

# Disclosure Statement Supplement

## Callable Fixed Rate/Floating Rate Certificates of Deposit

This Supplement Should be Read in Conjunction with the Disclosure Statement and the Confirmation. Callable Fixed Rate/Floating Rate CDs may not be appropriate for every investor. Please refer to the "Important Investment Considerations" section in the Disclosure Statement.

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### CALLABLE FIXED RATE/FLOATING RATE CERTIFICATES OF DEPOSIT

<b>Issuer:</b> ESSA Bank & Trust CUSIP# 29667RLM3
<b>Issuance Date:</b> July 29, 2014
<b>Final Maturity Date:</b> July 29, 2019
<b>Fixed Interest Rate Period:</b> July 29, 2014 to July 29, 2017
<b>Floating Interest Rate Period:</b> July 29, 2017 to Final Maturity Date
<b>Interest Payment Dates:</b> Quarterly, beginning on October 29, 2014 (each [3 month] period, an "Interest Payment Period")
<b>Fixed Interest Rate:</b> 1.25% Annual Percentage Yield ("APY")
<b>Floating Interest Rate:</b> During the Floating Interest Rate Period, the floating interest rate will be the "Prime" Rate as of the Reset Date (defined below) for each Interest Payment Period, minus 2.00%. The floating interest rate is subject to the Floating Interest Rate Cap and Floating Interest Rate Floor set forth below.
<b>Floating Interest Rate Cap:</b> 3.00% APY
<b>Floating Interest Rate Floor:</b> 1.25% APY
<b>Floating Interest Rate Reset Dates:</b> During the Floating Interest Rate Period, the Reset Date for each Interest Payment Period will be two Business Days prior to the start of that Interest Payment Period. The first Reset Date will be July 27, 2017.
<b>One-Time Call Date:</b> N/A

## **I. DESCRIPTION OF CALLABLE FIXED RATE/FLOATING RATE CDs**

The CDs described above have a fixed interest rate of 1.25% APY for the first three years following the Issuance Date, and a floating interest rate thereafter. During the Floating Interest Rate Period, the floating interest rate will be the “Prime” Rate as of the Reset Date for each Interest Payment Period, minus 2.00%. The interest rate for each Interest Payment Period during the Floating Interest Rate Period will not exceed 3.00% APY, the Floating Interest Rate Cap, and will not be less than 1.25% APY, the Floating Interest Rate Floor.

Interest payments will be distributed on each Interest Payment Date and on the Final Maturity Date. **INTEREST WILL NOT BE COMPOUNDED. NO INTEREST WILL BE EARNED AFTER MATURITY.** The CDs are subject to redemption **in the sole discretion of the Issuer** (a “Call”), on the specified date indicated above (the “Call Date”). If the Call Date is not a Business Day (as defined in the Disclosure Statement), the CD may be called on the next succeeding Business Day. You cannot require the Issuer to redeem the CD prior to the Final Maturity Date, except in cases of death or adjudication of incompetence. Despite the call feature, you should be prepared to hold your CD to maturity.

The Issuer will notify us or our sub-custodian 15 Business Days before the Call Date of the Issuer’s intent to call the CD. We will use reasonable efforts to notify you of the Issuer’s decision to call the CD. Our failure to notify you will not affect the validity of the Call. If the Issuer chooses to call the CD, you will be paid the outstanding principal amount and interest accrued up to, but not including, the Call Date.

## **II. “Prime” Rate**

The “Prime” Rate on any Business Day is the rate posted by the Wall Street Journal [WSJ]. The WSJ posts the “Prime” Rate on its website, generally at 7:00 p.m., except on federal holidays in which case the data generally will be released on the next day that is not a Saturday, Sunday or federal holiday.

During the Floating Interest Rate Period, if the Issuer determines that the “Prime” Rate is no longer posted by [the WSJ], the Issuer will use a substitute rate as determined by the Issuer in its sole discretion in place of the “Prime” Rate to determine interest accrual for the CDs for any Interest Payment Period after such determination. Any such determination by the Issuer shall be final. The exercise of this discretion by the Issuer could reduce the interest amount payable on the CDs.

The following table shows the historical values of the “Prime” Rate from July 8, 2004 to July 8, 2014. The dates listed are only those dates on which the “Prime” Rate changed. The information below is not intended to represent what you might earn on the CDs, but rather is provided for information purposes and should not be used or interpreted as a forecast or indication of future levels of the “Prime” Rate, interest rates in general, or the interest, if any, you will earn by owning a CD.

[Insert Historical “Prime” Rate Chart]

## **III. EXAMPLE FLOATING INTEREST RATE DETERMINATION**

[Insert Example Floating Interest Rate Determination]

## **IV. EARLY WITHDRAWAL AND SECONDARY MARKET**

Early withdrawal will only be available upon the death or adjudication of incompetence of the owner of the CD and, in those circumstances, will be permitted without penalty.

You may be able to sell your CD in the secondary market that the Firm may, but is not obligated to, maintain after the Issuance Date. If the Firm does maintain a secondary market in the CD, there can be no assurance that it will continue to do so. The price you receive in this market will reflect prevailing market conditions and may be less than the amount you paid for your CD. See the section headed “Secondary Market” in the Disclosure Statement.

## **V. IMPORTANT INVESTMENT CONSIDERATIONS**

In addition to the “Important Investment Considerations” section in the Disclosure Statement, you should consider the following.

