

## Eagle Financial Bancorp, Inc. Announces Fourth Quarter 2022 Results

CINCINNATI – January 27, 2023, 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, 2022.

The Company announced net income of \$7,000, or \$0.01 per common share on approximately 1.2 million shares outstanding for the quarter ended December 31, 2022, as compared to \$95,000 or \$0.07 per common share on approximately 1.4 million shares outstanding for the quarter ended December 31, 2021. The decline was largely driven by a \$871,000 decrease in total non-interest income, offset by a \$437,000 increase in net interest income, and a \$341,000 decrease in non-interest expense.

Net income for the year ended December 31, 2022 decreased \$626,000 to \$452,000, or \$0.36 per common share as compared to \$1.1 million, or \$0.76 per common share for the year ended December 31, 2021. The decline was largely driven by a \$2.6 million, or 55.8% decrease in total non-interest income, offset by a \$733,000, or 18.5% increase in net interest income, a decrease of \$1.1 million, or 15.6% in total non-interest expense, and a decrease of \$191,000, or 61.4% in income tax expense.

Net interest income increased \$379,000, or 39.6%, to \$1.3 million for the three months ended December 31, 2022, compared to \$956,000 for the three months ended December 31, 2021. The increase in net interest income for the three months ended December 31, 2022 was largely driven by an increase in the weighted average yield on total interest-earning assets to 3.95% for the quarter ended December 31, 2022 from 2.83% for the comparable 2021 period.

### FINANCIAL HIGHLIGHTS

- Net income of \$7,000 for the three months ended December 31, 2022 compared to \$95,000 for the comparable period in 2021, representing a decrease of \$88,000, or 92.6%.
- Net income of \$452,000 for the year ended December 31, 2022 compared to \$1.1 million for the comparable period in 2021, representing a decrease of \$626,000, or 58.1%.
- Net income before taxes of \$2,000 for the three months ended December 31, 2022 compared to \$140,000 for the comparable period in 2021, representing a decrease of \$138,000, or 98.6%.
- Net income before taxes of \$572,000 for the year ended December 31, 2022 compared to \$1.4 million for the comparable period in 2021, representing a decrease of \$817,000, or 58.8%.
- Non-interest income of \$2.1 million for the year ended December 31, 2022 compared to \$4.7 million for the comparable period in 2021, representing a decrease of \$2.6 million, or 55.8%.
- Capital ratios of 14.7%, 15.4% and 16.1% for the Tier 1 Leverage ratio, Tier 1 Risked Based Capital ratio and Total Risked Based Capital ratio, respectively at December 31, 2022.

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

Total assets were \$173.7 million at December 31, 2022, a decrease of \$1.1 million, or 0.6%, below the \$174.8 million at December 31, 2021. The decrease was primarily due to a decrease in cash and cash equivalents of \$33.3 million, a decrease in loans held for sale of \$2.7 million, offset by an increase in loans, net of allowance for loan losses of \$20.1 million, an increase in interest bearing time deposits in other banks of \$4.4 million, and an increase in US treasuries net of (discount)/premium of \$10.1 million.

Net loans totaled \$132.1 million at December 31, 2022, as compared to \$111.9 million at December 31, 2021, an increase of \$20.1 million or 18.0%. During the year ended December 31, 2022, we originated \$112.7 million of loans, \$77.2 million of which were one- to four-family residential real estate loans, and sold \$46.0 million of loans in the secondary market. During the year ended December 31, 2022, one- to four-family residential real estate loans increased \$13.3 million, or 20.7%, to \$77.5 million, multi-family loans decreased \$246,000, or 21.4%, to \$904,000, commercial real estate loans and land loans increased \$3.6 million, or 14.7%, to \$27.9 million, construction loans increased \$2.5 million, or 16.0% to 18.2 million, home equity and other consumer loans increased \$2.0 million, or 34.5% to \$7.6 million, and commercial loans increased \$437,000, or 5.1% to \$9.0 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits decreased by \$8.7 million, or 6.1%, to \$132.8 million at December 31, 2022 from \$141.5 million at December 31, 2021. Our core deposits, which are all deposits other than certificates of deposit, decreased \$8.1 million, or 8.2%, to \$90.5 million at December 31, 2022 from \$98.6 million at December 31, 2021. Certificates of deposit decreased \$614,000, or 1.4%, to \$42.3 million at December 31, 2022 from \$42.9 million at December 31, 2021. During the year ended December 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 \$3.5 million, or 11.6%, to \$26.6 million at December 31, 2022 from \$30.1 million at December 31, 2021. The decrease resulted from a repurchase of 185,911 shares of common stock for \$3.9 million, and dividends paid of \$379,000, offset by net income of \$452,000

