

ESSA Bancorp, Inc.
Form 10-Q
May 14, 2007
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2007

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File No. 001-33384

ESSA Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

20-8023072
(I.R.S. Employer
Identification Number)

200 Palmer Street, Stroudsburg, Pennsylvania
(Address of Principal Executive Offices)

(570) 421-0531

18360
Zip Code

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(Registrant's telephone number)

N/A

(Former name or former address, 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 requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of May 14, 2007 there were 16,980,900 shares of the Registrant's common stock, par value \$0.01 per share, outstanding.

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ESSA BANK & TRUST AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	March 31, 2007	September 30, 2006
	(dollars in thousands)	
ASSETS		
Cash and due from banks	\$ 13,120	\$ 11,677
Interest-bearing deposits with other institutions	126,342	1,053
Total cash and cash equivalents	139,462	12,730
Investment securities available for sale	142,872	89,122
Investment securities held to maturity (market value of \$18,018 and \$19,193)	18,333	19,715
Loans receivable (net of allowance for loan losses of \$4,028 and \$3,855)	579,918	556,677
Federal Home Loan Bank stock	13,971	13,675
Premises and equipment	11,387	11,447
Bank-owned life insurance	13,643	13,376
Other assets	8,283	9,054
TOTAL ASSETS	\$ 927,869	\$ 725,796
LIABILITIES		
Deposits	\$ 418,815	\$ 402,153
Short-term borrowings	20,000	35,299
Other borrowings	233,000	224,000
Stock offering subscription rights	188,108	
Advances by borrowers for taxes and insurance	3,810	2,198
Other liabilities	3,403	3,809
TOTAL LIABILITIES	867,136	667,459
Commitment and contingencies		
EQUITY		
Retained earnings	60,688	58,526
Accumulated other comprehensive income (loss)	45	(189)
TOTAL EQUITY	60,733	58,337
TOTAL LIABILITIES AND EQUITY	\$ 927,869	\$ 725,796

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANK & TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

	For the Three Months Ended March 31, 2007		For the Six Months Ended March 31, 2006	
	2007	2006	2007	2006
	(dollars in thousands)			
INTEREST INCOME				
Loans receivable	\$ 8,762	\$ 7,752	\$ 17,385	\$ 15,348
Investment securities:				
Taxable	1,279	786	2,493	1,536
Exempt from federal income tax	74	66	147	133
Other investment income	601	227	785	413
Total interest income	10,716	8,831	20,810	17,430
INTEREST EXPENSE				
Deposits	2,699	2,084	5,366	4,103
Short-term borrowings	627	170	839	410
Other borrowings	2,462	2,273	5,417	4,417
Total interest expense	5,788	4,527	11,622	8,930
NET INTEREST INCOME	4,928	4,304	9,188	8,500
Provision for loan losses	90	75	180	150
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,838	4,229	9,008	8,350
NONINTEREST INCOME				
Service fees on deposit accounts	837	936	1,756	1,920
Services charges and fees on loans	122	114	256	235
Trust and investment fees	189	146	400	319
Gain on sale of loans, net	1		12	
Earnings on Bank-owned life insurance	132	123	267	250
Other	16	20	34	48
Total noninterest income	1,297	1,339	2,725	2,772
NONINTEREST EXPENSE				
Compensation and employee benefits	2,594	2,245	5,167	4,571
Occupancy and equipment	644	627	1,261	1,213
Professional fees	171	189	308	396
Data processing	456	460	883	908
Advertising	149	177	336	311
Other	290	458	780	976
Total noninterest expense	4,304	4,156	8,735	8,375

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Income before income taxes	1,831	1,412	2,998	2,747
Income taxes	530	429	836	819
NET INCOME	\$ 1,301	\$ 983	\$ 2,162	\$ 1,928

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANK & TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)

Six Months Ended March 31, 2007

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity	Comprehensive Income
	(dollars in thousands)			
Balance, September 30, 2006	\$ 58,526	\$ (189)	\$ 58,337	
Net income	2,162		2,162	\$ 2,162
Other comprehensive income:				
Unrealized gain on securities available for sale, net of tax expense of \$120		234	234	234
Comprehensive income				\$ 2,396
Balance, March 31, 2007	\$ 60,688	\$ 45	\$ 60,733	

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANK & TRUST AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

	For the Six Months Ended March 31, 2007 2006 (dollars in thousands)	
OPERATING ACTIVITIES		
Net income	\$ 2,162	\$ 1,927
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	180	142
Provision for depreciation and amortization.	571	537
Amortization (accretion) of discounts and premiums	(580)	(186)
Gain on sale of loans, net	(12)	
Origination of loans sold	(899)	
Proceeds from sale of loans	911	
Increase in accrued interest receivable	(773)	(220)
Increase in accrued interest payable	455	370
Earnings on Bank-owned life insurance	(267)	(250)
Deferred federal income taxes	31	(111)
Other, net	533	(716)
Net cash provided by operating activities	2,312	1,493
INVESTING ACTIVITIES		
Investment securities available for sale:		
Proceeds from principal repayments and maturities	21,644	11,607
Purchases	(75,304)	(12,650)
Investment securities held to maturity:		
Proceeds from principal repayments and maturities	1,372	1,950
Purchases		(1,987)
Increase in loans receivable, net	(22,568)	(22,911)
Redemption of FHLB stock	1,622	1,228
Purchase of FHLB stock	(1,918)	(954)
Proceeds from sale of other real estate		67
Purchase of premises, equipment, and software	(511)	(602)
Net cash used for investing activities	(75,663)	(24,252)
FINANCING ACTIVITIES		
Increase in deposits, net	16,662	19,873
Net decrease in short-term borrowings	(15,299)	(9,664)
Proceeds from other borrowings	21,000	20,000
Repayment of other borrowings	(12,000)	(8,000)
Proceeds from stock offering subscription rights	188,108	
Increase in advances by borrowers for taxes and insurance	1,612	1,541
Net cash provided by financing activities	200,083	23,750