

# Burke & Herbert Bank

At Your Service Since 1852®

## Statements of Income (unaudited)

March 31, (in thousands)

	Three months ended	
	2022	2021
<b>Interest income</b>		
Loans	\$ 16,450	\$ 18,792
Investment securities	7,784	6,342
Other	18	43
Total interest income	24,252	25,177
<b>Interest expense</b>		
Deposits	401	902
Borrowed funds	365	352
Other	15	9
Total interest expense	781	1,263
Net interest income	23,471	23,914
<b>Noninterest income</b>		
Fiduciary and wealth management	1,305	1,227
Service charges and fees	1,633	1,442
Net gains on securities	104	(4)
Income from bank owned life insurance	537	546
Other	536	834
Total noninterest income	4,115	4,045
Total revenue	27,586	27,959
<b>Provision for (recapture of) loan losses</b>	(2,638)	512
<b>Noninterest expense</b>		
Salaries and wages	9,529	8,731
Pensions and other employee benefits	2,039	1,955
Occupancy expenses	1,546	1,555
Equipment rentals, depreciation and maintenance	1,379	1,283
Other	4,672	4,057
Total noninterest expense	19,165	17,581
Income before income taxes	11,059	9,866
Income tax expense	1,933	953
<b>Net income</b>	<b>\$ 9,126</b>	<b>\$ 8,913</b>

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## Consolidated Balance Sheet (unaudited) As of March 31, (in thousands)

	2022	2021
<b>Assets</b>		
Cash and due from banks	\$ 9,125	\$ 9,892
Interest-bearing deposits with banks	50,495	166,165
Cash and cash equivalents	59,620	176,057
Securities available for sale, at fair value	1,526,948	1,286,933
Restricted stock, at cost	10,298	10,204
Loans held for sale, at fair value	-	5,233
Loans	1,760,308	1,833,614
Allowance for loan losses	(29,061)	(33,374)
Net loans	1,731,247	1,800,240
Bank premises and equipment, net	36,201	40,148
Accrued interest receivable	15,858	15,115
Bank owned life insurance	91,600	89,523
Other assets	79,967	73,886
<b>Total assets</b>	<b>\$ 3,551,739</b>	<b>\$ 3,497,339</b>
<b>Liabilities</b>		
Deposits:		
Non-interest bearing	\$ 965,482	\$ 902,191
Interest-bearing	2,008,137	1,969,933
Total deposits	2,973,619	2,872,124
Borrowed funds	225,000	225,000
Accrued interest and other liabilities	22,210	24,185
<b>Total liabilities</b>	<b>3,220,829</b>	<b>3,121,309</b>
<b>Shareholders' Equity</b>		
Common stock	4,000	4,276
Additional paid-in capital	10,890	10,244
Retained earnings	401,311	379,741
Accumulated other comprehensive income (loss)	(57,496)	9,675
Treasury stock	(27,795)	(27,906)
<b>Total shareholders' equity</b>	<b>330,910</b>	<b>376,030</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,551,739</b>	<b>\$ 3,497,339</b>

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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)

	March 31 2022	December 31 2021	September 30 2021	June 30 2021	March 31 2021
<b>Income statement</b>					
Interest income	\$ 24,252	\$ 24,885	\$ 25,387	\$ 25,371	\$ 25,177
Interest expense	781	837	1,004	1,113	1,263
Noninterest income	4,115	4,308	4,496	4,403	4,045
Total revenue	27,586	28,356	28,879	28,661	27,959
Noninterest expense	19,165	20,360	18,552	17,922	17,581
Pretax, pre-provision earnings (non-GAAP)	8,421	7,996	10,327	10,739	10,378
Provision (recapture of) for credit losses	(2,638)	(1,788)	12	262	512
Income before income taxes	11,059	9,784	10,315	10,477	9,866
Income tax expense	1,933	1,141	1,084	1,099	953
Net income	<u>\$ 9,126</u>	<u>\$ 8,643</u>	<u>\$ 9,231</u>	<u>\$ 9,378</u>	<u>\$ 8,913</u>
<b>Per common share information</b>					
Basic earnings	\$ 49.17	\$ 46.57	\$ 49.79	\$ 50.54	\$ 47.95
Diluted earnings	48.99	46.52	49.75	50.51	47.92
Cash dividends	21.20	20.00	20.00	20.00	20.00
Book value	1,782.91	2,099.35	2,091.02	2,104.23	2,026.56
<b>Balance sheet (at period end)</b>					
Assets	\$ 3,551,739	\$ 3,621,743	\$ 3,548,535	\$ 3,546,796	\$ 3,497,339
Loans (gross)	1,760,308	1,745,073	1,697,505	1,782,441	1,833,614
Deposits	2,973,619	2,933,417	2,912,835	2,905,820	2,872,124
Equity	330,910	389,627	388,081	390,533	376,030
<b>Ratios</b>					
Return on average assets (annualized)	1.03%	0.96%	1.01%	1.06%	1.05%
Return on average equity (annualized)	9.55%	8.85%	9.30%	9.84%	9.43%
Net interest margin (non-GAAP)	2.90%	2.90%	2.91%	3.00%	3.08%
Efficiency ratio (quarter-to-date)	69.47%	71.80%	64.24%	62.53%	62.88%
Loan to deposit (quarter-to-date)	59.20%	59.49%	58.28%	61.34%	63.84%