



**BANK OF BIRD-IN-HAND
FOR IMMEDIATE RELEASE**

Date: August 20, 2021

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Bank of Bird-in-Hand is Recognized for a Fifth Time as One of the Top 200 Healthiest Banks in the United States and also Reports 2021 Q2 Earnings

Bird-in-Hand, PA (August 20, 2021) – DepositAccounts.com, a subsidiary of LendingTree, has released its list of the 2021 Top 200 Healthiest Banks in America. [Bank of Bird-in-Hand](#) (the “Bank”) was ranked 27th, making it the highest ranked bank in the commonwealth of Pennsylvania. Each year the survey evaluates the financial health of over 10,000 banks and credit unions in the United States, and it has been ranking the healthiest institutions since 2010. Out of a total of 4,952 banks in the country, the Bank is one of only two Pennsylvania banks that made the 2021 list. To determine bank ranking and recognition, each institution is graded on a number of factors, including capitalization, deposit growth, and loan to reserve ratios, in order to determine a comprehensive health score. DepositAccounts.com recognizes those that they believe based on their evaluation have shown exceptional fiduciary responsibility in its 2021 edition of the Top 200 Healthiest Banks. Lori A. Maley, CPA, President and CEO of Bank of Bird-in-Hand remarked that “it is a distinguished honor to be included on this list again for a fifth year out of the Bank’s upcoming eighth year anniversary of its opening for business, and it is a testament to the hard work and dedication of our entire staff, as well as a demonstration of the strength, character, and resiliency of our customers and community. The Bank has always been a full team effort and this award is a full team success.”

On August 20, 2021, the Bank reported earnings of \$1.3 million (\$0.21 per diluted share) for the second quarter ended June 30, 2021, compared to \$1.1 million (\$0.21 per diluted share) for the second quarter ended June 30, 2020. Year-to-date 2021 net income was \$2.6 million (\$0.42 per diluted share) compared to \$1.9 million (\$0.38 per diluted share) for the same six-month period in 2020.

A summary of operating results for the second quarter of 2021 and year-to-date 2021 are as follows:

- Net interest income was \$4.4 million for the second quarter of 2021 compared to \$3.3 million for the second quarter of 2020. Year-to-date, net interest income was \$8.4 million compared to \$6.5 million for the same period in 2020. The net interest margin increased to 2.87% for the second quarter of 2021 from 2.74% for the same quarter of the prior year. On a year-to-date comparison, the net interest margin was 2.84% for 2021 compared to 2.77% in 2020. The increase in net interest margin was primarily a result of growth in the balance of loans outstanding and reduction in the cost of deposits, partially offset by a decline in the loan portfolio interest rates and an increase in the balance of deposits.
- The provision for loan loss expense for the second quarter of 2021 was \$484 thousand compared to \$118 thousand in the second quarter of 2020. Year-to-date, the provision for loan loss expense was \$727 thousand compared to a \$458 thousand provision expense for the same period in 2020. The 2020 provision expense was elevated due to uncertainties and projected economic effects of the COVID-19 pandemic. Many of these uncertainties were lessened during 2021 and economic expectations stabilized to some extent, resulting in more normalized assumptions in the 2021 provision expense estimates. However, the large amount of loan growth in the portfolio during 2021, coupled with remaining uncertainties related to the COVID-19 pandemic, significantly increased the provision for loan loss expense in both the first and second quarters of 2021.

- Noninterest income totaled \$395 thousand for the second quarter of 2021 compared to \$328 thousand in the comparable quarter of 2020. Year-to-date, noninterest income was \$785 thousand, as compared to \$633 thousand for the year-to-date period of 2020. The increases are primarily due to increased loan and deposit volume.
- Noninterest expense for the second quarter of 2021 was \$2.6 million compared to \$2.1 million in the second quarter of 2020. Year-to-date, noninterest expense was \$5.0 million compared to \$4.2 million in the comparable year-to-date period of 2020. Salaries and benefits costs represent the most significant component of the increases, as the Bank adds staff to service its growing customer base and keep pace with technology enhancements.

