March 18, 2022

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Eagle Financial Bancorp, Inc. The meeting will be held at Western Hills Country Club, located at 5780 Cleves Warsaw Pike, Cincinnati, Ohio, 45233, at 3:00 p.m., local time, on Tuesday, April 19, 2022.

The notice of annual meeting and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. Officers of the Company are expected to be present to respond to appropriate questions of shareholders.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card promptly. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card.

We are monitoring the effects in our region of the coronavirus disease 2019 (COVID-19) pandemic. The health and well-being of our employees, shareholders, directors, officers and other stakeholders are paramount. If public health developments warrant, we may change the date, time or location of the annual meeting, including the possibility that we may hold the annual meeting through a "virtual" or online method. Any such change will be announced as promptly as practicable, through a press release and notice on our website at www.eagle.bank, as well as any other notification required by state law.

We hope to see you at the meeting.

Sincerely,

Gary J Koester

Gary J. Koester
Chief Executive Officer

Eagle Financial Bancorp, Inc.
6415 Bridgetown Road
Cincinnati, Ohio 45248
(513) 574-0700

NOTICE OF 2022 ANNUAL MEETING OF SHAREHOLDERS

TIME AND DATE	3:00 p.m. on Tuesday, April 19, 2022.
PLACE	Western Hills Country Club, located at 5780 Cleves Warsaw Pike, Cincinnati, Ohio 45233.
ITEMS OF BUSINESS	(1) To elect two directors to serve for a term of three years. (2) To ratify the selection of BKD, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2022. (3) To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.
RECORD DATE	To vote, you must have been a shareholder at the close of business on February 28, 2022.
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card or voting instruction card sent to you. Voting instructions, including how to vote by phone or internet, are printed on your proxy or voting instruction card. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in the proxy statement.

Important Notice Regarding COVID-19

We are monitoring the effects in our region of the coronavirus disease 2019 (COVID-19) pandemic. The health and well-being of our employees, shareholders, directors, officers and other stakeholders are paramount. If public health developments warrant, we may change the date, time or location of the annual meeting, including the possibility that we may hold the annual meeting through a "virtual" or online method. Any such change will be announced as promptly as practicable, through a press release and notice on our website at www.eagle.bank, as well as any other notification required by state law.

By Order of the Board of Directors

Kevin R. Schramm
Corporate Secretary
March 18, 2022

The Proxy Statement, Notice and 2021 Annual Report are Available at: http://www.cstproxy.com/eaglesavings/2022.

Eagle Financial Bancorp, Inc.

Proxy Statement

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Eagle Financial Bancorp, Inc. (the "Company" or "Eagle Financial") to be used at the annual meeting of shareholders of the Company. The Company is the holding company for EAGLE.bank (the "Bank"). The annual meeting will be held at Western Hills Country Club, located at 5780 Cleves Warsaw Pike, Cincinnati, Ohio 45233 on Tuesday, April 19, 2022 at 3:00 p.m. local time. This proxy statement and the enclosed proxy card are being mailed to shareholders of record on or about March 18, 2022.

Voting and Proxy Procedure

Who Can Vote at the Meeting

You are entitled to vote your Company common stock if the records of the Company show that you held your shares as of the close of business on February 28, 2022. If your shares are held through a broker, bank or similar holder of record, you are considered the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by your broker or other holder of record. As the beneficial owner, you have the right to direct your broker or other holder of record how to vote by filling out a voting instruction form that accompanies these proxy materials. Your broker or other holder of record may allow you to provide voting instructions by telephone or by the Internet. Please see the voting instruction form provided by your broker or other holder of record that accompanies this proxy statement.

As of the close of business on February 28, 2022, there were 1,375,595 shares of Company common stock outstanding. Each share of common stock has one vote. The Company's articles of incorporation provide that record owners of Company common stock beneficially owned by a person who beneficially owns in excess of 10% of the Company's outstanding common stock (a "10% beneficial owner"), shall not be entitled to vote, in the aggregate, shares beneficially owned by the 10% beneficial owner in excess of 10% of the Company's outstanding common stock, unless a majority of unaffiliated directors (as defined in the articles of incorporation) grant such entitlement by resolution in advance of the acquisition of the excess shares.

Attending the Meeting

If you were a shareholder as of the close of business on February 28, 2022, you may attend the meeting. However, if your shares of Company common stock are held in street name, you will need proof of ownership to be admitted to the meeting. A recent account statement or letter from your broker or other holder of record are examples of proof of ownership. If you want to vote your shares of Company common stock held in street name in person at the meeting, you will have to get a written proxy in your name from your broker or other holder of record.

Quorum and Vote Required for Proposals

Quorum. A majority of the outstanding shares of common stock entitled to vote is required to be represented at the meeting to constitute a quorum for the transaction of business.

Votes Required for Proposals. At this year's annual meeting, shareholders will elect two directors to serve for a term of three years and until their successors are elected and qualified. In voting on the election of directors, you may vote in favor of the nominees, withhold votes as to all nominees, or withhold votes as to a specific nominee. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the greatest number of votes will be elected.

In voting on the ratification of the appointment of BKD, LLP ("BKD") as the Company's independent registered public accounting firm, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To ratify the selection of BKD as our independent registered public accounting firm for the fiscal year ending December 31, 2022, the affirmative vote of a majority of the votes cast on the proposal is required.

Broker Non-Votes. If you do not provide your broker or other record holder with voting instructions on certain non-routine matters, your broker will not have discretion to vote your shares on such matters. The election of directors is a non-routine matter. In the case of routine matters (e.g., the ratification of the appointment of the Company's independent registered public accounting firm), your broker or other holder of record is permitted to vote your shares in the record holder's discretion if you have not provided voting instructions. A "broker non-vote" occurs when your broker submits a proxy for the meeting with respect to routine matters, but does not vote on non-routine matters because you did not provide voting instructions on such matters.

How Votes Are Counted. If you return valid proxy instructions or attend the meeting in person, we will count your shares for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a quorum.

In counting votes for the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In counting votes on the proposal to ratify the selection of the independent registered public accounting firm, abstentions will have no effect on the outcome of the vote.

Voting by Proxy

The Company's Board of Directors is sending you this proxy statement to request that you allow your shares of Company common stock to be represented at the annual meeting by the persons named in the enclosed proxy card. All shares of Company common stock represented at the meeting by properly executed and dated proxies will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors.

The Board of Directors recommends that you vote:

- *for* each of the nominees for director; and

- *for* ratification of the appointment of BKD as the Company's independent registered public accounting firm.

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the meeting to solicit additional proxies. If the annual meeting is postponed or adjourned for less than 30 days, your Company common stock may be voted by the persons named in the proxy card on the new meeting date, provided you have not revoked your proxy. The Company does not currently know of any other matters to be presented at the meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must advise the Corporate Secretary of the Company in writing before your common stock has been voted at the annual meeting, deliver a later dated proxy or attend the meeting and vote your shares in person by ballot. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

Participants in the Eagle Savings Bank ESOP or 401(k) Plan

If you participate in the Eagle Savings Bank Employee Stock Ownership Plan (the "ESOP"), you will receive a vote authorization form for the plan that reflects all shares you may direct the trustees to vote on your behalf under the ESOP. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary responsibilities, will vote all unallocated shares of Eagle Financial common stock held by the ESOP and allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. Under the terms of the Eagle Savings Bank 401(k) Profit Sharing Plan (the "401(k) Plan"), a participant is entitled to vote the shares credited to his or her 401(k) Plan account. Shares for which no voting instructions are given or for which instructions were not timely received may be voted by the 401(k) Plan trustee as directed in the sole discretion of the Plan Administrator, subject to the determination that such a vote is for the exclusive benefit of plan participants and beneficiaries. **The deadline for returning your ESOP and 401(k) Plan voting instructions is April 12, 2022.**

Corporate Governance and Board Matters

The Company periodically reviews its corporate governance policies and procedures to ensure that the Company reports results with accuracy and transparency and maintains full compliance with the laws, rules and regulations that govern the Company's operations.

Proposal 1 — Election of Directors

Eagle Financial Bancorp, Inc. and EAGLE.bank each have six directors. Directors serve three-year staggered terms so that approximately one-third of the directors are elected at each annual meeting. Directors of EAGLE.bank will be elected by Eagle Financial Bancorp, Inc. as its sole stockholder. The table below sets forth certain information regarding the composition of the Board of Directors and management as well as stock ownership of directors and executive officers as of February 28, 2022. Except as indicated herein each of the named individuals has sole voting power and sole investment power with respect to the number of shares shown. Percentages are based on 1,375,595 shares of Company common stock issued and outstanding as of February 28, 2022.

Name	Age as of 12/31/21	Positions Held in Eagle Financial Bancorp, Inc.	Directors Since	Term to Expire	Shares of Common Stock Beneficially Owned on the Record Date	Percent of Class
		Directors				
Gary J. Koester	68	Chief Executive Officer and Director	1982	2022	78,053	5.67%
Guy W. Cagney	69	Director	2002	2023	41,451	3.01%
Steven J. Dulle	64	Director	1996	2023	36,451	2.65%
Adam B. Goetzman	62	Director	2008	2024	24,451	1.78%
Steven C. Kehoe	66	Director	2008	2022	26,451	1.92%
Patricia L. Walter	46	President and Director	2021	2024	53,009	3.85%
		Named Executive Officers Who Are Not Directors				
Kevin R. Schramm	57	Vice President, Chief Financial Officer and Treasurer			31,482	2.29%
All directors and executive officers as a group (10 persons)						23.82%

Nominees for Election as Directors

The nominees for election as directors at the 2022 annual meeting of shareholders are Steven C. Kehoe and Gary J. Koester, each of whom is a current director of the Company and the Bank.

It is intended that the proxies solicited by the Board of Directors will be voted for the election of the nominees named above unless other instructions are provided. If any nominee is unable to serve, the proxy committee will vote your shares to approve the election of any substitute proposed by the Board of Directors. Alternatively, the Board of Directors may adopt a resolution to reduce the size of the Board. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ELECTION OF BOTH NOMINEES.

The Business Background of Nominees and Continuing Directors and Executive Officers

The business experience for the past five years of each of our nominees and continuing directors is set forth below. Unless otherwise indicated, directors have held their positions for the past five years.

Nominees

The nominees standing for election for a term of three years are:

Steven C. Kehoe is a founding member of Kehoe Financial Services, LLC, a regional office of Kestra and a Registered Investment Advisor in Cincinnati, Ohio since 1982. Mr. Kehoe's practice is an independent fee-based financial planning practice primarily focusing on small business planning, investments, retirement planning and estate planning. Mr. Kehoe is also a Registered Representative with Kestra and a licensed agent with many leading insurance companies. Mr. Kehoe brings the Board extensive financial experience and will serve as the Board's audit committee financial expert.

Gary J. Koester is our Chief Executive Officer and has served in those capacities with EAGLE.bank since 1996, and assumed the role of Chairman of the Board beginning in May 2021. Mr. Koester began his career at EAGLE.bank in 1977 and has held various other positions during his time with the Bank. His experience at EAGLE.bank includes all facets of the Bank including lending, operations, and information technology.

Directors Continuing in Office

The following directors have terms ending in 2023:

Guy W. Cagney is a local real estate agent with Coldwell Banker West Shell since 2012. Mr. Cagney is a licensed Real Estate Agent in Ohio, Indiana and Florida. He has built a 42 year successful real estate career and reputation mostly in residential real estate sales. He is a member of the Western Hills Lions Club, Elder High School Alumni Board and Cincinnati Area Board of Realtors Grievance Advisory Committee. Mr. Cagney offers the Board experience in marketing, community involvement and the real estate market in the Bank's lending areas.

Steven J. Dulle is the founder and President of Dulle and Company, a Cincinnati based advertising and marketing firm, which he started in 1982. His experience includes a wide variety of clients in the technology, service, manufacturing, home building, health care, financial services and consumer products industries. Mr. Dulle offers the Board his experience in developing marketing strategies and branding campaigns for local, national and international clients.

The following directors have terms ending in 2024:

Adam B. Goetzman is the Development Director and Zoning Administrator of Northeast Green Township Zoning District. Mr. Goetzman is responsible for zoning, code enforcement and development review services with county and/or state agencies. He performs comprehensive land use planning and promotes business development and retention. Mr. Goetzman brings the Board extensive knowledge of the building industry and business in the Bank's market.

Patricia L. Walter is our President and was hired on July 6, 2016. In April 2021, Ms. Walter was promoted to President following her service as Executive Vice President of the Bank. For 11 years prior to joining the Bank, Ms. Walter served as the Controller and then Senior Vice President of Finance for the former Cheviot Savings Bank. Ms. Walter began her career in 1997 working for six years with Grant

Thornton LLP as an auditor, and then for two years with Comair, Inc., a former subsidiary of Delta Air Lines, as the Manager of Corporate Accounting.

Executive Officers Who Are Not Directors

Kevin R. Schramm is our Vice President, Chief Financial Officer and Treasurer. Mr. Schramm has served as Chief Financial Officer and Treasurer with EAGLE.bank since September 2006, and was named Vice President in 2017. Mr. Schramm began his career in 1986 with Cinco Federal Credit Union where he spent 17 years in various positions, including Operations Manager and Controller. Mr. Schramm's experience also includes service as the Chief Financial Officer of the former Cottage Savings Bank.

W. Raymond McCleese is our Vice President of Commercial Lending since being hired in May 2016. Prior to joining EAGLE.bank, he served two years as a Vice President of Commercial Lending for First Financial Bank, and for over four years as a Vice President and a part of senior management with the former Merchants Bank and Trust, heading up the Commercial and Industrial division. He has also served as a Federal SBSE Agent for the Internal Revenue Service, Chief Financial Officer of a mid-sized interior design firm, and as a staff accountant for a well-established local CPA firm.

