

Burke & Herbert Bank & Trust Company Announces Second Quarter 2021 Results

July 29, 2021

Alexandria, VA – Burke & Herbert Bank & Trust Company (OTCPK: BHRB) reported its financial results for the quarter ended June 30, 2021 and the year to date.

- Net income totaled \$9.4 million for the quarter compared to \$8.9 million the previous quarter and \$4.7 million earned for the same quarter in 2020, and earnings per share for the quarter increased to \$50.54 from \$47.95 the previous quarter and from \$25.13 for the same 2020 quarter.
- For the six months ended June 30, 2021, net income totaled \$18.3 million, or \$98.49 per share compared to \$11.6 million, or \$62.10 per share for the six months ended June 30, 2020.

“While the banking industry continues to face some headwinds, our results reflect the success of our customer relationship and community-focused approach and the strength of our team,” said David P. Boyle, the Bank’s President & Chief Executive Officer. “In addition to realizing improved earnings for the quarter, we also made significant progress in setting the stage for further growth, highlighted by our market expansion into Fredericksburg, Virginia. We look forward to serving businesses and individuals throughout greater Fredericksburg and to welcoming more new customers to Burke & Herbert Bank. We are confident that we can build on our successes and continue to deliver additional value for our shareholders,” he added.

Second Quarter 2021 – Comparison to prior year quarter

Total revenue for the quarter was \$28.7 million or 10% higher than last year due to an 8% increase in net interest income and a 21% increase in noninterest income.

Revenue for the quarter included \$6.8 million in interest on investments, a 26% increase over the prior year, and \$18.6 million in interest and fees on loans, which was 6% lower year-over-year. The Bank continued to grow the securities portfolio using excess liquidity given the challenging lending and rate environments. Investment securities increased to \$1.4 billion, a 55% increase year-over-year and loans ended the quarter lower by 10% to \$1.8 billion. Total interest income for the quarter was \$25.4 million, 1% higher than the same period a year ago.

Interest expense in the second quarter of \$1.1 million was 61% lower than the same period last year due to a \$1.7 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 7% higher than last year, with noninterest-bearing deposits increasing 19% and interest-bearing deposits increasing 3%. Noninterest income for the quarter increased 21% compared to last year to \$4.4 million. The \$0.8 million increase was driven primarily by higher fiduciary and wealth management revenue and other service charges and fees.

Provision for loan losses decreased by \$6.8 million to \$0.3 million reflecting the improved credit outlook compared to the same time a year ago. Overall, the Bank’s revenue after provision for loan losses reached \$28.4 million for the second quarter, an increase of \$9.4 million over last year.

Total noninterest expense increased by 25% from the prior year to \$17.9 million for the quarter primarily due to a 26% increase in personnel expense and a 24% increase in occupancy and other operating expense as the Bank continues to optimize the branch network and expand into newer markets.

June 30, 2021 Year-to-Date – Comparison to prior year-to-date period

Total revenue for the six months was \$56.6 million or 6% higher than last year due to a 10% increase in net interest income offset by an 11% decrease in noninterest income.

Revenue included \$13.1 million in interest on investments, a 27% increase over the prior year, and \$37.4 million in interest and fees on loans, which was 7% lower year-over-year. The Bank’s total interest income in the first half of 2021 was \$50.5 million or 1% lower than the same period one year ago.

Interest expense of \$2.4 million was 66% lower than the same period last year due to a \$4.5 million decline in interest paid on deposits and a 17% decrease in borrowed funds expense. Noninterest income decreased 11%, or \$1.1 million, compared to last year to \$8.4 million primarily due to \$1.9 million of securities gains recorded in the first half of 2020.

Provision for loan losses decreased by \$8.3 million to \$0.8 million reflecting the improved credit outlook compared to the same time a year ago. Revenue after provision for loan losses reached \$55.8 million for the first half, an increase of \$11.5 million over the same period last year.

Total noninterest expense increased by 11% from the prior year to \$35.5 million primarily due to an 8% increase in personnel expense and a 16% increase in occupancy and other operating expense. The Bank's efficiency ratio ended the first six months of 2021 at 62.7% compared to 60.1% 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, 2021, total stockholders' equity was \$390.5 million, 6% higher than the prior year with book value per share increasing by \$124.49 to \$2,104.72.

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.

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