TO OUR SHAREHOLDERS, CUSTOMERS AND FRIENDS

We are pleased to report that for the second quarter of 2017, net income for Burke & Herbert Bank totaled $8.1 million, an increase of 8.3% over the quarter prior, and 9.3% above the same quarter one year ago. For the first six months of 2017, net income totaled $15.6 million, 3.8% higher than the same period in 2016.

Continued strong gains in both interest and non-interest income fueled the strong performance in the second quarter. Net interest income reached $24.4 million for the three months ended June 30, 2017, higher than the same quarter one year ago by 7.9%. For the first one-half of the year, the Bank’s net interest income of $47.6 million was 7.0% above the same period in the year prior. The expanding commercial loan portfolio continues to be the primary driver of the gains in interest income. Following a record year for new loans in 2016, loan production thus far in 2017 has increased by nearly 6% in the second quarter alone, and as of June 30 stood at $1.85 billion, representing a year-over-year gain of 21.0%. Total assets, including investments, stood at $3.1 billion on June 30, reflecting a new all-time high for Burke & Herbert Bank.

Interest expense for the second quarter of 2017 totaled $2.2 million, bringing the year-to-date total to $4.3 million, above the amount at the same point one year ago by 29.4%. The larger amount of interest expense resulted from increased levels of borrowing from the Federal Home Loan Bank that were required to fund growth in the loan portfolio. The increase in interest expense was mitigated in part by less interest paid on deposits – a reduction of 5.5% compared to the same period in the year prior.

The deposit side of our business also continued to grow, and contributed an increase in associated fee revenue. During the first one-half of 2017, the Bank acquired more than 3,400 new personal checking accounts, a healthy increase of 14.5% when compared to the number of new checking accounts opened during the same period one year ago. At quarter-end, personal checking accounts on file neared the $1.0 million mark, above the number in place at the same point in 2016 by 5.0%. At the same time, increased usage by our checking customers of their Burke & Herbert Bank Visa® Debit Cards continued to drive gains in deposit-account related fee income. Card fee income reached nearly $1.9 million for the first six months of 2017, above the amount achieved in the same period in 2016 by 5.1%. Revenue associated with debit cards comprises more than one-half of the total revenue in the category of service charges, commissions and fees, exceeding the level in 2016 by nearly 3%.

As of June 30, total deposits stood at $2.34 billion, above total deposits one year ago by 3.6%. Checking account deposits reached nearly $1.09 billion, an increase of 13.3% as compared to the same point one year ago. A material portion of the growth in checking balances resulted from the movement of funds from Repurchase Agreement accounts (which are considered borrowed funds) into the checking category. Earlier this year, the Bank discontinued the offering of Repurchase Agreement accounts, and replaced this service with an Insured Cash Sweep (ICS®) product. This service, which is offered through Promontory Interfinancial Network, provides customers with the security and convenience of access to FDIC insurance on balances greater than $250,000. Concurrently, time and savings deposits declined to continue, having decreased by 1.5% from the quarter prior to stand at $1.25 billion. Time and savings deposits declined from the same time last year by 3.6%, a reflection of the prevailing low-interest rate environment.

Non-interest income also continued to grow, totaling $7.2 million for the first six months of 2017, an improvement of 4.4% as compared to 2016. Income generated in our wealth services businesses reached $1.9 million for the first six months of the year, an increase of 9.7% when compared to the first six months of the year prior. These results continue to be fueled by the increasing numbers of Bank customers learning about, and choosing to take advantage of the financial planning, investment management, estate planning, and asset management services offered through Burke & Herbert Wealth Management and Burke & Herbert Trust Services. We are sustaining our work to build awareness of, and to increase the flow of referrals to these key areas.