Kevin G. Strehle is our Vice President of Residential Lending and was promoted to this position in November 2021. Mr. Strehle joined the Bank in January 2015 as a Mortgage Loan Originator and prior to his promotion served as the Residential Lending Operations Manager. He has also held previous origination and managerial positions throughout his career with Fifth Third bank and Third Federal Savings & Loan.

Mendee L. Wyenandt is our Vice President of Operations and Chief Information Officer. Ms. Wyenandt was promoted to Vice President of Operations in November 2021. Ms. Wyenandt started her career with the Bank in 2001 and has held various other positions during her time with the Bank. Her experience includes lending and deposit operations and served as the Information Security Officer until she was promoted to Chief Information Officer 2015.

Proposal 2 — Ratification of Independent Audit Firm

The Audit Committee of the Board of Directors has appointed BKD to be the Company's independent audit firm for the year ending December 31, 2022, subject to ratification by shareholders.

If the ratification of the appointment of BKD is not approved by a majority of the votes cast by shareholders at the annual meeting, other independent audit firms may be considered by the Audit Committee of the Board of Directors.

Even if the selection of BKD is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent audit firm at any time during the year if it determines that such change is in the best interest of the Company and its shareholders.

The Board of Directors recommends a vote "FOR" the ratification of BKD, LLP as independent audit firm for the year ending December 31, 2022.

Submission of Business Proposals and Shareholder Nominations

The Company's bylaws provide that, in order for a shareholder to make nominations for the election of directors or proposals for business to be brought before the annual meeting, a shareholder must deliver notice of such nominations and/or proposals to the Secretary not less than 110 days nor more than 120 days prior to the anniversary of the prior year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days prior to the anniversary of the preceding year's annual meeting, a stockholder's written notice shall be timely only if delivered or mailed to and received by the Secretary of the Company no earlier than the day on which public disclosure of the date of such annual meeting is first made and no later than the tenth day following the day on which public disclosure of the date of such annual meeting is first made. The bylaws provide specific requirements for the contents of the notice regarding any such nomination or proposal.

Miscellaneous

The Company's Annual Report to Shareholders has been included with this proxy statement. Any shareholder who has not received a copy of the Annual Report may obtain a copy by writing to the Corporate Secretary of the Company. The Annual Report is not to be treated as part of the proxy solicitation material or as having been incorporated by reference into this proxy statement.

Whether or not you plan to attend the annual meeting, please vote by marking, signing, dating and promptly returning the enclosed proxy card in the enclosed envelope.

BY ORDER OF THE BOARD OF DIRECTORS

Kevin R. Schramm

Kevin R. Schramm
Corporate Secretary

Cincinnati, Ohio
March 18, 2022

[ADD LOGO]

Message from Our Chief Executive Officer:

On behalf of Eagle Financial Bancorp, Inc. (the Company), and its wholly owned subsidiary, EAGLE.Bank (the Bank), I am pleased to present our 2021 annual financial report. The board of directors, officers and employees are optimistic regarding opportunities for our Company in the future.

Financial highlights:

- Net income available to common shareholders totaled $1.1 million for 2021 as compared to $2.1 million for 2020, representing a decrease of $1.0 million, or 48.3%.
- Earnings per share available to common shareholders totaled $0.76 per share for the year ended December 31, 2021 compared to $1.43 per share for 2020.
- Total assets of the Company were $174.8 million at December 31, 2021, an increase of $14.4 million from $160.4 million at December 31, 2020.
- Net loans receivable decreased $8.9 million to $110.5 million at December 31, 2021, from $119.4 million at December 31, 2020.
- Deposits increased $13.1 million to $141.5 million at December 31, 2021, from $128.4 million at December 31, 2020.
- Non-accrual loans decreased $352,000 to $385,000 at December 31, 2021, from $737,000 at December 31, 2020.
- Classified substandard assets increased $840,000 million to $3.6 million at December 31, 2021, from $2.8 million at December 31, 2020.
- The Bank's Tier 1 leverage capital ratio, risked-based common equity Tier 1 capital ratio, Tier 1 capital ratio and risk-based total capital ratios of 15.1%, 17.0%, 17.0% and 17.8%, respectively, at December 31, 2021 exceeded all regulatory requirements and categorize the Bank as well capitalized under applicable regulations.

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 $5.0 million, or 47.3%, to $15.7 million, home equity and other consumer loans decreased $1.5 million, or 20.8% to $5.7 million, and commercial loans increased $3.3 million, or 63.9% to $8.5 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 $116,000 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 $304,000.

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.

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.

ANNUAL REPORT TO STOCKHOLDERS

Selected Financial Data

The following tables set forth selected consolidated historical financial and other data of Eagle Financial Bancorp, Inc. and subsidiary at or for the years ended December 31, 2021 and 2020. The following information is only a summary, and should be read in conjunction with the financial and other information contained elsewhere in this annual report. The information at and for the years ended December 31, 2021 and 2020 is derived in part from, and should be read together with, the audited consolidated financial statements and notes thereto of the Company and Bank in this report.

	At December 31,	
	2021	**2020**
	(In thousands)	
Selected Financial Condition Data:		
Total assets	$ 174,849	$ 160,445
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, net	110,547	119,398
Premises and equipment at depreciated cost	3,999	4,098
Bank-owned life insurance	2,855	2,049
FHLB lender risk account receivable	4,767	4,420
Deposits	141,527	128,440
Total shareholders' equity	30,113	29,016

	For the Years Ended December 31,	
	2021	**2020**
	(In thousands)	
Selected Operations Data:		
Interest and dividend income	$ 4,589	$ 5,122
Interest expense	636	1,006
Net interest income	3,953	4,116
Provision for loan losses	65	290
Net interest income after provision for loan losses	3,888	3,826
Non-interest income	4,724	5,524
Non-interest expense	7,223	6,690
Income before income taxes	1,389	2,660
Income tax	311	576
Net Income	$ 1,078	$ 2,084

	At or For the Years Ended December 31,	
	2021	2020
Selected Financial Ratios and Other Data:		
Performance Ratios:		
Return on average assets	0.64%	1.36%
Return on average equity	3.64%	7.39%
Interest rate spread (1)	2.59%	2.98%
Net interest margin (2)	2.67%	3.09%
Efficiency ratio (3)	83.24%	69.40%
Non-interest expense to average total assets	4.30%	4.16%
Average interest-earning assets to average interest-bearing liabilities	117.25%	115.68%
Average equity to average total assets	17.63%	18.47%
Asset Quality Ratios:		
Non-performing assets to total assets	1.40%	0.65%
Non-performing loans to total loans	0.54%	0.79%
Non-performing assets excluding accruing troubled debt restructurings to total assets	1.25%	0.48%
Non-performing loans excluding accruing troubled debt restructurings to total loans	0.32%	0.57%
Allowance for loan losses to non-performing loans	181.94%	136.69%
Allowance for loan losses to total loans	0.98%	1.08%
Capital Ratios:		
Total capital (to risk-weighted assets)	17.8%	18.3%
Common equity Tier 1 capital (to risk-weighted assets)	17.0%	17.3%
Tier 1 capital (to risk-weighted assets)	17.0%	17.3%
Tier 1 capital (to average assets)	15.1%	15.5%
Other Data:		
Number of full service offices	3	3

(1) Represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the year.
(2) The net interest margin represents net interest income as a percent of average interest-earning assets for the year.
(3) The efficiency ratio represents non-interest expense divided by the sum of net interest income and non-interest income.

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion is intended to help investors understand the financial performance of the Company through a discussion of the factors affecting our financial condition at December 31, 2021 and 2020 and our results of operations for the years ended December 31, 2021 and 2020. This information should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that appear in this annual report.

Cautionary Note Regarding Forward-Looking Statements

This quarterly report 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:

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;
- financial markets may be adversely impacted by the current or anticipated impact of military conflict, including escalating military tension and actions between Russia and Ukraine, terrorism, or other geopolitical events;
- 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 intend to increase our commercial real estate and multi-family and commercial business 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.

Coronavirus Disease 2019 (COVID-19) Impact

The following is a description of the impact the coronavirus disease 2019 (COVID-19) pandemic had on our financial condition and the results of operations and certain risks to our business that the pandemic created or exacerbated.

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, the Small Business Administration (SBA) has been authorized to guarantee loans 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 and 2020 respectively, the Bank recognized interest and fees on these loans of $411,000 and 374,000. At December 31, 2021 the SBA has forgiven all PPP loans made by the Bank.

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

Total Assets. 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 of 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.

Net Loans. 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 $5.0 million, or 47.3%, to $15.7 million, home equity and other consumer loans decreased $1.5 million, or 20.8% to $5.7 million, commercial loans increased $3.3 million, or 63.9% to $8.5 million, and SBA PPP loans, forgiven by the SBA, decreased $20.4 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

The following table sets forth the composition of our loan portfolio, by type of loan at the dates indicated.

	At December 31,			
	2021		2020	
	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
One- to four-family residential:				
Owner occupied	$ 64,227	52.76%	$ 59,278	46.07%
Non-owner occupied	3,524	2.89	3,740	2.91
Commercial real estate and land	22,921	18.83	20,869	16.22
Home equity and other consumer	5,685	4.67	7,177	5.58
Construction	15,716	12.91	10,667	8.29
Multi-family real estate	1,150	0.94	1,352	1.05
SBA PPP	----	0.00	20,393	15.84
Commercial	8,520	7.00	5,198	4.04
Total gross loans receivable	121,743	100.00%	128,674	100.00%
Deferred loan (fees) costs	(25)		(234)	
Loans in process	(9,972)		(7,656)	
Allowance for loan losses	(1,199)		(1,386)	
Total loans receivable, net	$ 110,547		$ 119,398	

We primarily sell one- to four-family residential loans on a servicing released basis. We sell loans in transactions with the FHLB-Cincinnati through its mortgage purchase program, Franklin American Mortgage Company, and to other investors. We sold $114.5 million of loans in fiscal 2021. Loans serviced for these investors were $515,000 at December 31, 2021. Management intends to continue this sales activity in future periods.

Interest-Bearing Deposits in Other Banks. The Bank's investment in certificates of deposit in other banks increased by $2.7 million to a total of $3.0 million at December 31, 2021, compared to $249,000 at December 31, 2020.

Federal Home Loan Bank Stock. We hold common stock of the FHLB-Cincinnati in connection with our FHLB borrowing activities totaling (at cost) $2.6 million and $1.3 million at December 31, 2021 and 2020. The FHLB-Cincinnati common stock is carried at cost and classified as restricted equity securities. We may be required to purchase additional FHLB-Cincinnati stock if we increase our FHLB-Cincinnati advances in the future.

Foreclosed Real Estate Held for Sale, Net. Foreclosed assets increased to $1.8 million, at December 31, 2021, from $34,000 at December 31, 2020, due to the foreclosure of two commercial real estate properties totaling $1.8 million and one nonowner-occupied one-to four-family residential property totaling $25,000.

Deposits. 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.

The following table sets forth the distribution of our average total deposit accounts, by account type, for the years indicated.

	For the Years Ended December 31,					
	2021			2020		
	Average Balance	Percent	Weighted Average Rate	Average Balance	Percent	Weighted Average Rate
	(Dollars in thousands)					
Non-interest-bearing checking	$ 8,443	6.26%	---%	$ 5,882	4.92%	---%
Interest-bearing checking	28,319	20.99	0.17	24,189	20.23	0.18
Savings	24,874	18.43	0.14	19,738	16.51	0.14
Money market demand	30,395	22.53	0.24	24,322	20.34	0.50
Certificates of deposit	42,900	31.79	1.11	45,431	38.00	1.78
Total deposits	$ 134,931	100.00%	0.50%	$ 119,562	100.00%	0.88%

Federal Home Loan Bank Advances. The Bank had no advances from the Federal Home Loan Bank at December 31 2021 and 2020. At December 31, 2021 and 2020 the Bank had an unused line of credit with the Federal Home Loan Bank of $25.0 million, respectively.

Our Federal Home Loan Bank advances may be made pursuant to several different credit programs, each of which has its own interest rate and range of maturities. To the extent such borrowings have different terms to reprice than our deposits, they can change our interest rate risk profile. See Note 8 to the Financial Statements for additional information on the maturity of our FHLB-Cincinnati advances. At December 31, 2021, we had no outstanding advances from the FHLB-Cincinnati. At December 31, 2021, based on available collateral, our ownership of FHLB stock, and based upon our internal policy, we had access to additional FHLB-Cincinnati advances of up to $49.9 million.

Shareholders' Equity. Total 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 $116,000 related to the ESOP shares committed to be released and expense of $246,000 related to stock-based compensation, offset by a repurchase of common stock of $39,000 and dividends paid of $304,000.

Comparison of Operating Results for the Years 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 of expense 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 $385,000 and $2.4 million at December 31, 2021 and December 31, 2020, respectively. Net charge-offs totaled $252,000 for the year ended December 31, 2021, compared to $70,000 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 $520,000 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.

Average Balances and Yields

The following table sets forth average balance sheets, average yields and costs, and certain other information at and for the years indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or interest expense.

