

Achieving Performance

2022 ANNUAL REPORT





Gary S. Olson
President & CEO

Fellow Shareholders:

In fiscal 2022, ESSA achieved its highest level of success in our 106-year history. ESSA Bancorp's fiscal year financial performance demonstrated a focus on core banking competencies, disciplined expense management, core deposit growth, liability cost control, and our employees working together to build strong relationships with one another and our customers. Looking back on the year, the success of our company can be attributed to our employees embracing and executing upon our strategic plan, and the support and guidance of our Board of Directors.

The Company continued to build sustainable value for our shareholders through solid earnings growth, stable asset quality, a strong capital position, and an increased dividend. The Company reported record net income of \$20.1 million, or \$2.06 per share, a 22% increase from the previous year. Asset quality remained stable demonstrated by a non-performing asset ratio to total assets of .81%. Total stockholders' equity in fiscal 2022 increased \$10.5 million to \$212.3 million. Our financial performance enabled us to increase our dividend by \$.07 per share to \$.54 per share, from \$.47 per share, and repurchase 110,000 shares of common stock at an average price of \$17.10.



Year-end 2022 saw a total return to shareholders of 20.86% when compared to our closing stock price on September 30, 2021. Tangible book value per share on September 30, 2022, increased 6.7% to \$19.12 compared with \$17.92 on September 30, 2021. The management team and our Board of Directors greatly appreciate the confidence shareholders demonstrated in ESSA Bancorp's ability to execute on our strategic plan.

Service & Technology

We pride ourselves, as community bankers, on providing personal service to our customers while understanding the need to deliver accessibility to our products and services through multiple channels. The use of technology, coupled with in-person service, allows us to build more scale and provide product services to a wider range of customers.

We launched a full-service contact center with expanded hours and an objective to provide outstanding service across all of our markets. Further enhancements to our commercial digital products led to strong growth in online wires, ACH, and business mobile deposits. Retail customers are adopting digital channels as well, with 9% growth in mobile transfer volume, P2P payments with our Zelle solution increasing by 23%, electronic delivery of deposit and loan statements increasing by 4,000, and the Bank sending an average of 143,000 text alerts to subscribed customers on a monthly basis.

Capital & Asset Quality

Maintaining a strong capital position and good asset quality has always been a priority of ESSA's strategy and this was especially true during the uncertainty of the COVID-19 pandemic. The Bank demonstrated financial strength with a Tier 1 leverage ratio of 10.47% and Tier 1 risk-based capital of 12.16%, both of which far exceeded regulatory requirements for a well-capitalized institution. Additionally, as interest rates increased this year, a balance sheet hedging strategy implemented in 2020 has helped to minimize the impact to the Company's tangible book value.

Asset quality remained strong in 2022 evidenced by no increase in the Company's loan loss provision, no charge-offs, and our allowance for loan loss reserve of 1.27% of total loans. At the end of our fiscal year, we had no loans remaining in the COVID-19 loan forbearance program.

The Bank made meaningful corporate contributions to 175 community organizations and our employees volunteered their time and expertise, providing more than 3,000 hours of community service.



Lending Activity

Despite significant interest rate increases in the second half of the year, the Bank produced over \$470 million in total loan production for the fiscal year. Residential mortgage production totaled \$215 million in 2022 as we continue to provide home ownership opportunities for the communities within our market area. Commercial loan activity was also strong with \$256 million in gross loan production. Our success in both residential and commercial loan relationships has brought new customers to ESSA and the opportunity to deepen relationships and cross-sell additional products and services.

We launched a new end-to-end commercial loan origination system with an eye toward speed and enhanced portfolio management practices. This will allow us to prudently grow our commercial banking portfolio with a risk-based focus, which has been a stated goal in transitioning our balance sheet.

While the pace of lending activity was slower in the second half of 2022 due to rising interest rates, the higher rates provided the opportunity to add and retain more residential mortgages in the third and fourth quarters at more attractive rates. Consistent with a rise in short-term rates, yields on floating rate commercial loans have risen, helping to improve the Bank's net interest margin. With full-service commercial banking teams in all of our markets, and a strong residential and purchase construction program, the Bank is well-positioned for future growth in these areas.

