Eagle Financial Bancorp, Inc. Announces Fourth Quarter 2021 Results

CINCINNATI – February 7, 2022, Eagle Financial Bancorp, Inc. (the "Company") (OTCQB: EFBI), the holding company for EAGLE.bank, today announced its results of operations for the quarter ended December 31, 2021.

The Company announced net income of $95,000, or $0.07 per common share on approximately 1.4 million shares outstanding for the quarter ended December 31, 2021, as compared to $754,000 or $0.53 per common share on approximately 1.4 million shares outstanding for the quarter ended December 31, 2020. The decline was largely driven by a $867,000 decrease in total non-interest income, a $107,000 decrease in net interest income, and a $13,000 increase in provision for loan losses, offset by a $168,000 decrease in total non-interest expense, and a $160,000 decrease in income taxes.

Net income for the year ended December 31, 2021 decreased $1.0 million to $1.1 million, or $0.76 per common share as compared to $2.1 million, or $1.43 per common share for the year ended December 31, 2020. The decline was largely driven by an $800,000, or 14.5% decrease in total non-interest income, a $533,000, or 8.0% increase in non-interest expense, a decrease of $533,000, or 10.4% in total interest and dividend income, offset by a $370,000 decrease in total interest expense, a $225,000 decrease in provision for loan losses, and a $265,000 decrease in provision for income taxes.

Net interest income decreased $107,000, or 10.1%, to $956,000 for the three months ended December 31, 2021, compared to $1.1 million for the three months ended December 31, 2020. The decrease in net interest income for the three months ended December 31, 2021 was largely driven by a decline in the weighted average yield on total interest-earning assets to 2.83% for the quarter ended December 31, 2021 from 3.78% for the comparable 2020 period.

FINANCIAL HIGHLIGHTS

- Net income of $95,000 for the three months ended December 31, 2021 compared to $754,000 for the comparable period in 2020, representing a decrease of $659,000, or 87.4%.
- Net income of $1.1 million for the year ended December 31, 2021 compared to $2.1 million for the comparable period in 2020, representing a decrease of $1.0 million, or 48.3%.
- Net income before taxes of $140,000 for the three months ended December 31, 2021 compared to $959,000 for the comparable period in 2020, representing a decrease of $819,000, or 85.4%.
- Net income before taxes of $1.4 million for the year ended December 31, 2021 compared to $2.7 million for the comparable period in 2020, representing a decrease of $1.3 million, or 47.8%
- Non-interest income of $4.7 million for the year ended December 31, 2021 compared to $5.5 million for the comparable period in 2020, representing a decrease of $800,000, or 14.5%.
- Capital ratios of 15.1%, 17.0% and 17.8% for the Tier 1 Leverage ratio, Tier 1 Risked Based Capital ratio and Total Risked Based Capital ratio, respectively at December 31, 2021.

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

Total assets were $174.8 million at December 31, 2021, an increase of $14.4 million, or 9.0%, over the $160.4 million at December 31, 2020. The increase was primarily due to an increase in cash and cash equivalents of $27.4 million, and an increase in interest bearing time deposits in other banks of $2.7 million, offset by a decrease in loans held for sale of $11.2 million, and a decrease in loans, net of allowance for loan losses of $8.9 million. The increase in assets was funded primarily by a $13.1 million increase in deposits.

Net loans totaled $110.5 million at December 31, 2021, as compared to $119.4 million at December 31, 2020, a decrease of $8.9 million or 7.4%. During the year ended December 31, 2021, we originated $165.1 million of loans, $132.1 million of which were one- to four-family residential real estate loans, and sold $114.5 million of loans in the secondary market. During the year ended December 31, 2021, one- to four-family residential real estate loans increased $4.9 million, or 8.3%, to $64.2 million, multi-family loans decreased $202,000, or 14.9%, to $1.2 million, commercial real estate loans and land loans increased $2.1 million, or 9.8%, to $22.9 million, construction loans increased $1.4 million, or 13.2%, to $12.1 million, home equity and other consumer loans decreased $1.5 million, or 20.8% to $5.7 million, and commercial loans increased $7.0 million, or 133.9% to $12.2 million. All $20.4 million in loans made under the Small Business Administration's Payment Protection Program (or "PPP") outstanding at December 31, 2020 were forgiven and paid off at December 31, 2021. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by $13.1 million, or 10.2%, to $141.5 million at December 31, 2021 from $128.4 million at December 31, 2020. Our core deposits, which are all deposits other than certificates of deposit, increased $12.9 million, or 15.0%, to $98.6 million at December 31, 2021 from $85.7 million at December 31, 2020. Certificates of deposit increased $214,000, or 0.5%, to $42.9 million at December 31, 2021 from $42.7 million at December 31, 2020. During the year ended December 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 $1.1 million, or 3.8%, to $30.1 million at December 31, 2021 from $29.0 million at December 31, 2020. The increase resulted from net income of $1.1 million during the year ended December 31, 2021, expense of $117,000 related to the ESOP shares committed to be released and expense of $246,000 related to stock-based compensation, offset by a repurchase of 2,200 shares of common stock for $39,000 and dividends paid of $305,000.

