

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

CINCINNATI – October 27, 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 November 30, 2021, to stockholders of record as of the close of business on November 15, 2021.

The Company announced net income of \$423,000, or \$0.30 per common share on 1.4 million shares outstanding for the quarter ended September 30, 2021, as compared to \$656,000 or \$0.46 per common share on 1.4 million shares outstanding for the quarter ended September 30, 2020. The decline was largely driven by a \$310,000 decrease in total non-interest income, and an increase in total noninterest expense of \$51,000, offset by a decrease of \$65,000 in provision for loan losses, and a \$72,000 reduction in income taxes.

The decrease in noninterest income for the three months ended September 30, 2021 was largely driven by a decrease of \$460,000 in net gain on loan sales, offset by an increase other service charges and fee of \$145,000, and an increase in BOLI income of \$5,000.

Net income for the nine months ended September 30, 2021 decreased \$347,000 to \$983,000, or \$0.69 per common share as compared to \$1.3 million, or \$0.91 per common share for the nine months ended September 30, 2020. The decline was largely driven by a \$702,000, or 15.0% increase in total non-interest expense, offset by a \$238,000 decrease in provision for loan losses, and a \$105,000 decrease in income taxes.

FINANCIAL HIGHLIGHTS

- Net income of \$423,000 for the three months ended September 30, 2021 compared to \$656,000 for the comparable period in 2020, representing a decrease of \$233,000, or 35.5%.
- Net income of \$983,000 for the nine months ended September 30, 2021 compared to \$1.3 million for the comparable period in 2020, representing a decrease of \$347,000, or 26.1%.
- Net income before taxes of \$530,000 for the quarter ended September 30, 2021 compared to \$835,000 for the comparable period in 2020, representing a decrease of \$305,000, or 36.5%.
- Net income before taxes of \$1.2 million for the nine months ended September 30, 2021 compared to \$1.7 million for the comparable period in 2020, representing a decrease of \$452,000, or 26.6%.
- Non-interest income of \$3.7 million for the nine months ended September 30, 2021 compared to \$3.6 million for the comparable period in 2020, representing an increase of \$66,000, or 1.8%.
- Capital ratios of 15.2%, 17.2% and 18.0% for the Tier 1 Leverage ratio, Tier 1 Risked Based Capital ratio and Total Risked Based Capital ratio, respectively, at September 30, 2021.

Comparison of Financial Condition at September 30, 2021 and December 31, 2020

Total assets were \$172.2 million at September 30, 2021, an increase of \$11.7 million, or 7.3%, over the \$160.4 million at December 31, 2020. The increase was primarily due to increases in cash and cash equivalents of \$28.5 million, foreclosed real estate of \$1.7 million, Federal Home Loan Bank (“FHLB”) stock – at cost of \$1.1 million, and interest-bearing time deposits in other banks of \$1.2 million, offset by a decrease in net loans of \$12.2 million, and a decrease in loans held for sale of \$9.5 million.

Net loans totaled \$107.2 million at September 30, 2021, as compared to \$119.4 million at December 31, 2020, a decrease of \$12.2 million or 10.2%, primarily due to a \$19.0 million decrease in SBA PPP loans. During the nine months ended September 30, 2021, we originated \$129.4 million of loans, \$108.4 million of which were one- to four-family residential real estate loans, and sold \$97.4 million of loans in the secondary market. During the nine months ended September 30, 2021, one- to four-family residential real estate loans increased \$3.0 million, or 5.0%, to \$62.2 million, multi-family loans decreased \$142,000, or 10.5%, to \$1.2 million, commercial real estate loans and land loans increased \$6.9 million, or 32.8%, to \$27.7 million, construction loans decreased \$1.1 million, or 10.0%, to \$9.6 million, home equity and other consumer loans decreased \$1.2 million, or 17.4% to \$5.9 million, and commercial loans increased \$830,000, or 16.0% to \$6.0 million, and SBA PPP loans decreased \$19.0 million, or 92.9% to \$1.4 million. Management continues to emphasize the origination of high-quality loans for retention in the loan portfolio.