Deposit Activity

Commercial and retail deposits continued to provide low-cost funding for our loan growth and are the foundation for building customer relationships. Total deposits on September 30, 2022, were \$1.38 billion, with core deposits comprising 90% of the total. The year-over-year decrease in total deposits was primarily the result of shifting brokered deposits to lower-cost Federal Home Loan Bank borrowings. Total interest expense for the year declined to \$3 million from \$5.8 million for the 12 months of 2021.

Corporate Citizenship & Community Commitment

ESSA has maintained its longstanding commitment to corporate citizenship by adhering to our guiding principle of helping to improve the quality of life in the communities in which we operate. The Bank continued its participation in private/public partnerships benefiting our communities through the federal CARE and STAR programs, providing loans and financial education to participants re-entering society. Additionally, this year we also joined the Strive program, which assists participants re-entering society from the Pennsylvania State court system. We enhanced our first-time home buyer program to help make home ownership more affordable. In 2022, we established a new relationship with The Rise-Up Fund and Neighborhood Housing Services to help those in pursuit of home ownership in underserved communities.

The Bank made meaningful corporate contributions to 175 community organizations and our employees volunteered their time and expertise, providing more than 3,000 hours of community service. The ESSA Bank & Trust Foundation made grants totaling \$1.6 million to community organizations throughout our markets.

The Future of Banking at ESSA

We continue to pursue a clearly defined strategy designed to enhance ESSA Bank & Trust's value. We will focus on improving our digital products and services, enhancing our analytics capabilities, and adding new team members as needed throughout the Company. We will manage our risks on an entity-wide basis, keeping our operations safe and sound. As we have over the past several years, we are maintaining the flexibility and responsiveness necessary to manage our business in a rapidly changing environment and ever-challenging economic time. With the rise in interest rates and anticipated slowing of the economy, we enter 2023 cautiously optimistic.

ESSA is the strongest, safest, and most value-focused it has ever been. We believe the Company is well-positioned to grow and pursue strategic opportunities.

Sincerely,

A handwritten signature in black ink that reads "Gary S. Olson".

Gary S. Olson, President & CEO

Consolidated Financial Highlights

The following information is derived from the audited Consolidated Financial Statements of ESSA Bancorp, Inc. For additional information, reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of ESSA Bancorp, Inc. and related notes included in Form 10-K as filed with the Securities and Exchange Commission.

Selected Balance Sheet Data (Years ended September 30; data in thousands)

	2022	2021	2020	2019	2018
Total assets	\$1,861,817	\$1,861,436	\$1,893,515	\$1,799,427	\$1,833,790
Investment securities: Available for sale	208,647	240,581	212,484	313,393	371,438
Loans, net	1,435,783	1,340,853	1,417,974	1,328,653	1,305,071
Deposits	1,380,021	1,636,115	1,543,696	1,342,830	1,336,855
Borrowed funds	230,810	-	125,877	248,282	298,496
Equity	212,337	201,822	191,397	189,508	179,186

Selected Operations Data (Years ended September 30; data in thousands)

	2022	2021	2020	2019	2018
Net interest income	\$59,771	\$52,894	\$48,207	\$47,010	\$48,235
Provision for loan losses	0	2,700	3,275	2,076	4,000
Net interest income after provision for loan losses	59,771	50,194	44,932	44,934	44,235
Noninterest income	8,510	11,493	13,255	8,157	7,813
Noninterest expense	43,277	41,790	40,588	38,053	39,853
Income before income tax expense	25,004	19,897	17,599	15,038	12,195
Income tax expense	4,934	3,473	3,183	2,415	5,664
Net income	20,070	\$16,424	\$14,416	\$12,623	\$6,531
Earnings per share: Basic	\$2.06	\$1.65	\$1.39	\$1.18	\$0.60
Diluted	\$2.06	\$1.65	\$1.39	\$1.18	\$0.60

