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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 September 30, 2017

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. 001-38162

**Eagle Financial Bancorp, Inc.**

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of  
incorporation or organization)

(82-1340349)

(I.R.S. Employer Identification No.)

6415 Bridgetown Road, Cincinnati, OH 45248

(Address of principal executive office)

Registrant's telephone number, including area code: (513) 574-0700

N/A

(Former name, former 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 Sections 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)			<input type="checkbox"/>
Smaller reporting company	<input checked="" type="checkbox"/>		
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

There were 1,612,808 shares of the Registrant's common stock issued and outstanding as of November 9, 2017.

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## Part I. Financial Information

### Item 1. Financial Statements

#### Eagle Financial Bancorp, Inc. Condensed Consolidated Balance Sheets September 30, 2017 (Unaudited) and December 31, 2016 (Dollars in Thousands)

	September 30, 2017	December 31, 2016
<b>Assets</b>		
Cash and due from banks	\$ 368	\$ 459
Federal Reserve Bank and Federal Home Loan Bank (FHLB) demand accounts	12,341	19,130
Cash and cash equivalents	12,709	19,589
Interest-bearing time deposits in other banks	3,585	346
Loans held for sale	6,387	2,732
Loans, net of allowance for loan losses of \$1,167 and \$1,137 at September 30, 2017 and December 31, 2016, respectively	96,130	83,048
Premises and equipment - at depreciated cost	4,372	4,340
FHLB stock - at cost	736	728
Foreclosed real estate held for sale, net	-	55
Bank-owned life insurance (BOLI)	1,900	1,865
FHLB lender risk account receivable	3,107	2,698
Accrued interest receivable	294	270
Prepaid federal income taxes	-	75
Other assets	364	227
<b>Total assets</b>	<b>\$ 129,584</b>	<b>\$ 115,973</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$ 4,323	\$ 4,816
Interest-bearing	95,524	95,228
Total deposits	99,847	100,044
FHLB advances	13	28
Advances from borrowers for taxes and insurance	553	716
Accrued interest payable	1	1
Accrued supplemental retirement plans	1,027	868
Deferred federal tax liability	470	554
Other liabilities	635	285
<b>Total liabilities</b>	<b>102,546</b>	<b>102,496</b>
<b>Shareholders' Equity</b>		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized; none issued and outstanding	-	-
Common stock, \$0.01 par value, 50,000,000 shares authorized, 1,612,808 shares issued and outstanding	16	-
Additional paid-in capital	14,708	-
Retained earnings	13,572	13,477
Unearned Employee Stock Ownership Plan ("ESOP") shares	(1,258)	-
<b>Total shareholders' equity</b>	<b>27,038</b>	<b>13,477</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 129,584</b>	<b>\$ 115,973</b>

See accompanying notes to condensed financial statements.

**Eagle Financial Bancorp, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Income**  
**Three Months and Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Interest and Dividend Income</b>				
Interest earned on loans	\$ 1,079	\$ 942	\$ 3,030	\$ 2,748
Dividends on FHLB stock	11	7	29	22
Other interest-earning deposits	60	20	119	58
Total interest and dividend income	1,150	969	3,178	2,828
<b>Interest Expense</b>				
Interest on deposits	167	180	494	523
FHLB advances	-	1	1	33
Total interest expense	167	181	495	556
<b>Net Interest Income</b>	983	788	2,683	2,272
<b>Provision for Loan Losses</b>	17	40	102	65
<b>Net Interest Income After Provision for Loan Losses</b>	966	748	2,581	2,207
<b>Noninterest Income</b>				
Net gains on loan sales	448	666	1,543	1,463
Other service charges and fees	56	59	149	141
Death benefit proceeds in excess of cash surrender value of BOLI	-	-	-	940
Income from BOLI	12	12	35	36
Total noninterest income	516	737	1,727	2,580
<b>Noninterest Expense</b>				
Compensation and benefits	849	654	2,396	1,730
Occupancy and equipment, net	59	57	170	168
Data processing	72	76	206	266
Legal and professional services	76	46	204	109
FDIC premium expense	10	10	19	44
Foreclosed real estate impairments and expenses, net	-	13	9	20
Franchise and other taxes	27	29	81	81
Advertising	34	42	101	148
ATM processing expense	21	26	64	69
FHLB advance prepayment penalty	-	-	-	121
Death benefit obligation expense	-	-	-	410
Charitable contributions	503	3	508	10
Other expenses	134	91	388	245
Total noninterest expense	1,785	1,047	4,146	3,421
<b>Income (Loss) Before Income Taxes (Benefit)</b>	(303)	438	162	1,366
<b>Income Taxes</b>				
Provision for Income taxes (benefit)	(83)	146	67	147
Total income taxes (benefit)	(83)	146	67	147
<b>Net Income (Loss)</b>	\$ (220)	\$ 292	\$ 95	\$ 1,219

See accompanying notes to condensed financial statements.

**Eagle Financial Bancorp, Inc.**  
**Condensed Consolidated Statements of Shareholders' Equity**  
**Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u> (In thousands)	<u>Unearned ESOP Shares</u>	<u>Total</u>
<b>Balance at December 31, 2015</b>	\$ -	\$ -	\$ 12,017	\$ -	\$ 12,017
Net income	-	-	1,219	-	1,219
<b>Balance at September 30, 2016</b>	<u>-</u>	<u>-</u>	<u>\$ 13,236</u>	<u>\$ -</u>	<u>\$ 13,236</u>
<b>Balance at December 31, 2016</b>	\$ -	\$ -	\$ 13,477	\$ -	\$ 13,477
Net income	-	-	95	-	95
Proceeds from issuance of 1,612,808 shares of common stock	16	14,689		(1,290)	13,415
ESOP shares earned	-	19		32	51
<b>Balance at September 30, 2017</b>	<u>\$ 16</u>	<u>\$ 14,708</u>	<u>\$ 13,572</u>	<u>\$ (1,258)</u>	<u>\$ 27,038</u>

*See accompanying notes to condensed financial statements.*

**Eagle Financial Bancorp, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

	Nine Months Ended September 30,	
	2017	2016
<b>Operating Activities</b>		
Net income	\$ 95	\$ 1,219
Items not requiring (providing) cash:		
Depreciation and amortization	166	128
Proceeds on sale of loans in the secondary market	51,819	59,544
Loans originated for sale in the secondary market	(53,931)	(61,680)
Gain on sale of loans	(1,543)	(1,463)
ESOP compensation expense	51	-
Provision for loan losses	102	65
(Gain) loss on sale of foreclosed real estate	3	(17)
Deferred federal tax liability	(84)	(48)
Death benefit proceeds in excess of cash surrender value of BOLI	-	(940)
Increase in cash surrender value of BOLI	(35)	(36)
Impairment on foreclosed real estate	3	3
Changes in:		
FHLB lender risk account receivable	(409)	(229)
Accrued interest receivable and interest payable	(24)	(10)
Other assets and prepaid federal income taxes	(62)	(110)
Accrued supplemental retirement plans	158	28
Accrued expenses and other liabilities	351	203
Net cash flows used in operating activities	(3,340)	(3,343)
<b>Investing Activities</b>		
Net (increase) decrease in interest-bearing time deposits in other banks	(3,239)	496
Net increase in loans	(13,209)	(4,708)
Purchase of FHLB stock	(8)	(1)
Purchase of premises and equipment	(173)	(11)
Proceeds from sale of foreclosed real estate	49	376
Death benefit proceeds received	-	1,485
Net cash used in investing activities	(16,580)	(2,363)
<b>Financing Activities</b>		
Net increase (decrease) in deposits	(197)	7,050
Repayment of FHLB advances	(15)	(3,019)
Proceeds from issuance of common stock	13,415	-
Net decrease in advances from borrowers for taxes and insurance	(163)	(197)
Net cash provided by financing activities	13,040	3,834
<b>Decrease in Cash and Cash Equivalents</b>	(6,880)	(1,872)
<b>Cash and Cash Equivalents, Beginning of Period</b>	19,589	19,012
<b>Cash and Cash Equivalents, End of Period</b>	\$ 12,709	\$ 17,140

(Continued)

**Eagle Financial Bancorp, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

	Nine Months Ended September 30,	
	2017	2016
<b>Supplemental Cash Flows Information:</b>		
Interest paid	\$ 495	\$ 556
Income taxes paid	90	-

*See accompanying notes to condensed financial statements.*

**Eagle Financial Bancorp, Inc.**

**Notes to Condensed Consolidated Financial Statements  
September 30, 2017 (Unaudited) and December 31, 2016  
Three Months and Nine Months Ended September 30, 2017 and 2016 (Unaudited)  
(Dollars in Thousands)**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

**General**

Eagle Financial Bancorp, Inc. (the “Company”), a Maryland corporation and registered bank holding company, was formed on February 21, 2017 to become the bank holding company for Eagle Savings Bank (the “Bank”). The Bank, an Ohio chartered savings and loan association, completed its mutual-to-stock conversion on July 20, 2017. In connection with the Bank’s conversion, the Company acquired 100% ownership of the Bank and the Company offered and sold 1,572,808 shares of its common stock at \$10.0 per share, for gross offering proceeds of \$15,728. The cost of the conversion and issuance of common stock was approximately \$1,423, which was deducted from the gross offering proceeds. The Company also contributed 40,000 shares of its common stock and \$100,000 of cash to Eagle Savings Bank Charitable Foundation (the “Foundation”), a charitable foundation formed in connection with the Bank’s conversion. The Bank’s employee stock ownership plan (“ESOP”) purchased 129,024 shares of the common stock sold by the Company, which was 8% of the 1,612,808 shares of common stock issued by the Company, including the shares contributed to the Foundation. The ESOP purchased the shares using a loan from the Company. The Company contributed \$7,153 of the net proceeds from the offering to the Bank, loaned \$1,290 of the net proceeds to the ESOP, contributed \$100 to the Foundation and retained approximately \$5,763 of the net proceeds.

Following the Bank’s conversion, voting rights are held and exercised exclusively by the shareholders of the holding company. Deposit account holders continue to be insured by the FDIC. A liquidation account was established in an amount equal to the Bank’s total equity as of the latest balance sheet date in the final offering circular used in the conversion. Each eligible account holder or supplemental account holder are entitled to a proportionate share of this account in the event of a complete liquidation of the Bank, and only in such event. This share will be reduced if the eligible account holder’s or supplemental account holder’s deposit balance falls below the amounts on the date of record and will cease to exist if the account is closed. The liquidation account will never be increased despite any increase after conversion in the related deposit balance.

The Bank may not pay a dividend on its capital stock, if the effect thereof would cause retained earnings to be reduced below the liquidation account amount or regulatory capital requirements. In addition, the stock holding company will be subject to certain regulations related to the repurchase of its capital stock.

The Conversion was accounted for as a change in corporate form with the historic basis of the Bank’s assets, liabilities and equity unchanged as a result.

**Basis of Presentation and Consolidation**

The condensed consolidated financial statements as of September 30, 2017 and for the three and nine months ended September 30, 2017, include Eagle Financial Bancorp, Inc. and the Bank, its wholly owned subsidiary. Intercompany transactions and balances have been eliminated in consolidation. The financial statements as of December 31, 2016 and for the three and nine months ended September 30, 2016 represent the Bank only, as the conversion to stock form, including the formation the Company was completed on July 20, 2017. References herein to the Company for periods prior to the completion of the stock conversion should be deemed to refer to the Bank.



**Eagle Financial Bancorp, Inc.**

**Notes to Condensed Consolidated Financial Statements  
September 30, 2017 (Unaudited) and December 31, 2016  
Three Months and Nine Months Ended September 30, 2017 and 2016 (Unaudited)  
(Dollars in Thousands)**

The accompanying condensed balance sheet of the Bank as of December 31, 2016, which has been derived from audited financial statements, and unaudited condensed financial statements of the Bank as of September 30, 2017 and for the three and nine months ended September 30, 2017 and 2016, were prepared in accordance with instructions for Form 10-Q and Article 8 of Regulation S-X and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in accounting principles generally accepted in the United States of America. Accordingly, these condensed financial statements should be read in conjunction with the financial statements and notes thereto of the Bank for the year ended December 31, 2016 included in the Registrant's Form S-1. Reference is made to the accounting policies of the Bank described in the Notes to Financial Statements contained in the Form S-1.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary for a fair presentation of the unaudited condensed financial statements have been included to present fairly the financial position as of September 30, 2017 and the results of operations and cash flows for the three and nine months ended September 30, 2017 and 2016. All interim amounts have not been audited and the results of operations for the three and six months ended September 30, 2017, herein are not necessarily indicative of the results of operations to be expected for the entire year.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, FHLB lender risk account receivable, valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, and fair values of financial instruments.

**Earnings (Loss) Per Share**

Based on the accounting method used for the recording of the common stock transaction, including the funding of Eagle Financial Bancorp, Inc. on July 20, 2017, together with the methods and computations for calculating the weighted-average number of related outstanding shares and loss per share for the three and nine months ended September 30, 2017, the computation of earnings (loss) per share would not provide meaningful information to readers of the accompanying condensed consolidated financial statements. Therefore, such presentation is not included for such periods.

**Eagle Financial Bancorp, Inc.**

**Notes to Condensed Consolidated Financial Statements**  
**September 30, 2017 (Unaudited) and December 31, 2016**  
**Three Months and Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

**Note 2: Loans and Allowance for Loan Losses**

The composition of the loan portfolio at September 30, 2017 and December 31, 2016 was as follows:

	September 30, 2017	December 31, 2016
	(In thousands)	
Residential mortgage loans	\$ 52,663	\$ 41,914
Commercial real estate and land loans	14,485	13,631
Home equity and other consumer	13,009	14,593
Residential construction loans	8,249	9,468
Residential mortgage loans, non-owner occupied	7,504	5,743
Multi-family real estate loans	2,357	2,513
Commercial loans	6,105	1,779
	104,372	89,641
Net deferred loan costs	67	98
Loans in process	(7,142)	(5,554)
Allowance for loan losses	(1,167)	(1,137)
Net loans	\$ 96,130	\$ 83,048

Loans serviced for the benefit of others at September 30, 2017 and December 31, 2016 amounted to \$2,223 and \$1,930, respectively.

Loans in process relates to primarily residential mortgage loans.

Risk characteristics applicable to each segment of the loan portfolio are described as follows.

**Residential Mortgage Loans, including Construction Loans and Land Loans:** The residential 1-4 family real estate loans and construction loans are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Bank's market areas that might impact either property values or a borrower's personal income. Land loans are secured primarily by unimproved land for future residential use. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

**Residential Mortgage Loans, Non-Owner Occupied:** One-to-four family, non-owner occupied loans carry greater inherent risks than one-to-four family, owner occupied loans, since the repayment ability of the borrower is generally reliant on the success of the income generated from the property.

**Eagle Financial Bancorp, Inc.**

**Notes to Condensed Consolidated Financial Statements**  
**September 30, 2017 (Unaudited) and December 31, 2016**  
**Three Months and Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

**Commercial Real Estate and Multi-Family Real Estate:** Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. Multi-family real estate loans are generally secured by apartment complexes. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Bank's market areas.

**Commercial:** The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

**Home equity and Other Consumer:** The consumer loan portfolio consists of home equity loans and term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment of the home equity loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Bank's market areas that might impact either property values or a borrower's personal income. Repayment for term and line of credit loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Bank's market area) and the creditworthiness of a borrower.

**Eagle Financial Bancorp, Inc.**

**Notes to Condensed Consolidated Financial Statements**  
**September 30, 2017 (Unaudited) and December 31, 2016**  
**Three Months and Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

The following tables present the activity in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method for the three and nine months ended September 30, 2017 and 2016 and year ended December 31, 2016:

Nine Months Ended September 30, 2017 (Unaudited)	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Residential Construction Loans	Residential Mortgage Loans Non- Owner Occupied	Multi- Family Real Estate Loans	Commercial Loans	Total
	(In thousands)							
<b>Allowance for loan losses:</b>								
Balance, beginning of year	\$ 166	\$ 164	\$ 341	\$ 88	\$ 175	\$ 30	\$ 173	\$ 1,137
Provision charged to expense	46	108	(54)	(3)	28	(2)	(21)	102
Losses charged off	(10)	(73)	-	-	-	-	-	(83)
Recoveries	1	-	-	-	-	-	10	11
Balance, end of period	<u>\$ 203</u>	<u>\$ 199</u>	<u>\$ 287</u>	<u>\$ 85</u>	<u>\$ 203</u>	<u>\$ 28</u>	<u>\$ 162</u>	<u>\$ 1,167</u>
Ending balance: individually evaluated for impairment	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 139</u>	<u>\$ 195</u>
Ending balance: collectively evaluated for impairment	<u>\$ 181</u>	<u>\$ 199</u>	<u>\$ 287</u>	<u>\$ 85</u>	<u>\$ 169</u>	<u>\$ 28</u>	<u>\$ 23</u>	<u>\$ 972</u>
<b>Loans:</b>								
Ending balance	<u>\$ 52,663</u>	<u>\$ 14,485</u>	<u>\$ 13,009</u>	<u>\$ 8,249</u>	<u>\$ 7,504</u>	<u>\$ 2,357</u>	<u>\$ 6,105</u>	<u>\$104,372</u>
Ending balance: individually evaluated for impairment	<u>\$ 142</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ 301</u>	<u>\$ 849</u>
Ending balance: collectively evaluated for impairment	<u>\$ 52,521</u>	<u>\$ 14,337</u>	<u>\$ 13,009</u>	<u>\$ 8,249</u>	<u>\$ 7,246</u>	<u>\$ 2,357</u>	<u>\$ 5,804</u>	<u>\$103,523</u>
Three Months Ended September 30, 2017 (Unaudited)	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Residential Construction Loans	Residential Mortgage Loans Non- Owner Occupied	Multi- Family Real Estate Loans	Commercial Loans	Total
	(In thousands)							
<b>Allowance for loan losses:</b>								
Balance, beginning of period	\$ 197	\$ 229	\$ 316	\$ 91	\$ 220	\$ 23	\$ 153	\$ 1,229
Provision charged to expense	15	43	(29)	(6)	(17)	5	6	17
Losses charged off	(10)	(73)	-	-	-	-	-	(83)
Recoveries	1	-	-	-	-	-	3	4
Balance, end of period	<u>\$ 203</u>	<u>\$ 199</u>	<u>\$ 287</u>	<u>\$ 85</u>	<u>\$ 203</u>	<u>\$ 28</u>	<u>\$ 162</u>	<u>\$ 1,167</u>

**Eagle Financial Bancorp, Inc.**

**Notes to Condensed Consolidated Financial Statements**  
**September 30, 2017 (Unaudited) and December 31, 2016**  
**Three Months and Nine Months Ended September 30, 2017 and 2016 (Unaudited)**  
**(Dollars in Thousands)**

Nine Months Ended September 30, 2016 (Unaudited)	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Residential Construction Loans	Residential Mortgage Loans Non- Owner Occupied	Multi- Family Real Estate Loans	Commercial Loans	Total
(In thousands)								
<b>Allowance for loan losses:</b>								
Balance, beginning of year	\$ 151	\$ 146	\$ 290	\$ 39	\$ 204	\$ 36	\$ 170	\$ 1,036
Provision charged to expense	3	(5)	36	62	10	(4)	(37)	65
Losses charged off	-	-	-	-	(33)	-	-	(33)
Recoveries	5	-	-	-	6	-	39	50
Balance, end of year	<u>\$ 159</u>	<u>\$ 141</u>	<u>\$ 326</u>	<u>\$ 101</u>	<u>\$ 187</u>	<u>\$ 32</u>	<u>\$ 172</u>	<u>\$ 1,118</u>
(In thousands)								
Three Months Ended September 30, 2016 (Unaudited)	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Residential Construction Loans	Residential Mortgage Loans Non- Owner Occupied	Multi- Family Real Estate Loans	Commercial Loans	Total
<b>Allowance for loan losses:</b>								
Balance, beginning of period	\$ 153	\$ 153	\$ 291	\$ 115	\$ 170	\$ 33	\$ 170	\$ 1,085
Provision charged to expense	6	(12)	35	(14)	28	(1)	(2)	40
Losses charged off	-	-	-	-	(11)	-	-	(11)
Recoveries	-	-	-	-	-	-	4	4
Balance, end of period	<u>\$ 159</u>	<u>\$ 141</u>	<u>\$ 326</u>	<u>\$ 101</u>	<u>\$ 187</u>	<u>\$ 32</u>	<u>\$ 172</u>	<u>\$ 1,118</u>
(In thousands)								
Year Ended December 31, 2016	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Residential Construction Loans	Residential Mortgage Loans Non- Owner Occupied	Multi- Family Real Estate Loans	Commercial Loans	Total
<b>Allowance for loan losses:</b>								
Balance, beginning of year	\$ 151	\$ 146	\$ 290	\$ 39	\$ 204	\$ 36	\$ 170	\$ 1,036
Provision charged to expense	39	18	51	49	(29)	(6)	(39)	83
Losses charged off	(35)	-	-	-	-	-	-	(35)
Recoveries	11	-	-	-	-	-	42	53
Balance, end of year	<u>\$ 166</u>	<u>\$ 164</u>	<u>\$ 341</u>	<u>\$ 88</u>	<u>\$ 175</u>	<u>\$ 30</u>	<u>\$ 173</u>	<u>\$ 1,137</u>
Ending balance: individually evaluated for impairment	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 168</u>	<u>\$ 222</u>
Ending balance: collectively evaluated for impairment	<u>\$ 151</u>	<u>\$ 164</u>	<u>\$ 341</u>	<u>\$ 88</u>	<u>\$ 136</u>	<u>\$ 30</u>	<u>\$ 5</u>	<u>\$ 915</u>
<b>Loans:</b>								
Ending balance	<u>\$ 41,914</u>	<u>\$ 13,631</u>	<u>\$ 14,593</u>	<u>\$ 9,468</u>	<u>\$ 5,743</u>	<u>\$ 2,513</u>	<u>\$ 1,779</u>	<u>\$ 89,641</u>
Ending balance: individually evaluated for impairment	<u>\$ 145</u>	<u>\$ 207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ 4</u>	<u>\$ 330</u>	<u>\$ 1,005</u>
Ending balance: collectively evaluated for impairment	<u>\$ 41,769</u>	<u>\$ 13,424</u>	<u>\$ 14,593</u>	<u>\$ 9,468</u>	<u>\$ 5,424</u>	<u>\$ 2,509</u>	<u>\$ 1,449</u>	<u>\$ 88,636</u>

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***Internal Risk Categories***

Loan grades are numbered 1 through 8. Grades 5 through 8 are considered satisfactory grades. The grade of 1, or Special Mention, represents loans of lower quality and is considered criticized. The grades of 2, or Substandard, 3, or Doubtful, and 4, or Loss refer to assets that are classified. The use and application of these grades by the Bank will be uniform and shall conform to the Bank's policy.

**Special Mention (grade 1)** assets have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Ordinarily, special mention credits have characteristics which corrective management action would remedy.

**Substandard (grade 2)** loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

**Doubtful (grade 3)** loans classified as doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current known facts, conditions and values, highly questionable and improbable.

**Loss (grade 4)** loans classified as loss are considered uncollectible and of such little value that their continuance as assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off even though partial recovery may be affected in the future.

**Satisfactory (grades 5 through 8)** represent loans for which quality is considered to be satisfactory.

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The following tables present the credit risk profile of the Bank's loan portfolio based on rating category and payment activity as of September 30, 2017 and December 31, 2016:

September 30, 2017 (Unaudited)	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Residential Construction Loans	Residential Mortgage Loans Non-Owner Occupied	Multi-Family Real Estate Loans	Commercial Loans	Total
(In thousands)								
Rating								
Satisfactory (5-8)	\$ 52,047	\$ 14,172	\$ 12,899	\$ 8,249	\$ 6,634	\$ 2,357	\$ 5,707	\$ 102,065
Special mention (1)	-	-	-	-	-	-	-	-
Substandard (2)	616	313	110	-	870	-	398	2,307
Doubtful (3)	-	-	-	-	-	-	-	-
Loss (4)	-	-	-	-	-	-	-	-
Total	<u>\$ 52,663</u>	<u>\$ 14,485</u>	<u>\$ 13,009</u>	<u>\$ 8,249</u>	<u>\$ 7,504</u>	<u>\$ 2,357</u>	<u>\$ 6,105</u>	<u>\$ 104,372</u>
(In thousands)								
December 31, 2016	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Residential Construction Loans	Residential Mortgage Loans Non-Owner Occupied	Multi-Family Real Estate Loans	Commercial Loans	Total
Rating								
Satisfactory (5-8)	\$ 40,975	\$ 13,424	\$ 14,556	\$ 9,468	\$ 5,523	\$ 2,509	\$ 1,350	\$ 87,805
Special mention (1)	-	-	-	-	-	-	99	99
Substandard (2)	939	207	37	-	220	4	330	1,737
Doubtful (3)	-	-	-	-	-	-	-	-
Loss (4)	-	-	-	-	-	-	-	-
Total	<u>\$ 41,914</u>	<u>\$ 13,631</u>	<u>\$ 14,593</u>	<u>\$ 9,468</u>	<u>\$ 5,743</u>	<u>\$ 2,513</u>	<u>\$ 1,779</u>	<u>\$ 89,641</u>

The Company evaluates the loan risk grading system definitions and allowance for loan losses methodology on an ongoing basis. No significant changes were made to either during the three and nine months ended September 30, 2017.