	At December 31, 2021	For the Year Ended December 31, 2021			2020		
	Yield/ Cost	Average Outstanding Balance	Interest	Yield/ Rate (1)	Average Outstanding Balance	Interest	Yield/ Rate (1)
		(Dollars in thousands)					
Interest-earning assets:							
Loans, net	3.52%	$ 108,444	$ 4,519	4.17%	$ 118,086	$ 5,020	4.25%
Other interest-earning assets	0.24	39,860	70	0.18	15,071	102	0.68
Total interest-earning assets	2.56	148,304	4,589	3.09	133,157	5,122	3.85
Non-interest-earning assets		19,555			19,601		
Total assets		167,859			152,758		
Interest-bearing liabilities:							
Interest-bearing checking	0.18%	28,319	48	0.17	24,189	43	0.18
Savings	0.15	24,874	36	0.14	19,738	28	0.14
Money market demand	0.23	30,395	74	0.24	24,322	121	0.50
Certificates of deposit	0.88	42,900	478	1.11	45,431	810	1.78
Total interest-bearing deposits	0.41	126,488	636	0.50	113,680	1,002	0.88
FHLB advances		1	---	0.00	1,433	4	0.28
Total interest-bearing liabilities		126,489	636	0.50	115,113	1,006	0.87
Other non-interest-bearing liabilities		11,783			9,426		
Total liabilities		138,272			124,539		
Shareholders' Equity		29,587			28,219		
Total liabilities and shareholders' equity		$ 167,859			$ 152,758		
Net interest income			$ 3,953			$ 4,116	
Net interest rate spread (1)	2.15			2.59%			2.98%
Net interest-earning assets (2)		$ 21,815			$ 18,044		
Net interest margin (3)				2.67%			3.09%
Average of interest-earning assets to interest-bearing liabilities		117.25%			115.68%		

(1) Interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.
(2) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.
(3) Net interest margin represents net interest income divided by total interest-earning assets.

Management of Market Risk

General. A significant form of market risk is interest rate risk because, as a financial institution, the majority of our assets and liabilities are sensitive to changes in interest rates. Therefore, a principal part of our operations is to manage interest rate risk and limit the exposure of our financial condition and results of operations to changes in market interest rates. Our Asset-Liability Committee is responsible for evaluating the interest rate risk inherent in our assets and liabilities, for determining the level of risk that is appropriate, given our business strategy, operating environment, capital, liquidity and performance objectives, and for managing this risk consistent with the policy and guidelines approved by our board of directors.

Our asset/liability management strategy attempts to manage the impact of changes in interest rates on net interest income, our primary source of earnings. Among the techniques we use to manage interest rate risk are:

- originating commercial real estate and multi-family, commercial business and construction loans, and home equity loans and lines of credit, all of which tend to have shorter terms to maturity or repricing and higher interest rates than one- to four-family residential real estate loans, and can generate non-interest-bearing checking accounts;

- selling substantially all of our newly-originated longer-term fixed-rate one- to four-family residential real estate loans and retaining the shorter-term fixed- and adjustable-rate one- to four-family residential real estate loans that we originate, subject to market conditions and periodic review of our asset/liability management needs; and

- increasing core deposits, including checking accounts, money market accounts and savings accounts, which are less interest rate sensitive than certificates of deposit.

Our board of directors is responsible for the review and oversight of our Asset/Liability Committee, which is comprised of our executive management team and other essential operational staff. This committee is charged with developing and implementing an asset/liability management plan, and meets at least monthly to review pricing and liquidity needs and assess our interest rate risk. We look at two types of simulations impacted by changes in interest rates, which are net portfolio value analysis and net interest income analysis.

Net Portfolio Value. We compute amounts by which the net present value of our cash flow from assets, liabilities and off-balance sheet items (net portfolio value or "NPV") would change in the event of a range of assumed changes in market interest rates. We measure our interest rate risk and potential change in our NPV through the use of an internal financial model integrated with our core service provider. This model uses a discounted cash flow analysis and an option-based pricing approach to measure the interest rate sensitivity of net portfolio value. Historically, the model estimated the economic value of each type of asset, liability and off-balance sheet contract under the assumption that the United States Treasury yield curve increases or decreases instantaneously by 100 to 300 basis points in 100 basis point increments. However, given the current low level of market interest rates, an NPV calculation for an interest rate decrease of greater than 100 basis points has not been prepared. A basis point equals one-hundredth of one percent, and 100 basis points equals one percent. An increase in interest rates from 3% to 4% would mean, for example, a 100 basis point increase in the "Change in Interest Rates" column below.

The table below sets forth, as of December 31, 2021, the calculation of the estimated changes in our net portfolio value that would result from the specified immediate changes in interest rates.

		Estimated Increase (Decrease) in NPV		NPV as a Percentage of Present Value of Assets (3)	
Change in Interest Rates (basis points) (1)	**Estimated NPV (2)**	**Amount**	**Percent**	**NPV Ratio (4)**	**Increase (Decrease) (basis points)**
		(Dollars in thousands)			
+300	$44,852	$(4,864)	(9.78) %	26.02%	(223)
+200	46,309	(3,407)	(6.85) %	26.68%	(157)
+100	47,913	(1,803)	(3.63) %	27.42%	(83)
—	49,716	—	—	28.25%	-----
-100	43,240	(6,476)	(13.03) %	24.46%	(379)

(1) Assumes an immediate uniform change in interest rates at all maturities.
(2) NPV is the discounted present value of expected cash flows from assets, liabilities and off-balance sheet contracts.
(3) Present value of assets represents the discounted present value of incoming cash flows on interest-earning assets.
(4) NPV Ratio represents NPV divided by the present value of assets.

The table above indicates that at December 31, 2021, in the event of an instantaneous parallel 100 basis point decrease in interest rates, we would experience a 13.03% decrease in net portfolio value. In the event of an instantaneous 100 basis point increase in interest rates, we would experience a 3.63% decrease in net portfolio value. The net portfolio value as calculated in our model decreases in both rising and falling interest rate environments. The value of assets move inversely to interest rates while the value of liabilities move directly with interest rates. In a rising interest rate environment, the economic value of assets would decrease while liabilities would increase. In a falling interest rate environment, the increase in economic value for deposits (i.e., the value of our liabilities) would exceed that of loans. Due to the historically low current interest rate environment, the discount rate applied to the deposits drive the economic value higher while cash flows are stable.

Net Interest Income Analysis. We analyze our sensitivity to changes in interest rates through our net interest income simulation model. Net interest income is the difference between the interest income we earn on our interest-earning assets, such as loans and securities, and the interest we pay on our interest-bearing liabilities, such as deposits and borrowings. We estimate what our net interest income would be for a one-year period based on current interest rates. We then calculate what the net interest income would be for the same period under different interest rate assumptions. The following table shows the estimated impact on net interest income for the one-year period beginning December 31, 2021 resulting from potential changes in interest rates, expressed in basis points. These estimates require certain assumptions to be made, including loan and mortgage-related investment prepayment speeds, reinvestment rates, and deposit maturities and decay rates. These assumptions are inherently uncertain. As a result, no simulation model can precisely predict the impact of changes in interest rates on our net interest income.

Although the net interest income table below provides an indication of our interest rate risk exposure at a particular point in time, such estimates are not intended to, and do not, provide a precise forecast of the effect of changes in market interest rates on our net interest income and will differ from actual results.

Rate Shift (1)	Net Interest Income Year 1 Forecast	Year 1 Change from Level
	(Dollars in thousands)	
+400	$3,981	(15.85) %
+300	4,164	(11.98) %
+200	4,347	(8.10) %
+100	4,528	(4.27) %
Level	4,731	------
-100	4,526	(4.32) %

(1) The calculated changes assume an immediate shock of the static yield curve.

Depending on the relationship between long- and short-term interest rates, market conditions and consumer preference, we may place greater emphasis on maximizing our net interest margin than on strictly matching the interest rate sensitivity of our assets and liabilities. We believe that the increased net income which may result from an acceptable mismatch in the actual maturity or re-pricing of our assets and liabilities can, during periods of declining or stable interest rates, provide sufficient returns to justify an increased exposure to sudden and unexpected increases in interest rates.

We do not engage in hedging activities, such as engaging in futures, options or swap transactions, or investing in high-risk mortgage derivatives, such as collateralized mortgage obligation residual interests, real estate mortgage investment conduit residual interests or stripped mortgage backed securities.

Liquidity and Capital Resources

Liquidity describes our ability to meet the financial obligations that arise in the ordinary course of business. Liquidity is primarily needed to meet the borrowing and deposit withdrawal requirements of our customers and to fund current and planned expenditures. Our primary sources of funds are deposits, principal and interest payments on loans and proceeds from the sale of loans. We also have the ability to borrow from the FHLB-Cincinnati. At December 31, 2021, we had the capacity to borrow approximately $49.9 million from the FHLB-Cincinnati. At December 31, 2021, we had no outstanding advances from the FHLB-Cincinnati.

While maturities and scheduled amortization of loans are predictable sources of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions, and competition. Our most liquid assets are cash and short-term investments including interest-bearing demand deposits. The levels of these assets are dependent on our operating, financing, lending, and investing activities during any given period.

Our cash flows are comprised of three primary classifications: cash flows from operating activities, investing activities, and financing activities. Net cash provided by operating activities was $12.2 million for the year ended December 31, 2021, while net cash used in operating activities was $6.0 million for the year ended December 31, 2020, respectively. Net cash provided by investing activities was $2.4 million for the year ended December 31, 2021, while the net cash used in investing activities was $10.9 million for the year ended December 31, 2020, respectively. Net cash provided by financing activities, consisting primarily of a net increase in deposits was $12.8 million and $15.1 million for the years ended December 31, 2021 and 2020, respectively.

We are committed to maintaining a strong liquidity position. We monitor our liquidity position on a daily basis. We anticipate that we will have sufficient funds to meet our current funding commitments. Based on our deposit retention experience and current pricing strategy, we anticipate that a significant portion of maturing time deposits will be retained.

At December 31, 2021, we exceeded all of our regulatory capital requirements with a Tier 1 leverage capital level of $26.1 million, or 15.1% of adjusted total assets, which is above the well-capitalized required level of $8.7 million, or 5.0%; and total risk-based capital of $27.3 million, or 17.8% of risk-weighted assets, which is above the well-capitalized required level of $15.3 million, or 10.0%. Accordingly, EAGLE.bank was categorized as well capitalized at December 31, 2021 and 2020. Management is not aware of any conditions or events since the most recent notification that would change our category.

Delinquencies, Classified Assets and Non-Performing Assets

Troubled Debt Restructurings. We occasionally modify loans to help a borrower stay current on his or her loan and to avoid foreclosure. We consider modifications only after analyzing the borrower's current repayment capacity, evaluating the strength of any guarantors based on documented current financial information, and assessing the current value of any collateral pledged. We generally do not forgive principal or interest on loans, but may do so if it is in our best interest and increases the likelihood that we can collect the remaining principal balance. We may modify the terms of loans to lower interest rates (which may be at below market rates), to provide for fixed interest rates on loans where fixed rates are otherwise not available, or to provide for interest-only terms. These modifications are made only when there is a reasonable and attainable workout plan that has been agreed to by the borrower and that is in our best interests. At December 31, 2021, we had seven loans totaling $274,000 that were classified as troubled debt restructurings. Troubled debt restructurings may also be included in non-accrual loans if they are not performing in accordance with their modified terms or had been performing in accordance with their modified terms for less than six months since the date of restructuring.

At December 31, 2021 and during the twelve months then ended, there were no non-accruing troubled debt restructurings. For the year ended December 31, 2021, we recognized $13,000 of interest income on such loans, the same amount that would have been recorded on the loans under their original terms.

Delinquent Loans. The following table sets forth our loan delinquencies by type and amount at the dates indicated.

	Loans Delinquent For					
	30-89 Days		90 Days and Over		Total	
	Number	Amount	Number	Amount	Number	Amount
			(Dollars in thousands)			
At December 31, 2021						
One- to four-family residential:						
Owner occupied	—	$ —	7	$ 385	7	$ 385
Non-owner occupied	—	—	—	—	—	—
Commercial real estate and land	—	—	—	—	—	—
Home equity and other consumer	—	—	—	—	—	—
Construction	—	—	—	—	—	—
Multi-family real estate	—	—	—	—	—	—
Commercial	—	—	—	—	—	—
Total	---	$ ---	7	$ 385	7	$ 385
At December 31, 2020						
One- to four-family residential:						
Owner occupied	1	$ 117	6	$ 309	7	$ 426
Non-owner occupied	—	—	—	—	—	—
Commercial real estate and land	1	1,571	—	—	1	1,571
Home equity and other consumer	—	—	—	—	—	—
Construction	—	—	—	—	—	—
Multi-family real estate	—	—	—	—	—	—
Commercial	—	—	1	428	1	428
Total	2	$ 1,688	7	$ 737	9	$ 2,425

Classified Assets. Federal regulations provide for the classification of loans and other assets, such as debt and equity securities considered by the FDIC to be of lesser quality, as "substandard," "doubtful" or "loss." An asset is considered "substandard" if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. "Substandard" assets include those characterized by the "distinct possibility" that the insured institution will sustain "some loss" if the deficiencies are not corrected. Assets classified as "doubtful" have all of the weaknesses inherent in those classified "substandard," with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions, and values, "highly questionable and improbable." Assets classified as "loss" are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific allowance for loan losses is not warranted. Assets that do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are designated as "special mention" by management.

When an insured institution classifies problem assets as either substandard or doubtful, it may establish general allowances in an amount deemed prudent by management to cover losses that were both probable and reasonable to estimate. General allowances represent allowances which have been established to cover accrued losses associated with lending activities that were both probable and reasonable to estimate, but which, unlike specific allowances, have not been allocated to particular problem assets. When an insured institution classifies problem assets as "loss," it is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge-off such amount. An institution's determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the regulatory authorities, which may require the establishment of additional general or specific allowances.

In accordance with our classification of assets policy, we regularly review the problem loans in our portfolio to determine whether any loans require classification in accordance with applicable regulations. Loans are listed on the "watch list" initially because of emerging financial weaknesses even though the loan is currently performing as agreed, or delinquency status, or if the loan possesses weaknesses although currently performing. Management reviews the status of each loan on our watch list on a quarterly basis with the board of directors. If a loan deteriorates in asset quality, the classification is changed to "special mention," "substandard," "doubtful" or "loss" depending on the circumstances and the evaluation. Generally, loans 90 days or more past due are placed on nonaccrual status and classified "substandard."

