Eagle Financial Bancorp, Inc. Announces Cash Dividend and First Quarter 2021 Results

CINCINNATI – April 21, 2021, Eagle Financial Bancorp, Inc. (the "Company") (OTCQB: EFBI), the holding company for EAGLE.bank, today announced that its Board of Directors declared a cash dividend of $0.05 per common share. The dividend will be paid on or about May 31, 2021, to stockholders of record as of the close of business on May 14, 2021.

The Company announced net income of $436 thousand, or $0.31 per common share on 1.4 million shares outstanding for the quarter ended March 31, 2021, as compared to $177 thousand, or $0.12 per common share on 1.5 million shares outstanding for the quarter ended March 31, 2020. The improvement was largely driven by a $686 thousand increase in total non-interest income, and a $75 thousand increase in net interest income, offset by a $407 thousand increase in total non-interest expense and a $68 thousand increase in income tax expense.

FINANCIAL HIGHLIGHTS

- Net income of $436 thousand for the three months ended March 31, 2021 compared to $177 thousand for the comparable period in 2020, representing an increase of $259 thousand, or 146.3%.
- Net income before taxes of $556 thousand for the three months ended March 31, 2021 compared to $229 thousand for the comparable period in 2020, representing an increase of $327 thousand, or 142.8%.
- Non-interest income of $1.4 million for the three months ended March 31, 2021 compared to $694 thousand for the comparable period in 2020, representing an increase of $686 thousand, or 98.8%.
- Capital ratios of 15.5%, 17.5% and 18.3% for the Tier 1 Leverage ratio, Tier 1 Risked Based Capital ratio and Total Risked Based Capital ratio, respectively, at March 31, 2021.

Comparison of Financial Condition at March 31, 2021 and December 31, 2020

Total assets were $165.0 million at March 31, 2021, an increase of $4.6 million, or 2.9%, over the $160.4 million at December 31, 2020. The increase was primarily due to an increase in cash and cash equivalents of $20.2 million, and an increase in foreclosed real estate held for sale of $1.7 million, offset by a decrease in loans, net of allowance for loan loss of $12.5 million, and a decrease in loans held for sale of $5.3 million.

Net loans totaled $106.9 million at March 31, 2021, as compared to $119.4 million at December 31, 2020, a decrease of $12.5 million or 10.5%. During the three months ended March 31, 2021, we originated $56.0 million of loans, $47.2 million of which were one- to four-family residential real estate loans, and sold $45.1 million of loans in the secondary market. During the three months ended March 31, 2021, one- to four-family residential real estate loans decreased $813 thousand, or 1.3%, to $62.2 million, multi-family loans decreased $46 thousand, or 3.4%, to $1.3 million, commercial real estate loans and land loans decreased $697 thousand, or 3.3%, to $20.2 million, construction loans decreased $1.7 million, or 15.9%, to $9.0 million, home equity and other consumer loans decreased $850 thousand, or 11.8% to $6.3 million, and commercial loans decreased $9.5 million, or 37.3%, to $16.0 million, of which $8.6 million were loans made under the Small Business Administration's Payment Protection Program (or "PPP"). Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by $4.0 million, or 3.1%, to $132.4 million at March 31, 2021 from $128.4 million at December 31, 2020. Our core deposits, which are all deposits other than certificates of deposit, increased $4.7 million, or 5.6%, to $89.9 million at March 31, 2021 from $85.1 million at December 31, 2020. Certificates of deposit decreased $619 thousand, or 1.4%, to $46.1 million at March 31, 2021 from $47.7 million at December 31, 2020. During the three months ended March 31, 2021, 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.

Shareholders' equity increased $438 thousand, or 1.5%, to $29.5 million at March 31, 2021 from $29.0 million at December 31, 2020. The increase resulted from net income of $436 thousand during the three months ended March 31, 2021, expense of $26 thousand related to the ESOP shares committed to be released and expense of $62 thousand related to stock based compensation, offset by a repurchase of common stock of $10 thousand and dividends paid of $76 thousand.

EAGLE FINANCIAL BANCORP, INC.
STATEMENTS OF CONDITION
March 31, 2021 (Unaudited)
December 31, 2020 (Audited)
(In Thousands)

	3/31/2021	12/31/2020
ASSETS		
Cash and cash equivalents	$ 33,819	$ 13,585
Interest-bearing time deposits in other banks	-----	249
Loans held for sale	8,741	14,020
Loans	108,064	120,784
Less: allowance for loan losses	(1,198)	(1,386)
Loans, net	106,866	119,398
Premises and equipment, net	4,067	4,098
Other assets	11,538	9,095
Total Assets	$ 165,031	$ 160,445
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 8,873	$ 7,410
Interest bearing	123,567	121,030
Total Deposits	132,440	128,440
Other Liabilities	3,137	2,989
Total Liabilities	135,577	131,429
Total Shareholders' Equity	29,454	29,016
Total Liabilities and Shareholders' Equity	$ 165,031	$ 160,445

Comparison of Operating Results for the Three Months Ended March 31, 2021 and March 31, 2020

General. Our net income for the three months ended March 31, 2021 was $436 thousand, compared to a net income of $177 thousand for the three months ended March 31, 2020, an increase of $259 thousand, or 146.3%. The increase in net income was primarily due to a $686 thousand increase in total noninterest income, and a $75 thousand increase in net interest income, offset by a $407 thousand increase in total non-interest expense and a $68 thousand increase in income tax expense.