Deposits increased by \$10.6 million, or 8.2%, to \$139.0 million at September 30, 2021 from \$128.4 million at December 31, 2020. Our core deposits, which are all deposits other than certificates of deposit, increased \$9.1 million, or 10.6%, to \$94.8 million at September 30, 2021 from \$85.7 million at December 31, 2020. Certificates of deposit increased \$1.5 million, or 3.4%, to \$44.2 million at September 30, 2021 from \$42.7 million at December 31, 2020. During the nine months ended September 30, 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 \$986,000, or 3.4%, to \$30.0 million at September 30, 2021 from \$29.0 million at December 31, 2020. The increase resulted from net income of \$983,000 during the nine months ended September 30, 2020, expense of \$87,000 related to the ESOP shares committed to be released and expense of \$184,000 related to stock-based compensation, offset by a repurchase of common stock of \$39,000 and dividends paid of \$229,000.

EAGLE FINANCIAL BANCORP, INC.

STATEMENTS OF CONDITION

September 30, 2021 (Unaudited) and December 31, 2020 (Audited)
(In Thousands)

	<u>9/30/2021</u>	<u>12/31/2020</u>
ASSETS		
Cash and cash equivalents	\$ 42,087	\$ 13,585
Interest-bearing time deposits in other banks	1,494	249
Loans held for sale	4,478	14,020
Loans	108,445	120,784
Less: Allowance for loan losses	<u>(1,199)</u>	<u>(1,386)</u>
Loans, net	107,246	119,398
Premises and equipment, net	4,048	4,098
Other assets	<u>12,801</u>	<u>9,095</u>
Total Assets	<u>\$ 172,154</u>	<u>\$ 160,445</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 10,020	\$ 7,410
Interest bearing	<u>128,992</u>	<u>121,030</u>
Total Deposits	139,012	128,440
Other Liabilities	<u>3,140</u>	<u>2,989</u>
Total Liabilities	142,152	131,429
Total Shareholders' Equity	<u>30,002</u>	<u>29,016</u>
Total Liabilities and Shareholders' Equity	<u>\$ 172,154</u>	<u>\$ 160,445</u>

Comparison of Operating Results for the Three Months Ended September 30, 2021 and September 30, 2020

General. Our net income for the three months ended September 30, 2021 was \$423,000, compared to a net income of \$656,000 for the three months ended September 30, 2020, a decrease of \$233,000, or 35.5%. The decrease in net income was primarily due to a \$310,000 decrease in noninterest income, and an increase in noninterest expense of \$51,000, offset by a decrease in provision for loan losses of \$65,000, and a decrease in provision for income taxes of \$72,000.

Interest Income. Interest income decreased \$99,000, or 7.8%, to \$1.2 million for the three months ended September 30, 2021 from \$1.3 million for the three months ended September 30, 2020. This decrease was primarily attributable to a \$114,000 decrease in interest on loans, offset by an increase of \$15,000 dividend income on FHLB stock and interest income on other interest earning deposits. The average balance of interest-earning assets increased \$14.7 million for the three months ended September 30, 2021, or 10.8%, from the average balance for the three months ended September 30, 2020, while the average

yield on interest-earning assets decreased by 63 basis points to 3.09% for the three months ended September 30, 2021 from 3.72% for the three months ended September 30, 2020.

Interest Expense. Total interest expense decreased \$90,000, or 37.0%, to \$153,000 for the three months ended September 30, 2021 from \$243,000 for the three months ended September 30, 2020. This decrease is primarily the result of a decrease in deposit interest rates for the three months ended September 30, 2021. The average balance of deposits for the three months ended September 30, 2021 increased by \$11.4 million, or 9.7% from the average balance for the three months ended September 30, 2020, while the average cost of deposits decreased by 35 basis points to 0.48% for the three months ended September 30, 2021 from 0.83% for the three months ended September 30, 2020.