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The following tables present the Bank's loan portfolio aging analysis of the recorded investment in loans as of September 30, 2017 and December 31, 2016:

September 30, 2017 (Unaudited)	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due or More	Total Past Due	Current	Total Loans Receivable	Recorded Investment 90 Days and Accruing
(In thousands)							
Residential mortgage loans	\$ 393	\$ 44	\$ 87	\$ 524	\$ 52,139	\$ 52,663	\$ -
Commercial real estate and land loans	-	-	148	148	14,337	14,485	-
Home equity and other consumer	-	-	-	-	13,009	13,009	-
Residential construction loans	-	-	-	-	8,249	8,249	-
Residential mortgage loans, non- owner occupied	69	-	-	69	7,435	7,504	-
Multi-family real estate loans	-	-	-	-	2,357	2,357	-
Commercial loans	-	-	-	-	6,105	6,105	-
<b>Total</b>	<b>\$ 462</b>	<b>\$ 44</b>	<b>\$ 235</b>	<b>\$ 741</b>	<b>\$ 103,631</b>	<b>\$ 104,372</b>	<b>\$ -</b>

  

December 31, 2016	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due or More	Total Past Due	Current	Total Loans Receivable	Recorded Investment 90 Days and Accruing
(In thousands)							
Residential mortgage loans	\$ 191	\$ 278	\$ -	\$ 469	\$ 41,445	\$ 41,914	\$ -
Commercial real estate and land loans	-	207	-	207	13,424	13,631	-
Home equity and other consumer	104	-	50	154	14,439	14,593	-
Residential construction loans	-	-	-	-	9,468	9,468	-
Residential mortgage loans, non- owner occupied	-	-	-	-	5,743	5,743	-
Multi-family real estate loans	-	-	-	-	2,513	2,513	-
Commercial loans	-	-	-	-	1,779	1,779	-
<b>Total</b>	<b>\$ 295</b>	<b>\$ 485</b>	<b>\$ 50</b>	<b>\$ 830</b>	<b>\$ 88,811</b>	<b>\$ 89,641</b>	<b>\$ -</b>

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Bank will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan.



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The following tables present impaired loans at September 30, 2017, September 30, 2016 and as of December 31, 2016:

	As of September 30, 2017			For the Three Months Ended September 30, 2017		For the Nine Months Ended September 30, 2017	
	Recorded Balance	Unpaid Principal Balance	Allocated Allowance	Average Investment in Impaired Loans (In thousands)	Interest Income Recognized	Average Investment in Impaired Loans	Interest Income Recognized
Loans without an allocated allowance:							
Residential mortgage loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial real estate and land loans	148	148	-	180	-	214	1
Home equity and other consumer	-	-	-	-	-	-	-
Residential construction loans	-	-	-	-	-	-	-
Residential mortgage loans, non-owner occupied	60	60	-	65	1	93	3
Multi-family real estate loans	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-	-
Loans with an allocated allowance:							
Residential mortgage loans	142	142	22	143	1	144	5
Commercial real estate and land loans	-	-	-	-	-	-	-
Home equity and other consumer	-	-	-	-	-	-	-
Residential construction loans	-	-	-	-	-	-	-
Residential mortgage loans, non-owner occupied	198	198	34	199	2	200	7
Multi-family real estate loans	-	-	-	-	-	-	-
Commercial loans	301	301	139	301	4	315	13
Total	\$ 849	\$ 849	\$ 195	\$ 888	\$ 8	\$ 966	\$ 29
	As of September 30, 2016			For the Three Months Ended September 30, 2016		For the Nine Months Ended September 30, 2016	
	Recorded Balance	Unpaid Principal Balance	Allocated Allowance	Average Investment in Impaired Loans (In thousands)	Interest Income Recognized	Average Investment in Impaired Loans	Interest Income Recognized
Loans without an allocated allowance:							
Residential mortgage loans	\$ 81	\$ 81	\$ -	\$ 81	\$ 1	\$ 82	\$ 3
Commercial real estate and land loans	205	205	-	205	1	207	5
Home equity and other consumer	-	-	-	-	-	-	-
Residential construction loans	-	-	-	-	-	-	-
Residential mortgage loans, non-owner occupied	203	203	-	225	-	239	-
Multi-family real estate loans	7	7	-	9	-	12	-
Commercial loans	-	-	-	-	-	-	-
Loans with an allocated allowance:							
Residential mortgage loans	66	66	15	66	1	67	3
Commercial real estate and land loans	-	-	-	-	-	-	-
Home equity and other consumer	-	-	-	-	-	-	-
Residential construction loans	-	-	-	-	-	-	-
Residential mortgage loans, non-owner occupied	238	238	44	239	3	241	8
Multi-family real estate loans	-	-	-	-	-	-	-
Commercial loans	330	330	168	330	3	330	13
Total	\$ 1,130	\$ 1,130	\$ 227	\$ 1,155	\$ 9	\$ 1,178	\$ 32

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	As of December 31, 2016				
	<u>Recorded Balance</u>	<u>Unpaid Principal Balance</u>	<u>Allocated Allowance (In thousands)</u>	<u>Average Investment in Impaired Loans</u>	<u>Interest Income Recognized</u>
Loans without an allocated allowance:					
Residential mortgage loans	\$ 80	\$ 80	\$ -	\$ 81	\$ 4
Commercial real estate and land loans	207	207	-	208	7
Home equity and other consumer	-	-	-	-	-
Residential construction loans	-	-	-	-	-
Residential mortgage loans, non-owner occupied	116	116	-	219	5
Multi-family real estate loans	4	4	-	11	1
Commercial loans	-	-	-	-	-
Loans with an allocated allowance:					
Residential mortgage loans	65	65	15	66	3
Commercial real estate and land loans	-	-	-	-	-
Home equity and other consumer	-	-	-	-	-
Residential construction loans	-	-	-	-	-
Residential mortgage loans, non-owner occupied	203	203	39	206	9
Multi-family real estate loans	-	-	-	-	-
Commercial loans	330	330	168	330	17
Total	<u>\$ 1,005</u>	<u>\$ 1,005</u>	<u>\$ 222</u>	<u>\$ 1,121</u>	<u>\$ 46</u>

Interest income recognized is not materially different than interest income that would have been recognized on a cash basis.

The following table presents the Bank's nonaccrual loans at September 30, 2017 and December 31, 2016. This table excludes performing troubled debt restructurings.

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	(In thousands)	
Residential mortgage loans	\$ 87	\$ -
Commercial real estate and land loans	148	-
Home equity and other consumer	-	50
Residential construction loans	-	-
Residential mortgage loans, non-owner occupied	-	-
Multi-family real estate loans	-	-
Commercial loans	-	-
Total	<u>\$ 235</u>	<u>\$ 50</u>

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Following is a summary of troubled debt restructurings at September 30, 2017 and December 31, 2016:

	<b>As of September 30, 2017</b>		<b>As of December 31, 2016</b>	
	<b>Number of Contracts</b>	<b>Recorded Investment</b>	<b>Number of Contracts</b>	<b>Recorded Investment</b>
	<b>(Dollars in thousands)</b>		<b>(Dollars in thousands)</b>	
Residential mortgage loans	1	\$ 78	1	\$ 80
Commercial real estate and land loans	-	-	-	-
Home equity and other consumer	-	-	-	-
Residential construction loans	-	-	-	-
Residential mortgage loans, non-owner occupied	5	257	6	319
Multi-family real estate loans	-	-	1	4
Commercial loans	1	301	1	330
	<u>7</u>	<u>\$ 636</u>	<u>9</u>	<u>\$ 733</u>

As of September 30, 2017, the Bank had total troubled debt restructurings of \$636. There were six residential mortgage loans and residential non-owner occupied loans totaling \$335 in troubled debt restructurings with the largest totaling \$78. The remaining \$301 in troubled debt restructurings consisted of one commercial loan. As of December 31, 2016, the Bank had total troubled debt restructurings of \$733. There were seven residential mortgage loans and residential non-owner occupied loans totaling \$399 in troubled debt restructurings with the largest totaling \$203. The remaining \$334 in troubled debt restructurings consisted of one commercial loan for \$330 and one multi-family loan for \$4. These loans were modified due to short term concessions. Eagle Savings Bank has no commitments to lend additional funds to these debtors owing receivables whose terms have been modified in troubled debt restructurings. During the three months and nine months ended September, 30, 2017 there were no new troubled debt restructurings.

At September 30, 2017, the Bank had no foreclosed real estate. At December 31, 2016, foreclosed real estate included two plots of land totaling \$55.

**Note 3: Employee Stock Ownership Plan ("ESOP")**

Employees participate in an ESOP. You become a participant with respect to non-elective contributions on the first day of the calendar month coincident with or next following the date you attain age 21 and you complete one (1) year of eligibility service, provided that you are an eligible employee on that date. The ESOP borrowed from the Company to purchase 129,024 shares of the Company's common stock at \$10 per share on July 20, 2017. The Company may make discretionary contributions to the ESOP and pay dividends on unallocated shares to the ESOP, the ESOP uses funds it receives to repay the loan. The Company recognizes compensation expense equal to the fair value of the ESOP shares during the periods in which they become committed to be released. To the extent the fair value of the ESOP shares released differs from the cost of the shares, such amount is charged to or credited to equity as additional paid-in capital. When loan payments are made, ESOP shares are allocated to participants based on relative compensation and expense is recorded. Any dividends on allocated shares increase participant accounts. Participants receive the shares at the end of employment.

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During the three and nine months ended September 30, 2017, \$1,290 was contributed to the ESOP. The expense recognized for the three and nine months ended September 30, 2017 was \$51 and is reported in compensation and benefits.

ESOP shares at September 30, 2017 are summarized as follows:

	<b>Nine Months Ended September 30, 2017</b>
Allocated	-
Committed to be released to participants	3,226
Unearned	<u>125,798</u>
<b>Total ESOP shares</b>	<b><u>129,024</u></b>

The aggregate fair value of the 125,798 unearned shares was \$2.0 million based on the closing price of common stock of \$15.83 per share on September 30, 2017.

In the event the ESOP is unable to satisfy the obligations to repurchase the shares held by each beneficiary upon the beneficiary's termination or retirement, the Company is obligated to repurchase the shares.

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**Note 4: Regulatory Matters**

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under United States Generally Accepted Accounting Principles, regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these financial statements.

Quantitative measures established by regulatory reporting standards, to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total capital (as defined), Tier I capital (as defined) and common equity Tier I capital (as defined) to risk-weighted assets (as defined) and Tier I capital (as defined) to average assets (as defined). Management believes, as of September 30, 2017 and December 31, 2016 that the Bank meets all capital adequacy requirements to which it is subject.

As of September 30, 2017 and December 31, 2016 the most recent notification from the Bank's regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based capital, Tier I risk-based capital, common equity Tier I risk-based capital and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

Beginning in January 2016, the capital conservation buffer requirement of 0.625% of risk-weighted assets was phased-in and will increase each year until fully implemented at 2.5% in January 2019.

An institution will be subject to further limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if its capital levels fall below the buffer amount. These limitations will establish a maximum percentage of eligible retained income that could be utilized for such actions.

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The Bank's actual capital amounts and ratios are presented in the following tables (minimum capital requirements exclude the capital conservation buffer):

2017	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
As of September 30, 2017:						
Equity	\$ 19,880					
Allowance for loan losses	1,167					
Total risk-based capital (to risk-weighted assets)	<u>\$ 21,047</u>	17.9%	\$ 9,425	8.0%	\$ 11,781	10.0%
Tier I capital (to risk-weighted assets)	19,880	16.9%	7,069	6.0%	9,425	8.0%
Common equity Tier I capital (to risk-weighted assets)	19,880	16.9%	5,301	4.5%	7,658	6.5%
Tier I capital (to adjusted total assets)	19,880	15.4%	5,153	4.0%	6,441	5.0%

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2016	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
As of December 31, 2016:						
Equity	\$	13,477				
Allowance for loan losses		<u>1,137</u>				
Total risk-based capital (to risk-weighted assets)	\$	<u>14,614</u>	14.1%	\$ 8,283	8.0%	\$ 10,354
Tier I capital (to risk-weighted assets)		13,477	13.0%	6,212	6.0%	8,283
Common equity Tier I capital (to risk-weighted assets)		13,477	13.0%	4,659	4.5%	6,730
Tier I capital (to adjusted total assets)		13,477	11.7%	4,620	4.0%	5,775

**Note 5: Disclosure About Fair Values of Assets and Liabilities**

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as 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 for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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***Nonrecurring Measurements***

The following tables present the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2017 and December 31, 2016:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2017	Fair Value			
(In thousands)				
Impaired loans (collateral dependent)	\$ 654	\$ -	\$ -	\$ 654
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2016	Fair Value			
(In thousands)				
Impaired loans (collateral dependent)	\$ 376	\$ -	\$ -	\$ 376
Foreclosed assets held for sale	55	-	-	55

Fair value adjustments, consisting of charge-offs or allocated allowances, on impaired loans and foreclosed assets held for sale during the nine months ended September 30, 2017 and the year ended December 31, 2016 amounted to \$83 and \$18, respectively.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Foreclosed Real Estate Held for Sale (Other Real Estate Owned)***

Other real estate owned (OREO) is carried at the lower of fair value at acquisition date or current estimated fair value, less estimated cost to sell when the real estate is acquired. Estimated fair value of OREO is based on appraisals or evaluations. OREO is classified within Level 3 of the fair value hierarchy.



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Appraisals of OREO are obtained when the real estate is acquired and subsequently as deemed necessary. Appraisals are reviewed for accuracy and consistency by the lending department. Appraisers are selected from the list of approved appraisers maintained by management.

***Collateral-dependent Impaired Loans, Net of ALLL***

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy. The Bank considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary. Appraisals are reviewed for accuracy and consistency by the lending department. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by comparison to historical results.

***Unobservable (Level 3) Inputs***

The following tables present quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements.

	<u>Fair Value at</u> <u>9/30/2017</u>	<u>Valuation</u> <u>Technique</u>	<u>Unobservable Inputs</u>	<u>Range</u>
	<u>(Dollars in thousands)</u>			
Impaired loans (collateral dependent)	\$ 654	Market comparable properties	Marketability discount	10% - 15%
	<u>Fair Value at</u> <u>12/31/2016</u>	<u>Valuation</u> <u>Technique</u>	<u>Unobservable Inputs</u>	<u>Range</u>
	<u>(Dollars in thousands)</u>			
Impaired loans (collateral dependent)	\$ 376	Market comparable properties	Marketability discount	10% - 15%
Foreclosed assets held for sale	55	Market comparable properties	Marketability discount	10% - 15%

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheet at amounts other than fair value.

***Cash and Cash Equivalents and Interest-bearing Time Deposits***

The carrying amount approximates fair value.

***Loans Held For Sale***

The carrying amount approximates fair value due to the insignificant time between origination and date of sale. The carrying amount is the amount funded.

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***Loans***

Fair value is estimated by discounting the future cash flows using the market rates at which similar notes would be made to borrowers with similar credit ratings and for the same remaining maturities. The market rates used are based on current rates the Bank would impose for similar loans and reflect a market participant assumption about risks associated with nonperformance, illiquidity, and the structure and term of the loans along with local economic and market conditions.

***FHLB Stock***

Fair value is estimated at book value due to restrictions that limit the sale or transfer of such securities.

***FHLB Lender Risk Account Receivable***

The fair value of the Federal Home Loan Bank lender risk account receivable is estimated by discounting the estimated remaining cash flows of each strata of the receivable at current rates applicable to each strata for the same remaining maturities.

***Accrued Interest Receivable and Payable***

The carrying amount approximates fair value. The carrying amount is determined using the interest rate, balance and last payment date.

***Deposits***

Fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The market rates used were obtained from a knowledgeable independent third party and reviewed by the Bank. The rates were the average of current rates offered by local competitors of the Bank.

The estimated fair value of checking, NOW, savings and money market deposits is the book value since rates are regularly adjusted to market rates and amounts are payable on demand at the reporting date.

***FHLB Advances***

Fair value is estimated by discounting the future cash flows using rates of similar advances with similar maturities. These rates were obtained from current rates offered by FHLB.

***Advances from Borrowers for Taxes and Insurance***

The carrying amount approximates fair value.

***Commitments to Originate Loans, Forward Sale Commitments, Letters of Credit and Lines of Credit***

The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of commitments to sell securities is estimated based on current market prices for securities of similar terms and credit quality. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date. At September 30, 2017 and December 31, 2016, the fair value of such commitments was not material.

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The following tables present estimated fair values of the Bank's financial instruments at September 30, 2017 and December 31, 2016.

September 30, 2017	Carrying Amount	Fair Value	Fair Value Measurements Using		
			(Level 1)	(Level 2)	(Level 3)
	(In thousands)				
Financial Assets					
Cash and cash equivalents	\$ 12,709	\$ 12,709	\$ 12,709	\$ -	\$ -
Interest-bearing time deposits	3,585	3,585	3,585	-	-
Loans held for sale	6,387	6,387	-	-	6,387
Loans, net of allowance for losses	96,130	95,895	-	-	95,895
FHLB stock	736	736	-	736	-
FHLB lender risk account receivable	3,107	3,110	-	-	3,110
Interest receivable	294	294	-	294	-
Financial Liabilities					
Deposits	99,847	99,028	57,945	41,083	-
FHLB advances	13	13	-	13	-
Advances from borrowers for taxes and insurance	553	553	-	553	-
Interest payable	1	1	-	1	-

December 31, 2016	Carrying Amount	Fair Value	Fair Value Measurements Using		
			(Level 1)	(Level 2)	(Level 3)
	(In thousands)				
Financial Assets					
Cash and cash equivalents	\$ 19,589	\$ 19,589	\$ 19,589	\$ -	\$ -
Interest-bearing time deposits	346	346	346	-	-
Loans held for sale	2,732	2,732	-	-	2,732
Loans, net of allowance for losses	83,048	84,852	-	-	84,852
FHLB stock	728	728	-	728	-
FHLB lender risk account receivable	2,698	2,795	-	-	2,795
Interest receivable	270	270	-	270	-
Financial Liabilities					
Deposits	100,044	99,927	58,724	41,203	-
FHLB advances	28	28	-	28	-
Advances from borrowers for taxes and insurance	716	716	-	716	-
Interest payable	1	1	-	1	-

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**Note 6: Commitments and Credit Risk*****Commitments to Originate Loans***

Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At September 30, 2017, the Bank had two loans approved but not yet originated with fixed interest rates of 3.875% for \$487 secured by one-to four-family residential real estate. At December 31, 2016, the Bank had loans approved but not yet originated with fixed interest rate ranges of 3.875% - 4.125% for \$436 secured by one-to four-family residential real estate. At September 30, 2017 and December 31, 2016, the Bank had undisbursed loans in process of \$7,142 with fixed interest rate ranges of 3.250% - 4.625% and \$5,554 with fixed interest rate ranges of 3.250% - 4.500%, respectively.

***Lines of Credit***

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

Lines of credit at September 30, 2017 and December 31, 2016 were as follows:

	September 30, 2017	December 31, 2016
	(In thousands)	
Unused lines of credit	\$ 3,132	\$ 1,699
Unused home equity lines	10,740	10,000
Total commitments	<u>\$ 13,872</u>	<u>\$ 11,699</u>

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**Note 7: Recent Accounting Pronouncements**

In May 2014, the FASB issued ASU No. 2014-09 "Revenue from Contracts with Customers (Topic 606)". The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. On July 9, 2015, the FASB approved amendments deferring the effective date by one year.

ASU 2014-09 is now effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is permitted but not before the original public entity effective date, i.e., annual periods beginning after December 15, 2016. In March 2016, the FASB issued final amendments (ASU No. 2016-08 and ASU No. 2016-10) to clarify the implementation guidance for principal versus agent considerations, identifying performance obligations and the accounting for licenses of intellectual property. The amendments can be applied retrospectively to each prior reporting period or retrospectively with the cumulative effect of initially applying this Update recognized at the date of initial application. In May 2016, the FASB issued final amendments (ASU No. 2016-12 and ASU 2016-11) to address narrow-scope improvements to the guidance on collectability, non-cash consideration, completed contracts at transition and to provide a practical expedient for contract modifications at transition and an accounting policy election related to the presentation of sales taxes and other similar taxes collected from customers. Additionally, the amendments included a rescission of SEC guidance because of ASU 2014-09 related to revenue and expense recognition for freight services in process, accounting for shipping and handling fees and costs, and accounting for consideration given by a vendor to a customer. In December 2016, the FASB issued final guidance (ASU 2016-20) that allows entities not to make quantitative disclosures about performance obligations in certain cases and requires entities that use any of the new or previously existing optional exemptions to expand their qualitative disclosures. It also makes 12 additional technical corrections and improvements to the new revenue standard. These amendments are effective upon the adoption of ASU 2014-09. The Bank continues to assess the guidance from the FASB and the Transition Resource Group for Revenue Recognition in determining the impact of ASU 2014-09 on its accounting and disclosures. The amendments could potentially impact the accounting procedures and processes over the recognition of certain revenue sources, including, but not limited to, non-interest income. Management is currently evaluating those revenue streams that will be impacted by the amendments. The analysis includes identification of possible performance obligations and revenue principles. The adoption of ASU 2014-09 is not expected to have a material impact on the Bank's accounting and disclosures.

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In January 2016, the FASB issued ASU No. 2016-01 "Financial Instruments - Overall (Subtopic 825-10) - Recognition and Measurement of Financial Assets and Financial Liabilities." ASU 2016-01 is intended to improve the recognition and measurement of financial instruments by requiring equity investments to be measured at fair value with changes in fair value recognized in net income; requiring public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements; eliminating the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured and amortized at cost on the balance sheet; and requiring a reporting organization to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the organization has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. ASU 2016-01 is effective for annual periods and interim periods within those annual periods, beginning after December 15, 2017. The amendments should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption. The Bank is currently evaluating the impact of these amendments, but does not expect them to have a material effect on the Bank's financial position or results of operations since it does not have any equity securities or a valuation allowance. However, the amendments will have an impact on certain items that are disclosed at fair value that are not currently utilizing the exit price notion when measuring fair value. At this time the Bank cannot quantify the change in the fair value of such disclosures since the Bank is currently evaluating the full impact of the Update and is in the planning stages of developing appropriate procedures and processes to comply with the disclosure requirements of such amendments. The current accounting policies and procedures will be modified after the Bank has fully evaluated the standard to comply with the accounting changes mentioned above. For additional information on fair value of assets and liabilities, see Note 4.

In February 2016, the FASB issued ASU No. 2016-02 "Leases (Topic 842)." ASU 2016-02 establishes a right of use model that requires a lessee to record a right of use asset and a lease liability for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. For lessors, the guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. A lease will be treated as sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing. If the lessor doesn't convey risks and rewards or control, an operating lease results. The amendments are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years for public business entities. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, with certain practical expedients available. Early adoption is permitted. The impact is not expected to have a material effect on the Bank's financial position or results of operations since the Bank does not have a material amount of lease agreements. The Bank continues to evaluate the amendments and will subsequently implement new processes to comply with the ASU. In addition, the Bank will change its current accounting practice to comply with the amendments and such changes as mentioned above.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326) -Measurement of Credit Losses on Financial Instruments." The provisions of ASU 2016-13 were issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments that are not accounted for at fair value through net income, including loans held for investment, held-to-maturity debt securities, trade and other receivables, net investment in leases and other commitments to extend credit held by a reporting entity at each reporting date. ASU 2016-13 requires that financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The amendments in ASU 2016-13 eliminate the probable incurred loss recognition in current GAAP and reflect an entity's current estimate of all expected credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the financial assets. ASU 2016-13 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Bank is currently evaluating the impact of these amendments to the Bank's financial position and results of operations and currently does not know or cannot reasonably quantify the impact of the adoption of the amendments as a result of the complexity and extensive changes from the amendments. The Allowance for Loan Losses (ALL) estimate is material to the Bank and given the change from an incurred loss model to a methodology that considers the credit loss over the life of the loan, there is the potential for an increase in the ALL at the adoption date. The Bank is anticipating a significant change in processes and procedures to calculate the ALL, including changes in assumptions and estimates to consider the expected credit losses over the life of the loan versus the current accounting practice that utilizes the incurred loss model. In addition, the current accounting policy and procedures for the other-than temporary impairment on available-for-sale securities will be replaced with an allowance approach. The Bank has continued developing processes during the third quarter of 2017. Management's attention is focused on collecting historical loan loss data, loan level data, and evaluating data capabilities to ensure it is fully compliant with the amendments at adoption date. For additional information on the allowance for loan losses, see Note 2.

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In August 2016, the FASB issued ASU No. 2016-15 "Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 provides cash flow statement classification guidance for certain transactions including how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years and should be applied retrospectively. Early adoption is permitted, including adoption in an interim period. The Bank has assessed ASU 2016-15 and does not expect a significant impact on its accounting and disclosures.