Total assets at June 30, 2021 were \$665 million compared to \$580 million at December 31, 2020. Significant balance sheet changes since December 31, 2020 include:

- The Bank made a \$1.0 million investment in a community development fund, Community First Fund (CFF), which services Lancaster County and surrounding areas.
- The net loan portfolio increased \$96.7 million during 2021 over the year-end 2020 balance, or 19.8%. Loan demand continued with high volumes of loan production and originations for the six months ended June 30, 2021. To serve our existing customer base during the COVID-19 Pandemic outbreak, the Bank contracted with a nationally recognized third-party FinTech that provided direct origination of Paycheck Protection Program “PPP” loans offered by the SBA. As a result, the Bank does not hold any PPP loans in its loan portfolio, and PPP loans do not account for any of the increase in the Bank’s loan volume.
- Deposits increased \$67.2 million, or 13.8%, over year-end 2020. The increase was due in part to the Federal Government stimulus payments customers received through the CARES Act, and the flight to safety caused by uncertainty in the stock market and uncertain economic conditions. The majority of growth occurred in the Bank’s savings product, which increased by \$70.0 million or 36.5% between June 30, 2021 and December 31, 2020.
- Total borrowings were \$27.0 million as of June 30, 2021 compared to \$12.0 million as of December 31, 2020, as the Bank took advantage of low interest rate funding to fund strong loan growth and maintain ample liquidity.
- Total shareholders’ equity was \$80.3 million as of June 30, 2021 compared to \$78.9 million as of December 31, 2020, an increase of 1.7%. The increase was due primarily to net income for the period, offset by the declaration of a special cash dividend in the amount of \$1.3 million.

On June 23, 2021, the Board of Directors of Bank of Bird-in-Hand declared a \$0.22 per share special cash dividend payable on September 1, 2021, to shareholders of record at the close of business on August 13, 2021. This compares to a \$0.20 per share special cash dividend paid during the year ended December 31, 2020.

Additional information about the Bank is available on our website at: www.bihbank.com.

Bank of Bird-in-Hand

Financial Highlights

Condensed Balance Sheets

June 30, 2021 and December 31, 2020

In thousands

	Unaudited	Audited
	June 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 62,357	\$ 76,557
Investments - Held to Maturity	1,000	-
Loans receivable, net of allowance for loan losses of \$5,017 at June 30, 2021, and \$4,291 at December 31, 2020	584,345	487,657
Bank premises and equipment, net	3,282	2,490
Accrued interest receivable	1,740	1,647
Restricted investment in bank stock	1,413	756
Bank Owned Life Insurance	10,544	10,407
Other assets	539	714
Total Assets	\$ 665,220	\$ 580,228
Liabilities and Shareholders' Equity		
Deposits		
Noninterest-bearing demand	\$ 66,137	\$ 60,698
Interest-bearing demand	432,886	373,416
Time deposits	56,230	53,962
Total Deposits	555,253	488,076
FHLB advances	27,000	12,000
Accrued interest payable	42	47
Dividend payable	1,348	-
Other liabilities	1,325	1,223
Total Liabilities	584,968	501,346
Shareholders' Equity		
Total Shareholders' Equity	80,252	78,882
Total Liabilities and Shareholders' Equity	\$ 665,220	\$ 580,228

Condensed Statements of Income

	Unaudited Quarter Ended June 30, 2021	Unaudited Quarter Ended June 30, 2020	Unaudited 6 Months Ended June 30, 2021	Unaudited 6 Months Ended June 30, 2020
<i>Dollars In thousands</i>				
Total Interest Income	\$ 5,001	\$ 4,325	\$ 9,601	\$ 9,088
Total Interest Expense	591	1,016	1,178	2,628
Net interest income	4,410	3,309	8,423	6,460
Provision for Loan Losses	484	118	727	458
Net interest income after provision for loan losses	3,926	3,191	7,696	6,002
Total Other Income	395	328	785	633
Total Non-Interest Expenses	2,595	2,119	5,021	4,180
Net income before income taxes	1,726	1,400	3,460	2,455
Income Taxes	420	329	842	563
Net Income	\$ 1,306	\$ 1,071	\$ 2,618	\$ 1,892
Basic EPS	\$ 0.21	\$ 0.21	\$ 0.43	\$ 0.38
Diluted EPS	\$ 0.21	\$ 0.21	\$ 0.42	\$ 0.38