Interest Income. Interest income decreased $32 thousand, or 2.5%, to $1.2 million for the three months ended March 31, 2021 from $1.3 million for the three months ended March 31, 2020. This decrease was primarily attributable to a $63 thousand decrease in dividend income on Federal Home Loan Bank ("FHLB") stock and interest income on other interest earning deposits. The average balance of interest earning deposits increased $7.8 million for the three months ended March 31, 2021, or 37.6%, from the average balance for the three months ended March 31, 2020, while the average yield on interest earning deposits decreased by 128 basis points to 0.15% for the three months ended March 31, 2021 from 1.43% for the three months ended March 31, 2020.

Interest Expense. Total interest expense decreased $107 thousand, or 37.5%, to $178 thousand for the three months ended March 31, 2021 from $285 thousand for the three months ended March 31, 2020. This decrease is the result of interest expense on deposits. The average balance of deposits for the three months ended March 31, 2021 increased by $16.4 million, or 15.6%, from the average balance for the three months ended March 31, 2020, while the average cost of deposits decreased by 50 basis points to 0.58% for the three months ended March 31, 2021 from 1.08% for the three months ended March 31, 2020.

Net Interest Income. Net interest income increased $75 thousand, or 7.6%, to $1.1 million for the three months ended March 31, 2021, compared to $989 thousand for the three months ended March 31, 2020. The increase reflected a decrease in total interest and dividend income of $32 thousand, which was more than offset by a decrease in total interest expense of $107 thousand. Our net interest margin decreased to 3.04% for the three months ended March 31, 2021 from 3.10% for the three months ended March 31, 2020. Our net interest rate spread increased to 2.97% for the three months ended March 31, 2021 from 2.92% for the three months ended March 31, 2020. The interest rate spread and net interest margin were impacted by declining interest rates on deposits in the three months ended March 31, 2021.

Provision for Loan Losses. Based on our analysis of the factors described in "Critical Accounting Policies—Allowance for Loan Losses" in our annual report for the year ended December 31, 2020, we recorded a provision of $52 thousand for loan losses for the three months ended March 31, 2021, compared to $25 thousand for the three months ended March 31, 2020. The allowance for loan losses was $1.2 million, or 1.04% of total loans, at March 31, 2021, compared to $1.4 million, or 1.08% of total loans, at December 31, 2020. Total nonperforming loans were $681 thousand at March 31, 2021, compared to $1.0 million at December 31, 2020. Classified loans increased to $3.9 million at March 31, 2021, compared to $2.8 million at December 31, 2020. Total loans past due 30 days or more were $476 thousand and $2.4 million at March 31, 2021 and December 31, 2020, respectively. Net charge-offs totaled $240 thousand for the three months ended March 31, 2021, compared to $5 thousand of net recovery for the three months ended March 31, 2020. 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 March 31, 2021 and 2020. 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. 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 we may increase the provision for possible loan losses or the recognition of further loan charge-offs, based on revisions in management's judgements.

Non-Interest Income. Non-interest income increased $686 thousand, or 98.8%, to $1.4 million for the three months ended March 31, 2021 from $694 thousand for the three months ended March 31, 2020. The increase was primarily due to a $610 thousand increase in the net gain on sale of loans during the three months ended March 31, 2021 as compared to the three months ended March 31, 2020.

Non-Interest Expense. Non-interest expense increased $407 thousand, or 28.5%, to $1.8 million for the three months ended March 31, 2021, compared to $1.4 million for the three months ended March 31, 2020. The increase was primarily the result of an increase in compensation and employee benefits of $278 thousand, an increase of $45 thousand in legal and professional fees, and an increase of $43 thousand in occupancy and equipment expense.

Federal Income Taxes. Federal income taxes increased by $68 thousand to an income tax expense of $120 thousand for the three months ended March 31, 2021, compared to an income tax expense of $52 thousand for the three months ended March 31, 2020. The increase in income tax expense for the three months ended March 31, 2021 was a direct result of the increase in gain on loans sales, and the resulting increase in net income.