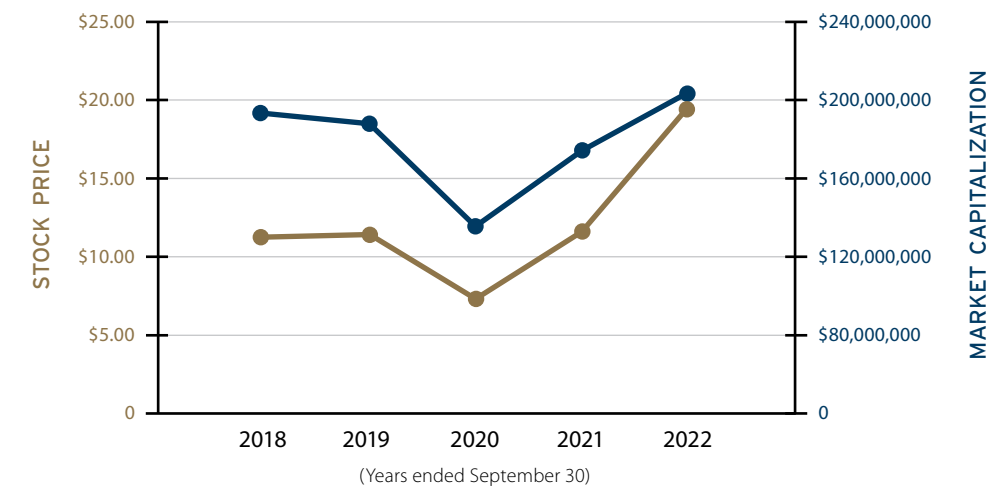
Selected Other Data (Years ended September 30)

	2022	2021	2020	2019	2018
Return on average assets	1.08%	0.87%	0.76%	0.69%	0.36%
Return on average equity	9.47%	8.28%	7.43%	6.80%	3.61%
Interest rate spread⁽¹⁾	3.33%	2.86%	2.49%	2.50%	2.71%
Net interest margin⁽²⁾	3.38%	2.96%	2.68%	2.73%	2.85%
Nonperforming assets as a percentage of total assets	0.81%	0.88%	1.09%	0.57%	0.64%
Tier 1 core capital (to adjusted tangible assets)	10.47%	10.05%	9.08%	9.67%	9.28%

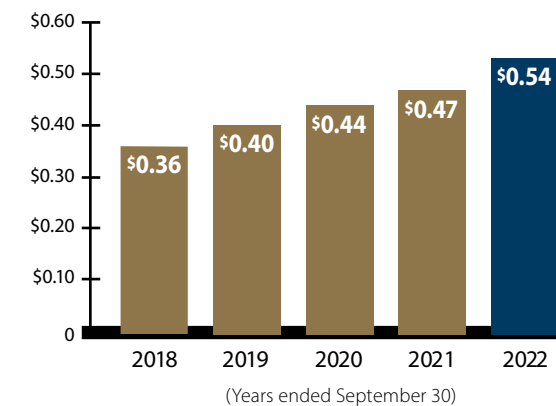
(1) The interest rate spread represents the difference between the weighted-average yield on a fully tax-equivalent basis on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the year.

(2) The net interest margin represents net interest income on a fully tax-equivalent basis as a percent of average interest-earning assets for the year.