On August 5, 2020, the Company announced that its Board of Directors had adopted a stock repurchase program. Under the repurchase program, the Company may repurchase up to 78,673 shares of its common stock or approximately 5% of the then current outstanding shares. During the years ended December 31, 2021 and 2020, the Company repurchased 2,200 shares at an average price of $17.79 per share and 47,120 shares at an average price of $15.95 per share, respectively. At December 31, 2021, the Company has the ability to repurchase an additional 29,353 shares under the current repurchase program. On February 4, 2022, the Company was able to repurchase 148,558 shares outstanding in a private transaction for a total consideration of $3.2 million. This repurchase did not reduce the 29,353 shares that we may still repurchase under the existing plan.

EAGLE FINANCIAL BANCORP, INC.
STATEMENTS OF CONDITION

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

	12/31/2021	12/31/2020
ASSETS		
Cash and cash equivalents	$ 41,007	13,585
Interest-bearing time deposits in other banks	2,988	249
Loans held for sale	2,809	14,020
Loans	111,746	120,784
Less: Allowance for loan losses	(1,199)	(1,386)
Loans, net	110,547	119,398
Premises and equipment, net	3,999	4,098
Other assets	13,499	9,095
Total Assets	$ 174,849	$ 160,445
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 9,361	$ 7,410
Interest bearing	132,166	121,030
Total Deposits	141,527	128,440
Other Liabilities	3,209	2,989
Total Liabilities	144,736	131,429
Total Shareholders' Equity	30,113	29,016
Total Liabilities and Shareholders' Equity	$ 174,849	$ 160,445

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

General. Our net income for the three months ended December 31, 2021 was $95,000, compared to a net income of $754,000 for the three months ended December 31, 2020, a decrease of $659,000, or 87.4%. The decrease in net income was primarily due to a $867,000 decrease in total non-interest income, a $107,000 decrease in net interest income, and a $13,000 increase in provision for loan losses, offset by a $168,000 decrease in total non-interest expense, and a $160,000 decrease in income taxes.

Interest Income. Interest income decreased $171,000, or 13.5%, to $1.1 million for the three months ended December 31, 2021 from $1.3 million for the three months ended December 31, 2020. This decrease was primarily attributable to a $189,000 decrease in interest earned on loans, offset by an increase of $18,000 on FHLB stock dividends and interest on other interest earning deposits. The average balance of interest earning assets increased $21.0 million for the three months ended December 31, 2021, or 15.6%, from the average balance for the three months ended December 31, 2020, while the average yield on interest earning assets decreased by 95 basis points to 2.83% for the three months ended December 31, 2021 from 3.78% for the three months ended December 31, 2020.

Interest Expense. Total interest expense decreased $64,000, or 30.9%, to $143,000 for the three months ended December 31, 2021 from $207,000 for the three months ended December 31, 2020. This decrease is primarily the result of a decrease in deposit interest rates for the three months ended December 31, 2021. The average balance of deposits for the three months ended December 31, 2021 increased by $11.4 million, or 9.5% from the average balance for the three months ended December 31, 2020, while the average cost of deposits decreased by 25 basis points to 0.44% for the three months ended December 31, 2021 from 0.69% for the three months ended December 31, 2020.

Net Interest Income. Net interest income decreased $107,000, or 10.1%, to $956,000 for the three months ended December 31, 2021, compared to $1.1 million for the three months ended December 31, 2020. The decrease reflected a decrease in interest on loans of $189,000, offset by an increase in dividend income on Federal Home Loan Bank ("FHLB") stock and interest income on other interest earning deposits of $18,000, and a decrease in interest expense on deposits of $64,000. Our net interest margin decreased to 2.46% for the three months ended December 31, 2021 from 3.17% for the three months ended December 31, 2020. Our net interest rate spread decreased to 2.39% for the three months ended December 31, 2021 from 3.09% for the three months ended December 31, 2020.