In November 2016, the FASB issued ASU No. 2016-18 "Statement of Cash Flows (Topic 230) – Restricted Cash." ASU 2016-18 provides amendments to cash flow statement classification and presentation to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The guidance is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years and should be applied using a retrospective transition method to each period presented. Early adoption is permitted, including adoption in an interim period. The Bank has assessed ASU 2016-18 and does not expect a significant impact on its accounting and disclosures.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **General**

Management's discussion and analysis of the financial condition and results of operations at and for the three and nine months ended September 30, 2017 and 2016 is intended to assist in understanding the financial condition and result of operations of the Bank. The information contained in this section should be read in conjunction with the Unaudited Condensed Financial Statements and the notes thereto, appearing in Part 1, Item 1 of this quarterly report on Form 10-Q.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This quarterly report contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "assume," "plan," "seek," "expect," "will," "may," "should," "indicate," "would," "believe," "contemplate," "continue," "target" and words of similar meaning. These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations;
- statements regarding our business plans, prospects, growth and operating strategies;
- statements regarding the asset quality of our loan and investment portfolios; and
- estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not take any obligation to update any forward-looking statements after the date of this report.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- our ability to continue to manage our operations successfully;
- our ability to successfully implement our business plan of managed growth, diversifying our loan portfolio and increasing mortgage banking operations to improve profitability;
- our success in increasing our commercial business, commercial real estate, construction and home equity lending;
- adverse changes in the financial industry, securities, credit and national local real estate markets (including real estate values);
- significant increases in our loan losses, including as a result of our inability to resolve classified and non-performing assets or reduce risks associated with our loans, and management's assumptions in determining the adequacy of the allowance for loan losses;
- credit risks of lending activities, including changes in the level and trend of loan delinquencies and write-offs and in our allowance for loan losses and provision for loan losses;
- the use of estimates in determining fair value of certain of our assets, which may prove to be incorrect and result in significant declines in valuations;
- competition among depository and other financial institutions;



- our ability to attract and maintain deposits and our success in introducing new financial products;
- our ability to maintain our asset quality even as we increase our commercial business, commercial real estate, construction, and home equity lending;
- changes in interest rates generally, including changes in the relative differences between short term and long term interest rates and in deposit interest rates, that may affect our net interest margin and funding sources;
- fluctuations in the demand for loans, which may be affected by the number of unsold homes, land and other properties in our market areas and by declines in the value of real estate in our market area;
- changes in consumer spending, borrowing and saving habits;
- declines in the yield on our assets resulting from the current low interest rate environment;
- risks related to a high concentration of loans secured by real estate located in our market area;
- the results of examinations by our regulators, including the possibility that our regulators may, among other things, require us to increase our allowance for loan losses, write down assets, change our regulatory capital position, limit our ability to borrow funds or maintain or increase deposits, or prohibit us from paying dividends, which could adversely affect our dividends and earnings;
- changes in the level of government support of housing finance;
- our ability to enter new markets successfully and capitalize on growth opportunities;
- changes in laws or government regulations or policies affecting financial institutions, including the Dodd-Frank Act and the JOBS Act, which could result in, among other things, increased deposit insurance premiums and assessments, capital requirements, regulatory fees and compliance costs, particularly the new capital regulations, and the resources we have available to address such changes;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission and the Public Company Accounting Oversight Board;
- changes in our compensation and benefit plans, and our ability to retain key members of our senior management team and to address staffing needs in response to product demand or to implement our strategic plans;
- loan delinquencies and changes in the underlying cash flows of our borrowers;
- our ability to control costs and expenses, particularly those associated with operating as a publicly traded company;
- the failure or security breaches of computer systems on which we depend;
- the ability of key third-party service providers to perform their obligations to us;
- changes in the financial condition or future prospects of issuers of securities that we own; and
- other economic, competitive, governmental, regulatory and operational factors affecting our operations, pricing, products and services described elsewhere in this prospectus.

Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements.

## Critical Accounting Policies

The discussion and analysis of the financial condition and results of operations are based on our financial statements, which are prepared in conformity with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of income and expenses. We consider the accounting policies discussed below to be our critical accounting policies. The estimates and assumptions that we use are based on historical experience and various other factors and are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions, resulting in a change that could have a material impact on the carrying value of our assets and liabilities and our results of operations.

On April 5, 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying public companies. As an “emerging growth company” we may delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We intend to take advantage of the benefits of this extended transition period. Accordingly, our financial statements may not be comparable to companies that comply with such new or revised accounting standards.

The following represents our critical accounting policies:

**Allowance for Loan Losses.** The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management and is based upon management’s periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience for the last three years and expected loss given default derived from our internal risk rating process. Other qualitative adjustments are made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that we will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower’s prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan’s effective interest rate, the loan’s obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group’s historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans.

**FHLB-Cincinnati Lender Risk Account Receivable.** Certain loan sale transactions with the FHLB-Cincinnati provide for establishment of a Lender Risk Account (“LRA”). The LRA consists of amounts withheld from loan sale proceeds by the FHLB-Cincinnati for absorbing inherent losses that are probable on those sold loans. These withheld funds are an asset as they are scheduled to be paid to us in future years, net of any credit losses on those loans sold. The receivables are initially measured at fair value. The fair value is estimated by discounting the cash flows over the life of each master commitment contract. The accretable yield is amortized over the life of the master commitment contract. Expected cash flows are re-evaluated at each measurement date. If there is an adverse change in expected cash flows, the accretable yield would be adjusted on a prospective basis and the asset would be evaluated for impairment.

#### **Comparison of Financial Condition at September 30, 2017 and December 31, 2016**

**Total Assets.** Total assets were \$129.6 million at September 30, 2017, an increase of \$13.6 million, or 11.7%, over the \$116.0 million at December 31, 2016. The increase in total assets is reflective of the net proceeds of \$13.4 million from our common stock offering in connection with our mutual-to-stock conversion on July 20, 2017. The increase in funds from our stock offering proceeds and existing cash balances were used to increase our portfolio of net loans receivable by \$13.1 million during the nine months ended September 30, 2017. Additionally, \$3.2 million of the proceeds were invested in FDIC insured certificates of deposits in other banks during the period.

**Net Loans.** Net loans increased by \$13.1 million, or 15.8%, to \$96.1 million at September 30, 2017 from \$83.0 million at December 31, 2016. During the nine months ended September 30, 2017, we originated \$53.9 million of loans and sold \$51.8 million of loans in the secondary market. During the nine months ended September 30, 2017, one- to four-family residential real estate loans increased \$12.5 million, or 26.3%, to \$60.2 million at September 30, 2017, from \$47.7 million at December 31, 2016; multi-family loans decreased \$156,000, or 6.2%, to \$2.4 million at September 30, 2017; commercial real estate loans and land loans increased \$854,000, or 6.3%, to \$14.5 million at September 30, 2017; construction loans decreased \$1.2 million, or 12.9%, to \$8.2 million at September 30, 2017; home equity and other consumer loans decreased \$1.6 million, or 10.9%, to \$13.0 million at September 30, 2017; and commercial loans increased \$4.3 million, or 243.2%, to \$6.1 million at September 30, 2017. The increases in loan balances reflect our strategy to grow and diversify our loan portfolio. Such growth has been achieved amid strong competition for commercial real estate and one- to four-family residential mortgage loans in our market area in the current low interest rate environment. We have sold loans on a servicing released basis in transactions with the FHLB-Cincinnati, through its mortgage purchase program, and with other investors. We sold \$51.8 million of loans in the nine months ended September 30, 2017. Loans serviced for investors were \$2.2 million at September 30, 2017. Management intends to continue this sales activity in future periods.

**Interest-Bearing Deposits in Other Banks.** The Bank’s investment in certificates of deposit in other banks increased \$3.2 million, or 936.1%, to \$3.6 million as of September 30, 2017. Proceeds from our common stock offering in connection with our conversion from a mutual savings bank to a stock holding company and bank were used to invest in the FDIC insured certificates of deposit.

**Foreclosed Assets.** Foreclosed assets decreased \$55,000, or 100.0%, to \$0 at September 30, 2017 from \$55,000 at December 31, 2016, due to the sale of foreclosed properties. There were no additions during the nine months ended September 30, 2017 to foreclosed real estate.

**Deposits.** Deposits decreased by \$197,000, or 0.2%, to \$99.8 million at September 30, 2017 from \$100.0 million at December 31, 2016. Our core deposits, which are all deposits other than certificates of deposit, decreased \$1.3 million, or 2.3%, to \$57.4 million at September 30, 2017 from \$58.7 million at December 31, 2016. The core deposit decrease is directly attributable to stock purchases of \$1.9 million in connection with our conversion from a mutual savings bank to a stock bank. Certificates of deposit increased \$581,000, or 1.4%, to \$41.9 million at September 30, 2017 from \$41.3 million at December 31, 2016. During the nine months ended September 30, 2017, management continued its strategy of pursuing growth in demand accounts and other lower cost core deposits. Management intends to continue its efforts to increase core deposits, with a special emphasis on growth in consumer and business demand deposits.

**Federal Home Loan Bank Advances.** FHLB-Cincinnati advances decreased \$15,000, or 53.6%, to \$13,000 at September 30, 2017 from \$28,000 at December 31, 2016. The weighted average cost of these advances was 3.33% at September 30, 2017, compared to our cost of deposits of 0.67% at that same date.

**Shareholders' Equity.** Shareholders' equity increased \$13.6 million, or 100.6%, to \$27.0 million at September 30, 2017 from \$13.5 million at December 31, 2016. The increase was a direct result of the completion of the mutual to stock conversion and resulting net proceeds from the sale of common stock of \$14.3 million, reduced by a charitable contribution to the Eagle Savings Bank Charitable Foundation and formation of leveraged ESOP during the nine months ended September 30, 2017.

#### **Comparison of Operating Results for the Three Months Ended September 30, 2017 and September 30, 2016**

**General.** Our net loss for the three months ended September 30, 2017 was \$220,000, compared to net income of \$292,000 for the three months ended September 30, 2016, a decrease of \$512,000, or 175.3%. The decrease in net income was primarily due to a \$500,000 charitable contribution to the Eagle Savings Bank Charitable Foundation, a cost related to our conversion to a stock company. There was also a \$195,000 increase in employee compensation and benefits during the three months ended September 30, 2017 over the same period ended September 30, 2016. The impact of these increases was partially offset by a \$195,000 increase in net interest income, the result of the increase in loan balances during the three months ended September 30, 2017.

**Interest Income.** Interest income increased \$181,000, or 18.7%, to \$1.2 million for the three months ended September 30, 2017 from \$969,000 for the three months ended September 30, 2016. This increase was primarily attributable to a \$137,000 increase in interest income on loans receivable and an increase of \$40,000 in interest income on other interest-earning deposits. The average balance of loans during the three months ended September 30, 2017 increased by \$12.5 million, or 15.4%, from the average balance for the three months ended September 30, 2016. Interest income on other interest-bearing deposits, including certificates of deposit in other financial institutions, increased \$40,000, or 200.0%, for the three months ended September 30, 2017, as a result of an increase in the average balance outstanding of \$2.2 million and an increase in the average yield of 82 basis points, to 1.44%. We held no investment securities during the 2017 or 2016 period.

**Interest Expense.** Total interest expense decreased \$14,000, or 7.7%, to \$167,000 for the three months ended September 30, 2017 from \$181,000 for the three months ended September 30, 2016. Interest expense on deposit accounts decreased \$13,000, or 7.2%, to \$167,000 for the three months ended September 30, 2017 from \$180,000 for the three months ended September 30, 2016. The average balance of deposits during the three months ended September 30, 2017 increased by \$7.9 million, or 8.5% from the average balance from the three months ended September 30, 2016. However, this increase in balance was more than offset by an 11 basis point decrease in the average cost of deposits to 0.66% from 0.77%.

Interest expense on FHLB advances decreased \$1,000, or 100.0%, for the three months ended September 30, 2017. The average balance of FHLB advances during the three months ended September 30, 2017 decreased by \$20,000, or 58.8%, from the average balance for the three months ended September 30, 2016.

**Net Interest Income.** Net interest income increased \$195,000, or 24.7%, to \$983,000 for the three months ended September 30, 2017, compared to \$788,000 for the three months ended September 30, 2016. The increase reflected an increase in total interest and dividend income of \$181,000 and a decrease in total interest expense of \$14,000. Our net interest rate spread increased 23 basis points to 3.40% at September 30, 2017 from 3.17% at September 30, 2016. Our net interest margin increased to 3.47% for the three months ended September 30, 2017 from 3.20% for the three months ended September 30, 2016. The interest rate spread and net interest margin were impacted by rising interest rates in the three months ended September 30, 2017.

**Provision for Loan Losses.** Based on our analysis of the factors described in “Critical Accounting Policies—Allowance for Loan Losses,” we recorded a provision for loan losses of \$17,000 for the three months ended September 30, 2017 and \$40,000 for the three months ended September 30, 2016. The allowance for loan losses was \$1.2 million, or 1.11% of total loans, at September 30, 2017, compared to \$1.1 million, or 1.27% of total loans, at December 31, 2016. The provision for loan losses in the three months ended September 30, 2017 was due primarily to increases in our total loan portfolio and changes in the composition of the portfolio, more specifically 1-4 adjustable rate mortgages and C&I loans. Total nonperforming loans were \$871,000 at September 30, 2017, compared to \$783,000 at December 31, 2016. Classified and special mention loans increased to \$2.3 million at September 30, 2017, compared to \$1.8 million at December 31, 2016. Total loans past due 30 days or more were \$741,000 and \$830,000 at September 30, 2017 and December 31, 2016, respectively. Net charge-offs totaled \$79,000 for the three months ended September 30, 2017, compared to \$7,000 of net loan charge-off for the three months ended September 30, 2016. The allowance for loan losses reflects the estimate we believe to be appropriate to cover incurred probable losses which were inherent in the loan portfolio at September 30, 2017 and 2016. While we believe the estimates and assumptions used in our determination of the adequacy of the allowance are reasonable, such estimates and assumptions could be proven incorrect in the future, and the actual amount of future provisions may exceed the amount of past provisions, and the increase in future provisions that may be required may adversely impact our financial condition and results of operations. In addition, bank regulatory agencies periodically review our allowance for loan losses and may require an increase in the provision for possible loan losses or the recognition of further loan charge-offs, based on judgments different than those of management.

**Non-Interest Income.** Non-interest income decreased \$221,000, or 30.0%, to \$516,000 for the three months ended September 30, 2017 from \$737,000 for the three months ended September 30, 2016. The decrease was primarily due to a decrease in the gain on sale of loans during the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. Gain on sale of loans decreased \$218,000, or 32.7%, to \$448,000 for the three months ended September 30, 2017 from \$666,000 for the three months ended September 30, 2016. This decrease is a result of increasing the loan portfolio with more adjustable rate loans instead of selling them in the secondary market.

**Non-Interest Expense.** Non-interest expense increased \$738,000, or 70.5%, to \$1.8 million for the three months ended September 30, 2017, compared to \$1.0 million for the three months ended September 30, 2016. Approximately \$195,000 of the increase was the result of an increase in compensation and employee benefits from the addition of several new employees hired during the second half of 2016. We expect that those expenses will continue to increase for the remainder of 2017 compared to 2016. In addition, a charitable contribution of \$500,000 was made to the Eagle Savings Bank Charitable Foundation during the three months ended September 30, 2017, a cost related to our conversion to a stock company that was recognized during the third quarter of 2017. Non-interest expense can be expected to increase in the future compared to historical expense levels because of costs associated with operating as a public company and increased compensation costs related to possible implementation of one or more stock-based benefit plans, if approved by our stockholders.

**Federal Income Taxes.** Federal income taxes decreased by \$229,000 for the three months ended September 30, 2017, compared to an income tax expense of \$146,000 for the three months ended September 30, 2016. The reduction in income tax expense for the three months ended September 30, 2017 was a direct result of the increase in non-interest expense and the resulting decrease in net income.

## Average Balances and Yields

The following table sets forth average balance sheets, average yields and costs, and certain other information at and for the periods indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or interest expense.

	For the Three Months Ended September 30,					
	2017			2016		
	Average Balance	Interest	Average Yield/ Cost (4)	Average Balance	Interest	Average Yield/ Cost (4)
<b>Assets:</b>						
<b>Interest Earning Assets</b>						
Loans	\$ 93,395	\$ 1,079	4.62%	\$ 80,944	\$ 942	4.66%
Interest bearing deposits and other	19,780	71	1.44%	17,542	27	0.62%
Total interest-earning assets	113,175	1,150	4.06%	98,486	969	3.94%
Total non-interest earning assets	15,646			14,678		
Total assets	<u>\$ 128,821</u>			<u>\$ 113,164</u>		
<b>Liabilities and Equity:</b>						
Interest bearing checking	22,904	7	0.12%	14,900	4	0.11%
Savings	16,183	6	0.15%	14,135	6	0.17%
Money Market	20,095	11	0.22%	22,207	27	0.49%
CD's	42,375	143	1.35%	42,400	143	1.35%
Total interest-bearing deposits	101,557	167	0.66%	93,642	180	0.77%
FHLB Advances	14	-	3.33%	34	1	3.33%
Total interest bearing liabilities	101,571	167	0.66%	93,676	181	0.77%
Total non-interest-bearing liabilities	6,996			6,384		
Total liabilities	108,567			100,060		
Total equity	20,254			13,104		
Total liabilities and equity	<u>\$ 128,821</u>			<u>\$ 113,164</u>		
Net interest income		<u>\$ 983</u>			<u>\$ 788</u>	
Net interest rate spread (1)			3.40%			3.17%
Net interest earning assets (2)	<u>\$ 11,604</u>			<u>\$ 4,810</u>		
Net interest margin (3)			3.47%			3.20%
Ratio of average interest-earning assets to average interest bearing liabilities	<u>111.42%</u>			<u>105.13%</u>		

- (1) Interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
- (2) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.
- (3) Net interest margin represents net interest income divided by total interest-earning assets.
- (4) Average yield/cost is annualized

**Comparison of Operating Results for the Nine Months Ended September 30, 2017 and September 30, 2016**

**General.** Our net income for the nine months ended September 30, 2017 was \$95,000, compared to a net income of \$1.2 million for the nine months ended September 30, 2016, a decrease of \$1.1 million, or 92.2%. The decrease in net income was primarily due to a \$853,000 decrease in noninterest income, due to the absence of death benefit proceeds in excess of the cash surrender value of bank-owned life insurance of \$940,000 received during the nine months ended September 30, 2016, a \$37,000 increase in the provision for loan losses, and a \$725,000 increase in noninterest expense. The increase in noninterest expense was due to a charitable contribution of \$500,000 to the Eagle Savings Bank Charitable Foundation, a cost related to our conversion to a stock company. The negative impact of these changes was partially offset by a \$411,000 increase in net interest income, the result of the increase in loan balances during the nine months ended September 30, 2017, an \$80,000 increase in net gain on loans sales during the period, and a decrease of \$80,000 in tax expense.

**Interest Income.** Interest income increased \$350,000, or 12.4%, to \$3.2 million for the nine months ended September 30, 2017 from \$2.8 million for the nine months ended September 30, 2016. This increase was attributable to a \$282,000 increase in interest income on loans receivable and an increase of \$61,000 in interest income on other interest-earning deposits. The average balance of loans during the nine months ended September 30, 2017 increased by \$9.5 million, or 12.0%, from the average balance for the nine months ended September 30, 2016. Interest income on other interest-bearing deposits, including certificates of deposit in other financial institutions, increased \$61,000, or 105.2%, for the nine months ended September 30, 2017, as a result of an increase in the average yield of 50 basis points, to 1.07%. We held no investment securities during the 2017 or 2016 periods.

**Interest Expense.** Total interest expense decreased \$61,000, or 11.0%, to \$495,000 for the nine months ended September 30, 2017 from \$556,000 for the nine months ended September 30, 2016. Interest expense on deposit accounts decreased \$29,000, or 5.5%, to \$494,000 for the nine months ended September 30, 2017 from \$523,000 for the nine months ended September 30, 2016. The average balance of deposits during the nine months ended September 30, 2017 increased by \$6.9 million, or 7.5%, from the average balance from the nine months ended September 30, 2016. This increase in balance was offset by a 9 basis point decrease in the average cost of deposits to 0.67% from 0.76%.

Interest expense on FHLB advances decreased \$32,000, or 97.0%, to \$1,000 for the nine months ended September 30, 2017 from \$33,000 for the nine months ended September 30, 2016. The decrease is attributable to the prepayment of a \$3.0 million FHLB advance in 2016. The average balance of FHLB advances for the nine months ended September 30, 2017 decreased by \$1.0 million, or 98.0%, from the average balance for the nine months ended September 30, 2016.

**Net Interest Income.** Net interest income increased \$411,000, or 18.1%, to \$2.7 million for the nine months ended September 30, 2017, compared to \$2.3 million for the nine months ended September 30, 2016. The increase reflected an increase in total interest and dividend income of \$350,000 and a decrease in total interest expense of \$61,000. Our net interest rate spread increased 24 basis points to 3.29% at September 30, 2017 from 3.05% at September 30, 2016. Our net interest margin increased to 3.34% for the nine months ended September 30, 2017 from 3.10% for the nine months ended September 30, 2016. The interest rate spread and net interest margin were impacted by rising interest rates in the nine months ended September 30, 2017.

**Provision for Loan Losses.** Based on our analysis of the factors described in “Critical Accounting Policies—Allowance for Loan Losses,” we recorded a provision for loan losses of \$102,000 for the nine months ended September 30, 2017 and \$65,000 for the nine months ended September 30, 2016. The allowance for loan losses was \$1.2 million, or 1.11% of total loans, at September 30, 2017, compared to \$1.1 million, or 1.27% of total loans, at December 31, 2016. The provisions for loan losses in the nine months ended September 30, 2017 and the nine months ended September 30, 2016 were due primarily to increases in our total loan portfolio and changes in the composition of the portfolio, more specifically 1-4 adjustable rate mortgages and C&I loans. Total nonperforming loans were \$871,000 at September 30, 2017, compared to \$783,000 at December 31, 2016. Classified and special mention loans increased to \$2.3 million at September 30, 2017, compared to \$1.8 million at December 31, 2016. Total loans past due 30 days or more were \$741,000 and \$830,000 at September 30, 2017 and December 31, 2016, respectively. Net loan charge-offs totaled \$72,000 for the nine months ended September 30, 2017, compared to \$16,000 of net loans recoveries for the nine months ended September 30, 2016. The allowance for loan losses reflects the estimate we believe to be appropriate to cover incurred probable losses which were inherent in the loan portfolio at September 30, 2017 and 2016.

**Non-Interest Income.** Non-interest income decreased \$853,000, or 33.1%, to \$1.7 million for the nine months ended September 30, 2017 from \$2.6 million for the nine months ended September 30, 2016. The decrease was primarily due to the absence of death benefit proceeds in excess of the cash surrender value of bank-owned life insurance of \$940,000 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. This decrease was partially offset by an increase in the gain on loan sales in the secondary market of \$80,000 during the nine months ended September 30, 2017.

**Non-Interest Expense.** Non-interest expense increased \$725,000, or 21.2%, to \$4.1 million for the nine months ended September 30, 2017, compared to \$3.4 million for the nine months ended September 30, 2016. Approximately \$666,000 of the increase was due to an increase in compensation and employee benefits from the addition of several new employees hired during the second half of 2016 and early 2017. We expect that those expenses will continue to increase for the remainder of 2017 compared to 2016. In addition, a charitable contribution of \$500,000 was made to the Eagle Savings Bank Charitable Foundation during the nine months ended September 30, 2017, a cost related to our conversion to a stock company that was recognized in the third quarter of 2017. In addition, non-interest expense can be expected to increase in the future compared to historical expense levels because of costs associated with operating as a public company and increased compensation costs related to possible implementation of one or more stock-based benefit plans, if approved by our stockholders.

**Federal Income Taxes.** Federal income taxes decreased to \$80,000 for the nine months ended September 30, 2017, compared to the nine months ended September 30, 2016. The decrease in income tax expense for the nine months ended September 30, 2017 resulted from the absence of non-taxable proceeds from life insurance during the nine months ended September 30, 2016.



## Average Balances and Yields

The following table sets forth average balance sheets, average yields and costs, and certain other information at and for the periods indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or interest expense.

	For the Nine Months Ended September 30,					
	2017			2016		
	Average Balance	Interest	Average Yield/ Cost (4)	Average Balance	Interest	Average Yield/ Cost (4)
<b>Assets:</b>						
<b>Interest Earning Assets</b>						
Loans	\$ 88,566	\$ 3,030	4.56%	\$ 79,036	\$ 2,748	4.64%
Interest bearing deposits and other	18,380	148	1.07%	18,782	80	0.57%
Total interest -earning assets	106,946	3,178	3.96%	97,818	2,828	3.85%
Total non-interest earning assets	14,567			13,743		
Total assets	<u>\$ 121,513</u>			<u>\$ 111,561</u>		
<b>Liabilities and Equity:</b>						
Interest bearing checking	19,379	19	0.13%	16,202	35	0.29%
Savings	16,089	17	0.14%	13,707	15	0.15%
Money Market	20,856	35	0.22%	20,121	50	0.33%
CD's	42,562	423	1.33%	41,987	423	1.34%
Total interest-bearing deposits	98,886	494	0.67%	92,017	523	0.76%
FHLB Advances	21	1	3.33%	1,032	33	4.26%
Total interest bearing liabilities	98,907	495	0.67%	93,049	556	0.80%
Total non-interest-bearing liabilities	6,752			5,739		
Total liabilities	105,659			98,788		
Total equity	15,854			12,773		
Total liabilities and equity	<u>\$ 121,513</u>			<u>\$ 111,561</u>		
Net interest income		<u>\$ 2,683</u>			<u>\$ 2,272</u>	
Net interest rate spread (1)			3.29%			3.05%
Net interest earning assets (2)	<u>\$ 8,039</u>			<u>\$ 4,769</u>		
Net interest margin (3)			3.34%			3.10%
Ratio of average interest-earning assets to average interest bearing liabilities	<u>108.13%</u>			<u>105.13%</u>		

(1) Interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(2) Net interest-earning assets represent total interest-earning assets less total interest-bearing liabilities.

(3) Net interest margin represents net interest income divided by total interest-earning assets.