During the Floating Interest Rate Period, the CDs may pay substantially more or substantially less interest than would be paid on a fixed-rate CD of the same maturity, depending on the fluctuations in the “Prime” Rate. You should compare the rates of return of the CDs to other available investments before deciding to purchase a CD.

Because the floating interest rate is determined by the “Prime” rate as of each Reset Date, you may not receive the benefits of any increase in the “Prime” Rate that occurs on any day other than a Reset Date. As a result of the 3.00% APY Floating Interest Rate Cap, you will not receive the benefit of an increase in the “Prime” Rate if the “Prime” Rate exceeds 5.00%.

If your CD is called, you may face the risk that your return will be less than the yield the CD would have earned had it not been called. The estimated market value of the CD on your account statement does not determine the amount you will receive if the CD is called. Principal and accrued interest on the CDs will be insured by the FDIC within the applicable limits described in the Disclosure Statement.

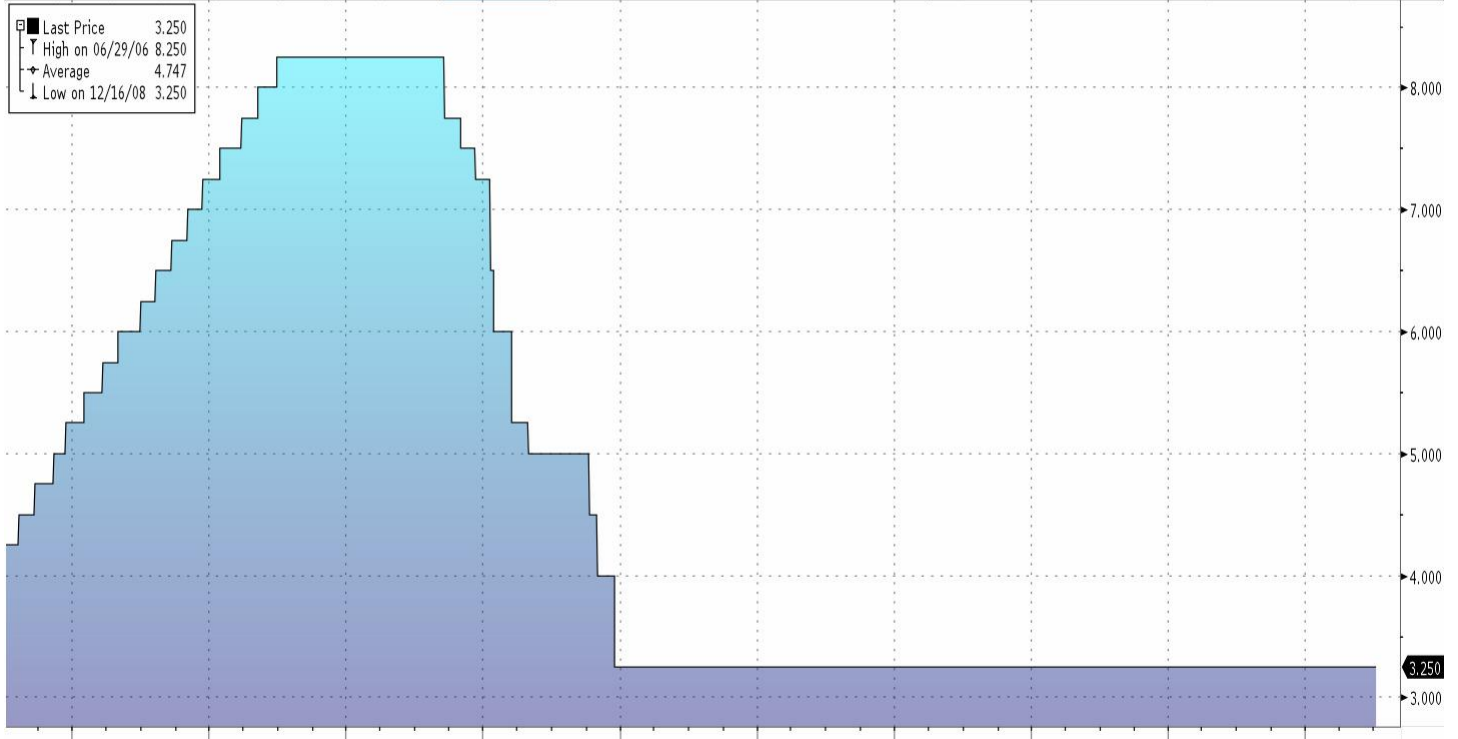
You should be aware that the Call would most likely be made at a time when prevailing interest rates are lower than the interest payable on the CDs. We do not control whether or when the Issuer decides to call a CD. If the CD is called, you may be unable to reinvest the funds at the same rate as the CD. We are not responsible for any losses you may incur as a result of a lower interest rate on an investment replacing the CD.

If your CD is not called, you may be required to hold the CD at a lower rate than the prevailing market interest rates.

PRIME 3.25 -- 3.25/3.25  
 At 7:12 Op 3.25 Hi 3.25 Lo 3.25 Prev 3.25

PRIME Index 95) Save As 96) Actions 97) Edit 98) Table Line Chart  
 07/08/2004 - 07/08/2014 Mid Yield Compare Mov. Avgs No Lower Chart  
 1D 3D 1M 6M YTD 1Y 5Y Max Daily Security/Study Event

Last Price 3.250  
 High on 06/29/06 8.250  
 Average 4.747  
 Low on 12/16/08 3.250



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
 SN 130208 EDT GMT-4:00 H356-4005-3 08-Jul-2014 14:48:58