

Burke & Herbert Bank

At Your Service Since 1852®

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

	Three months ended		Six months ended	
	2021	2020	2021	2020
Interest income				
Loans	\$ 18,564	\$ 19,779	\$ 37,356	\$ 39,970
Investment securities	6,773	5,368	13,115	10,305
Other	34	57	77	609
Total interest income	25,371	25,204	50,548	50,884
Interest expense				
Deposits	748	2,482	1,650	6,144
Borrowed funds	357	356	709	859
Other	8	-	17	-
Total interest expense	1,113	2,838	2,376	7,003
Net interest income	24,258	22,366	48,172	43,881
Noninterest income				
Fiduciary and wealth management	1,306	1,065	2,532	2,155
Service charges and fees	1,580	1,220	3,022	2,799
Net gains/(losses) on securities	(1)	-	(4)	1,943
Income from bank owned life insurance	553	569	1,098	1,153
Other	965	781	1,799	1,491
Total noninterest income	4,403	3,635	8,447	9,541
Total revenue	28,661	26,001	56,619	53,422
Provision for credit losses	262	7,012	774	9,099
Noninterest expense				
Salaries and wages	9,297	7,266	18,028	16,257
Pensions and other employee benefits	1,744	1,521	3,698	3,931
Occupancy expenses	1,758	1,580	3,313	3,022
Equipment rentals, depreciation and maintenance	1,404	1,177	2,687	2,370
Net (gains) on other real estate owned	-	-	-	-
Other	3,719	2,832	7,776	6,543
Total noninterest expense	17,922	14,376	35,502	32,123
Income before income taxes	10,477	4,613	20,343	12,200
Income tax expense (benefit)	1,099	(67)	2,052	620
Net income	\$ 9,378	\$ 4,680	\$ 18,291	\$ 11,580

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

	<u>2021</u>	<u>2020</u>
Assets		
Cash and due from banks	\$ 10,716	\$ 11,518
Interest-bearing deposits with banks	182,995	252,352
Cash and cash equivalents	<u>193,711</u>	<u>263,870</u>
Securities available for sale, at fair value	1,375,265	889,812
Restricted stock, at cost	10,204	12,192
Loans held for sale, at fair value	4,736	6,022
Loans	1,782,441	1,970,433
Allowance for loan losses	(33,634)	(29,086)
Net loans	<u>1,748,807</u>	<u>1,941,347</u>
Bank premises and equipment, net	37,263	41,030
Accrued interest receivable	15,362	10,910
Bank owned life insurance	90,081	87,826
Other assets	<u>79,375</u>	<u>81,359</u>
Total assets	<u>\$ 3,554,804</u>	<u>\$ 3,334,368</u>
Liabilities		
Deposits:		
Non-interest bearing	\$ 949,142	\$ 798,258
Interest-bearing	<u>1,956,678</u>	<u>1,907,594</u>
Total deposits	<u>2,905,820</u>	<u>2,705,852</u>
Borrowed funds	225,000	225,000
Accrued interest and other liabilities	<u>33,451</u>	<u>34,794</u>
Total liabilities	<u>3,164,271</u>	<u>2,965,646</u>
Shareholders' Equity		
Common stock	4,000	3,724
Additional paid-in capital	10,231	10,113
Retained earnings	385,685	367,630
Accumulated other comprehensive income (loss)	18,439	13,962
Treasury stock	<u>(27,822)</u>	<u>(26,707)</u>
Total shareholders' equity	<u>390,533</u>	<u>368,722</u>
Total liabilities and shareholders' equity	<u>\$ 3,554,804</u>	<u>\$ 3,334,368</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 2021	March 31 2021	December 31 2020	September 30 2020	June 30 2020
Income statement					
Interest income	\$ 25,371	\$ 25,177	\$ 24,550	\$ 25,563	\$ 25,204
Interest expense	1,113	1,263	1,853	2,426	2,838
Noninterest income	4,403	4,045	5,250	4,214	3,634
Total revenue	28,661	27,959	27,947	27,351	26,000
Noninterest expense	17,922	17,581	17,772	17,738	14,376
Pretax, pre-provision earnings <i>(non-GAAP)</i>	10,739	10,378	10,175	9,613	11,624
Provision for credit losses	262	512	12	3,537	7,012
Income before income taxes	10,477	9,866	10,163	6,076	4,612
Income tax expense (benefit)	1,099	953	1,091	229	(67)
Net income	<u>\$ 9,378</u>	<u>\$ 8,913</u>	<u>\$ 9,072</u>	<u>\$ 5,847</u>	<u>\$ 4,679</u>
Per common share information					
Basic earnings	\$ 50.54	\$ 47.95	\$ 48.72	\$ 31.40	\$ 25.13
Cash dividends	20.00	20.00	20.00	20.00	20.00
Book value	2,104.72	2,026.56	2,066.99	2,009.96	1,980.23
Balance sheet <i>(at period end)</i>					
Assets	\$ 3,554,804	\$ 3,505,346	\$ 3,432,644	\$ 3,356,679	\$ 3,334,368
Loans	1,782,441	1,833,614	1,833,775	1,950,506	1,970,433
Deposits	2,905,820	2,872,124	2,787,967	2,724,533	2,705,852
Equity	390,533	376,030	384,877	374,258	368,722
Ratios					
Return on average assets <i>(annualized)</i>	1.07%	1.05%	1.06%	0.70%	0.58%
Return on average equity <i>(annualized)</i>	9.84%	9.43%	9.60%	6.23%	5.20%
Net interest margin <i>(non-GAAP)</i>	3.00	3.08	3.05	3.18	3.17
Efficiency ratio	62.53%	62.88%	63.59%	64.85%	55.29%
Loans to deposits	61.34%	63.84%	65.77%	71.59%	72.82%