(4) Average yield/cost is annualized

## Liquidity and Capital Resources

Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and proceeds from the sale of loans. We also have the ability to borrow from the FHLB-Cincinnati. At September 30, 2017, we had \$13,000 outstanding in advances from the FHLB-Cincinnati. At September 30, 2017, we had the capacity to increase our borrowings by approximately \$29.8 million from the FHLB-Cincinnati and an additional \$10.0 million on a line of credit with the FHLB-Cincinnati.

While maturities and scheduled amortization of loans are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and short-term investments including interest-bearing demand deposits. The levels of these assets are dependent on our operating, financing, lending, and investing activities during any given period.

Our cash flows are comprised of three primary classifications: cash flows from operating activities, investing activities, and financing activities. Net cash used by operating activities was \$3.3 million for both the nine months ended September 30, 2017 and 2016, respectively. Net cash used in investing activities, which consists primarily of disbursements for loan originations, and the purchase of other bank certificates of deposit, was \$16.6 million for the nine months ended September 30, 2017, while the net cash used by investing activities was \$2.4 million for the nine months ended September 30, 2016, respectively. Net cash provided by financing activities, consisting primarily of the activity in deposit accounts, and the cash provided from the proceeds from the banks conversion from a mutual savings bank to a stock bank was \$13.0 million for the nine month ended September 30, 2017, while the net cash provided by financing activities was \$3.8 million for the nine months ended September 30, 2016, resulting from activity in deposit accounts and FHLB-Cincinnati advances.

We are committed to maintaining a strong liquidity position. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Based on our deposit retention experience and current pricing strategy, we anticipate that a significant portion of maturing time deposits will be retained.

At September 30, 2017, we exceeded all of our regulatory capital requirements with a Tier 1 leverage capital level of \$19.9 million, or 15.4% of adjusted total assets, which is above the \$6.4 million, or 5.0% required to be considered well-capitalized, and total risk-based capital of \$21.0 million, or 17.9% of risk-weighted assets, which is above the well-capitalized required level of \$11.8 million, or 10.0%. Accordingly, Eagle Savings Bank was categorized as well capitalized at September 30, 2017 and December 31, 2016. In addition, our capital levels increased as a result of the July 20, 2017 consummation of the Bank's mutual to stock conversion and related offering of the Company. Management is not aware of any conditions or events since the most recent notification that would change our category.

#### **Off-Balance Sheet Arrangements and Aggregate Contractual Obligations**

**Commitments.** As a financial services provider, we routinely are a party to various financial instruments with off-balance-sheet risks, such as commitments to extend credit and unused lines of credit. While these contractual obligations represent our future cash requirements, a significant portion of commitments to extend credit may expire without being drawn upon. Such commitments are subject to the same credit policies and approval process accorded to loans we make. At September 30, 2017, we had outstanding commitments to originate loans of \$21.5 million, including undisbursed funds on construction loans and funds available on undrawn lines of credit. We anticipate that we will have sufficient funds available to meet our current lending commitments. Certificates of deposit that are scheduled to mature within one year from September 30, 2017 totaled \$17.6 million. Management expects that a substantial portion of the maturing certificates of deposit will be renewed. However, if a substantial portion of these deposits is not retained, we may utilize FHLB-Cincinnati advances or raise interest rates on deposits to attract new accounts, which may result in higher levels of interest expense.

**Contractual Obligations.** In the ordinary course of our operations, we enter into certain contractual obligations. Such obligations include data processing services, operating leases for premises and equipment, agreements with respect to borrowed funds and deposit liabilities.

**ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable, as the Registrant is a smaller reporting company.

**ITEM 4. CONTROLS AND PROCEDURES**

An evaluation was performed under the supervision and with the participation of the Company's management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended) as of September 30, 2017. Based on that evaluation, the Company's management, including the Principal Executive Officer and the Principal Financial Officer, concluded that the Registrant's disclosure controls and procedures were effective.

During the quarter ended September 30, 2017 there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II – Other Information**

**ITEM 1. LEGAL PROCEEDINGS**

The Company is subject to various legal actions arising in the normal course of business. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's financial condition or results of operations.

**ITEM 1A. RISK FACTORS**

In addition to other information set forth in this report, you should carefully consider the factors discussed in the Eagle Financial Bancorp, Inc.'s Prospectus dated May 15, 2017 ("Prospectus") as filed with the Securities and Exchange Commission pursuant to Securities Act Rule 424(b)(3) on May 24, 2017, including under the section titled "Risk Factors", which could materially affect our business, financial condition or future results. Additional risks not presently known to us, or that we currently deem immaterial, may also adversely affect our business, financial condition or results of operations. At September 30, 2017, the risk factors for Eagle Financial Bancorp, Inc. have not changed materially from those reported in our Prospectus. However, the risks described in the Prospectus are not the only risks that we face.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

- (a) Not applicable.
- (b) On July 20, 2017, the Company completed the sale of its common stock, par value \$0.01, in connection with the mutual-to-stock conversion of Eagle Savings Bank. The offering commenced on May 23, 2017 and was consummated on June 15, 2017. The Company registered a total of 2,208,250 shares of its common stock for sale, and sold a total of 1,572,808 shares at a purchase price of \$10.00 per share for aggregate gross proceeds of \$15,728,080. The shares were sold pursuant to a registration statement on Form S-1 (File No. 333-216576), which was declared effective by the Securities and Exchange Commission on May 15, 2017. Keefe, Bruyette & Woods, Inc. ("KBW") was engaged to assist on a best efforts basis in the marketing of the common stock. For their services as marketing agent, KBW received a fee of approximately \$250,000 plus expenses. KBW also was engaged to serve as records manager, for which it received a fee of \$30,000 plus expenses. Total offering expenses, including the amounts paid to KBW, were approximately \$1.4 million, none of which were paid to officers or directors of the Company or the Bank or any of their associates. No underwriting discounts, commissions or finders fees were paid in connection with the offering. Net offering proceeds were approximately \$14.3 million, of which the Company contributed approximately \$7,153 million to the Bank and loaned \$1.29 million to the Bank's Employee Stock Ownership Plan to allow it to purchase shares of common stock. The Company also contributed 40,000 shares of common stock and \$100,000 in cash to the Eagle Savings Bank Charitable Foundation. The Company retained the remaining net proceeds for general corporate purposes. The use of proceeds does not represent a material change in the use of proceeds described in the Company's Prospectus dated May 15, 2017.
- (c) Not applicable.

**ITEM 3.        DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4.        MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5.        OTHER INFORMATION**

None.

**ITEM 6.        EXHIBITS**

<a href="#"><u>10.1</u></a>	<a href="#"><u>Employment Agreement between Eagle Savings Bank and Gary J. Koester *</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>Employment Agreement between Eagle Savings Bank and Patricia L. Walter *</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>Employment Agreement between Eagle Savings Bank and Kevin R. Schramm *</u></a>
<a href="#"><u>10.4</u></a>	<a href="#"><u>Employment Agreement between Eagle Savings Bank and W. Raymond McCleese *</u></a>
<a href="#"><u>31.1</u></a>	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>31.2</u></a>	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>32.1</u></a>	<a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
<a href="#"><u>32.2</u></a>	<a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.0	The following material from Eagle Financial Bancorp, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Balance Sheets, (ii) the Condensed Statements of Operations, (iii) the Condensed Statements of Equity, (iv) the Condensed Statements of Cash Flows, and (v) the Notes to Condensed Financial Statements.

\* This exhibit is a management contract or a compensatory plan or arrangement.

**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.

Date: November 9, 2017

By: /s/Gary J. Koester

Gary J. Koester  
President and Chief Executive Officer

Date: November 9, 2017

By: /s/Kevin R. Schramm

Kevin R. Schramm  
Vice President, Chief Financial Officer and Treasurer

**EMPLOYMENT AGREEMENT**

This Employment Agreement (this “**Agreement**”) is made effective as of July 20, 2017 (the “**Effective Date**”), by and between Eagle Savings Bank, an Ohio savings bank (the “**Bank**”) and Gary Koester (the “**Executive**”). The Bank and Executive are sometimes collectively referred to herein as the “parties.” Any reference to the “Company” shall mean Eagle Financial Bancorp, Inc., the holding company of the Bank. The Company is a signatory to this Agreement for the purpose of guaranteeing the Bank’s performance hereunder.

**WITNESSETH**

**WHEREAS**, Executive is currently employed as President and Chief Executive Officer of the Bank;

**WHEREAS**, the Bank has adopted a Plan of Conversion pursuant to which the Bank converted to an Ohio-chartered stock savings and loan association and became a wholly owned subsidiary of the Company;

**WHEREAS**, the Bank desires to assure itself of the continued availability of the Executive’s services as provided in this Agreement; and

**WHEREAS**, the Executive is willing to serve the Bank on the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, and upon the terms and conditions hereinafter provided, the parties hereby agree as follows:

**1. POSITION AND RESPONSIBILITIES.**

During the term of this Agreement Executive agrees to serve as President and Chief Executive Officer of the Bank, and will perform all duties and will have all powers that are generally incident to the office of the President and Chief Executive Officer. Without limiting the generality of the foregoing, Executive will be responsible for the overall management of the Bank, and will be responsible for establishing the business objectives, policies and strategic plans of the Bank in conjunction with the Board of Directors of the Bank (the “**Board**”). Executive also will be responsible for providing leadership and direction to all departments or divisions of the Bank, and will be the primary contact between the Board and other officers and employees of the Bank. As President and Chief Executive Officer, Executive will report directly to the Board. Executive also agrees to serve, if elected, as an officer and director of any affiliate of the Bank.

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## 2. TERM AND DUTIES.

(a) Three Year Contract; Annual Renewal. The term of this Agreement shall commence as of the Effective Date and continue for a period of thirty-six (36) full calendar months thereafter. As of January 1st of each year (the “**Renewal Date**”), beginning with the first January 1st following the Effective Date, this Agreement shall renew for an additional year such that the remaining term shall again be thirty-six (36) full calendar months from the Renewal Date (the “**Term**”); provided, however, that in order for this Agreement to renew, the disinterested members of the Board of Directors of the Bank (the “**Board**”) must take the following actions within the time frames set forth below prior to each Renewal Date: (i) at least twenty (20) days prior to the Renewal Date, conduct or review a comprehensive performance evaluation of Executive for purposes of determining whether to extend this Agreement; and (ii) affirmatively approve the renewal or non-renewal of this Agreement, which decision shall be included in the minutes of the Board’s meeting. If the decision of such disinterested members of the Board is not to renew this Agreement, then the Board shall provide Executive with a written notice of non-renewal (“**Non-Renewal Notice**”) prior to any Renewal Date, such that this Agreement shall terminate at the end of twenty-four (24) months following such Renewal Date. Notwithstanding the foregoing, in the event that the Company or the Bank has entered into an agreement to effect a transaction which would be considered a Change in Control as defined below, then the term of this Agreement shall be extended and shall terminate thirty-six (36) months following the date on which the Change in Control occurs.

(b) Termination of Agreement. Notwithstanding anything contained in this Agreement to the contrary, either Executive or the Bank may terminate Executive’s employment with the Bank at any time during the term of this Agreement, subject to the terms and conditions of this Agreement.

(c) Continued Employment Following Expiration of Term. Nothing in this Agreement shall mandate or prohibit a continuation of Executive’s employment following the expiration of the term of this Agreement, upon such terms and conditions as the Bank and Executive may mutually agree.

(d) Duties; Membership on Other Boards. During the term of this Agreement, except for periods of absence occasioned by illness, reasonable vacation periods, and reasonable leaves of absence approved by the Board, Executive shall devote substantially all of his business time, attention, skill, and efforts to the faithful performance of his duties hereunder, including activities and services related to the organization, operation and management of the Bank; provided, however, that, Executive may serve, or continue to serve, on the boards of directors of, and hold any other offices or positions in, business companies or business or civic organizations, which, in the Board’s judgment, will not present any conflict of interest with the Bank, or materially affect the performance of Executive’s duties pursuant to this Agreement. Executive shall provide the Board of Directors annually for its approval a list of organizations for which the Executive acts as a director or officer.

## 3. COMPENSATION, BENEFITS AND REIMBURSEMENT.

(a) Base Salary. In consideration of Executive’s performance of the duties set forth in Section 2, the Bank shall provide Executive the compensation specified in this Agreement. The Bank shall pay Executive a salary of \$162,538 per year (“**Base Salary**”). The Base Salary shall be payable biweekly, or with such other frequency as officers of the Bank are generally paid. During the term of this Agreement, the Base Salary shall be reviewed at least annually by the Board or by a committee designated by the Board, and the Bank may increase, but not decrease (except for a decrease that is generally applicable to all employees) Executive’s Base Salary. Any increase in Base Salary shall become “Base Salary” for purposes of this Agreement.

(b) Bonus and Incentive Compensation. Executive shall be entitled to equitable participation in incentive compensation and bonuses in any plan or arrangement of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.

(c) Employee Benefits. The Bank shall provide Executive with employee benefit plans, arrangements and perquisites substantially equivalent to those in which Executive was participating or from which he was deriving benefit immediately prior to the commencement of the term of this Agreement, and the Bank shall not, without Executive's prior written consent, make any changes in such plans, arrangements or perquisites that would adversely affect Executive's rights or benefits thereunder, except as to any changes that are applicable to all participating employees. Without limiting the generality of the foregoing provisions of this Section 3(c), Executive will be entitled to participate in and receive benefits under any employee benefit plans including, but not limited to, retirement plans, supplemental retirement plans, pension plans, profit-sharing plans, health-and-accident insurance plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank and/or the Company in the future to its senior executives, including any stock benefit plans, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(d) Paid Time Off. Executive shall be entitled to paid vacation time each year during the term of this Agreement (measured on a fiscal or calendar year basis, in accordance with the Bank's usual practices), as well as sick leave, holidays and other paid absences in accordance with the Bank's policies and procedures for senior executives. Any unused paid time off during an annual period shall be treated in accordance with the Bank's personnel policies as in effect from time to time.

(e) Expense Reimbursements. The Bank shall also pay or reimburse Executive for all reasonable travel, entertainment and other reasonable expenses incurred by Executive during the course of performing his obligations under this Agreement, including, without limitation, fees for memberships in such clubs and organizations as Executive and the Board shall mutually agree are necessary and appropriate in connection with the performance of his duties under this Agreement, upon presentation to the Bank of an itemized account of such expenses in such form as the Bank may reasonably require, provided that such payment or reimbursement shall be made as soon as practicable but in no event later than March 15 of the year following the year in which such right to such payment or reimbursement occurred.

#### **4. PAYMENTS TO EXECUTIVE UPON AN EVENT OF TERMINATION.**

(a) Upon the occurrence of an Event of Termination (as herein defined) during the term of this Agreement, the provisions of this Section 4 shall apply; provided, however, that in the event such Event of Termination occurs within eighteen (18) months following a Change in Control (as defined in Section 5 hereof), Section 5 shall apply instead. As used in this Agreement, an "Event of Termination" shall mean and include any one or more of the following:



(i) the involuntary termination of Executive's employment hereunder by the Bank for any reason other than termination governed by Section 5 (in connection with or following a Change in Control), Section 6 (due to Disability or death), Section 7 (due to Retirement), or Section 8 (for Cause), provided that such termination constitutes a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code ("Code"); or

(ii) Executive's resignation from the Bank's employ upon any of the following, unless consented to by Executive:

(A) failure to appoint Executive to the position set forth in Section 1, or a material change in Executive's function, duties, or responsibilities, which change would cause Executive's position to become one of lesser responsibility, importance, or scope from the position and responsibilities described in Section 1, to which Executive has not agreed in writing (and any such material change shall be deemed a continuing breach of this Agreement by the Bank);

(B) a relocation of Executive's principal place of employment to a location that is more than 30 miles from the location of the Bank's principal executive offices as of the date of this Agreement;

(C) a material reduction in the benefits and perquisites, including Base Salary, to Executive from those being provided as of the Effective Date (except for any reduction that is part of a reduction in pay or benefits that is generally applicable to officers or employees of the Bank);

(D) a liquidation or dissolution of the Bank; or

(E) a material breach of this Agreement by the Bank.

Upon the occurrence of any event described in clause (ii) above, Executive shall have the right to elect to terminate his employment under this Agreement by resignation for "Good Reason" upon not less than thirty (30) days prior written notice given within a reasonable period of time (not to exceed ninety (90) days) after the event giving rise to the right to elect, which termination by Executive shall be an Event of Termination. The Bank shall have thirty (30) days to cure the condition giving rise to the Event of Termination, provided that the Bank may elect to waive said thirty (30) day period.

(b) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or, in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, as severance pay or liquidated damages, or both, the Base Salary and bonuses that Executive would be entitled to for the remaining unexpired term of the Agreement. For purposes of determining the bonus(es) payable hereunder, the bonus(es) will be deemed to be (i) equal to the highest bonus paid at any time during the prior three years, and (ii) otherwise paid at such time as such bonus would have been paid absent an Event of Termination. Such payments shall be paid in a lump sum on the 30<sup>th</sup> day following the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination. Notwithstanding the foregoing, Executive shall not be entitled to any payments or benefits under this Section 4 unless and until (i) Executive executes a release of his claims against the Bank, the Company and any affiliate, and their officers, directors, successors and assigns, releasing said persons from any and all claims, rights, demands, causes of action, suits, arbitrations or grievances relating to the employment relationship, including claims under the Age Discrimination in Employment Act, but not including claims for benefits under tax-qualified plans or other benefit plans in which Executive is vested, claims for benefits required by applicable law or claims with respect to obligations set forth in this Agreement that survive the termination of this Agreement (the "**Release**"), and (ii) the payments and benefits shall begin on the 30<sup>th</sup> day following the date of the Executive's Separation from Service, provided that before that date, the Executive has signed (and not revoked) the Release and the Release is irrevocable under the time period set forth under applicable law.

(c) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on the Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for the remaining unexpired term of the Agreement following such Event of Termination, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within thirty (30) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of an Event of Termination, the Bank shall provide, at the Bank's expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the Event of Termination, except to the extent such coverage may be changed in its application to all Bank employees, and this insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) the expiration of the remaining term of this Agreement. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(e) For purposes of this Agreement, a "Separation from Service" shall have occurred if the Bank and Executive reasonably anticipate that either no further services will be performed by the Executive after the date of the Event of Termination (whether as an employee or as an independent contractor) or the level of further services performed will not exceed 49% of the average level of bona fide services in the 12 months immediately preceding the Event of Termination. For all purposes hereunder, the definition of Separation from Service shall be interpreted consistent with Treasury Regulation Section 1.409A-1 (h)(ii). If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under sub-paragraph (b) or (c) of this Section 4 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

## **5. CHANGE IN CONTROL.**

(a) Any payments made to Executive pursuant to this Section 5 are in lieu of any payments that may otherwise be owed to Executive pursuant to this Agreement under Section 4, such that Executive shall either receive payments pursuant to Section 4 or pursuant to Section 5, but not pursuant to both Sections.

(b) For purposes of this Agreement, the term "Change in Control" shall mean:

- (1) Merger: The Company or the Bank merges into or consolidates with another entity, or merges another Bank or corporation into the Bank or the Company, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Company or the Bank immediately before the merger or consolidation;
- (2) Acquisition of Significant Share Ownership: A person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Company's or the Bank's voting securities; provided, however, this clause (2) shall not apply to beneficial ownership of the Company's or the Bank's voting shares held in a fiduciary capacity by an entity of which the Company directly or indirectly beneficially owns 50% or more of its outstanding voting securities;
- (3) Change in Board Composition: During any period of two consecutive years, individuals who constitute the Company's or the Bank's Board of Directors at the beginning of the two-year period cease for any reason to constitute at least a majority of the Company's or the Bank's Board of Directors; provided, however, that for purposes of this clause (c), each director who is first elected by the board (or first nominated by the board for election by the stockholders or corporators) by a vote of at least two-thirds (2/3) of the directors who were directors at the beginning of the two-year period shall be deemed to have also been a director at the beginning of such period; or

(4) Sale of Assets: The Company or the Bank sells to a third party all or substantially all of its assets.

(5) Notwithstanding anything herein to the contrary, a Change in Control shall not be deemed to have occurred in connection with a conversion of the Bank from a mutual to a stock bank and/or the Bank's reorganization as a subsidiary of the Company.

(c) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), Executive, shall receive as severance pay or liquidated damages, or both, a lump sum cash payment equal to three times the sum of (i) Executive's highest annual rate of Base Salary paid to Executive at any time under this Agreement, plus (ii) the highest bonus paid to Executive with respect to the three completed fiscal years prior to the Change in Control. Such payment shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank shall pay Executive, or in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for thirty-six (36) months after the effective date of such termination of employment, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination. If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under this sub-paragraph (c) or (d) of this Section 5 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

(e) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank (or its successor) shall provide at the Bank's (or its successor's) expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to his termination, except to the extent such coverage may be changed in its application to all Bank employees and then the coverage provided to Executive shall be commensurate with such changed coverage. This insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) thirty-six (36) months following the termination of Executive's employment. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(f) Notwithstanding the preceding paragraphs of this Section 5, in the event that the aggregate payments or benefits to be made or afforded to Executive in the event of a Change in Control would be deemed to include an "excess parachute payment" under Section 280G of the Internal Revenue Code or any successor thereto, then such payments or benefits shall be reduced to an amount, the value of which is one dollar (\$1.00) less than an amount equal to three (3) times Executive's "base amount," as determined in accordance with Section 280G of the Code. In the event a reduction is necessary, then the cash severance payable by the Bank pursuant to Section 5 shall be reduced by the minimum amount necessary to result in no portion of the payments and benefits payable by the Bank under Section 5 being non-deductible to the Bank pursuant to Section 280G of the Code and subject to excise tax imposed under Section 4999 of the Code.

## **6. TERMINATION FOR DISABILITY.**

(a) Termination of Executive's employment based on "Disability" shall be construed to comply with Section 409A of the Internal Revenue Code and shall be deemed to have occurred if: (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months, Executive is receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Bank or the Company; or (iii) Executive is determined to be totally disabled by the Social Security Administration. The provisions of Sections 6(b) and (c) shall apply upon the termination of the Executive's employment based on Disability. Upon the determination that Executive has suffered a Disability, disability payments hereunder shall commence within thirty (30) days.

(b) Executive shall be entitled to receive benefits under all short-term or long-term disability plans maintained by the Bank for its executives. To the extent such benefits are less than Executive's Base Salary, the Bank shall pay Executive an amount equal to the difference between such disability plan benefits and the amount of Executive's Base Salary for the longer of one (1) year following the termination of his employment due to Disability or the remaining term of this Agreement, which shall be payable in accordance with the regular payroll practices of the Bank.

(c) The Bank shall cause to be continued life insurance coverage and non-taxable medical and dental coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the termination of his employment based on Disability, except to the extent such coverage may be changed in its application to all Bank employees or not available on an individual basis to an employee terminated based on Disability. This coverage shall cease upon the earlier of (i) the date Executive returns to the full-time employment of the Bank; (ii) Executive's full-time employment by another employer; (iii) expiration of the remaining term of this Agreement; or (iv) Executive's death.

**7. TERMINATION UPON RETIREMENT.**

Termination of Executive's employment based on "Retirement" shall mean termination of Executive's employment in accordance with any retirement policy, as applicable, established by the Board with Executive's consent as it applies to him. Upon termination of Executive based on Retirement, no amounts or benefits shall be due Executive under this Agreement, and Executive shall be entitled to all benefits under any retirement plan of the Bank and other plans to which Executive is a party.

**8. TERMINATION FOR CAUSE.**

(a) The Bank may terminate Executive's employment at any time, but any termination other than termination for "Cause," as defined herein, shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for "Cause." The term "Cause" as used herein, shall exist when there has been a good faith determination by the Board that there shall have occurred one or more of the following events with respect to the Executive:

- (1) personal dishonesty in performing Executive's duties on behalf of the Bank;
- (2) incompetence in performing Executive's duties on behalf of the Bank;
- (3) willful misconduct that in the judgment of the Board will likely cause economic damage to the Bank or injury to the business reputation of the Bank;
- (4) breach of fiduciary duty involving personal profit;
- (5) material breach of the Bank's Code of Ethics;
- (6) intentional failure to perform stated duties under this Agreement after written notice thereof from the Board;
- (7) willful violation of any law, rule or regulation (other than traffic violations or similar offenses) that reflect adversely on the reputation of the Bank, any felony conviction, any violation of law involving moral turpitude, or any violation of a final cease-and-desist order; or
- (8) material breach by Executive of any provision of this Agreement.

Notwithstanding the foregoing, Cause shall not be deemed to exist unless there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct described above and specifying the particulars thereof. Prior to holding a meeting at which the Board is to make a final determination whether Cause exists, if the Board determines in good faith at a meeting of the Board, by not less than a majority of its entire membership, that there is probable cause for it to find that the Executive was guilty of conduct constituting Cause as described above, the Board may suspend the Executive from his duties hereunder for a reasonable period of time not to exceed fourteen (14) days pending a further meeting at which the Executive shall be given the opportunity to be heard before the Board. Upon a finding of Cause, the Board shall deliver to the Executive a Notice of Termination, as more fully described in Section 10 below.

(b) For purposes of this Section 8, no act or failure to act, on the part of Executive, shall be considered “willful” unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive’s action or omission was in the best interests of the Bank. Any act, or failure to act, based upon the direction of the Board or based upon the advice of counsel for the Bank shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Bank.

## **9. RESIGNATION FROM BOARDS OF DIRECTORS**

In the event of Executive’s termination of employment due to an Event of Termination, Executive’s service as a director of the Bank, the Company, and any affiliate of the Bank or the Company shall immediately terminate. This Section 9 shall constitute a resignation notice for such purposes.