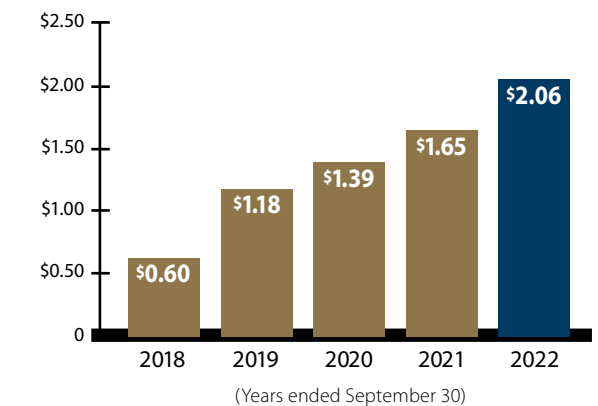
Stock Price & Market Capitalization



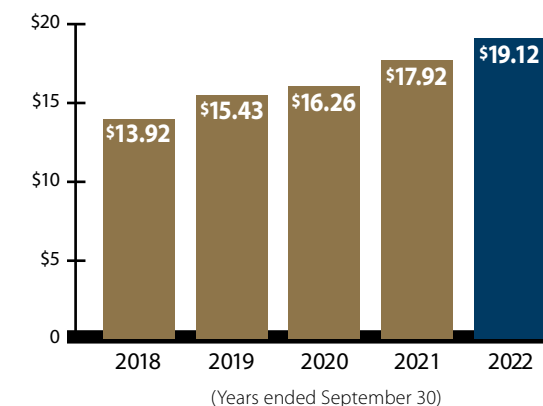
Dividends per Share



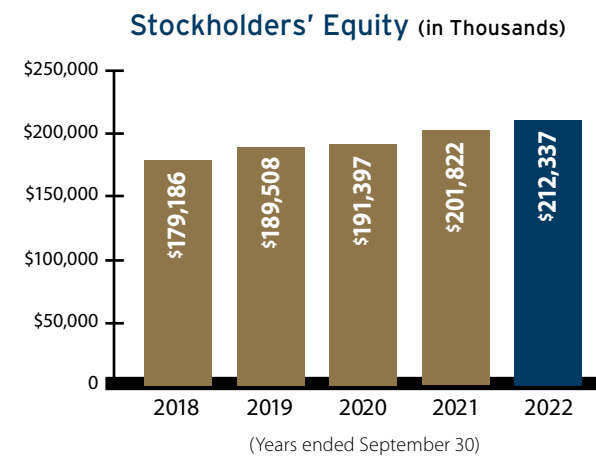
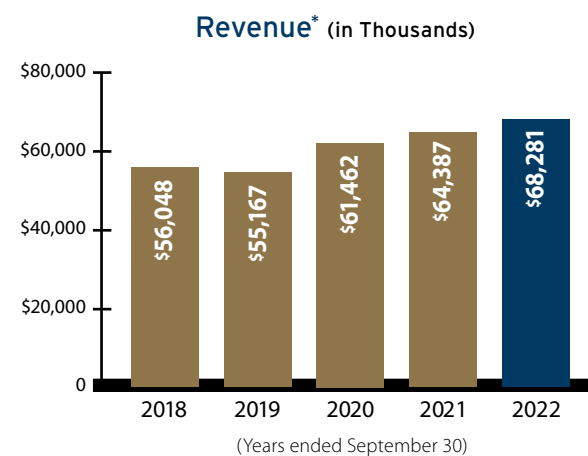
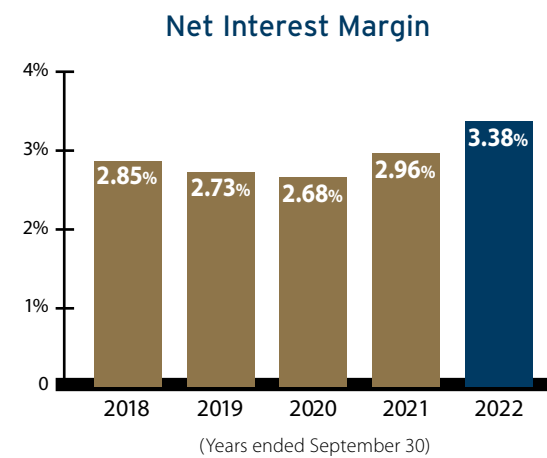
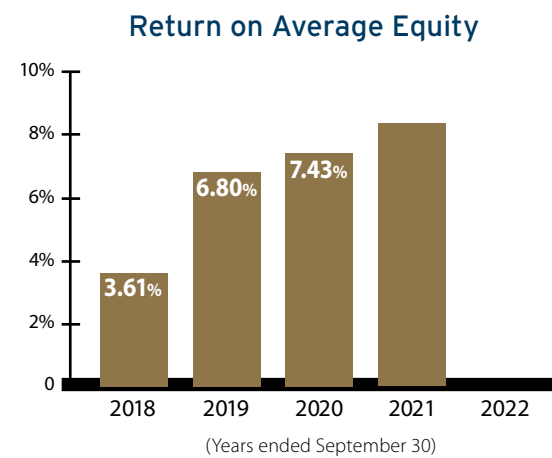
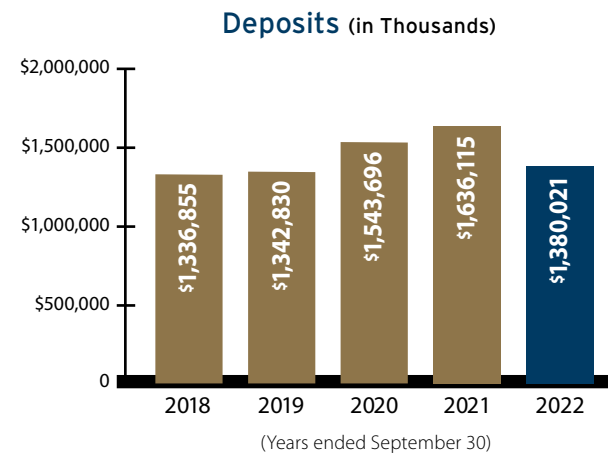
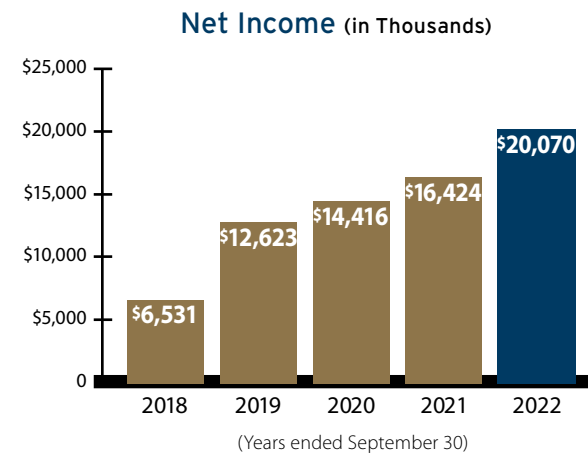
Earnings per Share (Diluted)



