

## **Burke & Herbert Bank & Trust Company Reports Fourth Quarter and Full Year 2021 Results Increases Common Stock Dividend**

January 28, 2022

**Alexandria, VA** – Burke & Herbert Bank & Trust Company (OTCPK: BHRB) reported financial results for the quarter ended December 31, 2021 and the full year 2021.

- Net income totaled \$8.6 million for the quarter compared to \$9.2 million the previous quarter and \$9.1 million earned for the same quarter in 2020, and earnings per share for the quarter was \$46.57 compared to \$49.79 the previous quarter and \$48.72 for the same 2020 quarter.
- For the twelve months ended December 31, 2021, net income totaled \$36.2 million, or \$194.85 per share compared to \$26.5 million, or \$142.21 per share for the twelve months ended December 31, 2020.

“Our strong results for 2021 reflect the hard work and dedication of the entire Burke & Herbert Bank team,” said David P. Boyle, the Bank’s President & Chief Executive Officer. “In addition to growing net income 36% year over year, we continued to invest in our businesses and made significant progress in executing our strategic priorities. We are well positioned to create additional value in 2022 and beyond for our communities, customers, employees and shareholders,” he added.

At its meeting on January 27, 2022, the board of directors declared a \$21.20 per share regular cash dividend to be paid on March 1, 2022 to shareholders of record as of the close of business on February 15, 2022.

“The Bank had another solid financial performance that further enhanced our strong capital levels and allowed us to increase the dividend this quarter by 6%,” said E. Hunt Burke, the Bank’s Chairman. “Our dividend announcement continues our long history of delivering value to our shareholders and we remain grateful for their ongoing support and confidence.”

### *Fourth Quarter 2021 – Comparison to prior year quarter*

Total revenue for the quarter was \$28.4 million or 1% higher than last year due to a 6% increase in net interest income offset by an 18% decrease in noninterest income.

Revenue for the quarter included \$17.4 million in interest and fees on loans, a 5% decrease, and \$7.4 million in interest on investments, a 21% increase over the prior year. Loans, net of allowance for losses, ended the quarter at \$1.71 billion or 5% lower than the prior year, while investment securities increased 38% to \$1.61 billion. Total interest income for the quarter was \$24.9 million or 1% higher than the same period a year ago.

Interest expense in the fourth quarter of \$0.8 million was 55% lower than the same period last year due to a \$1.0 million decline in interest paid on deposits as the Bank continued repricing higher cost deposits. Total deposits ended the quarter at \$2.9 billion, or 5% higher than last year, with noninterest-bearing deposits increasing 9% and interest-bearing deposits increasing 3%. Noninterest income for the quarter decreased 18% compared to last year to \$4.3 million. The \$0.9 million decrease was driven by lower other noninterest income offset by a 10% increase in fiduciary and wealth management revenue, a 14% increase in service charges and fees, and a 16% increase in income from bank owned life insurance.

The provision for loan losses for the quarter was (\$1.8) million reflecting the overall improved credit outlook compared to the same time a year ago, resulting in revenue after provision for loan losses of \$30.1 million for the fourth quarter, an increase of 8% over last year.

Total noninterest expense increased by 15% from the prior year to \$20.4 million for the quarter primarily due to increases in personnel related expense, marketing and equipment as the Bank continues to execute on strategic priorities to deliver enhanced product capabilities to new and existing markets.

### *December 31, 2021 Full Year – Comparison to prior full year period*

Total revenue for the twelve months was \$113.9 million or 5% higher than last year due to an 8% increase in net interest income partially offset by a 9% decrease in noninterest income.

Revenue included \$73.2 million in interest and fees on loans, which was 7% lower year-over-year. Interest on investments totaled \$27.4 million, a 25% increase, as the Bank allocated excess liquidity to the investment portfolio throughout the year. Total interest income for the twelve months was \$100.8 million compared to \$101.0 million the same period one year ago. Interest expense of \$4.2 million was 63% lower than the same period last year due to a \$7.0 million decline in interest paid on deposits and a 9% decrease in borrowed funds expense.

Noninterest income decreased 9%, or \$1.8 million, compared to last year to \$17.3 million primarily due to \$1.9 million of securities

gains recorded in 2020. Excluding securities gains, noninterest income increased 1% in the year-over-year comparison.

Provision for loan losses for the twelve months was (\$1.0) million compared to \$12.6 million reflecting the improved credit outlook compared to the same time a year ago. Revenue after provision for loan losses reached \$114.9 million for the twelve-month period, an increase of \$18.8 million over the same period last year.

Total noninterest expense increased by 10% from the prior year to \$74.4 million primarily due to a 9% increase in personnel related expense and an 11% increase in occupancy and other operating expense. The Bank's efficiency ratio ended the twelve months of 2021 at 65.4% compared to 62.2% 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 December 31, 2021, total shareholders' equity was \$389.6 million, 1.2% higher than the prior year with book value per share increasing by \$32.36 to \$2,099.35.

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

Burke & Herbert Bank & Trust Company, established in 1852, is the oldest bank in the Commonwealth of Virginia and the oldest continuously operated 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 & Trust Company is headquartered in Alexandria and operates more than 20 branches in Northern Virginia and greater Fredericksburg.

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