during the year ended December 31, 2022, expense of \$121,000 related to the ESOP shares committed to be released and expense of \$247,000 related to stock-based compensation.

## EAGLE FINANCIAL BANCORP, INC.

### STATEMENTS OF CONDITION

December 31, 2022 (Unaudited) and December 31, 2021 (Audited)

(In Thousands)

	<u>12/31/2022</u>	<u>12/31/2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,737	41,007
Interest-bearing time deposits in other banks	7,397	2,988
US Treasuries net of (discount)/premium	10,100	----
Loans held for sale	134	2,809
Loans	133,288	113,129
Less: Allowance for loan losses	<u>(1,217)</u>	<u>(1,199)</u>
Loans, net	132,071	111,930
Premises and equipment, net	3,917	3,999
Other assets	<u>12,367</u>	<u>12,116</u>
Total Assets	<u>\$ 173,723</u>	<u>\$ 174,849</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits:		
Non-interest bearing	\$ 8,717	\$ 9,361
Interest bearing	<u>124,108</u>	<u>132,166</u>
Total Deposits	132,825	141,527
FHLB Advances	11,000	----
Other Liabilities	<u>3,269</u>	<u>3,209</u>
Total Liabilities	147,094	144,736
Total Shareholders' Equity	<u>26,629</u>	<u>30,113</u>
Total Liabilities and Shareholders' Equity	<u>\$ 173,723</u>	<u>\$ 174,849</u>

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

**General.** Our net income for the three months ended December 31, 2022 was \$7,000, compared to a net income of \$95,000 for the three months ended December 31, 2021, a decrease of \$88,000, or 92.6%. The decrease in net income was primarily due to an \$871,000 decrease in total non-interest income, offset by a \$379,000 increase in net interest income, a \$341,000 decrease in total non-interest expense, and a \$50,000 decrease in income tax expense.

**Interest Income.** Interest income increased \$437,000, or 39.8%, to \$1.5 million for the three months ended December 31, 2022 from \$1.1 million for the three months ended December 31, 2021. This increase was primarily attributable to a \$234,000 increase in interest earned on loans, an increase of \$135,000 on FHLB stock dividends and interest on other interest earning deposits, and an increase of \$68,000 on US treasury securities. The average balance of interest earning assets increased \$403,000 for the three months ended December 31, 2022, or 0.3%, from the average balance for the three months ended December 31, 2021, and the average yield on interest earning assets increased by 112 basis points to 3.95% for the three months ended December 31, 2022 from 2.83% for the three months ended December 31, 2021.

**Interest Expense.** Interest expense increased \$58,000, or 40.6%, to \$201,000 for the three months ended December 31, 2022 from \$143,000 for the three months ended December 31, 2021. This increase is primarily the result of an increase in deposit interest rates for the three months ended December 31, 2022. The average balance of interest-bearing liabilities for the three months ended December 31, 2022 increased by \$410,000, or 0.3% from the average balance for the three months ended December 31, 2021, while the average cost of interest-bearing liabilities increased by 17 basis points to 0.61% for the three months ended December 31, 2022 from 0.44% for the three months ended December 31, 2021.