Net Interest Income. Net interest income decreased \$9,000, or 0.9%, to \$1.01 million for the three months ended September 30, 2021, compared to \$1.02 million for the three months ended September 30, 2020. The decrease reflected a decrease in total interest and dividend income of \$99,000, and a decrease in total interest expense of \$90,000. Our net interest margin decreased to 2.69% for the three months ended September 30, 2021 from 3.00% for the three months ended September 30, 2020. Our net interest rate spread decreased to 2.61% for the three months ended September 30, 2021 from 2.89% for the three months ended September 30, 2020. The interest rate spread and net interest margin were impacted by continued low interest rates in the three months ended September 30, 2021.

Provision for Loan Losses. We recorded no provision for loan losses for the three months ended September 30, 2021, compared to \$65,000 for the three months ended September 30, 2020. The allowance for loan losses was \$1.2 million, or 1.02% of total loans, at September 30, 2021, compared to \$1.4 million, or 1.04% of total loans, at December 31, 2020. Total nonperforming loans were \$736,000 at September 30, 2021, compared to \$3.0 million at December 31, 2020. Classified loans increased to \$3.8 million at September 30, 2021, compared to \$2.8 million at December 31, 2020. Total loans past due 30 days or more were \$553,000 and \$2.4 million at September 30, 2021 and December 31, 2020, respectively. Net recovery totaled \$375 for the three months ended September 30, 2021, compared to \$2,000 of net recovery for the three months ended September 30, 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 September 30, 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, 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 \$310,000, or 19.3%, to \$1.3 million for the three months ended September 30, 2021 from \$1.6 million for the three months ended September 30, 2020. The increase was primarily due to a \$460,000 decrease in the net gain on sale of loans during the three months ended September 30, 2021, offset by an increase in other service charges and fees of \$145,000.

Non-Interest Expense. Non-interest expense increased \$51,000, or 3.0%, to \$1.8 million for the three months ended September 30, 2021, compared to \$1.7 million for the three months ended September 30, 2020. The increase was primarily the result of an increase in compensation and employee benefits of \$39,000, and an increase in data processing expense of \$13,000.

Federal Income Taxes. Federal income taxes decreased by \$72,000 to an income tax expense of \$107,000 for the three months ended September 30, 2021, compared to an income tax expense of \$179,000 for the three months ended September 30, 2020. The decrease in income tax expense for the three months ended September 30, 2020 was a direct result of the decrease in gain on loans sales and the resulting decrease in net income.

Comparison of Operating Results for the Nine Months Ended September 30, 2021 and September 30, 2020

General. Our net income for the nine months ended September 30, 2021 was \$983,000, compared to a net income of \$1.3 million for the nine months ended September 30, 2020, a decrease of \$347,000, or 26.1%. The decrease in net income was primarily due to an increase in non-interest expense of \$702,000, offset by a decrease in provision for loan losses of \$238,000, and a decrease in income tax expense of \$105,000 for the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020.

Interest Income. Interest income decreased \$360,000, or 9.3%, to \$3.5 million for the nine months ended September 30, 2021 from \$3.9 million for the nine months ended September 30, 2020. This decrease was attributable to a \$311,000 decrease in interest income on loans receivable, and a decrease in interest income on other interest-earning deposits of \$66,000, offset by

an increase in FHLB stock dividends of \$17,000. The average balance of loans during the nine months ended September 30, 2021 decreased by \$8.2 million, or 7.0%, from the average balance for the nine months ended September 30, 2020, but the average yield on loans only decreased by six basis points to 4.22% for the nine months ended September 30, 2021 from 4.28% for the nine months ended September 30, 2020. The average balance of interest earning deposits increased \$21.3 million, however, the average yield on those deposits decreased by 63 basis points to 0.17% for the nine months ended September 30, 2021 from 0.80% for the nine months ended September 30, 2020.

