Eagle Financial Bancorp, Inc. Announces Cash Dividend and First Quarter 2022 Results

CINCINNATI – April 27, 2022, 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 $0.07 per common share. The dividend will be paid on or about May 31, 2022, to stockholders of record as of the close of business on May 13, 2022.

The Company announced net income of $47 thousand, or $0.04 per basic and diluted share for the quarter ended March 31, 2022, as compared to $436 thousand, or $0.31 per basic and diluted share for the quarter ended March 31, 2021. The decline was largely the result of a $686 thousand decrease in total non-interest income, offset by a $226 thousand decrease in total non-interest expense.

FINANCIAL HIGHLIGHTS

- Net income of $47 thousand for the three months ended March 31, 2022 compared to $436 thousand for the comparable period in 2021, representing a decrease of $389 thousand, or 89.2%.
- Net income before taxes of $55 thousand for the three months ended March 31, 2022 compared to $556 thousand for the comparable period in 2021, representing a decrease of $501 thousand, or 90.1%.
- Non-interest income of $694 thousand for the three months ended March 31, 2022 compared to $1.4 million for the comparable period in 2021, representing a decrease of $686 thousand, or 49.7%.
- Capital ratios of 14.1%, 15.5% and 16.2% for the Tier 1 Leverage ratio, Tier 1 Risked Based Capital ratio and Total Risked Based Capital ratio, respectively, at March 31, 2022.

Comparison of Financial Condition at March 31, 2022 and December 31, 2021

Total assets were $170.3 million at March 31, 2022, a decrease of $4.5 million, or 2.6%, below the $174.8 million at December 31, 2021. The decrease was primarily due to a decrease in cash and cash equivalents of $7.8 million, offset by an increase in loans, net of allowance for loan loss of $3.2 million.

Net loans totaled $113.8 million at March 31, 2022, as compared to $110.5 million at December 31, 2021, an increase of $3.2 million or 2.9%. During the three months ended March 31, 2022, we originated $28.1 million of loans, $17.6 million of which were one- to four-family residential real estate loans, and sold $12.6 million of loans in the secondary market. During the three months ended March 31, 2022, one- to four-family residential real estate loans increased $502 thousand, or 0.7%, to $68.3 million, multi-family loans decreased $7 thousand, or 0.6%, to $1.1 million, commercial real estate loans and land loans increased $1.6 million, or 7.1%, to $24.6 million, construction loans decreased $947 thousand, or 6.0%, to $14.8 million, home equity and other consumer loans increased $394 thousand, or 6.9% to $6.1 million, and commercial loans decreased $309 thousand, or 3.6%, to $8.2 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits decreased by $679 thousand, or 0.5%, to $140.8 million at March 31, 2022 from $141.5 million at December 31, 2021. Our core deposits, which are all deposits other than certificates of deposit, increased $1.2 million, or 1.3%, to $99.8 million at March 31, 2022 from $98.6 million at December 31, 2021. Certificates of deposit decreased $1.9 million, or 4.5%, to $41.0 million at March 31, 2022 from $42.9 million at December 31, 2021. During the three months ended March 31, 2022, 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 decreased $3.6 million, or 11.8%, to $26.5 million at March 31, 2022 from $30.1 million at December 31, 2021. The decrease resulted from a repurchase of common stock of $3.6 million and dividends paid of $96 thousand, offset by net income of $47 thousand during the three months ended March 31, 2022, expense of $30 thousand related to the ESOP shares committed to be released and expense of $61 thousand related to stock-based compensation.

EAGLE FINANCIAL BANCORP, INC.
STATEMENTS OF CONDITION
March 31, 2022 (Unaudited)
December 31, 2021 (Audited)
(In Thousands)

	3/31/2022	12/31/2021
ASSETS		
Cash and cash equivalents	$ 33,254	$ 41,007
Interest-bearing time deposits in other banks	3.984	2,988
Loans held for sale	1,854	2,809
Loans	114,966	111,746
Less: allowance for loan losses	(1,199)	(1,199)
Loans, net	113,767	110,547
Premises and equipment, net	3,974	3,999
Other assets	13,512	13,499
Total Assets	$ 170,345	$ 174,849
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	$ 7,894	$ 9,361
Interest bearing	132,954	132,166
Total Deposits	140,848	141,527
Other Liabilities	2,948	3,209
Total Liabilities	143,796	144,736
Total Shareholders' Equity	26,549	30,113
Total Liabilities and Shareholders' Equity	$ 170,345	$ 174,849

Comparison of Operating Results for the Three Months Ended March 31, 2022 and March 31, 2021

General. Our net income for the three months ended March 31, 2022 was $47 thousand, compared to a net income of $436 thousand for the three months ended March 31, 2021, a decrease of $389 thousand, or 89.2%. The decrease in net income was primarily due to a $686 thousand increase in total noninterest income, and a $93 thousand decrease in net interest income, offset by a $226 thousand decrease in total non-interest expense, a $52 thousand decrease in provision for loan losses, and a $112 thousand decrease in income tax expense.

Interest Income. Interest income decreased $143 thousand, or 11.5%, to $1.1 million for the three months ended March 31, 2022 from $1.2 million for the three months ended March 31, 2021. This decrease was primarily attributable to a $158 thousand decrease in interest earned on loans. The average balance of loans increased $1.6 million for the three months ended March 31, 2022, or 1.5%, from the average balance for the three months ended March 31, 2021, while the average yield on loans decreased by 62 basis points to 3.79% for the three months ended March 31, 2022 from 4.41% for the three months ended March 31, 2021.