Interest expense on FHLB advances increased \$56,000, or 100.0%, to \$56,000 for the three months ended December 31, 2022 from \$0 for the three months ended December 31, 2021. The average balance of FHLB advances during the three ended December 31, 2022 increased by \$5.3 million, while the average cost of FHLB advances increased by 392 basis points to 4.20% for the three months ended December 31, 2022 from 0.28% for the three months ended December 31, 2021.

**Net Interest Income.** Net interest income increased \$379,000, or 39.6%, to \$1.3 million for the three months ended December 31, 2022, compared to \$956,000 for the three months ended December 31, 2021. The increase reflected an increase in interest on loans of \$234,000, an increase in dividend income on Federal Home Loan Bank (“FHLB”) stock and interest income on other interest earning deposits of \$135,000, an increase in US treasuries of \$68,000, and an increase in total interest expense of \$58,000. Our net interest margin increased to 3.43% for the three months ended December 31, 2022 from 2.46% for the three months ended December 31, 2021. Our net interest rate spread increased to 3.34% for the three months ended December 31, 2022 from 2.39% for the three months ended December 31, 2021.

**Provision for Loan Losses.** No provision expense was recorded for the three months ended December 31, 2022, while a provision expense of \$13,000 was recorded for the same period ended December 31, 2021. The allowance for loan losses was \$1.2 million, or 0.85% of total loans, at December 31, 2022, compared to \$1.2 million, or 0.97% of total loans, at December 31, 2021. Total nonperforming loans were \$1.1 million at December 31, 2022, compared to \$2.0 million at December 31, 2021.

**Non-Interest Income.** Non-interest income decreased \$871,000, or 85.1%, to \$152,000 for the three months ended December 31, 2022 from \$1.0 million for the three months ended December 31, 2021. The decrease was primarily due to a \$521,000 decrease in the net gain on sale of loans, and a decrease in other service charges and fees of \$350,000 during the three months ended December 31, 2022 as compared to the three months ended December 31, 2021.

**Non-Interest Expense.** Non-interest expense decreased \$341,000, or 18.7%, to \$1.5 million for the three months ended December 31, 2022, compared to \$1.8 million for the three months ended December 31, 2021. The decrease was primarily the result of a decrease in compensation and employee benefits of \$317,000, a decrease in legal and professional services of \$54,000, offset by an increase in data processing expense of \$24,000.

**Federal Income Taxes.** Federal income taxes decreased by \$50,000 to an income tax benefit of \$5,000 for the three months ended December 31, 2022, compared to an income tax expense of \$45,000 for the three months ended December 31, 2021. The decrease in income tax expense for the three months ended December 31, 2022 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, 2022 and December 31, 2021**

**General.** Our net income for the year ended December 31, 2022 was \$452,000, compared to a net income of \$1.1 million for the year ended December 31, 2021, a decrease of \$626,000, or 58.1%. The decrease in net income was due to a decrease in non-interest income of \$2.6 million, offset by an increase in total interest and dividend income of \$662,000, a decrease in total non-interest expense of \$1.1 million, and a decrease in total income tax of \$191,000 for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

**Interest Income.** Interest income increased \$662,000, or 14.4%, to \$5.3 million for the year ended December 31, 2022 from \$4.6 million for the year ended December 31, 2021. This increase was attributable to a \$155,000 increase in interest income on loans receivable, an increase in interest income on other interest-earning deposits of \$239,000, an increase in dividend income on FHLB stock of \$108,000, and an increase in interest income on US treasuries of \$160,000. The average balance of loans for the year ended December 31, 2022 increased by \$11.0 million, or 10.1%, from the average balance for the year ended December 31, 2021, and the average yield on loans decreased by 26 basis points to 3.91% for the year ended December 31, 2022 from 4.17% for the year ended December 31, 2021. The average balance of interest earning deposits decreased \$5.3 million, however, the average yield on those deposits increased by 149 basis points to 1.67% for the year ended December 31, 2022 from 0.18% for the year ended December 31, 2021.