## **10. NOTICE.**

(a) Any purported termination by the Bank for Cause shall be communicated by Notice of Termination to Executive. If, within thirty (30) days after any Notice of Termination for Cause is given, Executive notifies the Bank that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration, as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall discontinue paying Executive’s compensation until the dispute is finally resolved in accordance with this Agreement. If it is determined that Executive is entitled to compensation and benefits under Section 4 or 5, the payment of such compensation and benefits by the Bank shall commence immediately following the date of resolution by arbitration, with interest due Executive on the cash amount that would have been paid pending arbitration (at the prime rate as published in *The Wall Street Journal* from time to time).

(b) Any other purported termination by the Bank or by Executive shall be communicated by a "Notice of Termination" (as defined in Section 10(c)) to the other party. If, within thirty (30) days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall continue to pay Executive his Base Salary, and other compensation and benefits in effect when the notice giving rise to the dispute was given (except as to termination of Executive for Cause); provided, however, that such payments and benefits shall not continue beyond the date that is 36 months from the date the Notice of Termination is given. In the event the voluntary termination by Executive of his employment is disputed by the Bank, and if it is determined in arbitration that Executive is not entitled to termination benefits pursuant to this Agreement, he shall return all cash payments made to him pending resolution by arbitration, with interest thereon at the prime rate as published in *The Wall Street Journal* from time to time, if it is determined in arbitration that Executive's voluntary termination of employment was not taken in good faith and not in the reasonable belief that grounds existed for his voluntary termination. If it is determined that Executive is entitled to receive severance benefits under this Agreement, then any continuation of Base Salary and other compensation and benefits made to Executive under this Section 10 shall offset the amount of any severance benefits that are due to Executive under this Agreement.

(c) For purposes of this Agreement, a "Notice of Termination" shall mean a written notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

## **11. POST-TERMINATION OBLIGATIONS.**

(a) **One Year Non-Solicitation.** Executive hereby covenants and agrees that, for a period of one year following his termination of employment with the Bank, he shall not, without the written consent of the Bank, either directly or indirectly:

(i) solicit, offer employment to, or take any other action intended (or that a reasonable person acting in like circumstances would expect) to have the effect of causing any officer or employee of the Bank or the Company, or any of their respective subsidiaries or affiliates, to terminate his or her employment and accept employment or become affiliated with, or provide services for compensation in any capacity whatsoever to, any business whatsoever that competes with the business of the Bank or the Company, or any of their direct or indirect subsidiaries or affiliates or has headquarters or offices within 30 miles of the locations in which the Bank or the Company has business operations or has filed an application for regulatory approval to establish an office, or

(ii) contact (with a view toward selling any product or service competitive with any product or service sold or proposed to be sold by the Company, the Bank, or any subsidiary of such entities) any person, firm, association or corporation (A) to which the Company, the Bank, or any subsidiary of such entities sold any product or service within thirty-six months of the Executive's termination of employment, (B) which Executive solicited, contacted or otherwise dealt with on behalf of the Company, the Bank, or any subsidiary of such entities within one year of the Executive's termination of employment, or (C) which Executive was otherwise aware was a client of the Company, the Bank, or any subsidiary of such entities at the time of termination of employment. Executive will not directly or indirectly make any such contact, either for his own benefit or for the benefit of any other person, firm, association, or corporation.



(b) **Six Month Non-Competition**. Executive hereby covenants and agrees that, for a period of six months following his termination of employment with the Bank, he shall not, without the written consent of the Bank, either directly or indirectly become an officer, employee, consultant, director, independent contractor, agent, sole proprietor, joint venturer, greater than 5% equity owner or stockholder, partner or trustee of any savings association, savings and loan association, savings and loan holding company, credit union, bank or bank holding company, insurance company or agency, any mortgage or loan broker or any other financial services entity or business that competes with the business of the Bank or its affiliates or has headquarters or offices within 30 miles of Cincinnati, Ohio. Notwithstanding the foregoing, this non-competition restriction shall not apply if Executive's employment is terminated following a Change in Control.

(c) As used in this Agreement, "Confidential Information" means information belonging to the Bank which is of value to the Bank in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Bank. Confidential Information includes, without limitation, financial information, reports, and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Bank. Confidential Information includes information developed by the Executive in the course of the Executive's employment by the Bank, as well as other information to which the Executive may have access in connection with the Executive's employment. Confidential Information also includes the confidential information of others with which the Bank has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain. The Executive understands and agrees that the Executive's employment creates a relationship of confidence and trust between the Executive and the Bank with respect to all Confidential Information. At all times, both during the Executive's employment with the Bank and after its termination, the Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of the Bank, except as may be necessary in the ordinary course of performing the Executive's duties to the Bank.

(d) Executive shall, upon reasonable notice, furnish such information and assistance to the Bank as may reasonably be required by the Bank, in connection with any litigation in which it or any of its subsidiaries or affiliates is, or may become, a party; provided, however, that Executive shall not be required to provide information or assistance with respect to any litigation between the Executive and the Bank or any of its subsidiaries or affiliates.

(e) All payments and benefits to Executive under this Agreement shall be subject to Executive's compliance with this Section 11. The parties hereto, recognizing that irreparable injury will result to the Bank, its business and property in the event of Executive's breach of this Section 11, agree that, in the event of any such breach by Executive, the Bank will be entitled, in addition to any other remedies and damages available, to an injunction to restrain the violation hereof by Executive and all persons acting for or with Executive. Executive represents and admits that Executive's experience and capabilities are such that Executive can obtain employment in a business engaged in other lines and/or of a different nature than the Bank, and that the enforcement of a remedy by way of injunction will not prevent Executive from earning a livelihood. Nothing herein will be construed as prohibiting the Bank or the Company from pursuing any other remedies available to them for such breach or threatened breach, including the recovery of damages from Executive.

**12. SOURCE OF PAYMENTS.**

All payments provided in this Agreement shall be timely paid in cash or check from the general funds of the Bank. The Company may accede to this Agreement but only for the purposed of guaranteeing payment and provision of all amounts and benefits due hereunder to Executive.

**13. EFFECT ON PRIOR AGREEMENTS AND EXISTING BENEFITS PLANS.**

This Agreement contains the entire understanding between the parties hereto and supersedes any prior employment agreement between the Bank or any predecessor of the Bank and Executive, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to Executive of a kind elsewhere provided. No provision of this Agreement shall be interpreted to mean that Executive is subject to receiving fewer benefits than those available to him without reference to this Agreement.

**14. NO ATTACHMENT; BINDING ON SUCCESSORS.**

(a) Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation, or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void, and of no effect.

(b) This Agreement shall be binding upon, and inure to the benefit of, Executive and the Bank and their respective successors and assigns.

**15. MODIFICATION AND WAIVER.**

(a) This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

(b) No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future as to any act other than that specifically waived.

## **16. REQUIRED PROVISIONS.**

(a) The Bank may terminate Executive's employment at any time, but any termination by the Board other than termination for Cause shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for Cause.

(b) If Executive is suspended from office and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) [12 USC §1818(e)(3)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, the Bank's obligations under this contract shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion (i) pay Executive all or part of the compensation withheld while its contract obligations were suspended and (ii) reinstate (in whole or in part) any of its obligations which were suspended.

(c) If Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) [12 USC §1818(e)(4)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the effective date of the order, but vested rights of the contracting parties shall not be affected.

(d) If the Bank is in default as defined in Section 3(x)(1) [12 USC §1813(x)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the date of default, but this paragraph shall not affect any vested rights of the contracting parties.

(e) All obligations under this Agreement shall be terminated, except to the extent determined that continuation of the contract is necessary for the continued operation of the Bank, (i) by either the Federal Deposit Insurance Corporation (the "FDIC") or the Board of Governors of the Federal Reserve System (collectively, the "Regulator") or his or her designee, at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13(c) [12 USC §1823(c)] of the Federal Deposit Insurance Act; or (ii) by the Regulator or his or her designee at the time the Regulator or his or her designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Regulator to be in an unsafe or unsound condition. Any rights of the parties that have already vested, however, shall not be affected by such action.

(f) Notwithstanding anything herein contained to the contrary, any payments to Executive by the Bank or the Company, whether pursuant to this Agreement or otherwise, are subject to and conditioned upon their compliance with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1828(k), and the regulations promulgated thereunder in 12 C.F.R. Part 359.

## **17. SEVERABILITY.**

If, for any reason, any provision of this Agreement, or any part of any provision, is held invalid, such invalidity shall not affect any other provision of this Agreement or any part of such provision not held so invalid, and each such other provision and part thereof shall to the full extent consistent with law continue in full force and effect.

**18. HEADINGS FOR REFERENCE ONLY.**

The headings of sections and paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

**19. GOVERNING LAW.**

This Agreement shall be governed by the laws of the State of Ohio except to the extent superseded by federal law.

**20. ARBITRATION.**

Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration, as an alternative to civil litigation and without any trial by jury to resolve such claims, conducted by a panel of three arbitrators sitting in a location selected by Executive within fifty (50) miles from the main office of the Bank, in accordance with the rules of the American Arbitration Bank's National Rules for the Resolution of Employment Disputes ("National Rules") then in effect. One arbitrator shall be selected by Executive, one arbitrator shall be selected by the Bank and the third arbitrator shall be selected by the arbitrators selected by the parties. If the arbitrators are unable to agree within fifteen (15) days upon a third arbitrator, the arbitrator shall be appointed for them from a panel of arbitrators selected in accordance with the National Rules. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

**21. INDEMNIFICATION.**

(a) Executive shall be provided with coverage under a standard directors' and officers' liability insurance policy, and shall be indemnified for the term of this Agreement and for a period of six years thereafter to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been a director or officer of the Bank or any affiliate (whether or not he continues to be a director or officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements (such settlements must be approved by the Board), provided, however, Executive shall not be indemnified or reimbursed for legal expenses or liabilities incurred in connection with an action, suit or proceeding arising from any illegal or fraudulent act committed by Executive. Any such indemnification shall be made consistent with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. §1828(k), and the regulations issued thereunder in 12 C.F.R. Part 359.

(b) Any indemnification by the Bank shall be subject to compliance with any applicable regulations of the Federal Deposit Insurance Corporation.

**22. Notice.**

For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To the Bank: Chairman of the Board  
Eagle Savings Bank  
6415 Bridgetown Road  
Cincinnati, Ohio 45248

To Executive: \_\_\_\_\_  
At the address last appearing on  
the personnel records of the Bank

**IN WITNESS WHEREOF**, the Bank and the Company have caused this Agreement to be executed by their duly authorized representatives, and Executive has signed this Agreement, on the date first above written.

**EAGLE SAVINGS BANK**

By: /s/ James W. Braun  
Chairman of the Board

**EAGLE FINANCIAL BANCORP, INC.**

By: /s/ James W. Braun  
Chairman of the Board

**EXECUTIVE:**

/s/ Gary J. Koester  
Gary J. Koester, President and  
Chief Executive Officer

## EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”) is made effective as of July 20, 2017 (the “**Effective Date**”), by and between Eagle Savings Bank, an Ohio savings bank (the “**Bank**”) and Patricia L. Walter (the “**Executive**”). The Bank and Executive are sometimes collectively referred to herein as the “parties.” Any reference to the “Company” shall mean Eagle Financial Bancorp, Inc., the holding company of the Bank. The Company is a signatory to this Agreement for the purpose of guaranteeing the Bank’s performance hereunder.

### WITNESSETH

**WHEREAS**, Executive is currently employed as Executive Vice President of the Bank;

**WHEREAS**, the Bank has adopted a Plan of Conversion pursuant to which the Bank converted to an Ohio-chartered stock savings and loan association and became a wholly owned subsidiary of the Company;

**WHEREAS**, the Bank desires to assure itself of the continued availability of the Executive’s services as provided in this Agreement; and

**WHEREAS**, the Executive is willing to serve the Bank on the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, and upon the terms and conditions hereinafter provided, the parties hereby agree as follows:

#### 1. POSITION AND RESPONSIBILITIES.

During the term of this Agreement Executive agrees to serve as Executive Vice President of the Bank, and will perform the duties and will have all powers associated with such position as set forth in any job description provided to Executive by the Bank, and as may be set forth in the bylaws of the Bank. Executive also agrees to serve, if elected, as an officer and director of any affiliate of the Bank.

#### 2. TERM AND DUTIES.

(a) Two Year Contract; Annual Renewal. The term of this Agreement shall commence as of the Effective Date and continue for a period of twenty-four (24) full calendar months thereafter. As of January 1st of each year (the “**Renewal Date**”), beginning with the first January 1st following the Effective Date, this Agreement shall renew for an additional year such that the remaining term shall again be twenty-four (24) full calendar months from the Renewal Date (the “**Term**”); provided, however, that in order for this Agreement to renew, the disinterested members of the Board of Directors of the Bank (the “**Board**”) must take the following actions within the time frames set forth below prior to each Renewal Date: (i) at least twenty (20) days prior to the Renewal Date, conduct or review a comprehensive performance evaluation of Executive for purposes of determining whether to extend this Agreement; and (ii) affirmatively approve the renewal or non-renewal of this Agreement, which decision shall be included in the minutes of the Board’s meeting. If the decision of such disinterested members of the Board is not to renew this Agreement, then the Board shall provide Executive with a written notice of non-renewal (“**Non-Renewal Notice**”) prior to any Renewal Date, such that this Agreement shall terminate at the end of twelve (12) months following such Renewal Date. Notwithstanding the foregoing, in the event that the Company or the Bank has entered into an agreement to effect a transaction which would be considered a Change in Control as defined below, then the term of this Agreement shall be extended and shall terminate twenty-four (24) months following the date on which the Change in Control occurs.

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(b) Termination of Agreement. Notwithstanding anything contained in this Agreement to the contrary, either Executive or the Bank may terminate Executive's employment with the Bank at any time during the term of this Agreement, subject to the terms and conditions of this Agreement.

(c) Continued Employment Following Expiration of Term. Nothing in this Agreement shall mandate or prohibit a continuation of Executive's employment following the expiration of the term of this Agreement, upon such terms and conditions as the Bank and Executive may mutually agree.

(d) Duties; Membership on Other Boards. During the term of this Agreement, except for periods of absence occasioned by illness, reasonable vacation periods, and reasonable leaves of absence approved by the Board, Executive shall devote substantially all of her business time, attention, skill, and efforts to the faithful performance of her duties hereunder, including activities and services related to the organization, operation and management of the Bank; provided, however, that, Executive may serve, or continue to serve, on the boards of directors of, and hold any other offices or positions in, business companies or business or civic organizations, which, in the Board's judgment, will not present any conflict of interest with the Bank, or materially affect the performance of Executive's duties pursuant to this Agreement. Executive shall provide the Board of Directors annually for its approval a list of organizations for which the Executive acts as a director or officer.

### **3. COMPENSATION, BENEFITS AND REIMBURSEMENT.**

(a) Base Salary. In consideration of Executive's performance of the duties set forth in Section 2, the Bank shall provide Executive the compensation specified in this Agreement. The Bank shall pay Executive a salary of \$ \_\_\_\_\_ per year ("**Base Salary**"). The Base Salary shall be payable biweekly, or with such other frequency as officers of the Bank are generally paid. During the term of this Agreement, the Base Salary shall be reviewed at least annually by the Board or by a committee designated by the Board, and the Bank may increase, but not decrease (except for a decrease that is generally applicable to all employees) Executive's Base Salary. Any increase in Base Salary shall become "Base Salary" for purposes of this Agreement.

(b) Bonus and Incentive Compensation. Executive shall be entitled to equitable participation in incentive compensation and bonuses in any plan or arrangement of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.



(c) Employee Benefits. The Bank shall provide Executive with employee benefit plans, arrangements and perquisites substantially equivalent to those in which Executive was participating or from which she was deriving benefit immediately prior to the commencement of the term of this Agreement, and the Bank shall not, without Executive's prior written consent, make any changes in such plans, arrangements or perquisites that would adversely affect Executive's rights or benefits thereunder, except as to any changes that are applicable to all participating employees. Without limiting the generality of the foregoing provisions of this Section 3(c), Executive will be entitled to participate in and receive benefits under any employee benefit plans including, but not limited to, retirement plans, supplemental retirement plans, pension plans, profit-sharing plans, health-and-accident insurance plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank and/or the Company in the future to its senior executives, including any stock benefit plans, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(d) Paid Time Off. Executive shall be entitled to paid vacation time each year during the term of this Agreement (measured on a fiscal or calendar year basis, in accordance with the Bank's usual practices), as well as sick leave, holidays and other paid absences in accordance with the Bank's policies and procedures for senior executives. Any unused paid time off during an annual period shall be treated in accordance with the Bank's personnel policies as in effect from time to time.

(e) Expense Reimbursements. The Bank shall also pay or reimburse Executive for all reasonable travel, entertainment and other reasonable expenses incurred by Executive during the course of performing her obligations under this Agreement, including, without limitation, fees for memberships in such clubs and organizations as Executive and the Board shall mutually agree are necessary and appropriate in connection with the performance of her duties under this Agreement, upon presentation to the Bank of an itemized account of such expenses in such form as the Bank may reasonably require, provided that such payment or reimbursement shall be made as soon as practicable but in no event later than March 15 of the year following the year in which such right to such payment or reimbursement occurred.

#### **4. PAYMENTS TO EXECUTIVE UPON AN EVENT OF TERMINATION.**

(a) Upon the occurrence of an Event of Termination (as herein defined) during the term of this Agreement, the provisions of this Section 4 shall apply; provided, however, that in the event such Event of Termination occurs within eighteen (18) months following a Change in Control (as defined in Section 5 hereof), Section 5 shall apply instead. As used in this Agreement, an "Event of Termination" shall mean and include any one or more of the following:

(i) the involuntary termination of Executive's employment hereunder by the Bank for any reason other than termination governed by Section 5 (in connection with or following a Change in Control), Section 6 (due to Disability or death), Section 7 (due to Retirement), or Section 8 (for Cause), provided that such termination constitutes a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code ("Code"); or

(ii) Executive's resignation from the Bank's employ upon any of the following, unless consented to by Executive:

(A) a material change in Executive's function, duties, or responsibilities, which change would cause Executive's position to become one of lesser responsibility, importance, or scope from the position and responsibilities described in Section 1, to which Executive has not agreed in writing (and any such material change shall be deemed a continuing breach of this Agreement by the Bank);

(B) a relocation of Executive's principal place of employment to a location that is more than 30 miles from the location of the Bank's principal executive offices as of the date of this Agreement;

(C) a material reduction in the benefits and perquisites, including Base Salary, to Executive from those being provided as of the Effective Date (except for any reduction that is part of a reduction in pay or benefits that is generally applicable to officers or employees of the Bank);

(D) a liquidation or dissolution of the Bank; or

(E) a material breach of this Agreement by the Bank.

Upon the occurrence of any event described in clause (ii) above, Executive shall have the right to elect to terminate her employment under this Agreement by resignation for "Good Reason" upon not less than thirty (30) days prior written notice given within a reasonable period of time (not to exceed ninety (90) days) after the event giving rise to the right to elect, which termination by Executive shall be an Event of Termination. The Bank shall have thirty (30) days to cure the condition giving rise to the Event of Termination, provided that the Bank may elect to waive said thirty (30) day period.

(b) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or, in the event of her subsequent death, her beneficiary or beneficiaries, or her estate, as the case may be, as severance pay or liquidated damages, or both, the Base Salary and bonuses that Executive would be entitled to for the remaining unexpired term of the Agreement. For purposes of determining the bonus(es) payable hereunder, the bonus(es) will be deemed to be (i) equal to the highest bonus paid at any time during the prior three years, and (ii) otherwise paid at such time as such bonus would have been paid absent an Event of Termination. Such payments shall be paid in a lump sum on the 30<sup>th</sup> day following the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination. Notwithstanding the foregoing, Executive shall not be entitled to any payments or benefits under this Section 4 unless and until (i) Executive executes a release of her claims against the Bank, the Company and any affiliate, and their officers, directors, successors and assigns, releasing said persons from any and all claims, rights, demands, causes of action, suits, arbitrations or grievances relating to the employment relationship, including claims under the Age Discrimination in Employment Act, but not including claims for benefits under tax-qualified plans or other benefit plans in which Executive is vested, claims for benefits required by applicable law or claims with respect to obligations set forth in this Agreement that survive the termination of this Agreement (the "**Release**"), and (ii) the payments and benefits shall begin on the 30<sup>th</sup> day following the date of the Executive's Separation from Service, provided that before that date, the Executive has signed (and not revoked) the Release and the Release is irrevocable under the time period set forth under applicable law.

(c) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or in the event of her subsequent death, her beneficiary or beneficiaries, or her estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on the Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for the remaining unexpired term of the Agreement following such Event of Termination, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within thirty (30) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of an Event of Termination, the Bank shall provide, at the Bank's expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the Event of Termination, except to the extent such coverage may be changed in its application to all Bank employees, and this insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) the expiration of the remaining term of this Agreement. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(e) For purposes of this Agreement, a "Separation from Service" shall have occurred if the Bank and Executive reasonably anticipate that either no further services will be performed by the Executive after the date of the Event of Termination (whether as an employee or as an independent contractor) or the level of further services performed will not exceed 49% of the average level of bona fide services in the 12 months immediately preceding the Event of Termination. For all purposes hereunder, the definition of Separation from Service shall be interpreted consistent with Treasury Regulation Section 1.409A-1 (h)(ii). If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under sub-paragraph (b) or (c) of this Section 4 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

**5. CHANGE IN CONTROL.**

(a) Any payments made to Executive pursuant to this Section 5 are in lieu of any payments that may otherwise be owed to Executive pursuant to this Agreement under Section 4, such that Executive shall either receive payments pursuant to Section 4 or pursuant to Section 5, but not pursuant to both Sections.

(b) For purposes of this Agreement, the term "Change in Control" shall mean:

- (1) Merger: The Company or the Bank merges into or consolidates with another entity, or merges another Bank or corporation into the Bank or the Company, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Company or the Bank immediately before the merger or consolidation;
- (2) Acquisition of Significant Share Ownership: A person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Company's or the Bank's voting securities; provided, however, this clause (2) shall not apply to beneficial ownership of the Company's or the Bank's voting shares held in a fiduciary capacity by an entity of which the Company directly or indirectly beneficially owns 50% or more of its outstanding voting securities;
- (3) Change in Board Composition: During any period of two consecutive years, individuals who constitute the Company's or the Bank's Board of Directors at the beginning of the two-year period cease for any reason to constitute at least a majority of the Company's or the Bank's Board of Directors; provided, however, that for purposes of this clause (c), each director who is first elected by the board (or first nominated by the board for election by the stockholders or corporators) by a vote of at least two-thirds (2/3) of the directors who were directors at the beginning of the two-year period shall be deemed to have also been a director at the beginning of such period; or
- (4) Sale of Assets: The Company or the Bank sells to a third party all or substantially all of its assets.
- (5) Notwithstanding anything herein to the contrary, a Change in Control shall not be deemed to have occurred in connection with a conversion of the Bank from a mutual to a stock bank and/or the Bank's reorganization as a subsidiary of the Company.

(c) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), Executive, shall receive as severance pay or liquidated damages, or both, a lump sum cash payment equal to two times the sum of (i) Executive's highest annual rate of Base Salary paid to Executive at any time under this Agreement, plus (ii) the highest bonus paid to Executive with respect to the two completed fiscal years prior to the Change in Control. Such payment shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank shall pay Executive, or in the event of her subsequent death, her beneficiary or beneficiaries, or her estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for twenty-four (24) months after the effective date of such termination of employment, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination. If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under this sub-paragraph (c) or (d) of this Section 5 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

(e) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank (or its successor) shall provide at the Bank's (or its successor's) expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to her termination, except to the extent such coverage may be changed in its application to all Bank employees and then the coverage provided to Executive shall be commensurate with such changed coverage. This insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) twenty-four (24) months following the termination of Executive's employment. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(f) Notwithstanding the preceding paragraphs of this Section 5, in the event that the aggregate payments or benefits to be made or afforded to Executive in the event of a Change in Control would be deemed to include an "excess parachute payment" under Section 280G of the Internal Revenue Code or any successor thereto, then such payments or benefits shall be reduced to an amount, the value of which is one dollar (\$1.00) less than an amount equal to three (3) times Executive's "base amount," as determined in accordance with Section 280G of the Code. In the event a reduction is necessary, then the cash severance payable by the Bank pursuant to Section 5 shall be reduced by the minimum amount necessary to result in no portion of the payments and benefits payable by the Bank under Section 5 being non-deductible to the Bank pursuant to Section 280G of the Code and subject to excise tax imposed under Section 4999 of the Code.

## **6. TERMINATION FOR DISABILITY.**

(a) Termination of Executive's employment based on "Disability" shall be construed to comply with Section 409A of the Internal Revenue Code and shall be deemed to have occurred if: (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months, Executive is receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Bank or the Company; or (iii) Executive is determined to be totally disabled by the Social Security Administration. The provisions of Sections 6(b) and (c) shall apply upon the termination of the Executive's employment based on Disability. Upon the determination that Executive has suffered a Disability, disability payments hereunder shall commence within thirty (30) days.

(b) Executive shall be entitled to receive benefits under all short-term or long-term disability plans maintained by the Bank for its executives. To the extent such benefits are less than Executive's Base Salary, the Bank shall pay Executive an amount equal to the difference between such disability plan benefits and the amount of Executive's Base Salary for the longer of one (1) year following the termination of her employment due to Disability or the remaining term of this Agreement, which shall be payable in accordance with the regular payroll practices of the Bank.

