

ESSA Bancorp, Inc.
Form 10-Q
August 10, 2009
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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 June 30, 2009

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)

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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)

18360
(Zip Code)

(570) 421-0531

(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 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 definition of "large accelerated filer" and "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer 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

As of August 6, 2009 there were 14,990,620 shares of the Registrant's common stock, par value \$0.01 per share, outstanding.

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ESSA BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	June 30, 2009	September 30, 2008
	(dollars in thousands)	
ASSETS		
Cash and due from banks	\$ 7,655	\$ 8,382
Interest-bearing deposits with other institutions	2,770	4,232
Total cash and cash equivalents	10,425	12,614
Certificates of deposit	3,342	3,777
Investment securities available for sale	232,443	204,078
Investment securities held to maturity (estimated fair value of \$9,876 and \$11,924)	9,723	11,857
Loans receivable (net of allowance for loan losses of \$5,494 and \$4,915)	736,765	706,890
Federal Home Loan Bank stock	20,727	19,188
Premises and equipment	10,762	10,662
Bank-owned life insurance	14,931	14,516
Foreclosed real estate	2,698	31
Other assets	11,126	9,869
TOTAL ASSETS	\$ 1,052,942	\$ 993,482
LIABILITIES		
Deposits	\$ 401,239	\$ 370,529
Short-term borrowings	68,153	39,510
Other borrowings	386,507	373,247
Advances by borrowers for taxes and insurance	6,285	2,047
Other liabilities	5,632	8,063
TOTAL LIABILITIES	867,816	793,396
Commitment and contingencies		
STOCKHOLDERS EQUITY		
Preferred stock (\$.01 par value; 10,000,000 shares authorized, none issued)		
Common stock (\$.01 par value; 40,000,000 shares authorized, 16,980,900 issued; 14,990,620 and 16,777,667 outstanding at June 30, 2009 and September 30, 2008)	170	170
Additional paid in capital	161,669	159,919
Unallocated common stock held by the Employee Stock Ownership Plan (ESOP)	(12,453)	(12,792)
Retained earnings	61,583	58,227
Treasury stock, at cost; 1,990,280 and 203,233 shares outstanding at June 30, 2009 and September 30, 2008	(26,234)	(2,753)
Accumulated other comprehensive income (loss)	391	(2,685)

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TOTAL STOCKHOLDERS EQUITY	185,126	200,086
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 1,052,942	\$ 993,482

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	June 30, 2009	2008	June 30, 2009	2008
(dollars in thousands, except per share data)				
INTEREST INCOME				
Loans receivable	\$ 10,682	\$ 10,130	\$ 31,806	\$ 29,797
Investment securities:				
Taxable	2,467	2,674	7,564	8,013
Exempt from federal income tax	83	83	248	249
Other investment income	1	217	121	825
Total interest income	13,233	13,104	39,739	38,884
INTEREST EXPENSE				
Deposits	1,635	2,018	5,394	7,154
Short-term borrowings	70	1,052	343	1,815
Other borrowings	4,085	3,164	12,356	10,470
Total interest expense	5,790	6,234	18,093	19,439
NET INTEREST INCOME	7,443	6,870	21,646	19,445
Provision for loan losses	375	150	1,125	450
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,068	6,720	20,521	18,995
NONINTEREST INCOME				
Service fees on deposit accounts	790	873	2,369	2,619
Services charges and fees on loans	158	174	450	472
Trust and investment fees	209	208	623	645
Impairment loss on securities	(68)		(68)	
Gain on sale of investments, net	148		148	
Gain on sale of loans, net	372		372	
Earnings on Bank-owned life insurance	137	146	415	429
Other	1	9	25	33
Total noninterest income	1,747	1,410	4,334	4,198
NONINTEREST EXPENSE				
Compensation and employee benefits	3,636	3,169	10,810	9,174
Occupancy and equipment	696	705	2,160	2,108
Professional fees	306	379	1,028	1,067
Data processing	466	443	1,402	1,400
Advertising	191	155	543	447
FDIC premiums	457	11	542	33
Other	535	453	1,468	1,311

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Total noninterest expense	6,287	5,315	17,953	15,540
Income before income taxes	2,528	2,815	6,902	7,653
Income taxes	787	849	1,794	2,336
NET INCOME	\$ 1,741	\$ 1,966	\$ 5,108	\$ 5,317
EARNINGS PER SHARE				
Basic	\$ 0.13	\$ 0.13	\$ 0.36	\$ 0.34
Diluted	\$ 0.13	\$ 0.12	\$ 0.36	\$ 0.33
DIVIDENDS PER SHARE	\$ 0.04	\$ 0.04	\$ 0.12	\$ 0.04

See accompanying notes to the unaudited consolidated financial statements.

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ESSA BANCORP, INC. AND SUBSIDIARY
 CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 (UNAUDITED)

	Common Stock		Unallocated		Retained Earnings	Treasury Stock	Accumulated		Total	Comprehensive Income
	Number of Shares	Amount	Paid In Capital	Held by the ESOP			Other Comprehensive Loss	Stockholder Equity		
Balance, September 30, 2008	16,777,667	\$ 170	\$ 159,919	\$ (12,792)	\$ 58,227	\$ (2,753)	\$ (2,685)	\$ 200,086		
Cumulative adjustment of change in accounting for split-dollar life insurance arrangements					(49)				(49)	
Net income					5,108				5,108	\$ 5,108
Other comprehensive income:										
Unrealized gain on securities available for sale, net of income taxes of \$1,530							2,971	2,971		2,971
Change in unrecognized pension cost, net of income taxes of \$54							105	105		105