Selected Financial Data

	Unaudited Quarter Ended June 30, 2021	Unaudited Quarter Ended June 30, 2020	Unaudited 6 Months Ended June 30, 2021	Unaudited 6 Months Ended June 30, 2020
Net loan growth*	43.05%	10.08%	39.98%	18.94%
Deposit growth*	19.79%	40.68%	27.76%	21.06%
Total assets growth*	27.23%	50.23%	29.54%	26.32%
Return on average assets*	0.82%	0.87%	0.86%	0.79%
Return on average equity*	6.51%	7.51%	6.56%	6.72%
Efficiency ratio	54.0%	58.3%	54.5%	58.9%
Net interest margin*	2.87%	2.74%	2.84%	2.77%
Net loans charged-off / average loans	0.00%	0.00%	0.00%	0.00%
Nonperforming loans / gross loans	0.00%	0.00%	0.00%	0.00%
Troubled debt restructurings / gross loans	0.02%	0.03%	0.02%	0.03%
Allowance for loan loss / loans	0.85%	0.90%	0.85%	0.90%
Book value, per share	\$ 13.10	\$ 11.43	\$ 13.10	\$ 11.43
Tangible book value, per share	\$ 13.10	\$ 11.43	\$ 13.10	\$ 11.43

* Annualized

About Bank of Bird-in-Hand

Bank of Bird-in-Hand is a community-owned bank serving Lancaster County and western Chester County with a strong focus on agricultural, small business, and consumer lending. Its main branch and office is located at 309 North Ronks Road, Bird-in-Hand, PA 17505. It operates additional branches at 3540 Old Philadelphia Pike, Intercourse, PA 17534; 3314 Lincoln Highway East, Paradise, PA 17562; and 1759 West Main Street, Ephrata, PA 17522. The Bank also operates three mobile bank branches called the “GELT” or “Money Buses” which have a schedule of hours of operation at 16 locations in Lancaster and Chester Counties.

As of June 30, 2021, Bank of Bird-in-Hand had total assets of approximately \$665 million, total deposits of approximately \$555 million, total net loans of approximately \$584 million, and total shareholders’ equity of approximately \$80 million.

A Warning About Forward-Looking Statements

In addition to historical information, this document may contain forward-looking statements. Examples of forward-looking statements include, but are not limited to, (a) projections or statements regarding future earnings, expenses, net interest income, other income, earnings or loss per share, asset mix and quality, growth prospects, capital structure, and other financial terms, (b) statements of plans and objectives of management or the Board of Directors, and (c) statements of assumptions, such as economic conditions in the Bank’s market areas. Such forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “intends,” “will,” “should,” “anticipates,” or the negative of any of the foregoing or other variations thereon or comparable terminology, or by discussion of strategy. Forward-looking statements are subject to certain risks and uncertainties such as local economic conditions, competitive factors, and regulatory limitations. Actual results may differ materially from those projected in the forward-looking statements. We caution readers not to place undue reliance on these forward-looking statements. They only reflect management’s analysis as of this date. Such risks, uncertainties and other factors that could cause actual results and experience to differ from those projected include, but are not limited to, the following: the effects of economic conditions particularly with regard to the negative impact of severe, wide-ranging

and ongoing disruptions caused by the spread of and governmental responses to the coronavirus disease (COVID-19) on current operations and customers, specifically the effect of the economy on loan customers' ability to repay loans; the effects of new laws and regulations, including the impact of the Tax Cut and Jobs Act and Dodd-Frank Wall Street Reform and Consumer Protection Act; effects of short- and long-term federal budget and tax negotiations and their effect on economic and business conditions; the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Financial Accounting Standards Board and other accounting standard setters; the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market area and elsewhere, including institutions operating locally, regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone, computer and the internet; technological changes; the interruption or breach in security of our information systems and other technological risks and attacks resulting in failures or disruptions in customer account management, general ledger processing and loan or deposit updates and potential impacts resulting therefrom including additional costs, reputational damage, regulatory penalties, and financial losses; ineffectiveness of the business strategy due to changes in current or future market conditions; the effects of competition, and of changes in laws and regulations on competition, including industry consolidation and development of competing financial products and services; interest rate movements; difficulties in integrating distinct business operations, including information technology difficulties; disruption related to the processing of transactions, making it more difficult to maintain relationships with customers and employees, and challenges in establishing and maintaining operations in new markets; volatilities in the securities markets; slow economic conditions; and acts of war or terrorism. The Bank does not revise or update these forward-looking statements to reflect events or changed circumstances.