Interest Expense. Total interest expense decreased $50 thousand, or 28.1%, to $128 thousand for the three months ended March 31, 2022 from $178 thousand for the three months ended March 31, 2021. This decrease is the result of interest expense on deposits. The average balance of deposits for the three months ended March 31, 2022 increased by $9.4 million, or 7.7%, from the average balance for the three months ended March 31, 2021, while the average cost of deposits decreased by 19 basis points to 0.39% for the three months ended March 31, 2022 from 0.58% for the three months ended March 31, 2021.

Net Interest Income. Net interest income decreased $93 thousand, or 8.7%, to $971 thousand for the three months ended March 31, 2022, compared to $1.1 million for the three months ended March 31, 2021. The decrease reflected a decrease in total interest and dividend income of $143 thousand, which was more than offset by a decrease in total interest expense of $50 thousand. Our net interest margin decreased to 2.52% for the three months ended March 31, 2022 from 3.04% for the three months ended March 31, 2021. Our net interest rate spread decreased to 2.47% for the three months ended March 31, 2022 from 2.97% for the three months ended March 31, 2021. The interest rate spread and net interest margin were primarily impacted by declining yields on total interest-earning assets in the three months ended March 31, 2022.

Provision for Loan Losses. We recorded no provision for loan losses for the three months ended March 31, 2022, compared to $52 thousand for the three months ended March 31, 2021. The allowance for loan losses was $1.2 million, or 0.97% of total loans, at March 31, 2022, compared to $1.2 million, or 1.04% of total loans, at December 31, 2021. Total nonperforming loans were $586 thousand at March 31, 2022, compared to $659 thousand at December 31, 2021. Classified loans decreased to $3.4 million at March 31, 2022, compared to $3.6 million at December 31, 2021. Total loans past due 30 days or more were $369 thousand and $386 thousand at March 31, 2022 and December 31, 2021, respectively. Net charge-offs totaled $0 for the three months ended March 31, 2022, compared to $241 thousand for the three months ended March 31, 2021. 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, 2022 and 2021. 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 decreased $686 thousand, or 49.7%, to $694 thousand for the three months ended March 31, 2022 from $1.4 million for the three months ended March 31, 2021. The decrease was primarily due to a $788 thousand decrease in the net gain on sale of loans during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, offset by an increase in other service charges and fees of $74 thousand, and an increase in income from operations of foreclosed real estate of $28 thousand.

Non-Interest Expense. Non-interest expense decreased $226 thousand, or 12.3%, to $1.6 million for the three months ended March 31, 2022, compared to $1.8 million for the three months ended March 31, 2021. The increase was primarily the result of a decrease in compensation and employee benefits of $156 thousand, a decrease of $52 thousand in legal and professional fees, and a decrease of $26 thousand in occupancy and equipment expense.

Federal Income Taxes. Federal income taxes decreased by $112 thousand to an income tax expense of $8 thousand for the three months ended March 31, 2022, compared to an income tax expense of $120 thousand for the three months ended March 31, 2021. The decrease in income tax expense for the three months ended March 31, 2022 was a direct result of the decrease in gain on loans sales, and the resulting decrease in net income.

EAGLE FINANCIAL BANCORP, INC.
STATEMENTS OF INCOME
Three Months Ended March 31, 2022 and 2021 (Unaudited)
(In Thousands, except share and per share data)

	Three Months Ended 3/31/2022	Three Months Ended 3/31/2021
Total interest income	$ 1,099	$ 1,242
Total interest expense	128	178
Net interest income	971	1,064
Provision for loan losses	---	52
Net interest income after provision for loan loss	971	1,012
Total non-interest income	694	1,380
Compensation and benefits	1,124	1,280
Occupancy and equipment	75	101
Data processing	98	108
Legal and professional fees	70	122
FDIC Premium Expense	11	9
Other operating expenses	232	216
Total non-interest expense	1,610	1,836
Net Income Before Taxes	55	556
Provision for income taxes	8	120
Net Income	$ 47	$ 436
Earnings per share:		
Basic	$ 0.04	$ 0.31
Diluted	$ 0.04	$ 0.31
Weighted-average shares outstanding		
Basic	1,307,228	1,398,645
Diluted	1,301,925	1,398,645

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

	3/31/2022	12/31/21
Asset Quality		
Allowance for Loan Losses	$ 1,199	$ 1,199
Nonperforming Loans/Total Loans	0.48%	0.54%
Nonperforming Assets/Total Assets	1.40%	1.40%
ALLL / Nonperforming Loans	204.61%	181.94%
ALLL / Loans, Gross	0.97%	0.98%

Profitability (For the three months ended)		
Yield on Average Earning Assets	2.86%	2.83%
Cost of Avg. Interest Bearing Liabilities	0.39%	0.44%
Net Interest Spread	2.47%	2.39%
Net Interest Margin	2.52%	2.46%
	3/31/2022	12/31/21
Capital (Bank Only)		
Tier 1 Capital Ratio	14.1%	15.1%
Tier 1 Risk Based Capital Ratio	15.5%	17.0%
Total Risk Based Capital Ratio	16.2%	17.8%

Forward Looking Statements

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 continuing impact of the COVID-19 outbreak on our business. The extent of such impact will depend on future developments. As the result of the COVID-19 pandemic and the related adverse local and national economic consequences, our forward-looking statements are subject to additional risks, uncertainties and assumptions.

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