(c) The Bank shall cause to be continued life insurance coverage and non-taxable medical and dental coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the termination of her employment based on Disability, except to the extent such coverage may be changed in its application to all Bank employees or not available on an individual basis to an employee terminated based on Disability. This coverage shall cease upon the earlier of (i) the date Executive returns to the full-time employment of the Bank; (ii) Executive's full-time employment by another employer; (iii) expiration of the remaining term of this Agreement; or (iv) Executive's death.

**7. TERMINATION UPON RETIREMENT.**

Termination of Executive's employment based on "Retirement" shall mean termination of Executive's employment in accordance with any retirement policy, as applicable, established by the Board with Executive's consent as it applies to him. Upon termination of Executive based on Retirement, no amounts or benefits shall be due Executive under this Agreement, and Executive shall be entitled to all benefits under any retirement plan of the Bank and other plans to which Executive is a party.

**8. TERMINATION FOR CAUSE.**

(a) The Bank may terminate Executive's employment at any time, but any termination other than termination for "Cause," as defined herein, shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for "Cause." The term "Cause" as used herein, shall exist when there has been a good faith determination by the Board that there shall have occurred one or more of the following events with respect to the Executive:

- (1) personal dishonesty in performing Executive's duties on behalf of the Bank;
- (2) incompetence in performing Executive's duties on behalf of the Bank;
- (3) willful misconduct that in the judgment of the Board will likely cause economic damage to the Bank or injury to the business reputation of the Bank;
- (4) breach of fiduciary duty involving personal profit;
- (5) material breach of the Bank's Code of Ethics;
- (6) intentional failure to perform stated duties under this Agreement after written notice thereof from the Board;
- (7) willful violation of any law, rule or regulation (other than traffic violations or similar offenses) that reflect adversely on the reputation of the Bank, any felony conviction, any violation of law involving moral turpitude, or any violation of a final cease-and-desist order; or
- (8) material breach by Executive of any provision of this Agreement.

Notwithstanding the foregoing, Cause shall not be deemed to exist unless there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct described above and specifying the particulars thereof. Prior to holding a meeting at which the Board is to make a final determination whether Cause exists, if the Board determines in good faith at a meeting of the Board, by not less than a majority of its entire membership, that there is probable cause for it to find that the Executive was guilty of conduct constituting Cause as described above, the Board may suspend the Executive from her duties hereunder for a reasonable period of time not to exceed fourteen (14) days pending a further meeting at which the Executive shall be given the opportunity to be heard before the Board. Upon a finding of Cause, the Board shall deliver to the Executive a Notice of Termination, as more fully described in Section 10 below.

(b) For purposes of this Section 8, no act or failure to act, on the part of Executive, shall be considered “willful” unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive’s action or omission was in the best interests of the Bank. Any act, or failure to act, based upon the direction of the Board or based upon the advice of counsel for the Bank shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Bank.

## **9. RESIGNATION FROM BOARDS OF DIRECTORS**

In the event of Executive’s termination of employment due to an Event of Termination, Executive’s service as a director of the Bank, the Company, and any affiliate of the Bank or the Company shall immediately terminate. This Section 9 shall constitute a resignation notice for such purposes.

## **10. NOTICE.**

(a) Any purported termination by the Bank for Cause shall be communicated by Notice of Termination to Executive. If, within thirty (30) days after any Notice of Termination for Cause is given, Executive notifies the Bank that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration, as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall discontinue paying Executive’s compensation until the dispute is finally resolved in accordance with this Agreement. If it is determined that Executive is entitled to compensation and benefits under Section 4 or 5, the payment of such compensation and benefits by the Bank shall commence immediately following the date of resolution by arbitration, with interest due Executive on the cash amount that would have been paid pending arbitration (at the prime rate as published in *The Wall Street Journal* from time to time).

(b) Any other purported termination by the Bank or by Executive shall be communicated by a “Notice of Termination” (as defined in Section 10(c)) to the other party. If, within thirty (30) days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall continue to pay Executive her Base Salary, and other compensation and benefits in effect when the notice giving rise to the dispute was given (except as to termination of Executive for Cause); provided, however, that such payments and benefits shall not continue beyond the date that is 24 months from the date the Notice of Termination is given. In the event the voluntary termination by Executive of her employment is disputed by the Bank, and if it is determined in arbitration that Executive is not entitled to termination benefits pursuant to this Agreement, she shall return all cash payments made to him pending resolution by arbitration, with interest thereon at the prime rate as published in *The Wall Street Journal* from time to time, if it is determined in arbitration that Executive’s voluntary termination of employment was not taken in good faith and not in the reasonable belief that grounds existed for her voluntary termination. If it is determined that Executive is entitled to receive severance benefits under this Agreement, then any continuation of Base Salary and other compensation and benefits made to Executive under this Section 10 shall offset the amount of any severance benefits that are due to Executive under this Agreement.



(c) For purposes of this Agreement, a “Notice of Termination” shall mean a written notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated.

#### **11. POST-TERMINATION OBLIGATIONS.**

(a) **One Year Non-Solicitation.** Executive hereby covenants and agrees that, for a period of one year following her termination of employment with the Bank, she shall not, without the written consent of the Bank, either directly or indirectly:

(i) solicit, offer employment to, or take any other action intended (or that a reasonable person acting in like circumstances would expect) to have the effect of causing any officer or employee of the Bank or the Company, or any of their respective subsidiaries or affiliates, to terminate his or her employment and accept employment or become affiliated with, or provide services for compensation in any capacity whatsoever to, any business whatsoever that competes with the business of the Bank or the Company, or any of their direct or indirect subsidiaries or affiliates or has headquarters or offices within 30 miles of the locations in which the Bank or the Company has business operations or has filed an application for regulatory approval to establish an office, or

(ii) contact (with a view toward selling any product or service competitive with any product or service sold or proposed to be sold by the Company, the Bank, or any subsidiary of such entities) any person, firm, association or corporation (A) to which the Company, the Bank, or any subsidiary of such entities sold any product or service within thirty-six months of the Executive’s termination of employment, (B) which Executive solicited, contacted or otherwise dealt with on behalf of the Company, the Bank, or any subsidiary of such entities within one year of the Executive’s termination of employment, or (C) which Executive was otherwise aware was a client of the Company, the Bank, or any subsidiary of such entities at the time of termination of employment. Executive will not directly or indirectly make any such contact, either for her own benefit or for the benefit of any other person, firm, association, or corporation.

(b) **Six Month Non-Competition**. Executive hereby covenants and agrees that, for a period of six months following her termination of employment with the Bank, she shall not, without the written consent of the Bank, either directly or indirectly become an officer, employee, consultant, director, independent contractor, agent, sole proprietor, joint venturer, greater than 5% equity owner or stockholder, partner or trustee of any savings association, savings and loan association, savings and loan holding company, credit union, bank or bank holding company, insurance company or agency, any mortgage or loan broker or any other financial services entity or business that competes with the business of the Bank or its affiliates or has headquarters or offices within 30 miles of Cincinnati, Ohio. Notwithstanding the foregoing, this non-competition restriction shall not apply if Executive's employment is terminated following a Change in Control.

(c) As used in this Agreement, "Confidential Information" means information belonging to the Bank which is of value to the Bank in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Bank. Confidential Information includes, without limitation, financial information, reports, and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Bank. Confidential Information includes information developed by the Executive in the course of the Executive's employment by the Bank, as well as other information to which the Executive may have access in connection with the Executive's employment. Confidential Information also includes the confidential information of others with which the Bank has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain. The Executive understands and agrees that the Executive's employment creates a relationship of confidence and trust between the Executive and the Bank with respect to all Confidential Information. At all times, both during the Executive's employment with the Bank and after its termination, the Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of the Bank, except as may be necessary in the ordinary course of performing the Executive's duties to the Bank.

(d) Executive shall, upon reasonable notice, furnish such information and assistance to the Bank as may reasonably be required by the Bank, in connection with any litigation in which it or any of its subsidiaries or affiliates is, or may become, a party; provided, however, that Executive shall not be required to provide information or assistance with respect to any litigation between the Executive and the Bank or any of its subsidiaries or affiliates.

(e) All payments and benefits to Executive under this Agreement shall be subject to Executive's compliance with this Section 11. The parties hereto, recognizing that irreparable injury will result to the Bank, its business and property in the event of Executive's breach of this Section 11, agree that, in the event of any such breach by Executive, the Bank will be entitled, in addition to any other remedies and damages available, to an injunction to restrain the violation hereof by Executive and all persons acting for or with Executive. Executive represents and admits that Executive's experience and capabilities are such that Executive can obtain employment in a business engaged in other lines and/or of a different nature than the Bank, and that the enforcement of a remedy by way of injunction will not prevent Executive from earning a livelihood. Nothing herein will be construed as prohibiting the Bank or the Company from pursuing any other remedies available to them for such breach or threatened breach, including the recovery of damages from Executive.

**12. SOURCE OF PAYMENTS.**

All payments provided in this Agreement shall be timely paid in cash or check from the general funds of the Bank. The Company may accede to this Agreement but only for the purposed of guaranteeing payment and provision of all amounts and benefits due hereunder to Executive.

**13. EFFECT ON PRIOR AGREEMENTS AND EXISTING BENEFITS PLANS.**

This Agreement contains the entire understanding between the parties hereto and supersedes any prior employment agreement between the Bank or any predecessor of the Bank and Executive, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to Executive of a kind elsewhere provided. No provision of this Agreement shall be interpreted to mean that Executive is subject to receiving fewer benefits than those available to him without reference to this Agreement.

**14. NO ATTACHMENT; BINDING ON SUCCESSORS.**

(a) Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation, or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void, and of no effect.

(b) This Agreement shall be binding upon, and inure to the benefit of, Executive and the Bank and their respective successors and assigns.

**15. MODIFICATION AND WAIVER.**

(a) This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

(b) No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future as to any act other than that specifically waived.

**16. REQUIRED PROVISIONS.**

(a) The Bank may terminate Executive's employment at any time, but any termination by the Board other than termination for Cause shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for Cause.

(b) If Executive is suspended from office and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) [12 USC §1818(e)(3)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, the Bank's obligations under this contract shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion (i) pay Executive all or part of the compensation withheld while its contract obligations were suspended and (ii) reinstate (in whole or in part) any of its obligations which were suspended.

(c) If Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) [12 USC §1818(e)(4)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the effective date of the order, but vested rights of the contracting parties shall not be affected.

(d) If the Bank is in default as defined in Section 3(x)(1) [12 USC §1813(x)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the date of default, but this paragraph shall not affect any vested rights of the contracting parties.

(e) All obligations under this Agreement shall be terminated, except to the extent determined that continuation of the contract is necessary for the continued operation of the Bank, (i) by either the Federal Deposit Insurance Corporation (the "FDIC") or the Board of Governors of the Federal Reserve System (collectively, the "Regulator") or his or her designee, at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13(c) [12 USC §1823(c)] of the Federal Deposit Insurance Act; or (ii) by the Regulator or his or her designee at the time the Regulator or his or her designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Regulator to be in an unsafe or unsound condition. Any rights of the parties that have already vested, however, shall not be affected by such action.

(f) Notwithstanding anything herein contained to the contrary, any payments to Executive by the Bank or the Company, whether pursuant to this Agreement or otherwise, are subject to and conditioned upon their compliance with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1828(k), and the regulations promulgated thereunder in 12 C.F.R. Part 359.

## **17. SEVERABILITY.**

If, for any reason, any provision of this Agreement, or any part of any provision, is held invalid, such invalidity shall not affect any other provision of this Agreement or any part of such provision not held so invalid, and each such other provision and part thereof shall to the full extent consistent with law continue in full force and effect.

**18. HEADINGS FOR REFERENCE ONLY.**

The headings of sections and paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

**19. GOVERNING LAW.**

This Agreement shall be governed by the laws of the State of Ohio except to the extent superseded by federal law.

**20. ARBITRATION.**

Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration, as an alternative to civil litigation and without any trial by jury to resolve such claims, conducted by a panel of three arbitrators sitting in a location selected by Executive within fifty (50) miles from the main office of the Bank, in accordance with the rules of the American Arbitration Bank's National Rules for the Resolution of Employment Disputes ("National Rules") then in effect. One arbitrator shall be selected by Executive, one arbitrator shall be selected by the Bank and the third arbitrator shall be selected by the arbitrators selected by the parties. If the arbitrators are unable to agree within fifteen (15) days upon a third arbitrator, the arbitrator shall be appointed for them from a panel of arbitrators selected in accordance with the National Rules. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

**21. INDEMNIFICATION.**

(a) Executive shall be provided with coverage under a standard directors' and officers' liability insurance policy, and shall be indemnified for the term of this Agreement and for a period of six years thereafter to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which she may be involved by reason of her having been a director or officer of the Bank or any affiliate (whether or not she continues to be a director or officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements (such settlements must be approved by the Board), provided, however, Executive shall not be indemnified or reimbursed for legal expenses or liabilities incurred in connection with an action, suit or proceeding arising from any illegal or fraudulent act committed by Executive. Any such indemnification shall be made consistent with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. §1828(k), and the regulations issued thereunder in 12 C.F.R. Part 359.

(b) Any indemnification by the Bank shall be subject to compliance with any applicable regulations of the Federal Deposit Insurance Corporation.

**22. Notice.**

For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To the Bank: Chairman of the Board  
Eagle Savings Bank  
6415 Bridgetown Road  
Cincinnati, Ohio 45248

To Executive: \_\_\_\_\_  
At the address last appearing on  
the personnel records of the Bank

**IN WITNESS WHEREOF**, the Bank and the Company have caused this Agreement to be executed by their duly authorized representatives, and Executive has signed this Agreement, on the date first above written.

**EAGLE SAVINGS BANK**

By: /s/ James W. Braun  
Chairman of the Board

**EAGLE FINANCIAL BANCORP, INC.**

By: /s/ James W. Braun  
Chairman of the Board

**EXECUTIVE:**

/s/ Patricia L. Walter  
Patricia L. Walter, Executive Vice President

## EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”) is made effective as of July 20, 2017 (the “**Effective Date**”), by and between Eagle Savings Bank, an Ohio savings bank (the “**Bank**”) and Kevin R. Schramm (the “**Executive**”). The Bank and Executive are sometimes collectively referred to herein as the “parties.” Any reference to the “Company” shall mean Eagle Financial Bancorp, Inc., the holding company of the Bank. The Company is a signatory to this Agreement for the purpose of guaranteeing the Bank’s performance hereunder.

### WITNESSETH

**WHEREAS**, Executive is currently employed as Vice President, Chief Financial Officer and Treasurer of the Bank;

**WHEREAS**, the Bank has adopted a Plan of Conversion pursuant to which the Bank converted to an Ohio-chartered stock savings and loan association and became a wholly owned subsidiary of the Company;

**WHEREAS**, the Bank desires to assure itself of the continued availability of the Executive’s services as provided in this Agreement; and

**WHEREAS**, the Executive is willing to serve the Bank on the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, and upon the terms and conditions hereinafter provided, the parties hereby agree as follows:

#### 1. POSITION AND RESPONSIBILITIES.

During the term of this Agreement Executive agrees to serve as Vice President, Chief Financial Officer and Treasurer of the Bank, and will perform the duties and will have all powers associated with such position as set forth in any job description provided to Executive by the Bank, and as may be set forth in the bylaws of the Bank. Executive also agrees to serve, if elected, as an officer and director of any affiliate of the Bank.

#### 2. TERM AND DUTIES.

(a) Two Year Contract; Annual Renewal. The term of this Agreement shall commence as of the Effective Date and continue for a period of twenty-four (24) full calendar months thereafter. As of January 1st of each year (the “**Renewal Date**”), beginning with the first January 1st following the Effective Date, this Agreement shall renew for an additional year such that the remaining term shall again be twenty-four (24) full calendar months from the Renewal Date (the “**Term**”); provided, however, that in order for this Agreement to renew, the disinterested members of the Board of Directors of the Bank (the “**Board**”) must take the following actions within the time frames set forth below prior to each Renewal Date: (i) at least twenty (20) days prior to the Renewal Date, conduct or review a comprehensive performance evaluation of Executive for purposes of determining whether to extend this Agreement; and (ii) affirmatively approve the renewal or non-renewal of this Agreement, which decision shall be included in the minutes of the Board’s meeting. If the decision of such disinterested members of the Board is not to renew this Agreement, then the Board shall provide Executive with a written notice of non-renewal (“**Non-Renewal Notice**”) prior to any Renewal Date, such that this Agreement shall terminate at the end of twelve (12) months following such Renewal Date. Notwithstanding the foregoing, in the event that the Company or the Bank has entered into an agreement to effect a transaction which would be considered a Change in Control as defined below, then the term of this Agreement shall be extended and shall terminate twenty-four (24) months following the date on which the Change in Control occurs.



(b) Termination of Agreement. Notwithstanding anything contained in this Agreement to the contrary, either Executive or the Bank may terminate Executive's employment with the Bank at any time during the term of this Agreement, subject to the terms and conditions of this Agreement.

(c) Continued Employment Following Expiration of Term. Nothing in this Agreement shall mandate or prohibit a continuation of Executive's employment following the expiration of the term of this Agreement, upon such terms and conditions as the Bank and Executive may mutually agree.

(d) Duties; Membership on Other Boards. During the term of this Agreement, except for periods of absence occasioned by illness, reasonable vacation periods, and reasonable leaves of absence approved by the Board, Executive shall devote substantially all of his business time, attention, skill, and efforts to the faithful performance of his duties hereunder, including activities and services related to the organization, operation and management of the Bank; provided, however, that, Executive may serve, or continue to serve, on the boards of directors of, and hold any other offices or positions in, business companies or business or civic organizations, which, in the Board's judgment, will not present any conflict of interest with the Bank, or materially affect the performance of Executive's duties pursuant to this Agreement. Executive shall provide the Board of Directors annually for its approval a list of organizations for which the Executive acts as a director or officer.

### **3. COMPENSATION, BENEFITS AND REIMBURSEMENT.**

(a) Base Salary. In consideration of Executive's performance of the duties set forth in Section 2, the Bank shall provide Executive the compensation specified in this Agreement. The Bank shall pay Executive a salary of \$103,651 per year ("**Base Salary**"). The Base Salary shall be payable biweekly, or with such other frequency as officers of the Bank are generally paid. During the term of this Agreement, the Base Salary shall be reviewed at least annually by the Board or by a committee designated by the Board, and the Bank may increase, but not decrease (except for a decrease that is generally applicable to all employees) Executive's Base Salary. Any increase in Base Salary shall become "Base Salary" for purposes of this Agreement.

(b) Bonus and Incentive Compensation. Executive shall be entitled to equitable participation in incentive compensation and bonuses in any plan or arrangement of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.

(c) Employee Benefits. The Bank shall provide Executive with employee benefit plans, arrangements and perquisites substantially equivalent to those in which Executive was participating or from which he was deriving benefit immediately prior to the commencement of the term of this Agreement, and the Bank shall not, without Executive's prior written consent, make any changes in such plans, arrangements or perquisites that would adversely affect Executive's rights or benefits thereunder, except as to any changes that are applicable to all participating employees. Without limiting the generality of the foregoing provisions of this Section 3(c), Executive will be entitled to participate in and receive benefits under any employee benefit plans including, but not limited to, retirement plans, supplemental retirement plans, pension plans, profit-sharing plans, health-and-accident insurance plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank and/or the Company in the future to its senior executives, including any stock benefit plans, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(d) Paid Time Off. Executive shall be entitled to paid vacation time each year during the term of this Agreement (measured on a fiscal or calendar year basis, in accordance with the Bank's usual practices), as well as sick leave, holidays and other paid absences in accordance with the Bank's policies and procedures for senior executives. Any unused paid time off during an annual period shall be treated in accordance with the Bank's personnel policies as in effect from time to time.

(e) Expense Reimbursements. The Bank shall also pay or reimburse Executive for all reasonable travel, entertainment and other reasonable expenses incurred by Executive during the course of performing his obligations under this Agreement, including, without limitation, fees for memberships in such clubs and organizations as Executive and the Board shall mutually agree are necessary and appropriate in connection with the performance of his duties under this Agreement, upon presentation to the Bank of an itemized account of such expenses in such form as the Bank may reasonably require, provided that such payment or reimbursement shall be made as soon as practicable but in no event later than March 15 of the year following the year in which such right to such payment or reimbursement occurred.

#### **4. PAYMENTS TO EXECUTIVE UPON AN EVENT OF TERMINATION.**

(a) Upon the occurrence of an Event of Termination (as herein defined) during the term of this Agreement, the provisions of this Section 4 shall apply; provided, however, that in the event such Event of Termination occurs within eighteen (18) months following a Change in Control (as defined in Section 5 hereof), Section 5 shall apply instead. As used in this Agreement, an "Event of Termination" shall mean and include any one or more of the following:

(i) the involuntary termination of Executive's employment hereunder by the Bank for any reason other than termination governed by Section 5 (in connection with or following a Change in Control), Section 6 (due to Disability or death), Section 7 (due to Retirement), or Section 8 (for Cause), provided that such termination constitutes a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code ("Code"); or

(ii) Executive's resignation from the Bank's employ upon any of the following, unless consented to by Executive:

(A) a material change in Executive's function, duties, or responsibilities, which change would cause Executive's position to become one of lesser responsibility, importance, or scope from the position and responsibilities described in Section 1, to which Executive has not agreed in writing (and any such material change shall be deemed a continuing breach of this Agreement by the Bank);

(B) a relocation of Executive's principal place of employment to a location that is more than 30 miles from the location of the Bank's principal executive offices as of the date of this Agreement;

(C) a material reduction in the benefits and perquisites, including Base Salary, to Executive from those being provided as of the Effective Date (except for any reduction that is part of a reduction in pay or benefits that is generally applicable to officers or employees of the Bank);

(D) a liquidation or dissolution of the Bank; or

(E) a material breach of this Agreement by the Bank.

Upon the occurrence of any event described in clause (ii) above, Executive shall have the right to elect to terminate his employment under this Agreement by resignation for "Good Reason" upon not less than thirty (30) days prior written notice given within a reasonable period of time (not to exceed ninety (90) days) after the event giving rise to the right to elect, which termination by Executive shall be an Event of Termination. The Bank shall have thirty (30) days to cure the condition giving rise to the Event of Termination, provided that the Bank may elect to waive said thirty (30) day period.

(b) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or, in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, as severance pay or liquidated damages, or both, the Base Salary and bonuses that Executive would be entitled to for the remaining unexpired term of the Agreement. For purposes of determining the bonus(es) payable hereunder, the bonus(es) will be deemed to be (i) equal to the highest bonus paid at any time during the prior three years, and (ii) otherwise paid at such time as such bonus would have been paid absent an Event of Termination. Such payments shall be paid in a lump sum on the 30<sup>th</sup> day following the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination. Notwithstanding the foregoing, Executive shall not be entitled to any payments or benefits under this Section 4 unless and until (i) Executive executes a release of his claims against the Bank, the Company and any affiliate, and their officers, directors, successors and assigns, releasing said persons from any and all claims, rights, demands, causes of action, suits, arbitrations or grievances relating to the employment relationship, including claims under the Age Discrimination in Employment Act, but not including claims for benefits under tax-qualified plans or other benefit plans in which Executive is vested, claims for benefits required by applicable law or claims with respect to obligations set forth in this Agreement that survive the termination of this Agreement (the "**Release**"), and (ii) the payments and benefits shall begin on the 30<sup>th</sup> day following the date of the Executive's Separation from Service, provided that before that date, the Executive has signed (and not revoked) the Release and the Release is irrevocable under the time period set forth under applicable law.

(c) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on the Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for the remaining unexpired term of the Agreement following such Event of Termination, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within thirty (30) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of an Event of Termination, the Bank shall provide, at the Bank's expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the Event of Termination, except to the extent such coverage may be changed in its application to all Bank employees, and this insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) the expiration of the remaining term of this Agreement. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(e) For purposes of this Agreement, a "Separation from Service" shall have occurred if the Bank and Executive reasonably anticipate that either no further services will be performed by the Executive after the date of the Event of Termination (whether as an employee or as an independent contractor) or the level of further services performed will not exceed 49% of the average level of bona fide services in the 12 months immediately preceding the Event of Termination. For all purposes hereunder, the definition of Separation from Service shall be interpreted consistent with Treasury Regulation Section 1.409A-1 (h)(ii). If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under sub-paragraph (b) or (c) of this Section 4 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

**5. CHANGE IN CONTROL.**

(a) Any payments made to Executive pursuant to this Section 5 are in lieu of any payments that may otherwise be owed to Executive pursuant to this Agreement under Section 4, such that Executive shall either receive payments pursuant to Section 4 or pursuant to Section 5, but not pursuant to both Sections.

(b) For purposes of this Agreement, the term "Change in Control" shall mean:

- (1) Merger: The Company or the Bank merges into or consolidates with another entity, or merges another Bank or corporation into the Bank or the Company, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Company or the Bank immediately before the merger or consolidation;
- (2) Acquisition of Significant Share Ownership: A person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Company's or the Bank's voting securities; provided, however, this clause (2) shall not apply to beneficial ownership of the Company's or the Bank's voting shares held in a fiduciary capacity by an entity of which the Company directly or indirectly beneficially owns 50% or more of its outstanding voting securities;
- (3) Change in Board Composition: During any period of two consecutive years, individuals who constitute the Company's or the Bank's Board of Directors at the beginning of the two-year period cease for any reason to constitute at least a majority of the Company's or the Bank's Board of Directors; provided, however, that for purposes of this clause (c), each director who is first elected by the board (or first nominated by the board for election by the stockholders or corporators) by a vote of at least two-thirds (2/3) of the directors who were directors at the beginning of the two-year period shall be deemed to have also been a director at the beginning of such period; or
- (4) Sale of Assets: The Company or the Bank sells to a third party all or substantially all of its assets.
- (5) Notwithstanding anything herein to the contrary, a Change in Control shall not be deemed to have occurred in connection with a conversion of the Bank from a mutual to a stock bank and/or the Bank's reorganization as a subsidiary of the Company.

