

## Burke & Herbert Bank & Trust Company Reports Second Quarter 2022 Results and Declares Common Stock Dividend

July 29, 2022

**Alexandria, VA** – Burke & Herbert Bank & Trust Company (OTCPK: BHRB) reported financial results for the quarter ended June 30, 2022.

- Net income totaled \$10.4 million for the quarter compared to \$9.1 million the previous quarter and \$9.4 million earned for the same quarter in 2021. Diluted earnings per share for the quarter was \$55.78 compared to \$48.99 the previous quarter and \$50.51 for the same 2021 quarter.
- For the six months ended June 30, 2022, net income totaled \$19.5 million, or \$104.77 diluted earnings per share compared to \$18.3 million, or \$98.43 diluted earnings per share for the six months ended June 30, 2021.

“Our first half results reflect the dedication and commitment of our team in executing our strategic priorities,” said David P. Boyle, the Bank’s President & Chief Executive Officer. “Despite the challenging environment, we further expanded our markets, grew our fee-based sources of revenue, and continued investing in our digital capabilities.”

“On July 5, we [announced](#) the acquisition of 5680 King Centre Drive in Alexandria, Virginia as another step in supporting our growth strategy. Consolidating our team under one roof allows us to improve collaboration, work much more efficiently, and continue to strengthen and build the Bank’s signature culture of community as we embrace future expansion,” he added.

At its meeting on July 28, 2022, the board of directors declared a \$21.20 per share cash dividend to be paid on September 1, 2022 to shareholders of record as of the close of business on August 15, 2022.

“We appreciate the ongoing support of our shareholders and remain confident in our ability to deliver long-term value to them,” said E. Hunt Burke, the Bank’s Chairman. “On June 21, we [announced](#) our intent to form a bank holding company, subject to regulatory approval, and believe the new corporate structure will provide further flexibility for the Bank and is an important part of our continued success,” he added.

### *Second Quarter 2022 – Comparison to prior year quarter*

Total revenue for the quarter was \$30.1 million, or 5% higher than last year due to a 6% increase in net interest income and 2% increase in noninterest income.

Revenue for the quarter included \$17.4 million in interest and fees on loans, a 6% decrease, and \$9.0 million in interest on investments, a 33% increase over the prior year. Loans, net of allowance for losses, ended the quarter at \$1.73 billion or 1% lower than the prior year, while investment securities increased 10% to \$1.52 billion. Total interest income for the quarter was \$26.5 million or 5% higher than the same period a year ago.

Interest expense in the second quarter of \$0.9 million was 18% lower than the same period last year due to a \$0.4 million decline in interest paid on deposits. Total deposits ended the quarter at \$2.96 billion, or 2% higher than last year, with noninterest-bearing deposits increasing 4% and interest-bearing deposits increasing 1%. Noninterest income for the quarter increased 2% compared to the prior year quarter to \$4.5 million. The increase was driven by a 4% increase in fiduciary and wealth management revenue and a 11% increase in service charges and fees, offset by a 14% decrease in other noninterest income.

The provision for loan losses for the quarter was a recapture of \$2.5 million primarily due to the resolution of a certain credit exposure. Revenue after the recapture of loan losses increased to \$32.7 million, an increase of 15% over last year.

Total noninterest expense increased by 14% from the prior year to \$20.4 million for the quarter, primarily due to increases in personnel related expense as the Bank continued to execute on strategic priorities to deliver enhanced product capabilities to new and existing markets. Compared to the prior year quarter, personnel related expenses increased by 4% and occupancy and other operating expenses increased by 29%.

### *Year-to-date ended June 30, 2022 – Comparison to prior year period*

Total revenue for the six months was \$57.7 million or 2% higher than last year due to a 2% increase in net interest income and 2% increase in noninterest income.

Revenue included \$33.9 million in interest and fees on loans, which was 9% lower year-over-year. Interest on investments totaled \$16.8 million, a 28% increase, as the Bank allocated excess liquidity to the investment portfolio throughout the year combined with higher yields. Total interest income for the six months was \$50.8 million compared to \$50.5 million the same period one year ago. Interest expense of \$1.7 million was 29% lower than the same period last year due to a \$0.9 million decline in interest paid on

deposits offset by \$0.2 million increase in borrowed funds expense.

Noninterest income increased 2% compared to last year to \$8.6 million. The increase was driven by a 5% increase in fiduciary and wealth management revenue and a 12% increase in service charges and fees, offset by a 24% decrease in other noninterest income primarily attributed to our mortgage business.

The provision for loan losses for the six months was a recapture of \$5.2 million compared to \$0.8 million expense for the prior year. Revenue after provision for loan losses reached \$62.9 million for the six-month period, an increase of \$7.0 million over the same period last year.

Total noninterest expense increased by 11% from the prior year to \$39.5 million primarily due to a 6% increase in personnel related expense and a 19% increase in occupancy and other operating expense. The Bank's efficiency ratio ended the six months of 2022 at 68.5% compared to 62.7% for the same period a year ago. Burke & Herbert Bank continues to be well-capitalized, with capital ratios that are well above regulatory requirements. As of June 30, 2022, total shareholders' equity was \$291.1 million, 25% lower than the prior year with book value per share decreasing by \$535.68 to \$1,568.55. The decrease was primarily driven by the higher rate environment that impacted the value of the investment securities portfolio.

For more information about the Bank's performance, please see our [financial statements](#).

Burke & Herbert Bank is the oldest bank in the Commonwealth of Virginia and the oldest continuously operating bank in the Washington, DC area. The Bank offers a full range of personal and business banking products and services designed to meet customers' banking, borrowing, and investing needs. Headquartered in Alexandria, Burke & Herbert Bank has over 20 branches, and operates throughout Northern Virginia including Loudoun County, as well as in greater Fredericksburg and the Richmond metro area.

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