Tangible Book Value (Per Share)



Consolidated Financial Highlights (cont'd)



*Net interest income plus noninterest income.

Executive Personnel

BOARD OF DIRECTORS & GENERAL COUNSEL

	Robert C. Selig, Jr. Chairman of the Board President - Selig Construction Company	
Joseph S. Durkin Executive Vice President - Reilly Associates	Gary S. Olson President & CEO - ESSA Bank & Trust	John E. Burrus Director Emeritus
Christine D. Gordon, Esq. Chief Compliance Officer - Olympus Corporation of the Americas	Dr. Tina Q. Richardson Chancellor, Penn State University Lehigh Valley	William P. Douglass Director Emeritus
Daniel J. Henning President - A.C. Henning Enterprises, Inc.	Carolyn P. Stennett, Esq. Vice President, Human Resources - Victaulic Company	Frederick E. Kutteroff Director Emeritus
Philip H. Hosbach IV Vice President, Global Public Affairs for Vaccines - Sanofi Pasteur (retired)	Elizabeth Bensinger Weekes, Esq. Partner - Bensinger & Weekes, PA	John S. Schoonover, Jr. Director Emeritus
	James V. Fareri, Esq. General Counsel	William A. Viechnicki, D.D.S. Director Emeritus

OFFICERS

Gary S. Olson President & CEO	Peter A. Gray Senior Executive Vice President & COO	Charles D. Hangen Executive Vice President & CRO
Allan A. Muto Executive Vice President & CFO	Robert L. Selitto Senior Vice President & Controller	Thomas J. Grayuski Senior Vice President, CHRO
	Stephanie Lefferson Corporate Secretary, Investor & Community Relations	

CORPORATE HEADQUARTERS

ESSA Bancorp, Inc.
200 Palmer Street
Stroudsburg, PA 18360

Mailing Address
P.O. Box L
Stroudsburg, PA 18360

Auditors
S.R. Snodgrass, P.C.
2009 Mackenzie Way, Suite 340
Cranberry Township, PA 16066

General Counsel
Newman, Williams, Mishkin,
Corveleyn, Wolfe & Fareri, P.C.
712 Monroe Street
Stroudsburg, PA 18360

Mission Statement

ESSA Bank & Trust will be the leading service-oriented community financial institution offering a full range of financial products to greater Eastern Pennsylvania customers. We will ensure our long-term prosperity by providing products and service in a manner consistent with high standards of quality, on a profitable basis, at the fairest price, in order to create the best possible value for our customers. They will be delivered through distribution systems staffed and supported by customer-driven, friendly, productive employees with a high degree of integrity.



OUR GUIDING PRINCIPLES

There are five Guiding Principles on which our Mission Statement is based:

We believe in long-term success, operating as a safe, sound, and stable institution. Long-term success is dependent upon profits, but never will profit-seeking compromise our mission.

We believe in satisfying the wants and needs of our customers. Satisfaction is dependent upon a continual improvement of our service, products, systems, and operations.

We believe our employees are our most valuable asset. Our employees will be provided with a work environment which is "the best in town."

We believe our decisions should enhance ESSA's value. Enhanced value is achieved through quality earnings, growth, and strong management practices.

We believe in supporting our community through employee volunteering and charitable giving to improve the quality of life. The ESSA Bank & Trust Foundation has been established to support this principle.

