

Burke & Herbert Bank

At Your Service Since 1852®

Statements of Income (unaudited) June 30, (in thousands)

	Three months ended		Six months ended	
	2022	2021	2022	2021
Interest income				
Loans	\$ 17,418	\$ 18,564	\$ 33,868	\$ 37,356
Investment securities	9,036	6,773	16,820	13,115
Other	88	34	106	77
Total interest income	26,542	25,371	50,794	50,548
Interest expense				
Deposits	368	748	769	1,650
Borrowed funds	527	357	892	709
Other	16	8	31	17
Total interest expense	911	1,113	1,692	2,376
Net interest income	25,631	24,258	49,102	48,172
Noninterest income				
Fiduciary and wealth management	1,362	1,306	2,667	2,532
Service charges and fees	1,761	1,580	3,394	3,022
Net gains on securities	-	(1)	104	(4)
Income from bank owned life insurance	542	553	1,079	1,098
Other	831	965	1,367	1,799
Total noninterest income	4,496	4,403	8,611	8,447
Total revenue	30,127	28,661	57,713	56,619
Provision for (recapture of) loan losses	(2,538)	262	(5,176)	774
Noninterest expense				
Salaries and wages	9,617	9,297	19,146	18,028
Pensions and other employee benefits	1,901	1,744	3,940	3,698
Occupancy expenses	1,609	1,758	3,155	3,313
Equipment rentals, depreciation and maintenance	1,383	1,404	2,762	2,687
Other	5,858	3,719	10,530	7,776
Total noninterest expense	20,368	17,922	39,533	35,502
Income before income taxes	12,297	10,477	23,356	20,343
Income tax expense	1,900	1,099	3,833	2,052
Net income	\$ 10,397	\$ 9,378	\$ 19,523	\$ 18,291

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Consolidated Balance Sheet (unaudited) As of June 30, (in thousands)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and due from banks	\$ 9,970	\$ 10,716
Interest-bearing deposits with banks	82,845	182,994
Cash and cash equivalents	<u>92,815</u>	<u>193,710</u>
Securities available for sale, at fair value	1,515,974	1,375,265
Restricted stock, at cost	13,486	10,204
Loans held for sale, at fair value	-	4,736
Loans	1,748,508	1,782,442
Allowance for loan losses	<u>(23,362)</u>	<u>(33,634)</u>
Net loans	<u>1,725,146</u>	<u>1,748,808</u>
Bank premises and equipment, net	36,093	37,263
Accrued interest receivable	15,749	15,362
Bank owned life insurance	92,147	90,081
Other assets	<u>94,412</u>	<u>71,358</u>
Total assets	<u>\$ 3,585,822</u>	<u>\$ 3,546,787</u>
Liabilities		
Deposits:		
Non-interest bearing	\$ 987,748	\$ 949,141
Interest-bearing	<u>1,972,675</u>	<u>1,956,678</u>
Total deposits	<u>2,960,423</u>	<u>2,905,819</u>
Borrowed funds	310,000	225,000
Accrued interest and other liabilities	<u>24,261</u>	<u>25,435</u>
Total liabilities	<u>3,294,684</u>	<u>3,156,254</u>
Shareholders' Equity		
Common stock	4,000	4,000
Additional paid-in capital	11,313	10,231
Retained earnings	407,772	385,685
Accumulated other comprehensive income (loss)	(104,221)	18,439
Treasury stock	<u>(27,726)</u>	<u>(27,822)</u>
Total shareholders' equity	<u>291,138</u>	<u>390,533</u>
Total liabilities and shareholders' equity	<u>\$ 3,585,822</u>	<u>\$ 3,546,787</u>

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Historical Trends in Quarterly Financial Data (unaudited)

As of or for the three months ended

(In thousands, except ratios and per share amounts)

	June 30 2022	March 31 2022	December 31 2021	September 30 2021	June 30 2021
Income statement					
Interest income	\$ 26,542	\$ 24,252	\$ 24,885	\$ 25,387	\$ 25,371
Interest expense	911	781	837	1,004	1,113
Noninterest income	4,496	4,115	4,308	4,496	4,403
Total revenue	30,127	27,586	28,356	28,879	28,661
Noninterest expense	20,368	19,165	20,360	18,552	17,922
Pretax, pre-provision earnings <i>(non-GAAP)</i>	9,759	8,421	7,996	10,327	10,739
Provision (recapture of) for credit losses	(2,538)	(2,638)	(1,788)	12	262
Income before income taxes	12,297	11,059	9,784	10,315	10,477
Income tax expense	1,900	1,933	1,141	1,084	1,099
Net income	<u>\$ 10,397</u>	<u>\$ 9,126</u>	<u>\$ 8,643</u>	<u>\$ 9,231</u>	<u>\$ 9,378</u>
Per common share information					
Basic earnings	\$ 56.01	\$ 49.17	\$ 46.57	\$ 49.79	\$ 50.54
Diluted earnings	55.78	48.99	46.52	49.75	50.51
Cash dividends	21.20	21.20	20.00	20.00	20.00
Book value	1,568.55	1,782.91	2,099.35	2,091.02	2,104.23
Balance sheet (at period end)					
Assets	\$ 3,585,822	\$ 3,551,739	\$ 3,621,743	\$ 3,548,535	\$ 3,546,787
Loans (gross)	1,748,508	1,760,308	1,745,073	1,697,505	1,782,442
Deposits	2,960,423	2,973,619	2,933,417	2,912,835	2,905,819
Equity	291,138	330,910	389,627	388,081	390,533
Ratios					
Return on average assets <i>(annualized)</i>	1.16%	1.03%	0.96%	1.01%	1.06%
Return on average equity <i>(annualized)</i>	10.76%	9.55%	8.85%	9.30%	9.84%
Net interest margin <i>(non-GAAP)</i>	3.15%	2.89%	2.90%	2.91%	3.00%
Efficiency ratio <i>(quarter-to-date)</i>	67.61%	69.47%	71.80%	64.24%	62.53%
Loan to deposit <i>(quarter-to-date)</i>	59.06%	59.20%	59.49%	58.28%	61.34%