Non-interest expense for the first one-half of the year was $37.5 million, above the amount incurred in the same period one year ago by 5.6%. Salaries and benefits, which comprise the largest component of this category, declined by 3.2% from the quarter prior, reflecting savings realized from a reduction in the large number of temporary employees who had been engaged for the specific purpose of assisting with the remediation work required in the Bank Secrecy Act/ Anti-Money Laundering (BSA/AML) area during the past several years. Throughout the second quarter, we continued to invest in initiatives that increase and strengthen awareness of the Burke & Herbert Bank brand throughout our region. In April, we launched a new advertising campaign on local radio stations, buses, and in print media, complemented by marketing in the Bank’s branches and online channels. The campaign’s “Unexpectedly Different” theme highlighted the many ways that both personal and business customers can find a better banking experience at Burke & Herbert Bank. Again this year, we are boosting the Bank’s on-air presence by sponsoring the weekly “Burke & Herbert Bank Fan Question of the Week” throughout the baseball season on 106.7 The Fan, engaging Nationals fans on both radio and social media. The Bank’s outreach to potential new customers and neighbors throughout the region was shifted into high gear this spring, through our participation in a wide variety of community events, fairs, and festivals. Family-friendly events often feature Runyon, our beloved mascot, and our friendly ‘events team,’ all working hard to introduce the Bank to more consumers and business owners, and demonstrate how Burke & Herbert Bank is “unexpectedly different.”

We continue to work hard to build on the strong foundation we have laid, and to invest in our people, products, services, operations, and technology, all of which combine to deliver value to our shareholders, customers, and community. We look forward to continued success and growth, and, as always, remain committed to being “At Your Service” for individuals and businesses throughout northern Virginia. On behalf of everyone at Burke & Herbert Bank, thank you for your business and support.

E. Hunt Burke W. Scott McSweeney
Chairman & CEO Chief Executive Officer
Chief Operating Officer

Wealth Management and Trust services are not deposits, are not insured by the FDIC, or any other government agency, are not guaranteed by the Bank and may lose value.

BurkeandHerbertBank.com
### INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>June 30, Six Months Ended (in thousands)</th>
<th>June 30, Three Months Ended (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTEREST INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>$15,219</td>
<td>$15,399</td>
</tr>
<tr>
<td>Interest &amp; Fees on Loans</td>
<td>36,869</td>
<td>32,675</td>
</tr>
<tr>
<td><strong>TOTAL INTEREST INCOME</strong></td>
<td>52,088</td>
<td>48,074</td>
</tr>
<tr>
<td><strong>INTEREST EXPENSE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on Deposits</td>
<td>2,696</td>
<td>2,854</td>
</tr>
<tr>
<td>Interest on Repurchase Agreements</td>
<td>31</td>
<td>88</td>
</tr>
<tr>
<td>Interest on Other Borrowed Funds</td>
<td>1,536</td>
<td>335</td>
</tr>
<tr>
<td><strong>TOTAL INTEREST EXPENSE</strong></td>
<td>4,263</td>
<td>3,295</td>
</tr>
<tr>
<td><strong>NET INTEREST INCOME BEFORE PROVISION</strong></td>
<td>47,825</td>
<td>44,779</td>
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<tr>
<td>Provision for Loan Losses</td>
<td>249</td>
<td>324</td>
</tr>
<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>47,576</td>
<td>44,455</td>
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<tr>
<td><strong>NON-INTEREST INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiduciary &amp; Wealth Management Income</td>
<td>1,921</td>
<td>1,751</td>
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<tr>
<td>Other Fees on Loans</td>
<td>312</td>
<td>395</td>
</tr>
<tr>
<td>Service Charges, Commissions &amp; Fees</td>
<td>3,706</td>
<td>3,601</td>
</tr>
<tr>
<td>Income on Bank Owned Life Insurance</td>
<td>1,221</td>
<td>1,114</td>
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<tr>
<td><strong>TOTAL NON-INTEREST INCOME</strong></td>
<td>7,160</td>
<td>6,861</td>
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<tr>
<td><strong>NON-INTEREST EXPENSE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>23,660</td>
<td>22,313</td>
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<tr>
<td>Occupancy Expense</td>
<td>2,777</td>
<td>2,612</td>
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<tr>
<td>Other Operating Expenses</td>
<td>11,050</td>
<td>10,573</td>
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<tr>
<td><strong>TOTAL NON-INTEREST EXPENSE</strong></td>
<td>37,487</td>
<td>35,498</td>
</tr>
<tr>
<td>Realized Gain/(Loss) on Securities</td>
<td>0</td>
<td>27</td>
</tr>
<tr>
<td>Realized Gain/(Loss) on Foreclosed Property</td>
<td>0</td>
<td>(11)</td>
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<tr>
<td><strong>NET INCOME BEFORE TAX</strong></td>
<td>17,249</td>
<td>15,834</td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>1,644</td>
<td>802</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$15,605</td>
<td>$15,032</td>
</tr>
</tbody>
</table>

### BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>June 30, (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Due from Banks</td>
<td>$87,998</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$1,012,440</td>
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<tr>
<td>Loans, Total</td>
<td>$1,848,227</td>
</tr>
<tr>
<td>Reserve for Loan Losses</td>
<td>(17,143)</td>
</tr>
<tr>
<td>Loans, Net</td>
<td>$1,831,084</td>
</tr>
<tr>
<td>Premises &amp; Equipment</td>
<td>$41,989</td>
</tr>
<tr>
<td>Other Real Estate</td>
<td>$497</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$150,955</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$3,124,963</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Demand Deposits</td>
<td>$618,901</td>
</tr>
<tr>
<td>Interest Checking Deposits</td>
<td>$470,757</td>
</tr>
<tr>
<td>Time &amp; Savings Deposits</td>
<td>$1,253,306</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$2,342,964</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>0</td>
</tr>
<tr>
<td>Other Borrowed Funds</td>
<td>$400,000</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>$39,970</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$2,782,934</td>
</tr>
<tr>
<td><strong>STOCKHOLDERS’ EQUITY</strong></td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>$3,817</td>
</tr>
<tr>
<td>Surplus</td>
<td>$10,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>$322,266</td>
</tr>
<tr>
<td>Net Income Year to Date</td>
<td>$15,605</td>
</tr>
<tr>
<td>Accumulated Other</td>
<td>$4,650</td>
</tr>
<tr>
<td>Comprehensive Income</td>
<td>$18,815</td>
</tr>
<tr>
<td>Common Stock Repurchased</td>
<td>(14,309)</td>
</tr>
<tr>
<td><strong>TOTAL STOCKHOLDERS’ EQUITY</strong></td>
<td>$342,029</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; STOCKHOLDERS’ EQUITY</strong></td>
<td>$3,124,963</td>
</tr>
</tbody>
</table>

### FINANCIAL HIGHLIGHTS

- Earnings Per Share YTD: $81.76, $78.41, $42.50, $38.74
- Number Of Shares Outstanding: 190,860, 191,339
- Dividend Per Share: $36.00, $35.00, $18.00, $17.50
- Book Value Per Share: $1,792.04, $1,796.41
- Return On Average Assets: 1.04%, 1.11%
- Return On Average Equity: 9.41%, 9.07%
- Overhead Efficiency Ratio: 68.18%, 68.74%
- Gross Loans To Deposits: 78.88%, 67.60%
DIRECTORS
E. Hunt Burke
Chairman
Burke & Herbert Bank
S. Laing Hinson
Vice Chairman
S.L. Hinson
Associates, LLP
Julian F. Barnwell, Jr.
Design & Production
Incorporated
Tyrone B. Bradley
Bradley/Parker &
Associates, P.C.
James M. Burke
Burke Capital
Corporation
Nicholas Carosi III
Arban & Carosi, Inc.
Michael D. Lubeley
Walsh Colucci Lubeley
& Walsh PC
Shawn P. McLaughlin
McLaughlin Ryder
Investments, Inc.
W. Scott McSween
Burke & Herbert Bank
Marsha H. Murphy
Murphy & Associates,
LLC
Jeffrey L. Stryker
Burke & Herbert Bank
Kenneth L. Wainstein
Davis Polk & Wardwell,
LLP