On the basis of this review of our assets, our classified loans, special mention loans, and foreclosed real estate held for sale at the dates indicated were as follows:

	At December 31,	
	2021	2020
	(Dollars in thousands)	
Classified loans:		
Substandard	$ 3,645	$ 2,805
Doubtful assets	—	—
Loss assets	—	—
Total classified assets	$ 3,645	$ 2,805
Special mention loans	$ ---	$ 2,881
Foreclosed real estate held for sale	$ 1,792	$ 34

Non-Performing Assets. The table below sets forth the amounts and categories of our non-performing assets at the dates indicated.

	At December 31, 2021	At December 31, 2020
	(Dollars in thousands)	
Non-accrual loans:		
One- to four-family residential:		
Owner occupied	$ 385	$ 309
Non-owner occupied	—	—
Commercial real estate and land	—	—
Home equity and other consumer	—	—
Construction	—	—
Multi-family real estate	—	—
Commercial	—	428
Total	385	737
Accruing loans 90 days or more past due:		
One- to four-family residential:		
Owner occupied	$ —	$ —
Non-owner occupied	—	—
Commercial real estate and land	—	—
Home equity and other consumer	—	—
Construction	—	—
Multi-family real estate	—	—
Commercial	—	—
Total loans 90 days or more past due	—	—
Accruing troubled debt restructurings:		
One- to four-family residential:		
Owner occupied	$ 64	$ 68
Non-owner occupied	166	174
Commercial real estate and land	—	—
Home equity and other consumer	44	35
Construction	—	—
Multi-family real estate	—	—
Commercial	—	—
Total	$ 274	$ 277
Total non-performing loans	$ 659	$ 1,014
Foreclosed real estate	1,792	34
Total non-performing assets	$ 2,451	$ 1,048
Ratios:		
Total non-performing loans to total loans	0.54%	0.79%
Total non-performing assets to total assets	1.40%	0.65%
Non-performing assets excluding accruing troubled debt restructurings to total assets	1.25%	0.48%
Non-performing loans excluding accruing troubled debt restructurings to total loans	0.32%	0.57%

Other Loans of Concern. There were no other loans at December 31, 2021 that are not already disclosed where there is information about possible credit problems of borrowers that caused management to have serious doubts about the ability of the borrowers to comply with present loan repayment terms and that may result in disclosure of such loans in the future.

Allowance for Loan Losses. The following table sets forth activity in our allowance for loan losses for the years indicated.

	At or For the Years Ended December 31,	
	2021	2020
	(Dollars in thousands)	
Balance at beginning of year	$ 1,386	$ 1,166
Charge-offs:		
One- to four-family residential:		
Owner occupied	—	—
Non-owner occupied	(13)	—
Commercial real estate and land	(189)	—
Home equity and other consumer	—	—
Construction	—	—
Multi-family real estate	—	—
Commercial	(52)	(82)
Total charge-offs	(254)	(82)
Recoveries:		
One- to four-family residential:		
Owner occupied	—	9
Non-owner occupied	2	1
Commercial real estate and land	—	—
Home equity and other consumer	—	2
Construction	—	—
Multi-family real estate	—	—
Commercial	—	—
Total recoveries	2	12
Net charge-offs	(252)	(70)
Provision for loan losses	65	290
Balance at end of year	$ 1,199	$ 1,386
Ratios:		
Net charge-offs to average loans outstanding	(0.23)%	(0.06)%
Allowance for loan losses to non-performing loans at end of year	181.94%	136.69%
Allowance for loan losses to total loans at end of year	0.98%	1.08%

There were $252,000 in net loan charge-offs for the year ended December 31, 2021 and $70,000 in net loan charge-offs during the year ended December 2020, respectively.

At December 31, 2021 and 2020, our allowance for loan losses represented 0.98% and 1.08% of total loans and 181.94% and 136.69% of non-performing loans. Although we believe that we use the best information available to establish the allowance for loan losses, future adjustments to the allowance for loan losses may be necessary and results of operations could be adversely affected if circumstances differ substantially from the assumptions used in making the determinations. Because future events affecting borrowers and collateral cannot be predicted with certainty, the existing allowance for loan losses may not be adequate and management may determine that increases in the allowance are necessary if the quality of any portion of our loan portfolio deteriorates as a result. Furthermore, as an integral part of its examination process, the FDIC and ODFI will periodically review our allowance for loan losses. The FDIC and ODFI may require that we increase our allowance based on its judgments of information available to it at the time of its examination. The regulatory agencies are not, however, directly involved in the determination of the allowance for loan losses, and decisions to increase and decrease the allowance are the responsibility of EAGLE.bank management. Any material increase in the allowance for loan losses may adversely affect our financial condition and results of operations.

Stock Repurchases

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. The timing of the purchases will depend on certain factors, including but not limited to, market conditions and prices, available funds and alternative uses of capital. The stock repurchase program may be carried out through open-market purchases, block trades, negotiated private transactions and pursuant to a trading plan that will be adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Any repurchased shares will be held by the Company as authorized but unissued shares. The repurchase program has no expiration date, but may be suspended, terminated or modified at any time for any reason, including market conditions, the cost of repurchasing shares, the availability of alternative investment opportunities, liquidity, and other factors deemed appropriate. The repurchase program does not obligate the Company to purchase any particular number of shares.

Index to Financial Statements of Eagle Financial Bancorp, Inc.

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BKD
CPAs & Advisors

312 Walnut Street, Suite 3000 | Cincinnati, OH 45202-4025
513.621.8300 | Fax 513.621.8345 | bkd.com

Independent Auditor's Report

Board of Directors
Eagle Financial Bancorp, Inc.
Cincinnati, Ohio

Opinion

We have audited the consolidated financial statements of Eagle Financial Bancorp, Inc. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of income and comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Eagle Financial Bancorp, Inc. and its subsidiary as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of Eagle Financial Bancorp, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eagle Financial Bancorp's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eagle Financial Bancorp, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eagle Financial Bancorp, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BKD, LLP

Cincinnati, Ohio
March 9, 2022

Eagle Financial Bancorp, Inc.

Consolidated Balance Sheets

December 31, 2021 and 2020

(Amounts in thousands, except share and per share data)

	December 31, 2021	December 31, 2020
Assets		
Cash and due from banks	$ 577	$ 526
Federal Reserve and Federal Home Loan Bank (FHLB) demand accounts	40,430	13,059
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, net of allowance for loan losses of $1,199 and $1,386 for 2021 and 2020, respectively	110,547	119,398
Premises and equipment - at depreciated cost	3,999	4,098
FHLB stock - at cost	2,637	1,294
Foreclosed real estate held for sale, net	1,792	34
Bank-owned life insurance (BOLI)	2,855	2,049
FHLB lender risk account receivable	4,767	4,420
Accrued interest receivable	240	445
Deferred federal tax asset	407	249
Prepaid federal income taxes	74	63
Other assets	727	541
Total assets	$ 174,849	$ 160,445
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	$ 9,361	$ 7,410
Interest-bearing	132,166	121,030
Total deposits	141,527	128,440
Advances from borrowers for taxes and insurance	901	850
Accrued interest payable	2	2
Accrued supplemental retirement plans	1,788	1,672
Other liabilities	518	465
Total liabilities	144,736	131,429
Shareholders' Equity		
Preferred stock, $0.01 par value, 5,000,000 shares authorized; none issued and outstanding	-	-
Common stock, $0.01 par value, 50,000,000 shares authorized, 1,524,153 and 1,526,353 shares issued and outstanding at December 31, 2021 and 2020	16	16
Additional paid-in capital	13,620	13,361
Retained earnings	17,445	16,671
Unearned Employee Stock Ownership Plan ("ESOP") shares	(968)	(1,032)
Total shareholders' equity	30,113	29,016
Total liabilities and shareholders' equity	$ 174,849	$ 160,445

See Notes to the Consolidated Financial Statements

Eagle Financial Bancorp, Inc.

Consolidated Statements of Income and Comprehensive Income

Years Ended December 31, 2021 and 2020

(Amounts in thousands, except share and per share data)

	2021	2020
Interest and Dividend Income		
Interest earned on loans	$ 4,519	$ 5,020
Dividends on FHLB stock	41	13
Other interest-earning deposits	29	89
Total interest and dividend income	4,589	5,122
Interest Expense		
Interest on deposits	636	1,002
Interest on FHLB advances	-	4
Total interest expense	636	1,006
Net Interest Income	3,953	4,116
Provision for Loan Losses	65	290
Net Interest Income After Provision for Loan Losses	3,888	3,826
Noninterest Income		
Net gains on loan sales	3,656	4,946
Other service charges and fees	1,007	487
Income from BOLI	56	44
Gain on sale of foreclosed real estate	5	47
Total noninterest income	4,724	5,524
Noninterest Expense		
Compensation and benefits	5,085	4,770
Occupancy and equipment, net	428	307
Data processing	397	369
Legal and professional services	389	358
FDIC premium expense	39	24
Foreclosed real estate impairments and expenses, net	15	78
Franchise and other taxes	135	120
Advertising	49	51
ATM processing expense	91	83
Other expenses	595	530
Total noninterest expense	7,223	6,690
Income Before Income Taxes	1,389	2,660
Income Taxes		
Current	469	748
Deferred	(158)	(172)
Total income taxes	311	576
Net Income and Comprehensive Income	$ 1,078	$ 2,084
Earnings per share - basic and diluted	$ 0.76	$ 1.43
Weighted-average shares outstanding - basic and diluted	1,402,284	1,423,564

See Notes to the Consolidated Financial Statements

Eagle Financial Bancorp, Inc.

Consolidated Statements of Shareholders' Equity

Years Ended December 31, 2021 and 2020

(Amounts in thousands, except share and per share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned ESOP Shares	Total
Balance at January 1, 2020	$ 16	$ 14,165	$ 14,819	$ (1,097)	$ 27,903
Net income	-	-	2,084	-	2,084
ESOP shares earned	-	39	-	65	104
Stock based compensation expense		246			246
Dividends on common stock, $0.15 per share			(232)		(232)
Repurchase of common stock	-	(1,089)	-	-	(1,089)
Balance at December 31, 2020	$ 16	$ 13,361	$ 16,671	$ (1,032)	$ 29,016
Net income	-	-	1,078	-	1,078
ESOP shares earned	-	52	-	64	116
Stock based compensation expense	-	246	-	-	246
Dividends on common stock, $0.20 per share	-	-	(304)	-	(304)
Repurchase of common stock	-	(39)	-	-	(39)
Balance at December 31, 2021	$ 16	$ 13,620	$ 17,445	$ (968)	$ 30,113

See Notes to the Consolidated Financial Statements

Eagle Financial Bancorp, Inc.

Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

(Amounts in thousands, except share and per share data)

	2021	2020
Operating Activities		
Net income	$ 1,078	$ 2,084
Items not requiring (providing) cash:		
Depreciation	202	195
Amoritzation of deferred loan fees	(296)	(213)
Proceeds on sale of loans in the secondary market	118,410	152,341
Loans originated for sale in the secondary market	(103,543)	(155,025)
Gain on sale of loans	(3,656)	(4,946)
Provision for loan losses	65	290
Gain on sale of foreclosed real estate	(5)	(47)
Deferred federal taxes	(158)	(172)
Increase in cash surrender value of BOLI	(56)	(44)
Stock based compensation expense	246	246
ESOP compensation expense	116	104
Changes in:		
FHLB lender risk account receivable	(347)	(774)
Accrued interest receivable	205	(119)
Other assets	(186)	68
Prepaid federal income taxes	(11)	(72)
Accrued supplemental retirement plans	116	154
Accrued expenses and other liabilities	53	(42)
Net cash flows provided by (used in) operating activities	12,233	(5,972)
Investing Activities		
Net (increase) decrease in interest-bearing time deposits in other banks	(2,739)	2,739
Net decrease (increase) in loans	7,290	(13,384)
Purchase of FHLB stock	(1,343)	(478)
Purchase of premises and equipment	(103)	(231)
Purchase of BOLI	(750)	-
Proceeds from sale of foreclosed real estate	39	490
Net cash provided by (used in) investing activities	2,394	(10,864)
Financing Activities		
Net increase in deposits	13,087	16,449
Repurchase of common stock	(39)	(1,089)
Dividends paid	(304)	(232)
Increase (decrease) in advances from borrowers for taxes and insurance	51	(8)
Net cash provided by financing activities	12,795	15,120
Increase (Decrease) in Cash and Cash Equivalents	27,422	(1,716)
Cash and Cash Equivalents, Beginning of Year	13,585	15,301
Cash and Cash Equivalents, End of Year	$ 41,007	$ 13,585

(Continued)

Eagle Financial Bancorp, Inc.

Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

(Amounts in thousands, except share and per share data)

(Continued)	2021	2020
Supplemental Cash Flows Information:		
Interest paid	$ 636	$ 1,006
Income taxes paid	480	805
Transfers to foreclosed real estate held for sale	1,792	477

See Notes to the Consolidated Financial Statements

Eagle Financial Bancorp, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Amounts in thousands, except share and per share data)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

General

Eagle Financial Bancorp, Inc. (the "Company"), a Maryland corporation and registered bank holding company, was formed on February 21, 2017 to become the bank holding company for EAGLE.bank (the "Bank"). The Bank, then an Ohio chartered savings and loan association, completed its mutual-to-stock conversion on July 20, 2017. The Bank has since made a universal charter election and the Company has become a registered bank holding company. In connection with the Bank's conversion, the Company acquired 100% ownership of the Bank and the Company offered and sold 1,572,808 shares of its common stock at $10.00 per share, for gross offering proceeds of $15,728. The cost of the conversion and issuance of common stock was approximately $1,423, which was deducted from the gross offering proceeds. The Company also contributed 40,000 shares of its common stock and $100 of cash to Eagle Savings Bank Charitable Foundation (the "Foundation"), a charitable foundation formed in connection with the Bank's conversion. The Bank's employee stock ownership plan ("ESOP") purchased 129,024 shares of the common stock sold by the Company, which was 8% of the 1,612,808 shares of common stock issued by the Company, including the shares contributed to the Foundation. The ESOP purchased the shares using a loan from the Company. The Company contributed $7,153 of the net proceeds from the offering to the Bank, loaned $1,290 of the net proceeds to the ESOP, contributed $100 to the Foundation and retained approximately $5,763 of the net proceeds.

