

Burke & Herbert Bank

At Your Service Since 1852®

Statements of Income (unaudited) September 30, 2021 (in thousands)

	Three months ended		Nine months ended	
	2021	2020	2021	2020
Interest income				
Loans	\$ 18,407	\$ 19,927	\$ 55,763	\$ 59,897
Investment securities	6,887	5,584	20,002	15,889
Other	93	52	170	661
Total interest income	25,387	25,563	75,935	76,447
Interest expense				
Deposits	635	2,065	2,285	8,209
Borrowed funds	360	360	1,069	1,219
Other	9	-	26	-
Total interest expense	1,004	2,425	3,380	9,428
Net interest income	24,383	23,138	72,555	67,019
Noninterest income				
Fiduciary and wealth management	1,318	1,098	3,850	3,253
Service charges and fees	1,640	1,445	4,662	4,244
Net gains/(losses) on securities	-	11	(4)	1,954
Income from bank owned life insurance	559	577	1,657	1,730
Other	979	1,082	2,778	2,573
Total noninterest income	4,496	4,213	12,943	13,754
Total revenue	28,879	27,351	85,498	80,773
Provision for credit losses	12	3,537	786	12,636
Noninterest expense				
Salaries and wages	8,690	8,547	26,718	24,804
Pensions and other employee benefits	2,072	2,070	5,770	6,001
Occupancy expenses	1,654	1,498	4,967	4,520
Equipment rentals, depreciation and maintenance	1,385	1,218	4,072	3,588
Net (gains) on other real estate owned	-	-	-	-
Other	4,751	4,405	12,527	10,948
Total noninterest expense	18,552	17,738	54,054	49,861
Income before income taxes	10,315	6,076	30,658	18,276
Income tax expense (benefit)	1,084	229	3,136	849
Net income	\$ 9,231	\$ 5,847	\$ 27,522	\$ 17,427

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Consolidated Balance Sheet (unaudited) As of September 30, 2021 (in thousands)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and due from banks	\$ 8,928	\$ 11,383
Interest-bearing deposits with banks	208,544	115,410
Cash and cash equivalents	<u>217,472</u>	<u>126,793</u>
Securities available for sale, at fair value	1,440,647	1,057,660
Restricted stock, at cost	10,204	12,192
Loans held for sale, at fair value	2,524	18,887
Loans	1,697,505	1,950,506
Allowance for loan losses	<u>(33,561)</u>	<u>(32,688)</u>
Net loans	<u>1,663,944</u>	<u>1,917,818</u>
Bank premises and equipment, net	37,368	41,278
Accrued interest receivable	15,019	13,119
Bank owned life insurance	90,640	88,404
Other assets	<u>78,592</u>	<u>80,443</u>
Total assets	<u>\$ 3,556,410</u>	<u>\$ 3,356,594</u>
Liabilities		
Deposits:		
Non-interest bearing	\$ 938,467	\$ 809,497
Interest-bearing	<u>1,974,368</u>	<u>1,915,036</u>
Total deposits	<u>2,912,835</u>	<u>2,724,533</u>
Borrowed funds	225,000	225,000
Accrued interest and other liabilities	<u>30,494</u>	<u>32,802</u>
Total liabilities	<u>3,168,329</u>	<u>2,982,335</u>
Shareholders' Equity		
Common stock	4,000	4,000
Additional paid-in capital	10,299	9,863
Retained earnings	391,203	369,754
Accumulated other comprehensive income (loss)	10,401	17,349
Treasury stock	<u>(27,822)</u>	<u>(26,707)</u>
Total shareholders' equity	<u>388,081</u>	<u>374,259</u>
Total liabilities and shareholders' equity	<u>\$ 3,556,410</u>	<u>\$ 3,356,594</u>

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Historical Trends in Quarterly Financial Data (unaudited)

As of or for the three months ended September 30, 2021

(In thousands, except ratios and per share amounts)

	September 30 2021	June 30 2021	March 31 2021	December 31 2020	September 30 2020
Income statement					
Interest income	\$ 25,387	\$ 25,371	\$ 25,177	\$ 24,550	\$ 25,563
Interest expense	1,004	1,113	1,263	1,853	2,426
Noninterest income	4,496	4,403	4,045	5,250	4,214
Total revenue	28,879	28,661	27,959	27,947	27,351
Noninterest expense	18,552	17,922	17,581	17,772	17,738
Pretax, pre-provision earnings (non-GAAP)	10,327	10,739	10,378	10,175	9,613
Provision for credit losses	12	262	512	12	3,537
Income before income taxes	10,315	10,477	9,866	10,163	6,076
Income tax expense (benefit)	1,084	1,099	953	1,091	229
Net income	\$ 9,231	\$ 9,378	\$ 8,913	\$ 9,072	\$ 5,847
Per common share information					
Basic earnings	\$ 49.88	\$ 50.54	\$ 47.95	\$ 48.72	\$ 31.40
Cash dividends	20.00	20.00	20.00	20.00	20.00
Book value	2,091.02	2,104.23	2,026.56	2,066.99	2,009.96
Balance sheet (at period end)					
Assets	\$ 3,556,410	\$ 3,554,804	\$ 3,505,346	\$ 3,432,644	\$ 3,356,679
Loans	1,697,505	1,782,441	1,833,614	1,833,775	1,950,506
Deposits	2,912,835	2,905,820	2,872,124	2,787,967	2,724,533
Equity	388,081	390,533	376,030	384,877	374,258
Ratios					
Return on average assets (annualized)	1.02%	1.07%	1.05%	1.06%	0.70%
Return on average equity (annualized)	9.30%	9.84%	9.43%	9.60%	6.25%
Net interest margin (non-GAAP)	2.94%	3.00%	3.08%	2.89%	3.01%
Efficiency ratio	64.24%	62.53%	62.88%	63.59%	64.85%
Loans to deposits	58.28%	61.34%	63.84%	65.77%	71.59%