(c) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), Executive, shall receive as severance pay or liquidated damages, or both, a lump sum cash payment equal to two times the sum of (i) Executive's highest annual rate of Base Salary paid to Executive at any time under this Agreement, plus (ii) the highest bonus paid to Executive with respect to the two completed fiscal years prior to the Change in Control. Such payment shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank shall pay Executive, or in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for twenty-four (24) months after the effective date of such termination of employment, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination. If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under this sub-paragraph (c) or (d) of this Section 5 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

(e) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank (or its successor) shall provide at the Bank's (or its successor's) expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to his termination, except to the extent such coverage may be changed in its application to all Bank employees and then the coverage provided to Executive shall be commensurate with such changed coverage. This insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) twenty-four (24) months following the termination of Executive's employment. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(f) Notwithstanding the preceding paragraphs of this Section 5, in the event that the aggregate payments or benefits to be made or afforded to Executive in the event of a Change in Control would be deemed to include an "excess parachute payment" under Section 280G of the Internal Revenue Code or any successor thereto, then such payments or benefits shall be reduced to an amount, the value of which is one dollar (\$1.00) less than an amount equal to three (3) times Executive's "base amount," as determined in accordance with Section 280G of the Code. In the event a reduction is necessary, then the cash severance payable by the Bank pursuant to Section 5 shall be reduced by the minimum amount necessary to result in no portion of the payments and benefits payable by the Bank under Section 5 being non-deductible to the Bank pursuant to Section 280G of the Code and subject to excise tax imposed under Section 4999 of the Code.

## **6. TERMINATION FOR DISABILITY.**

(a) Termination of Executive's employment based on "Disability" shall be construed to comply with Section 409A of the Internal Revenue Code and shall be deemed to have occurred if: (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months, Executive is receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Bank or the Company; or (iii) Executive is determined to be totally disabled by the Social Security Administration. The provisions of Sections 6(b) and (c) shall apply upon the termination of the Executive's employment based on Disability. Upon the determination that Executive has suffered a Disability, disability payments hereunder shall commence within thirty (30) days.

(b) Executive shall be entitled to receive benefits under all short-term or long-term disability plans maintained by the Bank for its executives. To the extent such benefits are less than Executive's Base Salary, the Bank shall pay Executive an amount equal to the difference between such disability plan benefits and the amount of Executive's Base Salary for the longer of one (1) year following the termination of his employment due to Disability or the remaining term of this Agreement, which shall be payable in accordance with the regular payroll practices of the Bank.

(c) The Bank shall cause to be continued life insurance coverage and non-taxable medical and dental coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the termination of his employment based on Disability, except to the extent such coverage may be changed in its application to all Bank employees or not available on an individual basis to an employee terminated based on Disability. This coverage shall cease upon the earlier of (i) the date Executive returns to the full-time employment of the Bank; (ii) Executive's full-time employment by another employer; (iii) expiration of the remaining term of this Agreement; or (iv) Executive's death.

**7. TERMINATION UPON RETIREMENT.**

Termination of Executive's employment based on "Retirement" shall mean termination of Executive's employment in accordance with any retirement policy, as applicable, established by the Board with Executive's consent as it applies to him. Upon termination of Executive based on Retirement, no amounts or benefits shall be due Executive under this Agreement, and Executive shall be entitled to all benefits under any retirement plan of the Bank and other plans to which Executive is a party.

**8. TERMINATION FOR CAUSE.**

(a) The Bank may terminate Executive's employment at any time, but any termination other than termination for "Cause," as defined herein, shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for "Cause." The term "Cause" as used herein, shall exist when there has been a good faith determination by the Board that there shall have occurred one or more of the following events with respect to the Executive:

- (1) personal dishonesty in performing Executive's duties on behalf of the Bank;
- (2) incompetence in performing Executive's duties on behalf of the Bank;
- (3) willful misconduct that in the judgment of the Board will likely cause economic damage to the Bank or injury to the business reputation of the Bank;
- (4) breach of fiduciary duty involving personal profit;
- (5) material breach of the Bank's Code of Ethics;
- (6) intentional failure to perform stated duties under this Agreement after written notice thereof from the Board;
- (7) willful violation of any law, rule or regulation (other than traffic violations or similar offenses) that reflect adversely on the reputation of the Bank, any felony conviction, any violation of law involving moral turpitude, or any violation of a final cease-and-desist order; or
- (8) material breach by Executive of any provision of this Agreement.



Notwithstanding the foregoing, Cause shall not be deemed to exist unless there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct described above and specifying the particulars thereof. Prior to holding a meeting at which the Board is to make a final determination whether Cause exists, if the Board determines in good faith at a meeting of the Board, by not less than a majority of its entire membership, that there is probable cause for it to find that the Executive was guilty of conduct constituting Cause as described above, the Board may suspend the Executive from his duties hereunder for a reasonable period of time not to exceed fourteen (14) days pending a further meeting at which the Executive shall be given the opportunity to be heard before the Board. Upon a finding of Cause, the Board shall deliver to the Executive a Notice of Termination, as more fully described in Section 10 below.

(b) For purposes of this Section 8, no act or failure to act, on the part of Executive, shall be considered “willful” unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive’s action or omission was in the best interests of the Bank. Any act, or failure to act, based upon the direction of the Board or based upon the advice of counsel for the Bank shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Bank.

## **9. RESIGNATION FROM BOARDS OF DIRECTORS**

In the event of Executive’s termination of employment due to an Event of Termination, Executive’s service as a director of the Bank, the Company, and any affiliate of the Bank or the Company shall immediately terminate. This Section 9 shall constitute a resignation notice for such purposes.

## **10. NOTICE.**

(a) Any purported termination by the Bank for Cause shall be communicated by Notice of Termination to Executive. If, within thirty (30) days after any Notice of Termination for Cause is given, Executive notifies the Bank that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration, as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall discontinue paying Executive’s compensation until the dispute is finally resolved in accordance with this Agreement. If it is determined that Executive is entitled to compensation and benefits under Section 4 or 5, the payment of such compensation and benefits by the Bank shall commence immediately following the date of resolution by arbitration, with interest due Executive on the cash amount that would have been paid pending arbitration (at the prime rate as published in *The Wall Street Journal* from time to time).

(b) Any other purported termination by the Bank or by Executive shall be communicated by a “Notice of Termination” (as defined in Section 10(c)) to the other party. If, within thirty (30) days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall continue to pay Executive his Base Salary, and other compensation and benefits in effect when the notice giving rise to the dispute was given (except as to termination of Executive for Cause); provided, however, that such payments and benefits shall not continue beyond the date that is 24 months from the date the Notice of Termination is given. In the event the voluntary termination by Executive of his employment is disputed by the Bank, and if it is determined in arbitration that Executive is not entitled to termination benefits pursuant to this Agreement, he shall return all cash payments made to him pending resolution by arbitration, with interest thereon at the prime rate as published in *The Wall Street Journal* from time to time, if it is determined in arbitration that Executive’s voluntary termination of employment was not taken in good faith and not in the reasonable belief that grounds existed for his voluntary termination. If it is determined that Executive is entitled to receive severance benefits under this Agreement, then any continuation of Base Salary and other compensation and benefits made to Executive under this Section 10 shall offset the amount of any severance benefits that are due to Executive under this Agreement.

(c) For purposes of this Agreement, a “Notice of Termination” shall mean a written notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated.

#### **11. POST-TERMINATION OBLIGATIONS.**

(a) **One Year Non-Solicitation.** Executive hereby covenants and agrees that, for a period of one year following his termination of employment with the Bank, he shall not, without the written consent of the Bank, either directly or indirectly:

(i) solicit, offer employment to, or take any other action intended (or that a reasonable person acting in like circumstances would expect) to have the effect of causing any officer or employee of the Bank or the Company, or any of their respective subsidiaries or affiliates, to terminate his or her employment and accept employment or become affiliated with, or provide services for compensation in any capacity whatsoever to, any business whatsoever that competes with the business of the Bank or the Company, or any of their direct or indirect subsidiaries or affiliates or has headquarters or offices within 30 miles of the locations in which the Bank or the Company has business operations or has filed an application for regulatory approval to establish an office, or

(ii) contact (with a view toward selling any product or service competitive with any product or service sold or proposed to be sold by the Company, the Bank, or any subsidiary of such entities) any person, firm, association or corporation (A) to which the Company, the Bank, or any subsidiary of such entities sold any product or service within thirty-six months of the Executive’s termination of employment, (B) which Executive solicited, contacted or otherwise dealt with on behalf of the Company, the Bank, or any subsidiary of such entities within one year of the Executive’s termination of employment, or (C) which Executive was otherwise aware was a client of the Company, the Bank, or any subsidiary of such entities at the time of termination of employment. Executive will not directly or indirectly make any such contact, either for his own benefit or for the benefit of any other person, firm, association, or corporation.

(b) **Six Month Non-Competition**. Executive hereby covenants and agrees that, for a period of six months following his termination of employment with the Bank, he shall not, without the written consent of the Bank, either directly or indirectly become an officer, employee, consultant, director, independent contractor, agent, sole proprietor, joint venturer, greater than 5% equity owner or stockholder, partner or trustee of any savings association, savings and loan association, savings and loan holding company, credit union, bank or bank holding company, insurance company or agency, any mortgage or loan broker or any other financial services entity or business that competes with the business of the Bank or its affiliates or has headquarters or offices within 30 miles of Cincinnati, Ohio. Notwithstanding the foregoing, this non-competition restriction shall not apply if Executive's employment is terminated following a Change in Control.

(c) As used in this Agreement, "Confidential Information" means information belonging to the Bank which is of value to the Bank in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Bank. Confidential Information includes, without limitation, financial information, reports, and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Bank. Confidential Information includes information developed by the Executive in the course of the Executive's employment by the Bank, as well as other information to which the Executive may have access in connection with the Executive's employment. Confidential Information also includes the confidential information of others with which the Bank has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain. The Executive understands and agrees that the Executive's employment creates a relationship of confidence and trust between the Executive and the Bank with respect to all Confidential Information. At all times, both during the Executive's employment with the Bank and after its termination, the Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of the Bank, except as may be necessary in the ordinary course of performing the Executive's duties to the Bank.

(d) Executive shall, upon reasonable notice, furnish such information and assistance to the Bank as may reasonably be required by the Bank, in connection with any litigation in which it or any of its subsidiaries or affiliates is, or may become, a party; provided, however, that Executive shall not be required to provide information or assistance with respect to any litigation between the Executive and the Bank or any of its subsidiaries or affiliates.

(e) All payments and benefits to Executive under this Agreement shall be subject to Executive's compliance with this Section 11. The parties hereto, recognizing that irreparable injury will result to the Bank, its business and property in the event of Executive's breach of this Section 11, agree that, in the event of any such breach by Executive, the Bank will be entitled, in addition to any other remedies and damages available, to an injunction to restrain the violation hereof by Executive and all persons acting for or with Executive. Executive represents and admits that Executive's experience and capabilities are such that Executive can obtain employment in a business engaged in other lines and/or of a different nature than the Bank, and that the enforcement of a remedy by way of injunction will not prevent Executive from earning a livelihood. Nothing herein will be construed as prohibiting the Bank or the Company from pursuing any other remedies available to them for such breach or threatened breach, including the recovery of damages from Executive.

**12. SOURCE OF PAYMENTS.**

All payments provided in this Agreement shall be timely paid in cash or check from the general funds of the Bank. The Company may accede to this Agreement but only for the purposed of guaranteeing payment and provision of all amounts and benefits due hereunder to Executive.

**13. EFFECT ON PRIOR AGREEMENTS AND EXISTING BENEFITS PLANS.**

This Agreement contains the entire understanding between the parties hereto and supersedes any prior employment agreement between the Bank or any predecessor of the Bank and Executive, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to Executive of a kind elsewhere provided. No provision of this Agreement shall be interpreted to mean that Executive is subject to receiving fewer benefits than those available to him without reference to this Agreement.

**14. NO ATTACHMENT; BINDING ON SUCCESSORS.**

(a) Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation, or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void, and of no effect.

(b) This Agreement shall be binding upon, and inure to the benefit of, Executive and the Bank and their respective successors and assigns.

**15. MODIFICATION AND WAIVER.**

(a) This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

(b) No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future as to any act other than that specifically waived.

**16. REQUIRED PROVISIONS.**

(a) The Bank may terminate Executive's employment at any time, but any termination by the Board other than termination for Cause shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for Cause.

(b) If Executive is suspended from office and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) [12 USC §1818(e)(3)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, the Bank's obligations under this contract shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion (i) pay Executive all or part of the compensation withheld while its contract obligations were suspended and (ii) reinstate (in whole or in part) any of its obligations which were suspended.

(c) If Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) [12 USC §1818(e)(4)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the effective date of the order, but vested rights of the contracting parties shall not be affected.

(d) If the Bank is in default as defined in Section 3(x)(1) [12 USC §1813(x)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the date of default, but this paragraph shall not affect any vested rights of the contracting parties.

(e) All obligations under this Agreement shall be terminated, except to the extent determined that continuation of the contract is necessary for the continued operation of the Bank, (i) by either the Federal Deposit Insurance Corporation (the "FDIC") or the Board of Governors of the Federal Reserve System (collectively, the "Regulator") or his or her designee, at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13(c) [12 USC §1823(c)] of the Federal Deposit Insurance Act; or (ii) by the Regulator or his or her designee at the time the Regulator or his or her designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Regulator to be in an unsafe or unsound condition. Any rights of the parties that have already vested, however, shall not be affected by such action.

(f) Notwithstanding anything herein contained to the contrary, any payments to Executive by the Bank or the Company, whether pursuant to this Agreement or otherwise, are subject to and conditioned upon their compliance with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1828(k), and the regulations promulgated thereunder in 12 C.F.R. Part 359.

## **17. SEVERABILITY.**

If, for any reason, any provision of this Agreement, or any part of any provision, is held invalid, such invalidity shall not affect any other provision of this Agreement or any part of such provision not held so invalid, and each such other provision and part thereof shall to the full extent consistent with law continue in full force and effect.

**18. HEADINGS FOR REFERENCE ONLY.**

The headings of sections and paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

**19. GOVERNING LAW.**

This Agreement shall be governed by the laws of the State of Ohio except to the extent superseded by federal law.

**20. ARBITRATION.**

Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration, as an alternative to civil litigation and without any trial by jury to resolve such claims, conducted by a panel of three arbitrators sitting in a location selected by Executive within fifty (50) miles from the main office of the Bank, in accordance with the rules of the American Arbitration Bank's National Rules for the Resolution of Employment Disputes ("National Rules") then in effect. One arbitrator shall be selected by Executive, one arbitrator shall be selected by the Bank and the third arbitrator shall be selected by the arbitrators selected by the parties. If the arbitrators are unable to agree within fifteen (15) days upon a third arbitrator, the arbitrator shall be appointed for them from a panel of arbitrators selected in accordance with the National Rules. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

**21. INDEMNIFICATION.**

(a) Executive shall be provided with coverage under a standard directors' and officers' liability insurance policy, and shall be indemnified for the term of this Agreement and for a period of six years thereafter to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been a director or officer of the Bank or any affiliate (whether or not he continues to be a director or officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements (such settlements must be approved by the Board), provided, however, Executive shall not be indemnified or reimbursed for legal expenses or liabilities incurred in connection with an action, suit or proceeding arising from any illegal or fraudulent act committed by Executive. Any such indemnification shall be made consistent with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. §1828(k), and the regulations issued thereunder in 12 C.F.R. Part 359.

(b) Any indemnification by the Bank shall be subject to compliance with any applicable regulations of the Federal Deposit Insurance Corporation.

**22. Notice.**

For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To the Bank: Chairman of the Board  
Eagle Savings Bank  
6415 Bridgetown Road  
Cincinnati, Ohio 45248

To Executive: \_\_\_\_\_  
At the address last appearing on  
the personnel records of the Bank

**IN WITNESS WHEREOF**, the Bank and the Company have caused this Agreement to be executed by their duly authorized representatives, and Executive has signed this Agreement, on the date first above written.

**EAGLE SAVINGS BANK**

By: /s/ James W. Braun  
Chairman of the Board

**EAGLE FINANCIAL BANCORP, INC.**

By: /s/ James W. Braun  
Chairman of the Board

**EXECUTIVE:**

/s/ Kevin R. Schramm  
Kevin R. Schramm, Vice President, Chief Financial Officer and Treasurer



## EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”) is made effective as of July 20, 2017 (the “**Effective Date**”), by and between Eagle Savings Bank, an Ohio savings bank (the “**Bank**”) and W. Raymond McCleese (the “**Executive**”). The Bank and Executive are sometimes collectively referred to herein as the “parties.” Any reference to the “Company” shall mean Eagle Financial Bancorp, Inc., the holding company of the Bank. The Company is a signatory to this Agreement for the purpose of guaranteeing the Bank’s performance hereunder.

### WITNESSETH

**WHEREAS**, Executive is currently employed as Vice President, Commercial Lending of the Bank;

**WHEREAS**, the Bank has adopted a Plan of Conversion pursuant to which the Bank converted to an Ohio-chartered stock savings and loan association and became a wholly owned subsidiary of the Company;

**WHEREAS**, the Bank desires to assure itself of the continued availability of the Executive’s services as provided in this Agreement; and

**WHEREAS**, the Executive is willing to serve the Bank on the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, and upon the terms and conditions hereinafter provided, the parties hereby agree as follows:

#### 1. POSITION AND RESPONSIBILITIES.

During the term of this Agreement Executive agrees to serve as Vice President, Commercial Lending of the Bank, and will perform the duties and will have all powers associated with such position as set forth in any job description provided to Executive by the Bank, and as may be set forth in the bylaws of the Bank. Executive also agrees to serve, if elected, as an officer and director of any affiliate of the Bank.

#### 2. TERM AND DUTIES.

(a) Two Year Contract; Annual Renewal. The term of this Agreement shall commence as of the Effective Date and continue for a period of twenty-four (24) full calendar months thereafter. As of January 1st of each year (the “**Renewal Date**”), beginning with the first January 1st following the Effective Date, this Agreement shall renew for an additional year such that the remaining term shall again be twenty-four (24) full calendar months from the Renewal Date (the “**Term**”); provided, however, that in order for this Agreement to renew, the disinterested members of the Board of Directors of the Bank (the “**Board**”) must take the following actions within the time frames set forth below prior to each Renewal Date: (i) at least twenty (20) days prior to the Renewal Date, conduct or review a comprehensive performance evaluation of Executive for purposes of determining whether to extend this Agreement; and (ii) affirmatively approve the renewal or non-renewal of this Agreement, which decision shall be included in the minutes of the Board’s meeting. If the decision of such disinterested members of the Board is not to renew this Agreement, then the Board shall provide Executive with a written notice of non-renewal (“**Non-Renewal Notice**”) prior to any Renewal Date, such that this Agreement shall terminate at the end of twelve (12) months following such Renewal Date. Notwithstanding the foregoing, in the event that the Company or the Bank has entered into an agreement to effect a transaction which would be considered a Change in Control as defined below, then the term of this Agreement shall be extended and shall terminate twenty-four (24) months following the date on which the Change in Control occurs.

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(b) Termination of Agreement. Notwithstanding anything contained in this Agreement to the contrary, either Executive or the Bank may terminate Executive's employment with the Bank at any time during the term of this Agreement, subject to the terms and conditions of this Agreement.

(c) Continued Employment Following Expiration of Term. Nothing in this Agreement shall mandate or prohibit a continuation of Executive's employment following the expiration of the term of this Agreement, upon such terms and conditions as the Bank and Executive may mutually agree.

(d) Duties; Membership on Other Boards. During the term of this Agreement, except for periods of absence occasioned by illness, reasonable vacation periods, and reasonable leaves of absence approved by the Board, Executive shall devote substantially all of his business time, attention, skill, and efforts to the faithful performance of his duties hereunder, including activities and services related to the organization, operation and management of the Bank; provided, however, that, Executive may serve, or continue to serve, on the boards of directors of, and hold any other offices or positions in, business companies or business or civic organizations, which, in the Board's judgment, will not present any conflict of interest with the Bank, or materially affect the performance of Executive's duties pursuant to this Agreement. Executive shall provide the Board of Directors annually for its approval a list of organizations for which the Executive acts as a director or officer.

### **3. COMPENSATION, BENEFITS AND REIMBURSEMENT.**

(a) Base Salary. In consideration of Executive's performance of the duties set forth in Section 2, the Bank shall provide Executive the compensation specified in this Agreement. The Bank shall pay Executive a salary of \$ \_\_\_\_\_ per year ("**Base Salary**"). The Base Salary shall be payable biweekly, or with such other frequency as officers of the Bank are generally paid. During the term of this Agreement, the Base Salary shall be reviewed at least annually by the Board or by a committee designated by the Board, and the Bank may increase, but not decrease (except for a decrease that is generally applicable to all employees) Executive's Base Salary. Any increase in Base Salary shall become "Base Salary" for purposes of this Agreement.

(b) Bonus and Incentive Compensation. Executive shall be entitled to equitable participation in incentive compensation and bonuses in any plan or arrangement of the Bank or the Company in which Executive is eligible to participate. Nothing paid to Executive under any such plan or arrangement will be deemed to be in lieu of other compensation to which Executive is entitled under this Agreement.

(c) Employee Benefits. The Bank shall provide Executive with employee benefit plans, arrangements and perquisites substantially equivalent to those in which Executive was participating or from which he was deriving benefit immediately prior to the commencement of the term of this Agreement, and the Bank shall not, without Executive's prior written consent, make any changes in such plans, arrangements or perquisites that would adversely affect Executive's rights or benefits thereunder, except as to any changes that are applicable to all participating employees. Without limiting the generality of the foregoing provisions of this Section 3(c), Executive will be entitled to participate in and receive benefits under any employee benefit plans including, but not limited to, retirement plans, supplemental retirement plans, pension plans, profit-sharing plans, health-and-accident insurance plans, medical coverage or any other employee benefit plan or arrangement made available by the Bank and/or the Company in the future to its senior executives, including any stock benefit plans, subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements.

(d) Paid Time Off. Executive shall be entitled to paid vacation time each year during the term of this Agreement (measured on a fiscal or calendar year basis, in accordance with the Bank's usual practices), as well as sick leave, holidays and other paid absences in accordance with the Bank's policies and procedures for senior executives. Any unused paid time off during an annual period shall be treated in accordance with the Bank's personnel policies as in effect from time to time.

(e) Expense Reimbursements. The Bank shall also pay or reimburse Executive for all reasonable travel, entertainment and other reasonable expenses incurred by Executive during the course of performing his obligations under this Agreement, including, without limitation, fees for memberships in such clubs and organizations as Executive and the Board shall mutually agree are necessary and appropriate in connection with the performance of his duties under this Agreement, upon presentation to the Bank of an itemized account of such expenses in such form as the Bank may reasonably require, provided that such payment or reimbursement shall be made as soon as practicable but in no event later than March 15 of the year following the year in which such right to such payment or reimbursement occurred.

#### **4. PAYMENTS TO EXECUTIVE UPON AN EVENT OF TERMINATION.**

(a) Upon the occurrence of an Event of Termination (as herein defined) during the term of this Agreement, the provisions of this Section 4 shall apply; provided, however, that in the event such Event of Termination occurs within eighteen (18) months following a Change in Control (as defined in Section 5 hereof), Section 5 shall apply instead. As used in this Agreement, an "Event of Termination" shall mean and include any one or more of the following:

(i) the involuntary termination of Executive's employment hereunder by the Bank for any reason other than termination governed by Section 5 (in connection with or following a Change in Control), Section 6 (due to Disability or death), Section 7 (due to Retirement), or Section 8 (for Cause), provided that such termination constitutes a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code ("Code"); or

(ii) Executive's resignation from the Bank's employ upon any of the following, unless consented to by Executive:

(A) a material change in Executive's function, duties, or responsibilities, which change would cause Executive's position to become one of lesser responsibility, importance, or scope from the position and responsibilities described in Section 1, to which Executive has not agreed in writing (and any such material change shall be deemed a continuing breach of this Agreement by the Bank);

(B) a relocation of Executive's principal place of employment to a location that is more than 30 miles from the location of the Bank's principal executive offices as of the date of this Agreement;

(C) a material reduction in the benefits and perquisites, including Base Salary, to Executive from those being provided as of the Effective Date (except for any reduction that is part of a reduction in pay or benefits that is generally applicable to officers or employees of the Bank);

(D) a liquidation or dissolution of the Bank; or

(E) a material breach of this Agreement by the Bank.

Upon the occurrence of any event described in clause (ii) above, Executive shall have the right to elect to terminate his employment under this Agreement by resignation for "Good Reason" upon not less than thirty (30) days prior written notice given within a reasonable period of time (not to exceed ninety (90) days) after the event giving rise to the right to elect, which termination by Executive shall be an Event of Termination. The Bank shall have thirty (30) days to cure the condition giving rise to the Event of Termination, provided that the Bank may elect to waive said thirty (30) day period.