Interest Expense. Total interest expense decreased \$306,000, or 38.3%, to \$493,000 for the nine months ended September 30, 2021 from \$799,000 for the nine months ended September 30, 2020. Interest expense on deposit accounts decreased \$302,000, or 38.0%, to \$493,000 for the nine months ended September 30, 2021 from \$795,000 for the nine months ended September 30, 2020. The average balance of deposits during the nine months ended September 30, 2021 increased by \$13.3 million, or 11.9% from the average balance for the nine months ended September 30, 2020, while the average cost of deposits decreased by 42 basis point to 0.53% for the nine months ended September 30, 2021 from 0.95% for the nine months ended September 30, 2020.

Net Interest Income. Net interest income decreased \$54,000, or 1.8%, to \$3.0 million for the nine months ended September 30, 2021, compared to \$3.1 million for the nine months ended September 30, 2020. The decrease reflected a decrease in total interest and dividend income of \$360,000, offset by a decrease in total interest expense of \$306,000. Our net interest margin decreased to 2.74% for the nine months ended September 30, 2021 from 3.06% for the nine months ended September 30, 2020. Our net interest rate spread decreased to 2.66% for the nine months ended September 30, 2021 from 2.92% for the nine months ended September 30, 2020. The interest rate spread and net interest margin were impacted by declining interest rates in the nine months ended September 30, 2021.

Provision for Loan Losses. We recorded a \$52,000 provision for loan losses for the nine months ended September 30, 2021, as compared to \$290,000 for the nine months ended September 30, 2020. The allowance for loan losses was \$1.2 million, or 1.02% of total loans, at September 30, 2021, compared to \$1.4 million, or 1.04% of total loans, at December 31, 2020. Total nonperforming loans were \$736,000 at September 30, 2021, compared to \$3.0 million at December 31, 2020. Classified loans increased to \$3.8 million at September 30, 2021, compared to \$2.8 million at December 31, 2020. Total loans past due 30 days or more were \$553,000 and \$2.4 million at September 30, 2021 and December 31, 2020, respectively. Net charge-offs totaled \$240,000 for the nine months ended September 30, 2021, compared to \$70,000 of net loan charge-off for the nine months ended September 30, 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 September 30, 2020 and 2019. 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 increased \$66,000, or 1.8%, to \$3.7 million for the nine months ended September 30, 2021 from \$3.6 million for the nine months ended September 30, 2020. The increase was primarily due to an increase in other service charges and fees of \$294,000, offset by a decrease in net gain on sale of loans of \$238,000 during the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020.

Non-Interest Expense. Non-interest expense increased \$702,000, or 14.9%, to \$5.4 million for the nine months ended September 30, 2021, compared to \$4.7 million for the nine months ended September 30, 2020. The increase was the result of an increase in compensation and employee benefits of \$440,000, an increase in occupancy and equipment, net of \$93,000, an increase in data processing of \$80,000, an increase in legal and professional services of \$24,000, and an increase in other operating expenses of \$52,000.

Federal Income Taxes. Federal income taxes decreased by \$105,000 to an income tax expense of \$266,000 for the nine months ended September 30, 2021, compared to an income tax expense of \$371,000 for the nine months ended September 30, 2020. The decrease in income tax expense for the nine months ended September 30, 2021 was primarily a direct result of the increase in noninterest expenses, and the resulting decrease in net income.