**Interest Expense.** Total interest expense decreased \$71,000, or 11.2%, to \$565,000 for the year ended December 31, 2022 from \$636,000 for the year ended December 31, 2021. Interest expense on deposit accounts decreased \$127,000, or 20.0%, to \$509,000 for the year ended December 31, 2022 from \$636,000 for the year ended December 31, 2021. The average balance of deposits during the year ended December 31, 2022 increased by \$3.4 million, or 2.7% from the average balance for the year ended December 31, 2021, while the average cost of deposits decreased by 11 basis points to 0.39% for the year ended December 31, 2022 from 0.50% for the year ended December 31, 2021.

Interest expense on FHLB advances increased \$56,000, or 100.0%, to \$56,000 for the year ended December 31, 2022 from \$0 for the year ended December 31, 2021. The average balance of FHLB advances during the year ended December 31, 2022 increased by \$1.3 million, or 133.3% from the average balance for the year ended December 31, 2021, while the average cost of FHLB advances increased by 392 basis points to 4.20% for the year ended December 31, 2022 from 0.28% for the year ended December 31, 2021.

**Net Interest Income.** Net interest income increased \$733,000, or 18.5%, to \$4.7 million for the year ended December 31, 2022, compared to \$4.0 million for the year ended December 31, 2021. The increase reflected an increase in total interest and dividend income of \$662,000, and a decrease in total interest expense of \$71,000. Our net interest margin increased to 3.04% for the year ended December 31, 2022 from 2.67% for the year ended December 31, 2021. Our net interest rate spread increased to 2.98% for the year ended December 31, 2022 from 2.59% for the year ended December 31, 2021. The interest rate spread and net interest margin were again impacted by increasing interest rates in the year ended December 31, 2022.

**Provision for Loan Losses.** We recorded a \$109,000 provision for loan losses for the year ended December 31, 2022, as compared to \$65,000 for the year ended December 31, 2021. The allowance for loan losses was \$1.2 million, or 0.85% of total loans, at December 31, 2022, compared to \$1.2 million, or 0.97% of total loans, at December 31, 2021. Total nonperforming loans were \$1.1 million at December 31, 2022, compared to \$2.0 million at December 31, 2021. Classified loans decreased to \$3.1 million at December 31, 2022, compared to \$5.0 million at December 31, 2021. Total loans past due 30 days or more were \$608,000 and \$1.8 million at December 31, 2022 and December 31, 2021, respectively. Net charge-offs totaled

\$92,000 for the year ended December 31, 2022, compared to \$253,000 of net loan charge-offs for the year ended December 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 December 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, 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 \$2.6 million, or 55.8%, to \$2.1 million for the year ended December 31, 2022 from \$4.7 million for the year ended December 31, 2021. The decrease was primarily due to a decrease in the net gain on sale of loans of \$2.5 million, and a decrease of \$476,000 in other service charges and fees, offset by an increase in gain on sale of foreclosed real estate of \$311,000 during the year ended December 31, 2022 as compared to the year ended December 31, 2021.

**Non-Interest Expense.** Non-interest expense decreased \$1.1 million, or 15.6%, to \$6.1 million for the year ended December 31, 2022, compared to \$7.2 million for the year ended December 31, 2021. The decrease was primarily the result of a decrease in compensation and employee benefits of \$1.0 million.

**Federal Income Taxes.** Federal income taxes decreased by \$191,000 to an income tax expense of \$120,000 for the year ended December 31, 2022, compared to an income tax expense of \$311,000 for the year ended December 31, 2021. The decrease in income tax expense for the year ended December 31, 2022 was a direct result of the \$2.6 million decrease in noninterest income, offset by an increase in net interest income of \$733,000, and a decrease of \$1.1 million in non-interest expense.