Following the Bank's conversion, voting rights are held and exercised exclusively by the shareholders of the holding company. Deposit account holders continue to be insured by the FDIC. A liquidation account was established in an amount equal to the Bank's total equity as of the latest balance sheet date in the final offering circular used in the conversion. Each eligible account holder or supplemental account holder are entitled to a proportionate share of this account (a"subaccount") in the event of a complete liquidation of the Bank, and only in such event. The value of this subaccount is subject to an annual decrease based on decreases in the eligible account holder's or supplemental account holder's deposit balance, and will cease to exist if the account is closed. The liquidation account will never be increased despite any increase after conversion in the related deposit balance.

The Bank may not pay a dividend on its capital stock, if the effect thereof would cause retained earnings to be reduced below the liquidation account amount or regulatory capital requirements. In addition, the stock holding company is subject to certain laws and regulations that may restrict the payout of dividends by the holding company and the repurchase of its capital stock.

The conversion was accounted for as a change in corporate form with the historic basis of the Bank's assets, liabilities and equity unchanged as a result.

Basis of Presentation and Consolidation

The consolidated financial statements as of and for the years ended December 31, 2021 and 2020 include Eagle Financial Bancorp, Inc. and its wholly-owned subsidiary, EAGLE.bank, together referred to as "the Company". Intercompany transactions and balances have been eliminated in consolidation.

Revenue Recognition

Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of our revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as our loans, as well as revenue related to our mortgage banking activities, as these activities are subject to other GAAP discussed elsewhere within our disclosures.

Descriptions of our revenue-generating activities that are within the scope of ASC 606, which are presented in our income statements as components of non-interest income are as follows:

> Service charges on deposit accounts - these represent general service fees for monthly account maintenance and activity- or transaction-based fees and consist of transaction-based revenue, time-based revenue (service period), item-based revenue or some other individual attribute-based revenue. Revenue is recognized when our performance obligation is completed which is generally monthly for account maintenance services or when a transaction has been completed (such as a wire transfer). Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, and fair values of financial instruments.

Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks and interest-earning deposits in other financial institutions. The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

From time to time, the Bank's cash accounts may exceed the FDIC's insured limit of $250. Management considers the risk of loss to be very low and management monitors the account balance and periodically assesses the financial condition of its correspondent banks. The Company had no funds in banks that exceeded federally insured limits at December 31, 2021. Funds of $11,374 held at Federal Home Loan Bank, and $28,972 at Federal Reserve Bank are not subject to FDIC insurance.

Interest-bearing Time Deposits in Other Banks

Interest-bearing time deposits in other banks mature within one year and are carried at cost.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to noninterest income. Gains and losses on loan sales are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

Loan origination fees, net of certain direct origination costs are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

When cash payments are received on impaired loans in each loan class, the Company records the payment as interest income unless collection of the remaining recorded principal amount is doubtful, at which time payments are used to reduce the principal balance of the loan. Troubled debt restructured loans recognize interest income on an accrual basis at the renegotiated rate if the loan is in compliance with the modified terms, no principal reduction has been granted and the loan has demonstrated the ability to perform in accordance with the renegotiated terms for a period of at least six consecutive months.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on a historical three-year charge-off experience and expected loss given default derived from the Company's internal risk rating process. Other adjustments related to changes in lending policies, changes in economic conditions, trends in volume and terms of loans, delinquency levels and trends, changes in value of underlying collateral and the effect of the concentrations of credit are made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical losses or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial real estate and land loans, multi-family loans, commercial loans, construction loans and troubled debt restructurings by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. Accordingly, the Company does not separately identify individual consumer and residential loans for impairment measurements, unless such loans are the subject of a restructuring agreement due to financial difficulties of the borrower.

Premises and Equipment

Depreciable assets are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for each major depreciable classification of premises and equipment are as follows:

Buildings and improvements	35-40 years
Furniture, fixtures and equipment	3-5 years

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No long-lived asset impairment was recognized during the years ended December 31, 2021 and 2020.

Federal Home Loan Bank Stock

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment.

Foreclosed Real Estate Held for Sale, Net

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations of foreclosed real estate are included in noninterest expense.

Bank-owned Life Insurance

The Company has purchased life insurance policies on certain key executives. Bank-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement. Death benefit proceeds received in excess of the policy's cash surrender value are recognized to noninterest income. Investment returns on the bank-owned life insurance assets are added to the carrying value and included as non-interest income in the statements of income. Any receipt of benefit proceeds is recorded as a reduction of the carrying value of the bank-owned life insurance asset.

FHLB Lender Risk Account Receivable

Certain loan sales transactions with the FHLB of Cincinnati provide for establishment of a Lender Risk Account (LRA). The LRA consists of amounts withheld from loan sale proceeds by the FHLB for absorbing inherent losses that are probable on those sold loans. These withheld funds are an asset to the Company as they are scheduled to be paid to the Company in future years, net of any credit losses on those loans sold. The receivables are initially measured at fair value. The fair value is estimated by discounting the cash flows over the life of each master commitment contract. The accretable yield is amortized over the life of the master commitment contract. Expected cash flows are re-evaluated at each measurement date. If there is an adverse change in expected cash flows, the accretable yield would be adjusted on a prospective basis and the asset would be evaluated for impairment.

(Amounts in thousands, except share and per share data)

Accrued Interest Receivable

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Accrued interest receivable was as follows:

	December 31,	
	2021	2020
Loans	$ 228	$ 440
FHLB stock and other	12	5
	$ 240	$ 445

Income Taxes

The Company accounts for income taxes in accordance with authoritative guidance (ASC 740, *Income Taxes*). The guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur. Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Uncertain tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more likely than not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more likely than not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

The Company recognizes interest and penalties on income taxes as a component of income tax expense. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2018. At December 31, 2021 and 2020, the Company had no uncertain income tax positions.

Stock Options and Restricted Stock Awards Plan

The cost of employee services received in exchange for stock option grants is the grant-date fair value of the awards estimated using an option pricing model. The Company uses a Black-Scholes pricing model and related assumptions for estimating the fair value of stock option grants. The compensation costs for restricted stock awards is based on the market price of the Company's common stock at the date of grant multiplied by the number of shares granted. The impact of forfeitures on compensation cost is recognized in the period the award is forfeited. The estimated cost is recognized on a straight-line basis over the period the employee is required to provide services in exchange for the awards.

Repurchase of Common Stock

Common shares repurchased are at related cost. Cost of shares retired or reissued is determined using the weighted-average method.

Reclassifications

Certain reclassifications have been made to the 2020 consolidated financial statements to conform to the 2021 consolidated financial statement presentation. These reclassifications had no effect on net income.

Note 2: Earnings per Share

Basic earnings per common share ("EPS") allocated to common shareholders is calculated using the two-class method and is computed by dividing net income allocated to common shareholders by the weighted average number of common shares outstanding during the period. Unallocated common shares held by the Company's Employee Stock Ownership Plan ("the ESOP") are shown as a reduction in shareholder's equity and are excluded from weighted-average common shares outstanding for both basic and diluted EPS calculations until they are committed to be released. Diluted earnings per share is adjusted for the dilutive effects of stock-based compensation and is calculated using the two-class method or the treasury method. There were no dilutive effects at December 31, 2021 or 2020.

(Amounts in thousands, except share and per share data)

The computation for the years ended December 31, 2021 and December 31, 2020 are as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Net Income	$ 1,078	$ 2,084
Less allocation of earnings to participating securities	17	44
Net income allocated to common shareholders	$ 1,061	$ 2,040
Shares Outstanding for basic earnings per common share:		
Weighted Average shares outstanding:	1,502,011	1,529,741
Less: Average Unearned ESOP shares:	99,727	106,177
Weighted average number of shares outstanding used in the calculation of basic earnings per common share	1,402,284	1,423,564
Basic earnings per common share:	$ 0.76	$ 1.43
Effect of dilutive securities:		
Stock Options	-	-
Weighted average number of shares outstanding used in the calculation of dilutive earnings per common share	1,402,284	1,423,564
Diluted earnings per common share:	$ 0.76	$ 1.43

(Amounts in thousands, except share and per share data)

Note 3: Loans and Allowance for Loan Losses

The composition of the loan portfolio at December 31, 2021 and 2020 was as follows:

	December 31, 2021	December 31, 2020
Residential mortgage loans	$ 64,227	$ 59,278
Commercial real estate and land loans	22,921	20,869
Home equity and other consumer	5,685	7,177
Construction loans	15,716	10,667
Residential mortgage loans, non-owner occupied	3,524	3,740
Multi-family real estate loans	1,150	1,352
SBA PPP Loans	-	20,393
Commercial loans	8,520	5,198
	121,743	128,674
Net deferred loan fees	(25)	(234)
Loans in process	(9,972)	(7,656)
Allowance for loan losses	(1,199)	(1,386)
Net loans	$ 110,547	$ 119,398

Loans serviced for the benefit of others at December 31, 2021 and 2020 amounted to $515 and $1,316, respectively. Loans in process relates to primarily residential mortgage loans.

Risk characteristics applicable to each segment of the loan portfolio are described as follows.

Residential Mortgage Loans, Construction Loans and Land Loans: The residential 1-4 family real estate loans and residential construction loans are generally secured by owner-occupied 1-4 family residences. Commercial Construction loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Land loans are secured primarily by unimproved land for future residential use. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Residential Mortgage Loans, Non-Owner Occupied: One-to-four family, non-owner occupied loans carry greater inherent risks than one-to-four family, owner occupied loans, since the repayment ability of the borrower is generally reliant on the success of the income generated from the property.

Commercial Real Estate and Multi-Family Real Estate: Commercial real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. Multi-family real estate loans are generally secured by apartment complexes. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Bank's market areas.

Commercial: The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Home Equity and Other Consumer: The consumer loan portfolio consists of home equity loans and term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment of the home equity loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Repayment for term and line of credit loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's market area) and the creditworthiness of a borrower.

SBA PPP Loans: This category includes Small Business Administration ("SBA") Paycheck Protection Program ("PPP") loans that were authorized under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP was implemented by the Small Business Administration ("SBA") with support from the Department of the Treasury and provided small businesses that were negatively impacted by the COVID-19 pandemic with government guaranteed and potentially forgivable loans that could be used to pay up to eight or twenty-four weeks, depending on the date of the loan, of payroll costs including benefits. Funds could also be used to pay interest on mortgages, rent, and utilities. PPP loans made by the Company have a maturity of two years and an interest rate of 1%. In addition, the SBA pays originating lenders processing fees based on the size of the loan, ranging from 1% to 5% of the loan amount. A borrower who meets certain requirements can request loan forgiveness from the SBA. If loan forgiveness is granted, the SBA will forward the forgiveness amount to the lender. At December 31, 2021 all SBA PPP loans made to borrowers had been forgiven by the SBA.

(Amounts in thousands, except share and per share data)

The following tables present the activity in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of December 31, 2021 and 2020:

December 31, 2021	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Construction Loans	Residential Mortgage Loans Non-Owner Occupied	Multi-Family Real Estate Loans	SBA PPP Loans	Commercial Loans	Total
Allowance for loan losses:									
Balance, beginning of year	$ 422	$ 551	$ 174	$ 135	$ 23	$ 17	$ -	$ 64	$ 1,386
Provision (credit) charged to expense	(13)	54	(77)	19	11	(3)	-	74	65
Losses charged off	-	(189)	-	-	(13)	-	-	(52)	(254)
Recoveries	-	-	-	-	2	-	-	-	2
Balance, end of year	$ 409	$ 416	$ 97	$ 154	$ 23	$ 14	$ -	$ 86	$ 1,199
Ending balance: individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 409	$ 416	$ 97	$ 154	$ 23	$ 14	$ -	$ 86	$ 1,199
Loans:									
Ending balance	$ 64,227	$ 22,921	$ 5,685	$ 15,716	$ 3,524	$ 1,150	$ -	$ 8,520	$ 121,743
Ending balance: individually evaluated for impairment	$ 64	$ -	$ 44	$ -	$ 166	$ -	$ -	$ -	$ 274
Ending balance: collectively evaluated for impairment	$ 64,163	$ 22,921	$ 5,641	$ 15,716	$ 3,358	$ 1,150	$ -	$ 8,520	$ 121,469

December 31, 2020	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Construction Loans	Residential Mortgage Loans Non-Owner Occupied	Multi-Family Real Estate Loans	SBA PPP Loans	Commercial Loans	Total
Allowance for loan losses:									
Balance, beginning of year	$ 394	$ 346	$ 225	$ 139	$ 29	$ 13	$ -	$ 20	$ 1,166
Provision (credit) charged to expense	19	205	(53)	(4)	(7)	4	-	126	290
Losses charged off	-	-	-	-	-	-	-	(82)	(82)
Recoveries	9	-	2	-	1	-	-	-	12
Balance, end of year	$ 422	$ 551	$ 174	$ 135	$ 23	$ 17	$ -	$ 64	$ 1,386
Ending balance: individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: collectively evaluated for impairment	$ 422	$ 551	$ 174	$ 135	$ 23	$ 17	$ -	$ 64	$ 1,386
Loans:									
Ending balance	$ 59,278	$ 20,869	$ 7,177	$ 10,667	$ 3,740	$ 1,352	$ 20,393	$ 5,198	$ 128,674
Ending balance: individually evaluated for impairment	$ 68	$ 1,571	$ 35	$ -	$ 174	$ -	$ -	$ 428	$ 2,276
Ending balance: collectively evaluated for impairment	$ 59,210	$ 19,298	$ 7,142	$ 10,667	$ 3,566	$ 1,352	$ 20,393	$ 4,770	$ 126,398

Internal Risk Categories

Loan grades are numbered 1 through 8. Grades 5 through 8 are considered satisfactory grades. The grade of 1, or Special Mention, represents loans of lower quality and is considered criticized. The grades of 2, or Substandard, 3, or Doubtful, and 4, or Loss refer to assets that are classified. The use and application of these grades by the Company will be uniform and shall conform to the Bank's policy.

