual bookkeeping account for deferrals made by each Participant under Article 4 herein. Each account shall be credited as of the date the amount deferred otherwise would have become due and payable to the Participant, or as otherwise determined in the Participant's Deferred Compensation Agreement.

5.2 Valuation of Deferred Amounts. Amounts credited to a Participant's deferred compensation account shall be credited with an earnings adjustment in accordance with this Section 5.2. Amounts credited to a Participant's account shall accrue interest at a rate of *Wall Street Prime* minus 1%. Each Participant's account shall be credited with interest on the last day of each calendar quarter, with interest computed on the average balance in the account during such quarter. Interest credited to deferred amounts shall be distributed to the Participant at the same time and in the same manner as the underlying deferred amounts.

5.3 Charges Against Accounts. There shall be charged against each Participant's deferred compensation account any distributions made to the Participant or to his or her beneficiary. The Company may also charge a Participant's deferred compensation account for annual maintenance fees associated with the account.

Article 6
Rights of Participants

6.1 Contractual Obligation. The Plan shall create a contractual obligation on the part of the Company to make distributions from the Participant's accounts when due.

6.2 Unsecured Interest. No Participant or party claiming an interest in amounts deferred by a Participant shall have any interest whatsoever in any specific asset of the Company or the Bank. To the extent that any party acquires a right to receive distributions under the Plan, such right shall be equivalent to that of an unsecured general creditor of the Company or the Bank.

6.3 Authorization for Trust. The Company may, but shall not be required to, establish one or more trusts, with such trustee as the Committee may approve, for the purpose of providing for the distribution of deferred amounts. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the creditors of the Bank or Company. To the extent any amounts deferred under the Plan are actually paid from any such trust, the Company shall have no further obligation with respect thereto, but to the extent not so paid, such deferred amounts shall remain the obligation of, and shall be paid by, the Company or the Bank.

6.4 Employment. Nothing in the Plan shall interfere with nor limit, in any way, the right of the Bank or any affiliate of the Bank to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Bank or any affiliate of the Bank.

Article 7
Withholding of Taxes

The Company shall have the right to require Participants to remit to the Company an amount sufficient to satisfy any withholding tax requirements or to deduct from all distributions made pursuant to the Plan amounts sufficient to satisfy withholding tax requirements.

Article 8
Amendment and Termination

The Company hereby reserves the right to amend, modify, or terminate the Plan at any time by action of the Board, provided, however, that no such amendment or termination shall in any material manner adversely affect any Participant's rights to amounts previously deferred hereunder without the consent of the Participant.

Article 9
Claims Procedure

(a) Claim. A person who believes that he is being denied a benefit to which he is entitled under this Plan (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Company, setting forth his claim. The request must be addressed to the Secretary of the Board at the Company's then principal place of business.

(b) Claim Decision. Upon receipt of a claim, the Committee shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Committee may, however, extend the reply period for an additional ninety (90) days for reasonable cause. If the claim is denied in whole or in part, the Committee shall adopt a written opinion, using language calculated to be understood by the Claimant, setting forth:

(i) The specific reason or reasons for such denial;

(ii) The specific reference to pertinent provisions of this Plan on which such denial is based;

(iii) A description of any additional material or information necessary for the Claimant to perfect his claim and an explanation why such material or such information is necessary;

(iv) Appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and

(v) The time limits for requesting a review of the decision and for review of the decision.

(c) Request for Review. Within sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Board review the determination of the Committee. Such request must be addressed to the Secretary of the Board, at its then principal place of business. The Claimant or his duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Committee. If the Claimant does not request a review of the Committee's determination by the Board within such sixty (60) day period, he shall be barred and stopped from challenging the Committee's determination.

(d) Review of Decision. Within sixty (60) days after receipt of a request for review, the Board will review the Committee's determination. After considering all materials presented by the Claimant, the Board will provide the Claimant with a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Plan on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Secretary of the Board will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

Article 10
Miscellaneous

10.1 Notice. Except as otherwise provided herein, any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail to the Secretary of the Company. Notice to the Secretary, if mailed, shall be addressed to the principal executive offices of the Company. Notice mailed to a Participant shall be at such address as is given in the records of the Company. Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

10.2 Nontransferability. Participant's rights to deferred amounts credited hereunder the Plan may not be sold, transferred, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. In no event shall the Company make any distribution under the Plan to any assignee or creditor of a Participant.

