

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

April 29, 2022

Alexandria, VA – Burke & Herbert Bank & Trust Company (OTCPK: BHRB) reported financial results for the quarter ended March 31, 2022.

- Net income totaled \$9.1 million for the quarter compared to \$8.6 million the previous quarter and \$8.9 million earned for the same quarter in 2021, and diluted earnings per share for the quarter was \$48.99 compared to \$46.52 the previous quarter and \$47.92 for the same 2021 quarter.

“Our improved first quarter results reflect the hard work and dedication of our team in a challenging environment,” said David P. Boyle, the Bank’s President & Chief Executive Officer. “As we execute our strategies, including our expansion to the Fredericksburg and Richmond markets in Virginia, we are well-positioned to deliver strong full year results,” he added.

At its meeting on April 28, 2022, the board of directors declared a \$21.20 per share regular cash dividend to be paid on June 1, 2022 to shareholders of record as of the close of business on May 16, 2022.

“The Bank delivered a solid financial performance to begin the year,” said E. Hunt Burke, the Bank’s Chairman. “We remain grateful for the ongoing support and confidence of our shareholders and look forward to being able to continue delivering value to them.”

First Quarter 2022 – Comparison to prior year quarter

Total revenue for the quarter was \$27.6 million, or 1% lower than last year due to a 2% decrease in net interest income offset by a 2% increase in noninterest income.

Revenue for the quarter included \$16.5 million in interest and fees on loans, a 12% decrease, and \$7.8 million in interest on investments, a 23% increase over the prior year. Loans, net of allowance for losses, ended the quarter at \$1.73 billion or 4% lower than the prior year, while investment securities increased 19% to \$1.53 billion. Total interest income for the quarter was \$24.3 million or 4% lower than the same period a year ago.

Interest expense in the first quarter of \$0.8 million was 38% lower than the same period last year due to a \$0.5 million decline in interest paid on deposits as the Bank continued repricing higher cost deposits. Total deposits ended the quarter at \$2.97 billion, or 4% higher than last year, with noninterest-bearing deposits increasing 7% and interest-bearing deposits increasing 2%. Noninterest income for the quarter increased 2% compared to the prior year quarter to \$4.1 million. The increase was driven by a 6% increase in fiduciary and wealth management revenue and a 13% increase in service charges and fees, offset by a 36% decrease in other noninterest income.

The provision for loan losses for the quarter was a recapture of \$2.6 million reflecting the overall improved credit outlook compared to the same time a year ago. Revenue after the recapture of loan losses increased to \$30.2 million an increase of 10% over last year.

Total noninterest expense increased by 9% from the prior year to \$19.2 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 8% and occupancy and other operating expenses increased by 10%.

Burke & Herbert Bank continues to be well-capitalized, with capital ratios that are well above regulatory requirements. As of March 31, 2022, total shareholders’ equity was \$330.9 million, 12% lower than the prior year with book value per share decreasing by \$243.65 to \$1,782.91. 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. Burke & Herbert Bank is headquartered in Alexandria and operates more than 20 branches throughout northern Virginia and greater Fredericksburg.

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