Special Mention (grade 1) assets have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification. Ordinarily, special mention credits have characteristics which corrective management action would remedy.

Substandard (grade 2) loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful (grade 3) loans classified as doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of current known facts, conditions and values, highly questionable and improbable.

Loss (grade 4) loans classified as loss are considered uncollectible and of such little value that their continuance as assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off even though partial recovery may be affected in the future.

Satisfactory (grades 5 through 8) represent loans for which quality is considered to be satisfactory.

(Amounts in thousands, except share and per share data)

The following tables present the credit risk profile of the Company's loan portfolio based on rating category and payment activity as of December 31, 2021 and 2020:

December 31, 2021	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Construction Loans	Residential Mortgage Loans Non-Owner Occupied	Multi-Family Real Estate Loans	SBA PPP Loans	Commercial Loans	Total
Rating									
Satisfactory (5-8)	$ 63,712	$ 21,019	$ 5,579	$ 15,716	$ 3,524	$ 1,150	$ -	$ 7,398	$ 118,098
Special mention (1)	-	-	-	-	-	-	-	-	-
Substandard (2)	515	1,902	106	-	-	-	-	1,122	3,645
Doubtful (3)	-	-	-	-	-	-	-	-	-
Loss (4)	-	-	-	-	-	-	-	-	-
Total	$ 64,227	$ 22,921	$ 5,685	$ 15,716	$ 3,524	$ 1,150	$ -	$ 8,520	$ 121,743

December 31, 2020	Residential Mortgage Loans	Commercial Real Estate and Land Loans	Home Equity and Other Consumer	Construction Loans	Residential Mortgage Loans Non-Owner Occupied	Multi-Family Real Estate Loans	SBA PPP Loans	Commercial Loans	Total
Rating									
Satisfactory (5-8)	$ 58,771	$ 17,385	$ 7,065	$ 10,667	$ 3,740	$ 1,352	$ 20,393	$ 3,615	$ 122,988
Special mention (1)	-	1,733	-	-	-	-	-	1,148	2,881
Substandard (2)	507	1,751	112	-	-	-	-	435	2,805
Doubtful (3)	-	-	-	-	-	-	-	-	-
Loss (4)	-	-	-	-	-	-	-	-	-
Total	$ 59,278	$ 20,869	$ 7,177	$ 10,667	$ 3,740	$ 1,352	$ 20,393	$ 5,198	$ 128,674

(Amounts in thousands, except share and per share data)

The following tables present the Company's loan portfolio aging analysis as of December 31, 2021 and 2020:

December 31, 2021	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due or More	Total Past Due	Current	Total Loans Receivable	Recorded Investment 90 Days and Accruing
Residential mortgage loans	$ -	$ -	$ 385	$ 385	$ 63,842	$ 64,227	$ -
Commercial real estate and land loans	-	-	-	-	22,921	22,921	-
Home equity and other consumer	-	-	-	-	5,685	5,685	-
Construction loans	-	-	-	-	15,716	15,716	-
Residential mortgage loans, non-owner occupied	-	-	-	-	3,524	3,524	-
Multi-family real estate loans	-	-	-	-	1,150	1,150	-
SBA PPP Loans	-	-	-	-	-	-	-
Commercial loans	-	-	-	-	8,520	8,520	-
Total	$ -	$ -	$ 385	$ 385	$ 121,358	$ 121,743	$ -

December 31, 2020	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due or More	Total Past Due	Current	Total Loans Receivable	Recorded Investment 90 Days and Accruing
Residential mortgage loans	$ -	$ 117	$ 309	$ 426	$ 58,852	$ 59,278	$ -
Commercial real estate and land loans	1,571	-	-	1,571	19,298	20,869	-
Home equity and other consumer	-	-	-	-	7,177	7,177	-
Construction loans	-	-	-	-	10,667	10,667	-
Residential mortgage loans, non-owner occupied	-	-	-	-	3,740	3,740	-
Multi-family real estate loans	-	-	-	-	1,352	1,352	-
SBA PPP Loans	-	-	-	-	20,393	20,393	-
Commercial loans	-	-	428	428	4,770	5,198	-
Total	$ 1,571	$ 117	$ 737	$ 2,425	$ 126,249	$ 128,674	$ -

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan.

(Amounts in thousands, except share and per share data)

The following tables present impaired loans as of December 31, 2021 and 2020:

December 31, 2021	Recorded Balance	Unpaid Principal Balance	Allocated Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without an allocated allowance:					
Residential mortgage loans	$ 64	$ 64	$ -	$ 75	$ 4
Commercial real estate and land loans	-	-	-	-	-
Home equity and other consumer	44	44	-	34	2
Construction loans	-	-	-	-	-
Residential mortgage loans, non-owner occupied	166	166	-	169	7
Multi-family real estate loans	-	-	-	-	-
SBA PPP loans	-	-	-	-	-
Commercial loans	-	-	-	-	-
Loans with an allocated allowance:					
Residential mortgage loans	-	-	-	-	-
Commercial real estate and land loans	-	-	-	-	-
Home equity and other consumer	-	-	-	-	-
Construction loans	-	-	-	-	-
Residential mortgage loans, non-owner occupied	-	-	-	-	-
Multi-family real estate loans	-	-	-	-	-
SBA PPP loans	-	-	-	-	-
Commercial loans	-	-	-	-	-
Total	$ 274	$ 274	$ -	$ 278	$ 13

December 31, 2020	Recorded Balance	Unpaid Principal Balance	Allocated Allowance	Average Investment in Impaired Loans	Interest Income Recognized
Loans without an allocated allowance:					
Residential mortgage loans	$ 68	$ 68	$ -	$ 270	$ 4
Commercial real estate and land loans	1,571	1,571	-	1,571	51
Home equity and other consumer	35	35	-	37	2
Construction loans	-	-	-	-	-
Residential mortgage loans, non-owner occupied	174	174	-	504	9
Multi-family real estate loans	-	-	-	-	-
SBA PPP loans	-	-	-	-	-
Commercial loans	428	428	-	428	7
Loans with an allocated allowance:					
Residential mortgage loans	-	-	-	-	-
Commercial real estate and land loans	-	-	-	-	-
Home equity and other consumer	-	-	-	-	-
Construction loans	-	-	-	-	-
Residential mortgage loans, non-owner occupied	-	-	-	-	-
Multi-family real estate loans	-	-	-	-	-
SBA PPP loans	-	-	-	-	-
Commercial loans	-	-	-	-	-
Total	$ 2,276	$ 2,276	$ -	$ 2,810	$ 73

Interest income recognized is not materially different than interest income that would have been recognized on a cash basis.

(Amounts in thousands, except share and per share data)

The following table presents the Company's nonaccrual loans at December 31, 2021 and 2020. This table excludes performing troubled debt restructurings.

	December 31,	
	2021	2020
Residential mortgage loans	$ 385	$ 309
Commercial real estate and land loans	-	-
Home equity and other consumer	-	-
Construction loans	-	-
Residential mortgage loans, non-owner occupied	-	-
Multi-family real estate loans	-	-
SBA PPP Loans	-	-
Commercial loans	-	428
Total	$ 385	$ 737

(Amounts in thousands, except share and per share data)

Following is a summary of troubled debt restructurings at December 31, 2021 and 2020:

At December 31, 2021			
Residential mortgage loans	1	$	64
Commercial real estate and land loans	-		-
Home equity and other consumer	3		44
Construction loans	-		-
Residential mortgage loans, non-owner occupied	4		166
Multi-family real estate loans	-		-
Commercial loans	-		-
	8	$	274
At December 31, 2020			
Residential mortgage loans	1	$	68
Commercial real estate and land loans	-		-
Home equity and other consumer	2		35
Construction loans	-		-
Residential mortgage loans, non-owner occupied	4		174
Multi-family real estate loans	-		-
Commercial loans	-		-
	7	$	277

As of December 31, 2021, the Company had total troubled debt restructurings of $274. There were five residential mortgage loans and residential non-owner occupied loans totaling $230 in troubled debt restructurings with the largest totaling $64. The remaining $44 in troubled debt restructurings consisted of three home equity loans. As of December 31, 2020, the Company had total troubled debt restructurings of $277. There were five residential mortgage loans and residential non-owner occupied loans totaling $242 in troubled debt restructurings with the largest totaling $68. The remaining $35 in troubled debt restructurings consisted of two home equity loans. These loans were modified due to short term concessions. The Company made no commitments to lend additional funds to these debtors owing receivables whose terms have been modified in troubled debt restructurings.

During the year ended December 31, 2021 one home equity loan for $13 was modified as a troubled debt restructuring. During the year ended December 31, 2020 one owner-occupied residential loan for $347 was modified as a troubled debt restructuring. That loan was subsequently paid off during the year.

(Amounts in thousands, except share and per share data)

Loans to executive officers, directors and their affiliates of the Company for the years ended December 31, 2021 and 2020 are summarized as follows:

	December 31, 2021	December 31, 2020
Balance, beginning of year	$ 55	$ 59
Loan disbursements	-	-
Principal repayments	(3)	(4)
Balance, end of year	$ 52	$ 55

At December 31, 2021 and 2020, there was an additional $50 in available credit on loans to executive officers, directors and their affiliates.

In management's opinion, such loans and other extensions of credit were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectability or present other unfavorable features.

Note 4: Premises and Equipment

Major classifications of premises and equipment, stated at cost, at December 31, 2021 and 2020, are as follows:

	December 31, 2021	December 31, 2020
Land	$ 1,169	$ 1,169
Buildings and improvements	3,715	3,677
Furniture, fixtures and equipment	2,113	2,048
	6,997	6,894
Less accumulated depreciation	2,998	2,796
Net premises and equipment	$ 3,999	$ 4,098

Depreciation expense for the years ended December 31, 2021 and 2020 was $202 and $195, respectively.

(Amounts in thousands, except share and per share data)

Note 5: FHLB Lender Risk Account (LRA) Receivable

The Company has an established LRA with the FHLB of Cincinnati consisting of amounts withheld from loan sale proceeds by the FHLB for absorbing inherent losses that are probable on sold loans. The funds withheld to settle these inherent losses that are probable totaled $7,336 and $7,064 at December 31, 2021 and 2020, respectively; however, these receivables are recorded at fair value at the time of sale, which includes consideration for inherent losses that are probable. In the event that the credit losses do not exceed the withheld funds, the LRA agreements provide for payment of these funds from the FHLB to the Company in 26 annual installments, beginning five years after the sale date. The carrying value of the LRA totaled $4,767 and $4,420 at December 31, 2021 and 2020, respectively. The Company had mandatory delivery contracts outstanding of $3,440 at December 31, 2021.

Note 6: Foreclosed Real Estate Held for Sale, Net

Foreclosed real estate held for sale, net is summarized as follows:

	December 31,	
	2021	2020
Foreclosed real estate held for sale	$ 1,792	$ 34
	$ 1,792	$ 34

At December 31, 2021 foreclosed real estate totaled $1,792. It consisted of one owner occupied non-residential property totaling $1,383, one non-owner occupied non-residential property totaling $384, and one non-owner occupied one to-four family residential property totaling $25. At December 31, 2020 foreclosed real estate included one owner-occupied residential property totaling $34.

Activity in foreclosed real estate held for sale, net is summarized as follows:

	December 31,	
	2021	2020
Balance, beginning of year	$ 34	$ -
Foreclosures	1,792	477
Proceeds from sale	(39)	(490)
Loans to facilitate sales	-	-
Impairment	-	-
Gain on sale	5	47
Balance, end of year	$ 1,792	$ 34

At December 31, 2021 the Company had no loans in the process of foreclosure.

(Amounts in thousands, except share and per share data)

Note 7: Deposits

Deposits are summarized as follows:

Description and weighted-average interest rates:

	December 31, 2021	December 31, 2020
Non-interest bearing checking accounts		
2021 - 0.00%	$ 9,361	
2020 - 0.00%		$ 7,409
Interest bearing checking accounts		
2021 - 0.18%	30,350	
2020 - 0.19%		25,937
Savings accounts		
2021 - 0.15%	27,290	
2020 - 0.14%		22,975
Money market demand accounts		
2021 - 0.23%	31,601	
2020 - 0.37%		29,408
Total checking, savings and money market deposits	98,602	85,729
Certificates of deposits		
0.00 - 0.99%	31,735	17,931
1.00 - 1.99%	4,894	13,872
2.00 - 2.99%	5,420	10,036
3.00 - 3.99%	876	872
Total certificates - average rate 0.88% and 1.44%	42,925	42,711
Total deposits - average rate 0.41% and 0.65%	$ 141,527	$ 128,440

At December 31, 2021, the scheduled maturities of certificates of deposits are summarized as follows:

	December 31, 2021
2022	$ 25,770
2023	6,225
2024	4,543
2025	2,778
2026	3,609
	$ 42,925

(Amounts in thousands, except share and per share data)

Certificates of deposits in denominations of $250 or more were $5,099 and $3,133 at December 31, 2021 and 2020, respectively. There were no brokered deposits at December 31, 2021 and 2020. Under the Federal Deposit Insurance Act and the FDIC's implementing regulations, $250 is the standard maximum deposit insurance amount for deposits in an insured depository institution that are maintained in the same ownership right and capacity. Deposits maintained in different rights and capacities are insured separately from each other.