DIRECTORS &
BANK OFFICERS

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E. Hunt Burke
Chairman & Chief
Executive Officer
W. Scott McSween
President & Chief
Operating Officer
Jeffrey L. Stryker
Senior Executive Vice
President & Cashier

EXECUTIVE VICE
PRESIDENTS
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Gerald F. McQuaid
Chief Technology &
Administrative Officer
William W. Newell
Chief Lending Officer
Jeffrey A. Welch
Chief Credit Officer

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Corporate Security
M. Patricia Barron
Trust
Sepideh Behram
Compliance
Hilary J. Blackburn
Marketing
Joseph D. Bonaccorsy
Consumer Lending
Araba A. Bobbey
Branch Banking
Tiffani N. Craddock
Commercial Lending
Teresa M. DeMarco
Loan Operations
Elizabeth V. Ellis
Commercial Lending
Nicholas J. Fitzgerald
Process and Risk
Management
Carl A. Ford
Information Technology
Yvette M. Golladay
Marketing
Deborah L. Holley
Operations
Brett W. Kaplowitz
Commercial Lending
Daniel S. Kendle
Accounting
Anne-Marie McPhillips
Product Management
Mary Ann Michniak
Audit

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Abu-Ghannam
Nancy E. Adcock
Julie A. Andre
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Josefina M. Beck
Peter J. Benjamin
Berthane H. Beraki
Dawn N. Boynton
Noemie C. Cam
Tonya L. Chappell
Walter C. Clarke
Karen M. Clinton
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Erik J. Darm
William G. DuBose, II
Mary S. Edwards
Marco A. Erazo
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John M. Gallo
Donald W. Galloway
Peter N. Habib
Ahmed Hachim
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Philip J. Harvill
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Theresa J. Hoyt
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Stephanie Lawrence
Marina Lubbers
Sheila P. McCree
Debra L. Mills
Ann Marie Moore
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Holly P. Nigh
Mauricio D. Perea
Charles A. Persico
Henry Robert Peterbark
Jane Petty
Anthony B. Riolo
Terry L. Rowland
Noble W. Rubenstein
Cindy Y. Sanchez
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Henry B. Swoope, V
Christopher J. Talbert
Danielle G. Thibault
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Christopher A. Tomasino
Joshua J. Toth
Terri B. Wyzkoski

John E. Osborn
Credit
E. Matthew Saros
Consumer Mortgage
Jennifer P. Schmidt
Compliance
Sandra N. Vasquez
Branch Banking
David F. Wallace
Sales & Service
Development

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Banking
Emily S. Debeniotis
Human Resources
Nicholas Greksouk
Finance
Shannon B. Rowan
Trust & Wealth
Management

BURKEANDHERBERTBANK.COM
BRANCHES

ALEXANDRIA CITY
100 South Fairfax Street (Main Office)
1705 Fern Street (Fairlington)
1775 Jamieson Avenue (Carlyle)
621 King Street
306 East Monroe Avenue
155 North Paxton Street (Landmark)

ARLINGTON
500 23rd Street South (Crystal City)
3020 Clarendon Boulevard

FAIRFAX COUNTY
8738 Cooper Road, Alexandria
5519 Franconia Road, Alexandria
6210 Interparcel Road, Alexandria (Kingstowne)
2604 Sherwood Hall Lane, Alexandria
5733 Telegraph Road, Alexandria
4235 Annandale Road, Annandale
9516 Old Keene Mill Road, Burke
14122 Lee Highway, Centreville
5705 Seminary Road, Falls Church (Skyline)
6705 Whittier Avenue, McLean
6200 Backlick Road, Springfield
302 Maple Avenue West, Vienna

FALLS CHURCH
225 West Broad Street

CITY OF MANASSAS
9103 Centreville Road, Manassas

PRINCE WILLIAM COUNTY
17119 Wayside Drive, Dumfries (Southbridge)
4605 Daisy Reid Avenue, Lake Ridge (Reid’s Prospect)
14008 Smoketown Road, Woodbridge