## EAGLE FINANCIAL BANCORP, INC.

### STATEMENTS OF INCOME

Three Months and Year End December 31, 2022 and 2021 (Unaudited)

(In Thousands, except share and per share data)

	Three Months Ended <u>12/31/2022</u>	Three Months Ended <u>12/31/2021</u>	Year Ended <u>12/31/2022</u>	Year Ended <u>12/31/2021</u>
Total interest income	\$ 1,536	\$ 1,099	\$ 5,251	\$ 4,589
Total interest expense	<u>201</u>	<u>143</u>	<u>565</u>	<u>636</u>
Net interest income	1,335	956	4,686	3,953
Provision for loan losses	<u>-----</u>	<u>13</u>	<u>109</u>	<u>65</u>
Net interest income after provision for loan loss	1,335	943	4,577	3,888
Total non-interest income	152	1,023	2,088	4,724
Compensation and benefits	994	1,311	4,037	5,085
Occupancy and equipment	100	118	362	428
Data processing	81	57	327	397
Legal and professional fees	52	106	305	389
FDIC Premium Expense	11	11	45	39
Other operating expenses	<u>247</u>	<u>223</u>	<u>1,017</u>	<u>885</u>
Total non-interest expense	1,485	1,826	6,093	7,223
Net Income Before Taxes	2	140	572	1,389
Provision for income taxes	<u>(5)</u>	<u>45</u>	<u>120</u>	<u>311</u>
Net Income	<u>\$ 7</u>	<u>\$ 95</u>	<u>\$ 452</u>	<u>\$ 1,078</u>
Basic Earnings per Share	<u>\$ 0.01</u>	<u>\$ 0.07</u>	<u>\$ 0.36</u>	<u>\$ 0.76</u>
Weighted-average shares outstanding Basic	<u>1,243,639</u>	<u>1,410,067</u>	<u>1,256,554</u>	<u>1,402,284</u>
Diluted Earnings per Share	<u>\$ 0.01</u>	<u>\$ 0.07</u>	<u>\$ 0.35</u>	<u>\$ 0.76</u>
Weighted-average shares outstanding Diluted	<u>1,253,701</u>	<u>1,410,067</u>	<u>1,265,016</u>	<u>1,402,284</u>

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

	<u>12/31/2022</u>	<u>9/30/2022</u>	<u>6/30/2022</u>	<u>3/31/2022</u>	<u>12/31/21</u>
<b>Asset Quality</b>					
Allowance for Loan Losses	\$ 1,217	\$ 1,217	\$ 1,216	\$ 1,199	\$ 1,199
Nonperforming Loans/Total Loans	0.79%	0.92%	0.94%	0.48%	1.66%
Nonperforming Assets/Total Assets	0.67%	0.94%	0.77%	1.40%	1.40%
ALLL / Nonperforming Loans	107.60%	98.22%	95.82%	204.61%	58.72%
ALLL / Loans, Gross	0.85%	0.91%	0.90%	0.97%	0.97%
<b>Profitability (For the three months ended)</b>					
Yield on Average Earning Assets	3.50%	3.64%	3.17%	2.86%	2.83%
Cost of Avg. Interest Bearing Liabilities	0.61%	0.36%	0.36%	0.39%	0.44%
Net Spread	3.34%	3.28%	2.81%	2.47%	2.39%
Net Margin	3.43%	3.34%	2.85%	2.52%	2.46%
<b>Capital (Bank Only)</b>					
Tier 1 Capital Ratio	14.7%	14.7%	14.3%	14.1%	15.1%
Tier 1 Risk Based Capital Ratio	15.4%	15.8%	15.4%	15.5%	17.0%
Total Risk Based Capital Ratio	16.1%	16.6%	16.2%	16.2%	17.8%

**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.

Contacts:  
Gary Koester, Chief Executive Officer

Patricia Walter, President  
Kevin Schramm, Vice President & Chief Financial Officer  
(513) 574-0700