Deposits from executive officers, directors and affiliates held by the Bank at December 31, 2021 and 2020 totaled $1,074 and $1,346, respectively.

Interest expense on deposits is summarized as follows:

	Years Ended December 31, 2021	2020
Checking accounts	$ 48	$ 43
Savings accounts	36	28
Money market demand accounts	74	121
Certificates of deposits	478	810
	$ 636	$ 1,002

Note 8: FHLB Advances

The Bank had no advances from the Federal Home Loan Bank at December 31, 2021 and 2020. At December 31, 2021, the Bank had an additional $49.9 million of available borrowing capacity.

At December 31, 2021 the Bank had an unused line of credit with the Federal Home Loan Bank of $25.0 million.

Note 9: Income Taxes

The provision for income taxes includes these components:

	Years Ended December 31, 2021	2020
Federal taxes currently payable	$ 469	$ 748
Federal deferred income taxes	(158)	(172)
Federal income tax expense	$ 311	$ 576

In lieu of state income taxes, the Company pays a financial institution tax. Financial institution taxes for 2021 and 2020 were $180 and $160, respectively.

(Amounts in thousands, except share and per share data)

A reconciliation of federal income tax expense at the statutory rate to the Company's actual federal income tax expense is shown below:

	Years Ended December 31, 2021	Years Ended December 31, 2020
Computed at the statutory rate of 21%	$ 292	$ 559
Increase (decrease) resulting from		
Tax-exempt BOLI income	(11)	(9)
Incentive Stock Options	16	16
ESOP	11	8
Other	3	2
Actual federal income tax expense	$ 311	$ 576

The tax effects of temporary differences related to the deferred federal tax asset (liability) shown on the balance sheets were:

	December 31, 2021	December 31, 2020
Deferred tax assets		
Allowance for loan losses	$ 252	$ 291
Deferred compensation	339	315
Non-Incentive Stock Options	25	18
Restricted stock and 83B elections	4	1
	620	625
Deferred tax liabilities		
FHLB stock basis difference	(87)	(87)
Depreciation	(118)	(119)
Restricted stock and 83B elections	-	(1)
Prepaid expenses	(8)	(5)
FHLB lender risk account receivable	-	(164)
	(213)	(376)
Net deferred federal tax asset	$ 407	$ 249

Retained earnings at December 31, 2021 and 2020, includes approximately $559, for which no deferred federal income tax liability has been recognized. This amount represents an allocation of income to bad debt deductions for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The deferred federal income tax liabilities on the preceding amount that would have been recorded if they were expected to reverse into taxable income in the foreseeable future was approximately $117 at December 31, 2021 and 2020.

Note 10: Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated under United States Generally Accepted Accounting Principles, regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these financial statements.

Quantitative measures established by regulatory reporting standards, to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of Total capital (as defined), Tier I capital (as defined) and common equity Tier 1capital (as defined) to risk-weighted assets (as defined) and Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2021 and 2020, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 2021 and 2020, the most recent notification from the Bank's regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based capital, Tier I risk-based capital, common equity Tier 1 risk-based capital and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

In addition to the minimum capital ratios, the Bank must maintain a capital conservation buffer of common equity Tier 1 capital in an amount greater than 2.5% of total risk-weighted assets to avoid being subject to limitations on capital distributions and discretionary bonuses.

As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act (the "Act"), banking regulatory agencies including the Federal Reserve Board must establish for institutions with less than $10 billion of assets a "community bank leverage ratio" of tangible equity capital to total average consolidated assets of between 8 to 10%. Institutions with capital meeting the specified requirement and electing to follow the alternative regulatory capital structure will be considered to comply with the applicable regulatory capital requirements, including the risk-based requirements. The "community bank leverage ratio" has been set at 9%.

In addition, as a result of the Act, the Federal Reserve Board has amended its small bank holding company and savings and loan holding company policy statement to provide that holding companies with consolidated assets of less than $3 billion that are (i) not engaged in significant nonbanking activities, (ii) do not conduct significant off-balance sheet activities, and (3) do not have a material amount of SEC-registered debt or equity securities, other than trust preferred securities, that contribute to an organization's complexity, are not subject to consolidated regulatory capital requirements.

(Amounts in thousands, except share and per share data)

The Bank's actual capital amounts and ratios are presented in the following tables (minimum capital requirements exclude the capital conservation buffer):

As of December 31, 2021	Actual Amount	Actual Ratio	Minimum Capital Requirement Amount	Minimum Capital Requirement Ratio	Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
Equity	$ 26,102					
Allowance for loan losses	1,199					
Total risk-based capital (to risk-weighted assets)	$ 27,301	17.8%	$ 12,266	8.0%	$ 15,333	10.0%
Tier I capital (to risk-weighted assets)	26,102	17.0%	9,200	6.0%	12,266	8.0%
Common equity Tier I capital (to risk-weighted assets)	26,102	17.0%	6,900	4.5%	9,967	6.5%
Tier I capital (to adjusted total assets)	26,102	15.1%	6,931	4.0%	8,664	5.0%

(Amounts in thousands, except share and per share data)

	Actual		Minimum Capital Requirement		Minimum to Be Well Capitalized Under Prompt Corrective Action Provisions	
As of December 31, 2020	Amount	Ratio	Amount	Ratio	Amount	Ratio
Equity	$ 24,550					
Allowance for loan losses	1,386					
Total risk-based capital (to risk-weighted assets)	$ 25,936	18.3%	$ 11,344	8.0%	$ 14,181	10.0%
Tier I capital (to risk-weighted assets)	24,550	17.3%	8,508	6.0%	11,344	8.0%
Common equity Tier I capital (to risk-weighted assets)	24,550	17.3%	6,381	4.5%	9,217	6.5%
Tier I capital (to adjusted total assets)	24,550	15.5%	6,318	4.0%	7,897	5.0%

Note 11: Employee Benefits

The Company has supplemental retirement plans for directors, certain senior officers and key employees. Participants in the director plan, shall be fully vested upon retirement and will receive an annual benefit for five years equal to $1 for each year of service provided by the director to the Company. Participants in the plan for certain senior officers and key employees, upon retirement, will receive annually, for fifteen years, 45% of their final three-year annual base salary amount average. The plans are uniquely designed for each participant. The charge to expense for 2021 and 2020 for both plans was approximately $133 and $153, respectively. Such charges reflect the straight-line accrual over the period until full eligibility date at normal retirement of 66 years of age of the present value of benefits due each participant, using a 5% discount factor at both December 31, 2021 and December 31, 2020. The resulting liability at December 31, 2021 and 2020 for both plans was approximately $1,788 and $1,672, respectively. The Company purchased life insurance on the participants. During the year ended December 31, 2021, the Bank purchased additional life insurance on an additional senior officer in the amount of $750. The cash surrender value of such insurance was $2,855 and $2,049 at December 31, 2021 and 2020, respectively.

The Bank has a 401(k) profit-sharing plan covering substantially all employees who have attained the age of 21 and have completed one year of eligibility service. In 2020 the Bank added a Safe Harbor Qualified Matching provision to the plan. This is an annual election made by the Company, at its sole discretion each Plan Year, which provides a matching contribution to participating employees equal to 100% on the first 3% of compensation deferred, and 50% on the next 2% of compensation deferred. Certain individuals deemed highly compensated per the Internal Revenue Code may be excluded from this contribution. The Company has elected to keep the Safe Harbor provision in effect for the 2022 plan year. The Company may, at its sole discretion, make a Profit Sharing Contribution to the Profit Sharing Plan. Employees will be eligible to receive an allocation if they have completed at least 500 hours of service during the Plan Year or are employed by the Company on the last day of the Plan Year. Profit Sharing Contributions will be allocated to the Profit Sharing Contribution Accounts of each Participant eligible to share in such allocation after the end of the Plan Year if the Board elects to do so. The Company's contributions to the plan are determined annually by the Board of Directors. Contributions to the plan were $74 and $137 for the years ended December 31, 2021 and 2020, respectively.

Note 12: Equity Incentive Plan

In September 2018, the Company's stockholders approved the Eagle Financial Bancorp, Inc. 2018 Equity Incentive Plan (the "2018 Plan"). The 2018 Plan authorizes the issuance or delivery to participants of up to 225,792 shares of the Company's common stock pursuant to the grants of restricted stock awards, incentive stock options, and non-qualified stock options. Of this number, the maximum number of shares of Company common stock that may be issued under the 2018 Plan pursuant to the exercise of stock options is 161,280 shares and the maximum number of shares of Company common stock that may be issued as restricted stock awards is 64,512 shares. Stock options awarded to employees may be incentive stock options or non-qualified stock options. Shares awarded under the 2018 Plan may be authorized but unissued shares or treasury shares. The 2018 Plan contains annual and lifetime limits on certain types of awards to individual participants.

Awards may vest or become exercisable only upon the achievement of performance measures or based solely on the passage of time after award. Stock options and restricted stock awards provide for accelerated vesting if there is a change in control (as defined in the 2018 Plan).

In September 2018, the Company granted stock options for 32,255 shares to members of the Board of Directors. Awards under the Plan were granted with a vesting rate not exceeding twenty percent (20%) per year for five years. Options granted in September 2018 have an exercise price $15.89, as determined on the grant date and expire ten years from the grant date.

The fair value was calculated using the Black-Scholes model for stock options granted in September 2018 using the following assumptions: expected volatility of 24.56%, a risk free interest rate of 3.01%, and an expected term of 7.5 years. The Company utilized the simplified method to determine the expected term because it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term.

The weighted average grant-date fair value of options granted in September 2018 was $5.57 per share.

In October 2018, the Company granted stock options for 69,356 shares to Executive Officers of the Company. Awards under the Plan were granted with a vesting rate not exceeding twenty percent (20%) per year for five years. Options granted in October 2018 have an exercise price \$15.75, as determined on the grant date and expire ten years from the grant date.

The fair value was calculated using the Black-Scholes model for stock options granted in September 2018 using the following assumptions: expected volatility of 24.63%, a risk free interest rate of 3.14%, and an expected term of 7.5 years. The Company utilized the simplified method to determine the expected term because it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term.

The weighted average grant-date fair value of options granted in October 2018 was \$5.59 per share.

At December 31, 2021, 19,350 of the stock options granted to the Board of Directors were exercisable at an average price of \$15.89, and 41,613 of the stock options granted to the Executive Officers were exercisable at an average price of \$15.75. At December 31, 2021, no stock options were exercised. The total intrinsic value of options outstanding as of December 31, 2021 and 2020, was \$232 and \$68, respectively. The total intrinsic value of options exercisable as of December 31, 2021 and 2020, was \$136 and \$25, respectively.

(Amounts in thousands, except share and per share data)

The table below represents the stock option activity for the period shown:

	Options	Weighted-Average Exercise Price	Remaining Contractual Life (Years)
Options outstanding at January 1, 2021	101,611	$ 15.79	2.7
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Expired	-	-	-
Options outstanding at December 31, 2021	101,611	$ 15.79	1.7
Options Exercisable at December 31, 2021	60,963	$ 15.79	1.7
Options outstanding at January 1, 2020	101,611	$ 15.79	3.7
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Expired	-	-	-
Options outstanding at December 31, 2020	101,611	15.79	2.7
Options Exercisable at December 31, 2020	40,642	$ 15.79	2.7

In September 2018, the Company awarded 12,900 restricted shares to members of the Board of Directors. The restricted stock awards have a five year vesting period. During the restricted period, the holder is entitled to full voting rights and dividends, thus are considered participating securities. At December 31, 2021 and 2020, 7,740 and 5,160, respectively, restricted shares awarded to the Board of Directors were vested.

In October 2018, the Company awarded 29,050 restricted shares to Executive Officers and other employees of the Company. The restricted stock awards have a five year vesting period. During the restricted period, the holder is entitled to full voting rights and dividends, thus are considered participating securities. At December 31, 2021 and 2020, 17,430 and 11,620, respectively, restricted shares awarded to Executive Officers were vested.

(Amounts in thousands, except share and per share data)

The table below presents the restricted stock activity for the period shown:

	Restricted stock awards	Weighted-Average grant date fair value
Non-vested at January 1, 2021	25,170	$ 15.79
Granted	-	-
Vested	8,390	18.12
Forfeited	-	-
Non-vested at December 31, 2021	16,780	$ 15.79

	Restricted stock awards	Weighted-Average grant date fair value
Non-vested at January 1, 2020	33,560	$ 15.79
Granted	-	-
Vested	8,390	16.37
Forfeited	-	-
Non-vested at December 31, 2020	25,170	$ 15.79

Total compensation cost recognized in the income statement for share-based payment arrangements during 2021 and 2020 was $246 each year.

As of December 31, 2021, there was approximately $424 of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a remaining weighted-average period of 1.7 years.

Note 13: Employee Stock Ownership Plan

In connection with the conversion to an entity owned by stockholders, the Company established an Employee Stock Ownership Plan (“ESOP”) for the exclusive benefit of eligible employees. The ESOP borrowed funds from the Company in an amount sufficient to purchase 129,024 shares (approximately 8.0% of the common stock sold in the stock offering). The loan is secured by the shares purchased and will be repaid by the ESOP with funds from contributions made by the Company and dividends received by the ESOP. Contributions will be applied to repay interest on the loan first, then the remainder will be applied to principal. The loan is expected to be repaid over a period of up to 20 years. Shares purchased with the loan proceeds are held in a suspense account for allocation among participants as the loan is repaid. Contributions to the ESOP and shares released from the suspense account are allocated among participants in proportion to their compensation, relative to total compensation of all active participants. Participants will vest in their accrued benefits under the ESOP at the rate of 20 percent per year after two years of service. Vesting is accelerated upon retirement, death or disability of the participant, or a change in control of the Company. Forfeitures will be reallocated to remaining participants. Benefits may be payable upon retirement, death, disability, separation of service, or termination of the ESOP.