EAGLE FINANCIAL BANCORP, INC.
STATEMENTS OF INCOME
Three Months Ended March 31, 2021 and 2020 (Unaudited)
(In Thousands, except share and per share data)

	Three Months Ended 3/31/2021	Three Months Ended 3/31/2020
Total interest income	$ 1,242	$ 1,274
Total interest expense	178	285
Net interest income	1,064	989
Provision for loan losses	52	25
Net interest income after provision for loan loss	1,012	964
Total non-interest income	1,380	694
Compensation and benefits	1,280	1,002
Occupancy and equipment	101	58
Data processing	108	85
Legal and professional fees	122	77
FDIC Premium Expense	9	--
Other operating expenses	216	207
Total non-interest expense	1,836	1,429
Net Income Before Taxes	556	229
Provision for income taxes	120	52
Net Income	$ 436	$ 177
Basic and Diluted Earnings per Share	$ 0.31	$ 0.12
Weighted-average shares outstanding Basic and Diluted	1,398,645	1,450,765

EAGLE FINANCIAL BANCORP, INC.
OTHER FINANCIAL INFORMATION
(In Thousands)
(Unaudited)

	3/31/2021	12/31/20
Asset Quality		
Allowance for Loan Losses	$ 1,198	$ 1,386
Nonperforming Loans/Total Loans	0.36%	0.57%
Nonperforming Assets/Total Assets	1.32%	0.48%
ALLL / Nonperforming Loans	292.91%	188.10%
ALLL / Loans, Gross	1.04%	1.08%
Profitability (For the three months ended)		
Yield on Average Earning Assets	3.55%	3.78%

Cost of Avg. Interest Bearing Liabilities	0.58%	0.69%
Net Interest Spread	2.97%	3.09%
Net Interest Margin	3.04%	3.17%

	3/31/2021	12/31/20
Capital (Bank Only)		
Tier 1 Capital Ratio	15.5%	15.5%
Tier 1 Risk Based Capital Ratio	17.5%	17.3%
Total Risk Based Capital Ratio	18.3%	18.3%

Coronavirus Disease 2019 (COVID-19) Impact

Loan Modifications

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by the President on March 27, 2020. The CARES Act provides financial institutions the option of temporarily not accounting for eligible loans as troubled debt restructurings in accordance with GAAP. In addition, Interagency Statements were issued on March 22, 2020 and April 7, 2020 by bank regulatory agencies to encourage financial institutions to work prudently with borrowers. The agencies confirmed with the FASB that loans that were not more than 30 days past due as of December 31, 2019 and receive short-term modifications of six months or less, are not considered to be delinquent or troubled debt restructurings and are not reported as nonaccrual.

We began receiving requests from borrowers for loan deferrals in March 2020. Modifications include the deferral of principal and interest for generally 90 days. Requests were evaluated individually and approved modifications were based on the unique circumstances of each borrower. We are committed to working with our clients to allow time to work through the challenges of this pandemic. The Company will be using the provisions of the CARES Act and the Interagency Statements to account for the loans receiving forbearance, which means the loans will remain on accrual status unless the borrower is unable to satisfy the terms of the loans once the forbearance period ends. At this time, it is uncertain what future impact loan modifications related to COVID-19 difficulties will have on our financial condition, results of operations and reserve for loan losses. The following table shows coronavirus (COVID-19) loan modifications outstanding at March 31, 2021.

Types of Loans	Number of Loans	Balance
Residential mortgage loans……………………………………..	**1**	**$421**

Paycheck Protection Program (PPP)

As part of the CARES Act, approved by the President on March 27, 2020, the Small Business Administration (SBA) has been authorized to guarantee loans under the PPP through March 31, 2021 for small businesses who meet the necessary eligibility requirements in order to keep their workers on the payroll. At March 31, 2021, the Bank has 43 loans for $8.6 million of loans under the PPP. At March 31, 2021, the Bank has recognized interest and fees on these loans of $179,000.

This release may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This release 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,” “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;
- effect of the Coronavirus Disease 2019 (COVID-19) pandemic on our Company, the communities where we have our branches, the state of Ohio and the United States, related to the economy and overall financial stability, which may also exacerbate the effects of the other factors listed herein;
- 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 our SEC filings.

Given its ongoing and dynamic nature, it is difficult to predict the full impact of the COVID-19 outbreak on our business. The extent of such impact will depend on future developments, which are highly uncertain, including when the coronavirus that has caused the COVID-19 pandemic can be controlled and abated and when and how the economy may be reopened. As the result of the COVID-19 pandemic and the related adverse local and national economic consequences, our forward-looking statements are subject to the following additional risks, uncertainties and assumptions:

- demand for our products and services may decline;
- if the economy is unable to substantially reopen, and high levels of unemployment continue for an extended period of time, loan delinquencies, problem assets, and foreclosures may increase;
- collateral for loans, especially real estate, may decline in value;
- our allowance for loan losses may have to be increased if borrowers experience financial difficulties;
- the net worth and liquidity of loan guarantors may decline;
- as the result of the decline in the Federal Reserve Board's target federal funds rate to near 0%, the yield on our assets may decline to a greater extent than the decline in our cost of interest-bearing liabilities;
- a material decrease in net income or a net loss over several quarters could result in a decrease in the rate of our quarterly cash dividend;
- actions taken by the federal, state or local governments to cushion the impact of COVID-19 on consumers and businesses may have a negative impact on us and our business;
- our cyber security risks are increased as the result of an increase in the number of employees working remotely; and
- FDIC premiums may increase if the agency experiences additional resolution costs.

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.

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