10.3 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

10.4. Costs of the Plan. All costs of implementing and administering the Plan shall be borne by the Company or an affiliate of the Company, unless otherwise specified herein.

10.5 Status under ERISA. The Plan is intended to be an unfunded plan which is maintained primarily to provide deferred compensation benefits for a select group of “management or highly compensated employees” within the meaning of Sections 201, 301, and 401 of ERISA, and to therefore be exempt from the provisions of Parts 2, 3, and 4 of Title 1 of ERISA.

10.6 Applicable Law. The Plan shall be governed by and construed in accordance with the laws of the State of Missouri.

10.7 Successors. All obligations of the Company or the Bank under the Plan shall be binding on any successor to the Bank or the Bank, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Bank or the Company.

10.8 Prohibited Acceleration/Distribution Timing. This Section shall take precedence over any other provision of the Plan to the contrary. No provision of this Plan shall be followed if following the provision would result in the acceleration of the time or schedule of any payment from the Plan (i) as would require income tax to a Participant prior to the date on which the amount is distributable to or on behalf of the Participant under The Plan or (ii) which would result in penalties to the Participant under Section 409A of the Code. In addition, if the timing of any distribution election would result in any tax or other penalty (other than ordinarily payable Federal, state or local income or payroll taxes), which tax or penalty can be avoided by payment of the distribution at a later time, then the distribution shall be made (or commence, as the case may be) on (or as soon as practicable after) the first date on which such distributions can be made (or commence) without such tax or penalty.

10.9 Aggregation of Employers. To the extent required under Section 409A of the Code, if the Company is a member of a controlled group of corporations or a group of trades or business under common control (as described in Section 414(b) or (c) of the Code), all members of the group shall be treated as a single employer for purposes of whether there has occurred a Separation from Service and for any other purposes under the Plan as Section 409A of the Code shall require.

10.10 Savings Clause Relating to Compliance with Section 409A of the Code. Despite any contrary provision of this Agreement, if, when a Participant’s service terminates, the Participant is a “specified employee,” as defined in Section 409A of the Code, and if any payments under this Plan will result in additional tax or interest to the Participant because of Section 409A of the Code, the Participant shall not be entitled to the such payments until the earliest of (i) the date that is at least six months after termination of the Participant’s employment for reasons other than the Participant’s death, (ii) the date of the Participant’s death, or (iii) any earlier date that does not result in additional tax or interest to the Participant under Section 409A of the Code. If any provision of this Agreement would subject the Participant to additional tax or interest under Section 409A of the Code, the Company shall reform the provision. However, the Company shall maintain to the maximum extent practicable the original intent of the applicable provision without subjecting the Participant to additional tax or interest.

10.11 Transition Relief. On or before December 31, 2008, if a Participant wishes to change his or her election as to the form or timing of a distribution under this Plan, the Participant may do so by completing a Transition Relief Election Form, provided that any such election (i) must be made prior to the Participant’s

Separation from Service, (ii) shall not take effect before the date that is 12 months after the date the election is made, (iii) cannot apply to amounts that would otherwise be payable in 2008 and may not cause an amount to be paid in 2008 that would otherwise be paid in a later year.

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Section 4: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

Certification

I, Gary W. Douglass, certify that:

1. I have reviewed this report on Form 10-Q of Pulaski Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ Gary W. Douglass
Gary W. Douglass
President and Chief Executive Officer

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Section 5: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

Certification

I, Paul J. Milano, certify that:

1. I have reviewed this report on Form 10-Q of Pulaski Financial Corp.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ Paul J. Milano
Paul J. Milano
Chief Financial Officer

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Section 6: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
as added by
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Pulaski Financial Corp. (the "Company") on Form 10-Q for the period ended March 31, 2009 as filed with the Securities and Exchange Commission (the "Report"), I, Gary W. Douglass, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as added by § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirement of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: May 8, 2009

/s/ Gary W. Douglass
Name: Gary W. Douglass
Title: President and Chief Executive Officer

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Section 7: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

Certification Pursuant to

18 U.S.C. Section 1350,
as added by
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of Pulaski Financial Corp. (the “Company”) on Form 10-Q for the period ended March 31, 2009, as filed with the Securities and Exchange Commission (the “Report”), I, Paul J. Milano, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as added by § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirement of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: May 8, 2009

/s/ Paul J. Milano
Name: Paul J. Milano
Title: Chief Financial Officer

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