Provision for Loan Losses. A provision expense of $13,000 was recorded for the three months ended December 31, 2021. No provision was recorded for the same period ended December 31, 2020. The allowance for loan losses was $1.2 million, or 0.98% of total loans, at December 31, 2021, compared to $1.4 million, or 1.08% of total loans, at December 31, 2020. Total nonperforming loans were $659,000 at December 31, 2021, compared to $1.0 million at December 31, 2020.

Non-Interest Income. Non-interest income decreased $867,000, or 45.9%, to $1.0 million for the three months ended December 31, 2021 from $1.9 million for the three months ended December 31, 2020. The decrease was primarily due to a $1.1 million decrease in the net gain on sale of loans during the three months ended December 31, 2021 as compared to the three months ended December 31, 2020.

Non-Interest Expense. Non-interest expense decreased $168,000, or 8.4%, to $1.8 million for the three months ended December 31, 2021, compared to $2.0 million for the three months ended December 31, 2020. The decrease was primarily the result of a decrease in compensation and employee benefits of $125,000, a decrease in data processing expenses of $51,000, and a decrease in advertising expense of $14,000, offset by an increase in occupancy and equipment of $28,000.

Federal Income Taxes. Federal income taxes decreased by $160,000 to an income tax expense of $45,000 for the three months ended December 31, 2021, compared to an income tax expense of $205,000 for the three months ended December 31, 2020. The decrease in income tax expense for the three months ended December 31, 2021 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 Year Ended December 31, 2021 and December 31, 2020

General. Our net income for the year ended December 31, 2021 was $1.1 million, compared to a net income of $2.1 million for the year ended December 31, 2020, a decrease of $1.0 million, or 48.3%. The decrease in net income was due to a decrease in non-interest income of $800,000, a decrease in interest income of $533,000, and an increase in non-interest expense of $533,000, offset by a decrease in interest expense of $370,000, a decrease in provision for loan losses of $225,000, and a decrease in provision for income taxes of $265,000 for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

Interest Income. Interest income decreased $533,000, or 10.4%, to $4.6 million for the year ended December 31, 2021 from $5.1 million for the year ended December 31, 2020. This decrease was attributable to a $501,000 decrease in interest income on loans receivable, a decrease in interest income on other interest-earning deposits of $60,000, offset by an increase in dividend income on FHLB stock of $28,000. The average balance of loans for the year ended December 31, 2021 decreased by $9.6 million, or 8.2%, from the average balance for the year ended December 31, 2020, and the average yield on loans decreased by eight basis points to 4.17% for the year ended December 31, 2021 from 4.25% for the year ended December 31, 2020. The average balance of interest earning deposits increased $24.8 million, however, the average yield on those deposits decreased by 50 basis points to 0.18% for the year ended December 31, 2021 from 0.68% for the year ended December 31, 2020.

Interest Expense. Total interest expense decreased $370,000, or 36.8%, to $636,000 for the year ended December 31, 2021 from $1.0 million for the year ended December 31, 2020. Interest expense on deposit accounts decreased $366,000, or 36.5%, to $636,000 for the year ended December 31, 2021 from $1.0 million for the year ended December 31, 2020. The average balance of deposits during the year ended December 31, 2021 increased by $12.8 million, or 11.3% from the average balance for the year ended December 31, 2020, while the average cost of deposits decreased by 38 basis points to 0.50% for the year ended December 31, 2021 from 0.88% for the year ended December 31, 2020.

The Bank had no interest expense on FHLB advances for the year ended December 31, 2021, as compared to $4,000 for the year ended December 31, 2020.

Net Interest Income. Net interest income decreased $163,000, or 4.0%, to $4.0 million for the year ended December 31, 2021, compared to $4.1 million for the year ended December 31, 2020. The decrease reflected a decrease in total interest and dividend income of $533,000, offset by a decrease in total interest expense of $370,000. Our net interest margin decreased to 2.67% for the year ended December 31, 2021 from 3.09% for the year ended December 31, 2020. Our net interest rate spread decreased to 2.59% for the year ended December 31, 2021 from 2.98% for the year ended December 31, 2020. The interest rate spread and net interest margin were again impacted by declining interest rates in the year ended December 31, 2021.

