

Burke & Herbert Bank

At Your Service Since 1852®

Statements of Income (unaudited) December 31, 2021 (in thousands)

	Three months ended		Twelve months ended	
	2021	2020	2021	2020
Interest income				
Loans	\$ 17,407	\$ 18,365	\$ 73,170	\$ 78,262
Investment securities	7,442	6,136	27,444	22,025
Other	36	49	206	710
Total interest income	24,885	24,550	100,820	100,997
Interest expense				
Deposits	461	1,487	2,746	9,696
Borrowed funds	363	360	1,432	1,579
Other	13	6	39	6
Total interest expense	837	1,853	4,217	11,281
Net interest income	24,048	22,697	96,603	89,716
Noninterest income				
Fiduciary and wealth management	1,312	1,197	5,162	4,450
Service charges and fees	1,666	1,456	6,328	5,700
Net gains/(losses) on securities	-	(10)	(4)	1,944
Income from bank owned life insurance	668	574	2,325	2,304
Other	662	2,033	3,440	4,606
Total noninterest income	4,308	5,250	17,251	19,004
Total revenue	28,356	27,947	113,854	108,720
Provision for credit losses	(1,788)	12	(1,002)	12,648
Noninterest expense				
Salaries and wages	10,381	8,573	37,099	33,377
Pensions and other employee benefits	1,851	1,567	7,621	7,568
Occupancy expenses	1,477	1,483	6,444	6,003
Equipment rentals, depreciation and maintenance	1,409	1,347	5,481	4,935
Other	5,242	4,802	17,769	15,750
Total noninterest expense	20,360	17,772	74,414	67,633
Income before income taxes	9,784	10,163	40,442	28,439
Income tax expense (benefit)	1,141	1,091	4,277	1,940
Net income	\$ 8,643	\$ 9,072	\$ 36,165	\$ 26,499

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Consolidated Balance Sheet (unaudited)

As of December 31, 2021 (in thousands)

	2021	2020
Assets		
Cash and due from banks	\$ 8,989	\$ 14,670
Interest-bearing deposits with banks	68,374	214,034
Cash and cash equivalents	<u>77,363</u>	<u>228,704</u>
Securities available for sale, at fair value	1,605,681	1,159,701
Restricted stock, at cost	12,079	12,192
Loans held for sale, at fair value	1,249	8,211
Loans	1,745,073	1,833,775
Allowance for loan losses	<u>(31,709)</u>	<u>(32,697)</u>
Net loans	<u>1,713,364</u>	<u>1,801,078</u>
Bank premises and equipment, net	36,875	40,494
Accrued interest receivable	15,253	13,784
Bank owned life insurance	91,062	88,977
Other assets	76,438	79,648
Total assets	<u>\$ 3,629,364</u>	<u>\$ 3,432,789</u>
Liabilities		
Deposits:		
Non-interest bearing	\$ 930,847	\$ 852,008
Interest-bearing	2,002,570	1,937,438
Total deposits	<u>2,933,417</u>	<u>2,789,446</u>
Borrowed funds	275,000	225,000
Accrued interest and other liabilities	31,320	33,466
Total liabilities	<u>3,239,737</u>	<u>3,047,912</u>
Shareholders' Equity		
Common stock	4,000	4,000
Additional paid-in capital	10,374	10,178
Retained earnings	396,120	374,826
Accumulated other comprehensive income (loss)	6,955	22,580
Treasury stock	<u>(27,822)</u>	<u>(26,707)</u>
Total shareholders' equity	<u>389,627</u>	<u>384,877</u>
Total liabilities and shareholders' equity	<u>\$ 3,629,364</u>	<u>\$ 3,432,789</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)

	December 31 2021	September 30 2021	June 30 2021	March 31 2021	December 31 2020
Income statement					
Interest income	\$ 24,885	\$ 25,387	\$ 25,371	\$ 25,177	\$ 24,550
Interest expense	837	1,004	1,113	1,263	1,853
Noninterest income	4,308	4,496	4,403	4,045	5,250
Total revenue	28,356	28,879	28,661	27,959	27,947
Noninterest expense	20,360	18,552	17,922	17,581	17,772
Pretax, pre-provision earnings (non-GAAP)	7,996	10,327	10,739	10,378	10,175
Provision for credit losses	(1,788)	12	262	512	12
Income before income taxes	9,784	10,315	10,477	9,866	10,163
Income tax expense (benefit)	1,141	1,084	1,099	953	1,091
Net income	<u>\$ 8,643</u>	<u>\$ 9,231</u>	<u>\$ 9,378</u>	<u>\$ 8,913</u>	<u>\$ 9,072</u>
Per common share information					
Basic earnings	\$ 46.57	\$ 49.79	\$ 50.54	\$ 47.95	\$ 48.72
Cash dividends	20.00	20.00	20.00	20.00	20.00
Book value	2,099.35	2,091.02	2,104.23	2,026.56	2,066.99
Balance sheet (at period end)					
Assets	\$ 3,629,364	\$ 3,556,410	\$ 3,554,804	\$ 3,505,346	\$ 3,432,644
Loans	1,745,073	1,697,505	1,782,441	1,833,614	1,833,775
Deposits	2,933,417	2,912,835	2,905,820	2,872,124	2,789,446
Equity	389,627	388,081	390,533	376,030	384,877
Ratios					
Return on average assets (annualized)	0.96%	1.01%	1.06%	1.05%	1.05%
Return on average equity (annualized)	8.85%	9.30%	9.84%	9.43%	9.60%
Net interest margin (non-GAAP)	2.90%	2.91%	3.00%	3.08%	2.89%
Efficiency ratio (quarter-to-date)	71.80%	64.24%	62.53%	62.88%	63.59%
Loan to deposit (quarter-to-date)	59.49%	58.28%	61.34%	63.84%	65.74%