EAGLE FINANCIAL BANCORP, INC.
STATEMENTS OF INCOME

Three and Nine Months Ended September 30, 2021 and 2020 (Unaudited)
(In Thousands, except share and per share data)

	Three Months Ended <u>9/30/2021</u>	Three Months Ended <u>9/30/2020</u>	Nine Months Ended <u>9/30/2021</u>	Nine Months Ended <u>9/30/2020</u>
Total interest income	\$ 1,166	\$ 1,265	\$ 3,492	\$ 3,852
Total interest expense	<u>153</u>	<u>243</u>	<u>493</u>	<u>799</u>
Net interest income	1,013	1,022	2,999	3,053
Provision for loan losses	<u>---</u>	<u>65</u>	<u>52</u>	<u>290</u>
Net interest income after provision for loan loss	1,013	957	2,947	2,763
Total non-interest income	1,294	1,604	3,700	3,634
Compensation and benefits	1,261	1,222	3,774	3,334
Occupancy and equipment	110	96	310	217
Data processing	102	89	341	261
Legal and professional fees	76	100	283	259
FDIC Premium Expense	10	9	28	15
Other operating expenses	<u>218</u>	<u>210</u>	<u>662</u>	<u>610</u>
Total non-interest expense	1,777	1,726	5,398	4,696
Net Income Before Taxes	530	835	1,249	1,701
Provision for income taxes	<u>107</u>	<u>179</u>	<u>266</u>	<u>371</u>
Net Income	<u>\$ 423</u>	<u>\$ 656</u>	<u>\$ 983</u>	<u>\$ 1,330</u>
Basic and Diluted Earnings per Share	<u>\$ 0.30</u>	<u>\$ 0.46</u>	<u>\$ 0.69</u>	<u>\$ 0.91</u>
Weighted-average shares outstanding Basic and Diluted	<u>1,400,900</u>	<u>1,405,306</u>	<u>1,399,689</u>	<u>1,432,273</u>

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

	<u>9/30/2021</u>	<u>6/30/2021</u>	<u>3/31/2021</u>	<u>12/31/20</u>
Asset Quality				
Allowance for Loan Losses	\$ 1,199	\$ 1,198	\$ 1,198	\$ 1,386
Nonperforming Loans/Total Loans	0.62%	0.76%	0.59%	2.34%
Nonperforming Assets/Total Assets	1.46%	1.58%	1.48%	1.90%
ALLL / Nonperforming Loans	162.9%	136.91%	175.9%	46.00%
ALLL / Loans, Gross	1.02%	1.04%	1.04%	1.08%
Profitability (For the three months ended)				
Yield on Average Earning Assets	3.09%	2.95%	3.55%	3.78%
Cost of Avg. Interest Bearing Liabilities	0.48%	0.52%	0.58%	0.69%
Net Spread	2.61%	2.43%	2.97%	3.09%
Net Margin	2.69%	2.51%	3.04%	3.17%

	<u>9/30/2021</u>	<u>6/30/2021</u>	<u>3/31/2021</u>	<u>12/31/20</u>
Capital (Bank Only)				
Tier 1 Capital Ratio	15.2%	15.3%	15.5%	15.5%
Tier 1 Risk Based Capital Ratio	17.2%	17.0%	17.5%	17.3%
Total Risk Based Capital Ratio	18.0%	17.8%	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. The following table shows coronavirus (COVID-19) loan modifications outstanding at September 30, 2021. Of these modifications, all were performing in accordance with their modified terms. Details with respect to actual modifications are as follows:

<u>Types of Loans</u>	<u>Number of Loans</u>	<u>Balance (in thousands)</u>
Residential mortgage loans.....	<u>1</u>	<u>\$88</u>
Total.....	<u>1</u>	<u>\$88</u>

Paycheck Protection Program (PPP)

As part of the CARES Act, approved by the President on March 27, 2020, the Small Business Administration (SBA) was authorized to guarantee loans under the PPP through June 2020 and again through May 2021 for small businesses who met the necessary eligibility requirements in order to keep their workers on the payroll. At September 30, 2021, the Bank has 15 loans for \$1.4 million under the PPP. At September 30, 2021, the Bank has recognized interest and fees on these loans of \$356,000.

Cautionary Note Regarding Forward-Looking Statements

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements 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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