(b) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or, in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, as severance pay or liquidated damages, or both, the Base Salary and bonuses that Executive would be entitled to for the remaining unexpired term of the Agreement. For purposes of determining the bonus(es) payable hereunder, the bonus(es) will be deemed to be (i) equal to the highest bonus paid at any time during the prior three years, and (ii) otherwise paid at such time as such bonus would have been paid absent an Event of Termination. Such payments shall be paid in a lump sum on the 30<sup>th</sup> day following the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination. Notwithstanding the foregoing, Executive shall not be entitled to any payments or benefits under this Section 4 unless and until (i) Executive executes a release of his claims against the Bank, the Company and any affiliate, and their officers, directors, successors and assigns, releasing said persons from any and all claims, rights, demands, causes of action, suits, arbitrations or grievances relating to the employment relationship, including claims under the Age Discrimination in Employment Act, but not including claims for benefits under tax-qualified plans or other benefit plans in which Executive is vested, claims for benefits required by applicable law or claims with respect to obligations set forth in this Agreement that survive the termination of this Agreement (the "**Release**"), and (ii) the payments and benefits shall begin on the 30<sup>th</sup> day following the date of the Executive's Separation from Service, provided that before that date, the Executive has signed (and not revoked) the Release and the Release is irrevocable under the time period set forth under applicable law.

(c) Upon the occurrence of an Event of Termination, the Bank shall pay Executive, or in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on the Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for the remaining unexpired term of the Agreement following such Event of Termination, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within thirty (30) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of an Event of Termination, the Bank shall provide, at the Bank's expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the Event of Termination, except to the extent such coverage may be changed in its application to all Bank employees, and this insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) the expiration of the remaining term of this Agreement. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(e) For purposes of this Agreement, a "Separation from Service" shall have occurred if the Bank and Executive reasonably anticipate that either no further services will be performed by the Executive after the date of the Event of Termination (whether as an employee or as an independent contractor) or the level of further services performed will not exceed 49% of the average level of bona fide services in the 12 months immediately preceding the Event of Termination. For all purposes hereunder, the definition of Separation from Service shall be interpreted consistent with Treasury Regulation Section 1.409A-1 (h)(ii). If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under sub-paragraph (b) or (c) of this Section 4 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

**5. CHANGE IN CONTROL.**

(a) Any payments made to Executive pursuant to this Section 5 are in lieu of any payments that may otherwise be owed to Executive pursuant to this Agreement under Section 4, such that Executive shall either receive payments pursuant to Section 4 or pursuant to Section 5, but not pursuant to both Sections.

(b) For purposes of this Agreement, the term "Change in Control" shall mean:

- (1) Merger: The Company or the Bank merges into or consolidates with another entity, or merges another Bank or corporation into the Bank or the Company, and as a result, less than a majority of the combined voting power of the resulting corporation immediately after the merger or consolidation is held by persons who were stockholders of the Company or the Bank immediately before the merger or consolidation;
- (2) Acquisition of Significant Share Ownership: A person or persons acting in concert has or have become the beneficial owner of 25% or more of a class of the Company's or the Bank's voting securities; provided, however, this clause (2) shall not apply to beneficial ownership of the Company's or the Bank's voting shares held in a fiduciary capacity by an entity of which the Company directly or indirectly beneficially owns 50% or more of its outstanding voting securities;
- (3) Change in Board Composition: During any period of two consecutive years, individuals who constitute the Company's or the Bank's Board of Directors at the beginning of the two-year period cease for any reason to constitute at least a majority of the Company's or the Bank's Board of Directors; provided, however, that for purposes of this clause (c), each director who is first elected by the board (or first nominated by the board for election by the stockholders or corporators) by a vote of at least two-thirds (2/3) of the directors who were directors at the beginning of the two-year period shall be deemed to have also been a director at the beginning of such period; or
- (4) Sale of Assets: The Company or the Bank sells to a third party all or substantially all of its assets.
- (5) Notwithstanding anything herein to the contrary, a Change in Control shall not be deemed to have occurred in connection with a conversion of the Bank from a mutual to a stock bank and/or the Bank's reorganization as a subsidiary of the Company.

(c) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), Executive, shall receive as severance pay or liquidated damages, or both, a lump sum cash payment equal to two times the sum of (i) Executive's highest annual rate of Base Salary paid to Executive at any time under this Agreement, plus (ii) the highest bonus paid to Executive with respect to the two completed fiscal years prior to the Change in Control. Such payment shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service (within the meaning of Section 409A of the Code) and shall not be reduced in the event Executive obtains other employment following the Event of Termination.

(d) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank shall pay Executive, or in the event of his subsequent death, his beneficiary or beneficiaries, or his estate, as the case may be, a lump sum cash payment reasonably estimated to be equal to the present value of the contributions that would have been made on Executive's behalf under the Bank's defined contribution plans (e.g., 401(k) Plan, ESOP, and any other defined contribution plan maintained by the Bank), as if Executive had continued working for the Bank for twenty-four (24) months after the effective date of such termination of employment, earning the salary that would have been achieved during such period. Such payments shall be paid in a lump sum within ten (10) days of the Executive's Separation from Service and shall not be reduced in the event Executive obtains other employment following the Event of Termination. If Executive is a Specified Employee, as defined in Code Section 409A and any payment to be made under this sub-paragraph (c) or (d) of this Section 5 shall be determined to be subject to Code Section 409A, then if required by Code Section 409A, such payment or a portion of such payment (to the minimum extent possible) shall be delayed and shall be paid on the first day of the seventh month following Executive's Separation from Service.

(e) Upon the occurrence of a Change in Control followed within eighteen (18) months by an Event of Termination (as defined in Section 4 hereof), the Bank (or its successor) shall provide at the Bank's (or its successor's) expense, nontaxable medical and dental coverage and life insurance coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to his termination, except to the extent such coverage may be changed in its application to all Bank employees and then the coverage provided to Executive shall be commensurate with such changed coverage. This insurance coverage shall cease upon the earlier of: (i) Executive's employment by another employer whereby the Executive receives or may elect to receive substantially similar insurance coverage (for purposes of clarity, it is understood that there may be some differences in co-pays, deductibles, premiums and policy limitations), or (ii) twenty-four (24) months following the termination of Executive's employment. Notwithstanding the foregoing, if applicable law (including, but not limited to, laws prohibiting discriminating in favor of highly compensated employees), or, if participation by the Executive is not permitted under the terms of the applicable health plans, or if providing such benefits would subject the Bank to penalties, then the Bank shall pay the Executive a cash lump sum payment reasonably estimated to be equal to the value of such non-taxable medical and dental benefits, with such payment to be made by lump sum within ) business days of the Date of Termination, or if later, the date on which the Bank determines that such insurance coverage (or the remainder of such insurance coverage) cannot be provided for the foregoing reasons.

(f) Notwithstanding the preceding paragraphs of this Section 5, in the event that the aggregate payments or benefits to be made or afforded to Executive in the event of a Change in Control would be deemed to include an "excess parachute payment" under Section 280G of the Internal Revenue Code or any successor thereto, then such payments or benefits shall be reduced to an amount, the value of which is one dollar (\$1.00) less than an amount equal to three (3) times Executive's "base amount," as determined in accordance with Section 280G of the Code. In the event a reduction is necessary, then the cash severance payable by the Bank pursuant to Section 5 shall be reduced by the minimum amount necessary to result in no portion of the payments and benefits payable by the Bank under Section 5 being non-deductible to the Bank pursuant to Section 280G of the Code and subject to excise tax imposed under Section 4999 of the Code.

## **6. TERMINATION FOR DISABILITY.**

(a) Termination of Executive's employment based on "Disability" shall be construed to comply with Section 409A of the Internal Revenue Code and shall be deemed to have occurred if: (i) Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months; (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death, or last for a continuous period of not less than 12 months, Executive is receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Bank or the Company; or (iii) Executive is determined to be totally disabled by the Social Security Administration. The provisions of Sections 6(b) and (c) shall apply upon the termination of the Executive's employment based on Disability. Upon the determination that Executive has suffered a Disability, disability payments hereunder shall commence within thirty (30) days.

(b) Executive shall be entitled to receive benefits under all short-term or long-term disability plans maintained by the Bank for its executives. To the extent such benefits are less than Executive's Base Salary, the Bank shall pay Executive an amount equal to the difference between such disability plan benefits and the amount of Executive's Base Salary for the longer of one (1) year following the termination of his employment due to Disability or the remaining term of this Agreement, which shall be payable in accordance with the regular payroll practices of the Bank.

(c) The Bank shall cause to be continued life insurance coverage and non-taxable medical and dental coverage substantially comparable, as reasonably available, to the coverage maintained by the Bank for Executive prior to the termination of his employment based on Disability, except to the extent such coverage may be changed in its application to all Bank employees or not available on an individual basis to an employee terminated based on Disability. This coverage shall cease upon the earlier of (i) the date Executive returns to the full-time employment of the Bank; (ii) Executive's full-time employment by another employer; (iii) expiration of the remaining term of this Agreement; or (iv) Executive's death.



**7. TERMINATION UPON RETIREMENT.**

Termination of Executive's employment based on "Retirement" shall mean termination of Executive's employment in accordance with any retirement policy, as applicable, established by the Board with Executive's consent as it applies to him. Upon termination of Executive based on Retirement, no amounts or benefits shall be due Executive under this Agreement, and Executive shall be entitled to all benefits under any retirement plan of the Bank and other plans to which Executive is a party.

**8. TERMINATION FOR CAUSE.**

(a) The Bank may terminate Executive's employment at any time, but any termination other than termination for "Cause," as defined herein, shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for "Cause." The term "Cause" as used herein, shall exist when there has been a good faith determination by the Board that there shall have occurred one or more of the following events with respect to the Executive:

- (1) personal dishonesty in performing Executive's duties on behalf of the Bank;
- (2) incompetence in performing Executive's duties on behalf of the Bank;
- (3) willful misconduct that in the judgment of the Board will likely cause economic damage to the Bank or injury to the business reputation of the Bank;
- (4) breach of fiduciary duty involving personal profit;
- (5) material breach of the Bank's Code of Ethics;
- (6) intentional failure to perform stated duties under this Agreement after written notice thereof from the Board;
- (7) willful violation of any law, rule or regulation (other than traffic violations or similar offenses) that reflect adversely on the reputation of the Bank, any felony conviction, any violation of law involving moral turpitude, or any violation of a final cease-and-desist order; or
- (8) material breach by Executive of any provision of this Agreement.

Notwithstanding the foregoing, Cause shall not be deemed to exist unless there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to the Executive and an opportunity for the Executive to be heard before the Board), finding that in the good faith opinion of the Board the Executive was guilty of conduct described above and specifying the particulars thereof. Prior to holding a meeting at which the Board is to make a final determination whether Cause exists, if the Board determines in good faith at a meeting of the Board, by not less than a majority of its entire membership, that there is probable cause for it to find that the Executive was guilty of conduct constituting Cause as described above, the Board may suspend the Executive from his duties hereunder for a reasonable period of time not to exceed fourteen (14) days pending a further meeting at which the Executive shall be given the opportunity to be heard before the Board. Upon a finding of Cause, the Board shall deliver to the Executive a Notice of Termination, as more fully described in Section 10 below.

(b) For purposes of this Section 8, no act or failure to act, on the part of Executive, shall be considered “willful” unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive’s action or omission was in the best interests of the Bank. Any act, or failure to act, based upon the direction of the Board or based upon the advice of counsel for the Bank shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Bank.

## **9. RESIGNATION FROM BOARDS OF DIRECTORS**

In the event of Executive’s termination of employment due to an Event of Termination, Executive’s service as a director of the Bank, the Company, and any affiliate of the Bank or the Company shall immediately terminate. This Section 9 shall constitute a resignation notice for such purposes.

## **10. NOTICE.**

(a) Any purported termination by the Bank for Cause shall be communicated by Notice of Termination to Executive. If, within thirty (30) days after any Notice of Termination for Cause is given, Executive notifies the Bank that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration, as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall discontinue paying Executive’s compensation until the dispute is finally resolved in accordance with this Agreement. If it is determined that Executive is entitled to compensation and benefits under Section 4 or 5, the payment of such compensation and benefits by the Bank shall commence immediately following the date of resolution by arbitration, with interest due Executive on the cash amount that would have been paid pending arbitration (at the prime rate as published in *The Wall Street Journal* from time to time).

(b) Any other purported termination by the Bank or by Executive shall be communicated by a “Notice of Termination” (as defined in Section 10(c)) to the other party. If, within thirty (30) days after any Notice of Termination is given, the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the parties shall promptly proceed to arbitration as provided in Section 20. Notwithstanding the pendency of any such dispute, the Bank shall continue to pay Executive his Base Salary, and other compensation and benefits in effect when the notice giving rise to the dispute was given (except as to termination of Executive for Cause); provided, however, that such payments and benefits shall not continue beyond the date that is 24 months from the date the Notice of Termination is given. In the event the voluntary termination by Executive of his employment is disputed by the Bank, and if it is determined in arbitration that Executive is not entitled to termination benefits pursuant to this Agreement, he shall return all cash payments made to him pending resolution by arbitration, with interest thereon at the prime rate as published in *The Wall Street Journal* from time to time, if it is determined in arbitration that Executive’s voluntary termination of employment was not taken in good faith and not in the reasonable belief that grounds existed for his voluntary termination. If it is determined that Executive is entitled to receive severance benefits under this Agreement, then any continuation of Base Salary and other compensation and benefits made to Executive under this Section 10 shall offset the amount of any severance benefits that are due to Executive under this Agreement.

(c) For purposes of this Agreement, a “Notice of Termination” shall mean a written notice that shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated.

#### **11. POST-TERMINATION OBLIGATIONS.**

(a) **One Year Non-Solicitation.** Executive hereby covenants and agrees that, for a period of one year following his termination of employment with the Bank, he shall not, without the written consent of the Bank, either directly or indirectly:

(i) solicit, offer employment to, or take any other action intended (or that a reasonable person acting in like circumstances would expect) to have the effect of causing any officer or employee of the Bank or the Company, or any of their respective subsidiaries or affiliates, to terminate his or her employment and accept employment or become affiliated with, or provide services for compensation in any capacity whatsoever to, any business whatsoever that competes with the business of the Bank or the Company, or any of their direct or indirect subsidiaries or affiliates or has headquarters or offices within 30 miles of the locations in which the Bank or the Company has business operations or has filed an application for regulatory approval to establish an office, or

(ii) contact (with a view toward selling any product or service competitive with any product or service sold or proposed to be sold by the Company, the Bank, or any subsidiary of such entities) any person, firm, association or corporation (A) to which the Company, the Bank, or any subsidiary of such entities sold any product or service within thirty-six months of the Executive’s termination of employment, (B) which Executive solicited, contacted or otherwise dealt with on behalf of the Company, the Bank, or any subsidiary of such entities within one year of the Executive’s termination of employment, or (C) which Executive was otherwise aware was a client of the Company, the Bank, or any subsidiary of such entities at the time of termination of employment. Executive will not directly or indirectly make any such contact, either for his own benefit or for the benefit of any other person, firm, association, or corporation.

(b) **Six Month Non-Competition**. Executive hereby covenants and agrees that, for a period of six months following his termination of employment with the Bank, he shall not, without the written consent of the Bank, either directly or indirectly become an officer, employee, consultant, director, independent contractor, agent, sole proprietor, joint venturer, greater than 5% equity owner or stockholder, partner or trustee of any savings association, savings and loan association, savings and loan holding company, credit union, bank or bank holding company, insurance company or agency, any mortgage or loan broker or any other financial services entity or business that competes with the business of the Bank or its affiliates or has headquarters or offices within 30 miles of Cincinnati, Ohio. Notwithstanding the foregoing, this non-competition restriction shall not apply if Executive's employment is terminated following a Change in Control.

(c) As used in this Agreement, "Confidential Information" means information belonging to the Bank which is of value to the Bank in the course of conducting its business and the disclosure of which could result in a competitive or other disadvantage to the Bank. Confidential Information includes, without limitation, financial information, reports, and forecasts; inventions, improvements and other intellectual property; trade secrets; know-how; designs, processes or formulae; software; market or sales information or plans; customer lists; and business plans, prospects and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the management of the Bank. Confidential Information includes information developed by the Executive in the course of the Executive's employment by the Bank, as well as other information to which the Executive may have access in connection with the Executive's employment. Confidential Information also includes the confidential information of others with which the Bank has a business relationship. Notwithstanding the foregoing, Confidential Information does not include information in the public domain. The Executive understands and agrees that the Executive's employment creates a relationship of confidence and trust between the Executive and the Bank with respect to all Confidential Information. At all times, both during the Executive's employment with the Bank and after its termination, the Executive will keep in confidence and trust all such Confidential Information, and will not use or disclose any such Confidential Information without the written consent of the Bank, except as may be necessary in the ordinary course of performing the Executive's duties to the Bank.

(d) Executive shall, upon reasonable notice, furnish such information and assistance to the Bank as may reasonably be required by the Bank, in connection with any litigation in which it or any of its subsidiaries or affiliates is, or may become, a party; provided, however, that Executive shall not be required to provide information or assistance with respect to any litigation between the Executive and the Bank or any of its subsidiaries or affiliates.

(e) All payments and benefits to Executive under this Agreement shall be subject to Executive's compliance with this Section 11. The parties hereto, recognizing that irreparable injury will result to the Bank, its business and property in the event of Executive's breach of this Section 11, agree that, in the event of any such breach by Executive, the Bank will be entitled, in addition to any other remedies and damages available, to an injunction to restrain the violation hereof by Executive and all persons acting for or with Executive. Executive represents and admits that Executive's experience and capabilities are such that Executive can obtain employment in a business engaged in other lines and/or of a different nature than the Bank, and that the enforcement of a remedy by way of injunction will not prevent Executive from earning a livelihood. Nothing herein will be construed as prohibiting the Bank or the Company from pursuing any other remedies available to them for such breach or threatened breach, including the recovery of damages from Executive.

**12. SOURCE OF PAYMENTS.**

All payments provided in this Agreement shall be timely paid in cash or check from the general funds of the Bank. The Company may accede to this Agreement but only for the purposed of guaranteeing payment and provision of all amounts and benefits due hereunder to Executive.

**13. EFFECT ON PRIOR AGREEMENTS AND EXISTING BENEFITS PLANS.**

This Agreement contains the entire understanding between the parties hereto and supersedes any prior employment agreement between the Bank or any predecessor of the Bank and Executive, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to Executive of a kind elsewhere provided. No provision of this Agreement shall be interpreted to mean that Executive is subject to receiving fewer benefits than those available to him without reference to this Agreement.

**14. NO ATTACHMENT; BINDING ON SUCCESSORS.**

(a) Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge, or hypothecation, or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void, and of no effect.

(b) This Agreement shall be binding upon, and inure to the benefit of, Executive and the Bank and their respective successors and assigns.

**15. MODIFICATION AND WAIVER.**

(a) This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

(b) No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future as to any act other than that specifically waived.

**16. REQUIRED PROVISIONS.**

(a) The Bank may terminate Executive's employment at any time, but any termination by the Board other than termination for Cause shall not prejudice Executive's right to compensation or other benefits under this Agreement. Executive shall have no right to receive compensation or other benefits for any period after termination for Cause.

(b) If Executive is suspended from office and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) [12 USC §1818(e)(3)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, the Bank's obligations under this contract shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank may in its discretion (i) pay Executive all or part of the compensation withheld while its contract obligations were suspended and (ii) reinstate (in whole or in part) any of its obligations which were suspended.

(c) If Executive is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) [12 USC §1818(e)(4)] or 8(g)(1) [12 USC §1818(g)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the effective date of the order, but vested rights of the contracting parties shall not be affected.

(d) If the Bank is in default as defined in Section 3(x)(1) [12 USC §1813(x)(1)] of the Federal Deposit Insurance Act, all obligations of the Bank under this Agreement shall terminate as of the date of default, but this paragraph shall not affect any vested rights of the contracting parties.

(e) All obligations under this Agreement shall be terminated, except to the extent determined that continuation of the contract is necessary for the continued operation of the Bank, (i) by either the Federal Deposit Insurance Corporation (the "FDIC") or the Board of Governors of the Federal Reserve System (collectively, the "Regulator") or his or her designee, at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in Section 13(c) [12 USC §1823(c)] of the Federal Deposit Insurance Act; or (ii) by the Regulator or his or her designee at the time the Regulator or his or her designee approves a supervisory merger to resolve problems related to operation of the Bank or when the Bank is determined by the Regulator to be in an unsafe or unsound condition. Any rights of the parties that have already vested, however, shall not be affected by such action.

(f) Notwithstanding anything herein contained to the contrary, any payments to Executive by the Bank or the Company, whether pursuant to this Agreement or otherwise, are subject to and conditioned upon their compliance with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. Section 1828(k), and the regulations promulgated thereunder in 12 C.F.R. Part 359.

#### **17. SEVERABILITY.**

If, for any reason, any provision of this Agreement, or any part of any provision, is held invalid, such invalidity shall not affect any other provision of this Agreement or any part of such provision not held so invalid, and each such other provision and part thereof shall to the full extent consistent with law continue in full force and effect.

**18. HEADINGS FOR REFERENCE ONLY.**

The headings of sections and paragraphs herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

**19. GOVERNING LAW.**

This Agreement shall be governed by the laws of the State of Ohio except to the extent superseded by federal law.

**20. ARBITRATION.**

Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration, as an alternative to civil litigation and without any trial by jury to resolve such claims, conducted by a panel of three arbitrators sitting in a location selected by Executive within fifty (50) miles from the main office of the Bank, in accordance with the rules of the American Arbitration Bank's National Rules for the Resolution of Employment Disputes ("National Rules") then in effect. One arbitrator shall be selected by Executive, one arbitrator shall be selected by the Bank and the third arbitrator shall be selected by the arbitrators selected by the parties. If the arbitrators are unable to agree within fifteen (15) days upon a third arbitrator, the arbitrator shall be appointed for them from a panel of arbitrators selected in accordance with the National Rules. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

**21. INDEMNIFICATION.**

(a) Executive shall be provided with coverage under a standard directors' and officers' liability insurance policy, and shall be indemnified for the term of this Agreement and for a period of six years thereafter to the fullest extent permitted under applicable law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been a director or officer of the Bank or any affiliate (whether or not he continues to be a director or officer at the time of incurring such expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements (such settlements must be approved by the Board), provided, however, Executive shall not be indemnified or reimbursed for legal expenses or liabilities incurred in connection with an action, suit or proceeding arising from any illegal or fraudulent act committed by Executive. Any such indemnification shall be made consistent with Section 18(k) of the Federal Deposit Insurance Act, 12 U.S.C. §1828(k), and the regulations issued thereunder in 12 C.F.R. Part 359.

(b) Any indemnification by the Bank shall be subject to compliance with any applicable regulations of the Federal Deposit Insurance Corporation.

**22. Notice.**

For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To the Bank: Chairman of the Board  
Eagle Savings Bank  
6415 Bridgetown Road  
Cincinnati, Ohio 45248

To Executive: \_\_\_\_\_  
At the address last appearing on  
the personnel records of the Bank



**IN WITNESS WHEREOF**, the Bank and the Company have caused this Agreement to be executed by their duly authorized representatives, and Executive has signed this Agreement, on the date first above written.

**EAGLE SAVINGS BANK**

By: /s/ James W. Braun  
Chairman of the Board

**EAGLE FINANCIAL BANCORP, INC.**

By: /s/ James W. Braun  
Chairman of the Board

**EXECUTIVE:**

/s/ W. Raymond McCleese  
W. Raymond McCleese, Vice President, Commercial Lending

**CERTIFICATION PURSUANT TO RULE 13A-14  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Gary J. Koester, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Financial Bancorp, Inc.;
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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and have:
  - a. Designed such disclosure controls and procedures or caused such disclosure controls 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 quarterly report is being prepared;
  - b. 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 this quarterly report based on such evaluation; and
  - c. 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 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: November 9, 2017

/s/Gary J. Koester  
\_\_\_\_\_  
Gary J. Koester  
President and Chief Executive Officer  
(principal executive officer)

**CERTIFICATION PURSUANT TO RULE 13A-14  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AS ADOPTED PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Kevin R. Schramm, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eagle Financial Bancorp, Inc.;
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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and have:
  - a. Designed such disclosure controls and procedures or caused such disclosure controls 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 quarterly report is being prepared;
  - b. 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 this quarterly report based on such evaluation; and
  - c. 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 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: November 9, 2017

/s/Kevin R. Schramm

Kevin R. Schramm

Vice President, Chief Financial Officer and Treasurer  
(principal financial officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Eagle Financial Bancorp, Inc. (the "Company"), on Form 10-Q for the period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date of this Certification (the "Report"), I, Gary J. Koester, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements 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.

A signed original of this written statement required by Section 906 has been provided to Eagle Savings Bank and will be retained by Eagle Savings Bank and furnished to the Securities and Exchange Commission or its staff upon request.

/s/Gary J. Koester  
\_\_\_\_\_  
Gary J. Koester  
President and Chief Executive Officer

Date: November 9, 2017

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Eagle Financial Bancorp, Inc. (the "Company"), on Form 10-Q for the period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date of this Certification (the "Report"), I, Kevin R. Schramm, Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements 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.

A signed original of this written statement required by Section 906 has been provided to Eagle Savings Bank and will be retained by Eagle Savings Bank and furnished to the Securities and Exchange Commission or its staff upon request.

/s/Kevin R. Schramm

Kevin R. Schramm

Vice President, Chief Financial Officer and Treasurer

Date: November 9, 2017

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