ESSA CODE OF ETHICS & CONFLICT OF INTEREST POLICY

The ESSA Bancorp, Inc. Board of Directors has approved an Insider Code of Ethics and Conflict of Interest policy. This policy provides Directors and employees with specific guidance promoting honest and ethical conduct and deterring wrongdoing.

Our policy may be found on our website at essabank.com.

ADDITIONAL SERVICES

- Asset Management & Trust Services
- ESSA Advisory Services*
- ESSA Investment Services**

*ESSA Advisory Services, LLC is a subsidiary of ESSA Bank & Trust. Products and services offered by ESSA Advisory Services, LLC and ESSA Asset Management & Trust are: Not FDIC insured • May lose value • Not guaranteed by ESSA Bank & Trust • Not a deposit • Not insured by any federal government agency.

**Investments are: Not Federally Insured | No Financial Institution Guarantee | May Lose Value. Ameriprise Financial is not affiliated with the financial institution where investment services are offered. Investment advisory products and services are made available through Ameriprise Financial Services, LLC, a registered investment adviser. Securities and insurance products offered through Ameriprise Financial Services, LLC, member FINRA and SIPC.

Corporate Information

STOCK LISTING

ESSA Bancorp, Inc. common stock is listed on the NASDAQ Global MarketSM under the symbol "ESSA."

INTERNET INFORMATION

ESSA Bancorp, Inc. financial reports and information about the products and services of its wholly owned subsidiary, ESSA Bank & Trust, are available at essabank.com.

FINANCIAL INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934. Therefore, we file annual, quarterly, and current reports as well as proxy materials with the Securities and Exchange Commission (SEC). You can obtain copies of these and other filings, including exhibits, electronically at the SEC's website at sec.gov or through the ESSA website at essabank.com by clicking on the Investor Relations link. Copies of our Annual Report and Form 10-K may also be obtained by contacting Investor Relations at **570-422-0182** or via email at slefferson@essabank.com.

CORPORATE GOVERNANCE

Information about our Board and its committees and about corporate governance at ESSA is available in the Governance Documents section of the Investor Relations link on the ESSA website at essabank.com. Shareholders who would like to request printed copies of the Code of Ethics or the charters of our Board's Nominating and Corporate Governance, Audit, and Compensation committees (all of which are posted on the ESSA website through the Investor Relations link) may do so by sending their requests in writing to Stephanie Lefferson, Corporate Secretary, Investor and Community Relations, at corporate headquarters at P.O. Box L, Stroudsburg, PA 18360.

INQUIRIES

Individual investors should contact Stephanie Lefferson, Corporate Secretary, Investor and Community Relations, at **570-422-0182** or via email at slefferson@essabank.com.

Analysts and institutional investors should contact Allan Muto, Executive Vice President

and CFO, at **570-422-0181** or via email at amuto@essabank.com.

News media representatives and others seeking general information should contact Peter A. Gray, Senior Executive Vice President and COO, at **570-422-0198** or via email at pgray@essabank.com.

ANNUAL SHAREHOLDERS' MEETING

All eligible shareholders are invited to attend the ESSA Bancorp, Inc. annual meeting on Thursday, March 9, 2023, at 10 a.m. The meeting will be held virtually at meetnow.global/M92SUWW.

REGISTRAR & TRANSFER AGENT

Computershare, Inc.
P.O. Box 505000
Louisville, KY 40233-5000
800-368-5948
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SPECIAL COUNSEL

Luse Gorman, PC
5335 Wisconsin Avenue, N.W., Suite 780
Washington, DC 20015

FORWARD-LOOKING STATEMENTS

Certain statements contained herein are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements may be identified by reference to a future period or periods, or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "estimate," "anticipate," "continue," or similar terms or variations on those terms, or the negative of those terms. Forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, those related to the economic environment, particularly in the market areas in which the Company operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including compliance costs and capital requirements, changes in prevailing interest rates, acquisitions and the integration of acquired businesses, credit risk management, asset-liability management, the financial and securities markets and the availability of and costs associated with sources of liquidity, and the Risk Factors disclosed in our annual and quarterly reports. In addition, the COVID-19 pandemic continues to have an adverse impact on the Company, its customers, and the communities it serves. The adverse effect of the COVID-19 pandemic on the Company, its customers, and the communities where it operates will continue to adversely affect the Company's business, results of operations, and financial condition for an indefinite period of time.

The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company wishes to advise readers that the factors listed above could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. The Company does not undertake and specifically declines any obligation to publicly release the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.



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