Provision for Loan Losses. We recorded a $65,000 provision for loan losses for the year ended December 31, 2021, as compared to $290,000 for the year ended December 31, 2020. The allowance for loan losses was $1.2 million, or 0.98% of total loans, at December 31, 2021, compared to $1.4 million, or 1.08% of total loans, at December 31, 2020. Total nonperforming loans were $659,000 at December 31, 2021, compared to $1.0 million at December 31, 2020. Classified loans increased to $3.6 million at December 31, 2021, compared to $2.8 million at December 31, 2020. Total loans past due 30 days or more were $386,000 and $2.4 million at December 31, 2021 and December 31, 2020, respectively. Net charge-offs totaled $253,000 for the year ended December 31, 2021, compared to $69,000 of net loan charge-off for the year ended December 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 December 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, 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 $800,000, or 14.5%, to $4.7 million for the year ended December 31, 2021 from $5.5 million for the year ended December 31, 2020. The decrease was primarily due to a decrease in the net gain on sale of loans of $1.3 million, offset by a $521,000 increase in other service charges and fees during the year ended December 31, 2021 as compared to the year ended December 31, 2020.

Non-Interest Expense. Non-interest expense increased $533,000, or 8.0%, to $7.2 million for the year ended December 31, 2021, compared to $6.7 million for the year ended December 31, 2020. The increase was primarily the result of an increase in compensation and employee benefits of $315,000, an increase in occupancy and equipment of $121,000, an increase in data processing expenses of $28,000, and an increase in other operating expenses of $65,000.

Federal Income Taxes. Federal income taxes decreased by $265,000 to an income tax expense of $311,000 for the year ended December 31, 2021, compared to an income tax expense of $576,000 for the year ended December 31, 2020. The decrease in income tax expense for the year ended December 31, 2021 was a direct result of the $800,000 decrease in noninterest income, and the $533,000 increase in non-interest expense, and the resulting decrease in net income.

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

	Three Months Ended 12/31/2021	Three Months Ended 12/31/2020	Year Ended 12/31/2021	Year Ended 12/31/2020
Total interest income	$ 1,099	$ 1,270	$ 4,589	$ 5,122
Total interest expense	143	207	636	1,006
Net interest income	956	1,063	3,953	4,116
Provision for loan losses	13	----	65	290
Net interest income after provision for loan loss	943	1,063	3,888	3,826
Total non-interest income	1,023	1,890	4,724	5,524
Compensation and benefits	1,311	1,436	5,085	4,770
Occupancy and equipment	118	90	428	307
Data processing	57	108	397	369
Legal and professional fees	106	99	389	358
FDIC Premium Expense	11	9	39	24
Other operating expenses	223	252	885	862
Total non-interest expense	1,826	1,994	7,223	6,690
Net Income Before Taxes	140	959	1,389	2,660
Provision for income taxes	45	205	311	576
Net Income	$ 95	$ 754	$ 1,078	$ 2,084
Basic and Diluted Earnings per Share	$ 0.07	$ 0.53	$ 0.76	$ 1.43
Weighted-average shares outstanding Basic and Diluted	1,410,067	1,397,438	1,402,284	1,423,564

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

	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/20
Asset Quality					
Allowance for Loan Losses	$ 1,199	$ 1,199	$ 1,198	$ 1,198	$ 1,386
Nonperforming Loans/Total Loans	0.54%	0.62%	0.76%	0.59%	2.34%
Nonperforming Assets/Total Assets	1.40%	1.46%	1.58%	1.48%	1.90%
ALLL / Nonperforming Loans	181.94%	162.9%	136.91%	175.9%	46.00%
ALLL / Loans, Gross	0.98%	1.02%	1.04%	1.04%	1.08%
Profitability (For the three months ended)					
Yield on Average Earning Assets	2.83%	3.09%	2.95%	3.55%	3.78%
Cost of Avg. Interest Bearing Liabilities	0.44%	0.48%	0.52%	0.58%	0.69%
Net Spread	2.39%	2.61%	2.43%	2.97%	3.09%
Net Margin	2.46%	2.69%	2.51%	3.04%	3.17%

	*12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/20
Capital (Bank Only)					
Tier 1 Capital Ratio	15.1%	15.2%	15.3%	15.5%	15.5%
Tier 1 Risk Based Capital Ratio	17.0%	17.2%	17.0%	17.5%	17.3%
Total Risk Based Capital Ratio	17.8%	18.0%	17.8%	18.3%	18.3%

*Capital Ratios at 12/31/21 do not reflect the affect of the stock repurchase on February 4, 2022.

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 Bank had no coronavirus (COVID-19) loan modifications outstanding at December 31, 2021.

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 made under the PPP through June 30, 2020 for small businesses who meet the necessary eligibility requirements in order to keep their workers on the payroll. At December 31, 2021, the Bank has no remaining loans under the PPP. At December 31, 2021, the Bank has recognized interest and fees on these loans of $411,000. At December 31, 2021 the SBA has forgiven all PPP loans made by the Bank.

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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