(Amounts in thousands, except share and per share data)

The debt of the ESOP is eliminated in consolidation. Contributions to the ESOP shall be sufficient to pay principal and interest currently due under the loan agreement. As shares are committed to be released from collateral, the Company reports the compensation expense equal to the average market price of the shares for the respective period, and the shares become outstanding for earnings per share computations. Dividends on unallocated ESOP shares, if any, are recorded as a reduction of debt and accrued interest. ESOP compensation was $116 and $104 for the years ended December 31, 2021 and 2020, respectively.

A summary of the ESOP shares as of December 31 are as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Shares released to participants	6,451	6,451
Shares allocated to participants	25,804	19,353
Unreleased shares	96,769	103,220
Total	129,024	129,024
Fair Value of unreleased shares	$ 1,756,357	$ 1,699,001

In the event the ESOP is unable to satisfy the obligation to repurchase the shares held by each beneficiary upon the beneficiary's termination or retirement, the Company is obligated to repurchase the shares. In addition, there are no outstanding shares held by former employees that are subject to an ESOP related repurchase option.

Note 14: Operating Leases (Lessee)

The Company has a noncancellable operating lease for a branch that expires in 2025. The remaining future minimum lease payments for 2022 through 2025 are $147. Rental expense for this lease was $48 and $46 for the years ended December 31, 2021 and 2020, respectively.

(Amounts in thousands, except share and per share data)

Future minimum lease payments at December 31, 2021 are:

2022		42
2023		42
2024		42
2025		21
Total minimum lease payments	$	147

Note 15: Operating Leases (Lessor)

The Company has entered into agreements as lessor for office space for its corporate building spaces. The leases all have an initial term of five years with options to renew at various terms. Rental income for these leases, included in occupancy and equipment, net of noninterest expense, was approximately $58 and $132 for the years ended December 31, 2021 and 2020, respectively.

Future minimum payments to be received at December 31, 2021 are:

2022		52
2023		55
2024		38
2025		27
2026		13
Total minimum lease receipts	$	185

Note 16: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Nonrecurring Measurements

The following table presents the fair value measurement of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020:

		Fair Value Measurements Using		
December 31, 2021	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Impaired loans (collateral dependent)	$ -	$ -	$ -	$ -

		Fair Value Measurements Using		
December 31, 2020	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Impaired loans (collateral dependent)	$ 68	$ -	$ -	$ 68

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral-dependent Impaired Loans, Net of ALLL

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired loans are classified within Level 3 of the fair value hierarchy. The Bank considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary. Appraisals are reviewed for accuracy and consistency by the lending department. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by comparison to historical results.

(Amounts in thousands, except share and per share data)

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements.

	Fair Value at 12/31/2021	Valuation Technique	Unobservable Inputs	Range
Impaired loans (collateral dependent)	$ -	Market comparable properties	Marketability discount	10% - 15%

	Fair Value at 12/31/2020	Valuation Technique	Unobservable Inputs	Range
Impaired loans (collateral dependent)	$ 68	Market comparable properties	Marketability discount	10% - 15%

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Cash and Cash Equivalents and Interest-bearing Time Deposits in other Banks

The carrying amount approximates fair value.

Loans Held For Sale

The carrying amount approximates fair value due to the insignificant time between origination and date of sale. The carrying amount is the amount funded.

Loans

The estimated fair value of loans as of December 31, 2021 and 2020 follows the guidance in ASU 2016-01, which prescribes an “exit price” approach in estimating and disclosing fair value of financial instruments. The fair value calculation at that date discounted estimated future cash flows using rates that incorporated discounts for credit, liquidity and marketability factors.

FHLB Stock

Fair value is estimated at book value due to restrictions that limit the sale or transfer of such securities.

FHLB Lender Risk Account Receivable

The fair value of the Federal Home Loan Bank lender risk account receivable is estimated by discounting the estimated remaining cash flows of each strata of the receivable at current rates applicable to each strata for the same remaining maturities.

Accrued Interest Receivable and Payable

The carrying amount approximates fair value. The carrying amount is determined using the interest rate, balance and last payment date.

Deposits

Fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The market rates used were obtained from a knowledgeable independent third party and reviewed by the Company. The rates were the average of current rates offered by local competitors of the Company.

The estimated fair value of checking, NOW, savings and money market deposits is the book value since rates are regularly adjusted to market rates and amounts are payable on demand at the reporting date.

Advances from Borrowers for Taxes and Insurance

The carrying amount approximates fair value.

Commitments to Originate Loans, Forward Sale Commitments, Letters of Credit and Lines of Credit

The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of commitments to sell securities is estimated based on current market prices for securities of similar terms and credit quality. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date. At December 31, 2021 and 2020, the fair value of such commitments was not material.

(Amounts in thousands, except share and per share data)

The following tables present estimated fair values of the Company's financial instruments at December 31, 2021 and 2020.

December 31, 2021	Carrying Amount	Fair Value	Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
Financial Assets					
Cash and cash equivalents	$ 41,007	$ 41,007	$ 41,007	$ -	$ -
Interest-bearing time deposits	2,988	2,988	2,988	-	-
Loans held for sale	2,809	2,809	-	-	2,809
Loans, net of allowance for losses	110,547	110,226	-	-	110,226
FHLB stock	2,637	2,637	-	2,637	-
FHLB lender risk account receivable	4,767	5,052	-	-	5,052
Interest receivable	240	240	-	240	-
Financial Liabilities					
Deposits	141,527	141,517	98,602	42,915	-
Advances from borrowers for taxes and insurance	901	901	-	901	-
Interest payable	2	2	-	2	-

December 31, 2020	Carrying Amount	Fair Value	Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
Financial Assets					
Cash and cash equivalents	$ 13,585	$ 13,585	$ 13,585	$ -	$ -
Interest-bearing time deposits	249	249	249	-	-
Loans held for sale	14,020	14,020	-	-	14,020
Loans, net of allowance for losses	119,398	120,276	-	-	120,276
FHLB stock	1,294	1,294	-	1,294	-
FHLB lender risk account receivable	4,420	4,810	-	-	4,810
Interest receivable	445	445	-	445	-
Financial Liabilities					
Deposits	128,440	128,931	85,627	43,304	-
Advances from borrowers for taxes and insurance	850	850	-	850	-
Interest payable	2	2	-	2	-

Note 17: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses are reflected in Note 3 regarding loans. Current vulnerabilities due to certain concentrations of credit risk are discussed in the footnote on commitments and credit risk.

At December 31, 2021 and 2020, the Company held $22,921 and $20,869, respectively, in commercial real estate and land loans collateralized by commercial real estate and land in the Cincinnati geographic area. The accompanying financial statements have been prepared using values and information currently available to the Company.

Note 18: Commitments and Credit Risk

Commitments to Originate Loans

Commitments to originate loans are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

At December 31, 2021 the bank had 2 loans totaling 1.0 million that had been closed but were yet to fund. They had interest rates ranging from 3.00% to 3.250%. At December 31, 2020 the Bank had 11 loans for $1.7 that had closed but yet to fund. They had interest rates ranging from 2.250% to 4.250%. At December 31, 2021 and 2020, the Company had undisbursed loans in process of $9,972 with interest rate ranges of 3.000% - 4.875% and $7,656 with interest rate ranges of 3.125% - 4.875%, respectively.

Lines of Credit

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

(Amounts in thousands, except share and per share data)

Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

Lines of credit at December 31, 2021 were as follows:

Unused lines of credit	$	5,317
Standby letters of credit		-
Unused home equity lines		10,887
Total commitments	$	16,204

Impact of COVID-19 on the Company

In March 2020, the COVID-19 coronavirus was identified as a global pandemic and began affecting the health of large populations around the world. As a result of the spread of COVID-19, economic uncertainties arose which can ultimately affect the financial position, results of operations and cash flows of the Company as well as the Company's customers. In response to economic concerns over COVID-19, in March 2020 the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed into law by Congress. The CARES Act included relief for individual Americans, health care workers, small businesses and certain industries hit hard by the COVID-19 pandemic. The 2021 Consolidated Appropriations Act, passed by Congress in December 2020, extended certain provisions of the CARES Act affecting the Company into 2021.

The CARES Act included several provisions designed to help financial institutions like the Company in working with their customers. Section 4013 of the CARES Act, as extended, allows a financial institution to elect to suspend generally accepted accounting principles and regulatory determinations with respect to qualifying loan modifications related to COVID-19 that would otherwise be categorized as a troubled debt restructuring (TDR) until January 1, 2022. The Company had taken advantage of this provision to extend certain payment modifications to loan customers in need. As of December 31, 2021, the Company has no outstanding loans that were modified during 2020 under the CARES Act guidance, that remain on modified terms.

The CARES Act also approved the Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA) with funding provided by financial institutions. The 2021 Consolidated Appropriations Act approved a new round of PPP loans in 2021. The PPP provides loans to eligible businesses through financial institutions like the Company, with loans being eligible for forgiveness of some or all of the principal amount by the SBA if the borrower meets certain requirements. The SBA guarantees repayment of the loans to the Company if the borrower's loan is not forgiven and is then not repaid by the customer. The Company earned a 1% interest rate on PPP loans, plus a processing fee from the SBA for processing and originating a loan. The Company originated approximately $22.3 million in PPP loans during 2020, and another $2.9 million during 2021, of which all have been forgiven at December 31, 2021.

Note 19: Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments." The provisions of ASU 2016-13 were issued to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments that are not accounted for at fair value through net income, including loans held for investment, held-to-maturity debt securities, trade and other receivables, net investment in leases and other commitments to extend credit held by a reporting entity at each reporting date. ASU 2016-13 requires that financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The amendments in ASU 2016-13 eliminate the probable incurred loss recognition in current GAAP and reflect an entity's current estimate of all expected credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the financial assets. For public business entities that are U.S. Securities and Exchange Commission (SEC) filers, the amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other public business entities, the amendments were initially effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. On October 16, 2019 FASB voted to delay implementation of ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326) -Measurement of Credit Losses on Financial Instruments." For non SEC filers, the amendments are now effective for fiscal years beginning after December 15, 2022, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company continues to evaluate the impact of these amendments to the Company's financial position and results of operations and currently does not know or cannot reasonably quantify the impact of the adoption of the amendments as a result of the complexity and extensive changes from the amendments. The Allowance for Loan Losses (ALL) estimate is material to the Company and given the change from an incurred loss model to a methodology that considers the credit loss over the life of the loan, there is the potential for an increase in the ALL at the adoption date. The Company is anticipating a significant change in processes and procedures to calculate the ALL, including changes in assumptions and estimates to consider the expected credit losses over the life of the loan versus the current accounting practice that utilizes the incurred loss model. In addition, the current accounting policy and procedures for the other-than temporary impairment on available-for-sale securities will be replaced with an allowance approach. The Company has continued developing processes during the fourth quarter of 2021. The Company will continue to work to further update its loan pools, and its CECL model during 2022 and expects to begin testing a parallel run by first quarter 2022. The accounting standard is expected to be effective for the Bank on January 1, 2023. For additional information on the allowance for loan losses, see Note 3.

(Amounts in thousands, except share and per share data)

Note 20: Condensed Financial Information (Parent Company Only)

Presented below is condensed financial information as to the financial position, results of operations and cash flows of the company:

Condensed Balance Sheet

	2021	2020
Assets		
Cash	$ 2,965	$ 3,337
Prepaid expenses	14	12
Loan receivable - ESOP	1,037	1,085
Investment in EAGLE.bank	26,102	24,550
Prepaid federal income tax	21	51
Total assets	$ 30,139	$ 29,035
Liabilities and Shareholders' Equity		
Liabilities		
Total liabilities	$ 26	$ 19
Shareholder' Equity		
Total shareholders' equity	30,113	29,016
Total liabilities and shareholders' equity	$ 30,139	$ 29,035

Condensed Statement of Income and Comprehensive Income

	2021	2020
Income		
Interest Income - ESOP	46	48
Equity in earnings of EAGLE.bank	1,190	2,187
Total income	1,236	2,235
Expense		
Legal and professional services	90	85
Other expense	89	90
Total expense	179	175
Earnings before federal income tax benefit	1,057	2,060
Federal income tax benefit	(21)	(24)
Net Income and Comprehensive Income	$ 1,078	$ 2,084

Eagle Financial Bancorp, Inc.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Amounts in thousands, except share and per share data)

Condensed Statement of Cash Flows

	2020	2020
Operating Activities		
Net income	$ 1,078	$ 2,084
Items not requiring (providing) cash:		
Equity in undistributed income of subsidiary	(1,190)	(2,187)
Changes in:		
Accrued expenses and other liabilities	7	7
Other assets and prepaid federal income taxes	28	49
Net cash flows used in operating activities	(77)	(47)
Investing Activities		
Payments received on ESOP loan	48	47
Net cash provided by investing activities	48	47
Financing Activities		
Dividends paid	(304)	(232)
Repurchase of common stock	(39)	(1,089)
Net cash used in financing activities	(343)	(1,321)
Decrease in Cash and Cash Equivalents	(372)	(1,321)
Cash and Cash Equivalents, Beginning of Year	3,337	4,658
Cash and Cash Equivalents, End of Year	$ 2,965	$ 3,337

Note 21: Subsequent Events

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.

Subsequent events have been evaluated through March 9, 2022 which is the date the financial statements were available to be issued.