

# Burke & Herbert Bank

At Your Service Since 1852®

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

	Three months ended		Nine months ended	
	2022	2021	2022	2021
<b>Interest income</b>				
Loans	\$ 18,618	\$ 18,407	\$ 52,486	\$ 55,763
Investment securities	10,505	6,887	27,325	20,002
Other	142	93	248	170
Total interest income	29,265	25,387	80,059	75,935
<b>Interest expense</b>				
Deposits	955	635	1,724	2,285
Borrowed funds	1,614	360	2,506	1,069
Other	15	9	46	26
Total interest expense	2,584	1,004	4,276	3,380
Net interest income	26,681	24,383	75,783	72,555
<b>Noninterest income</b>				
Fiduciary and wealth management	1,328	1,318	3,995	3,850
Service charges and fees	1,734	1,640	5,128	4,662
Net gains on securities	(42)	-	62	(4)
Income from bank owned life insurance	556	559	1,635	1,657
Other	683	979	2,050	2,778
Total noninterest income	4,259	4,496	12,870	12,943
Total revenue	30,940	28,879	88,653	85,498
<b>Provision for (recapture of) loan losses</b>	(2,388)	12	(7,564)	786
<b>Noninterest expense</b>				
Salaries and wages	10,093	8,690	29,239	26,718
Pensions and other employee benefits	2,017	2,072	5,957	5,770
Occupancy expenses	1,151	1,654	4,306	4,967
Equipment rentals, depreciation and maintenance	1,534	1,385	4,296	4,072
Other	5,156	4,751	15,686	12,527
Total noninterest expense	19,951	18,552	59,484	54,054
Income before income taxes	13,377	10,315	36,733	30,658
Income tax expense	2,240	1,084	6,073	3,136
<b>Net income</b>	<b>\$ 11,137</b>	<b>\$ 9,231</b>	<b>\$ 30,660</b>	<b>\$ 27,522</b>

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## Consolidated Balance Sheet (unaudited)

As of September 30, (in thousands)

	2022	2021
<b>Assets</b>		
Cash and due from banks	\$ 8,410	\$ 8,928
Interest-bearing deposits with banks	32,706	208,544
Cash and cash equivalents	41,116	217,472
Securities available for sale, at fair value	1,453,104	1,440,647
Restricted stock, at cost	10,973	10,204
Loans held for sale, at fair value	0	2,524
Loans	1,751,827	1,697,505
Allowance for loan losses	(20,953)	(33,561)
Net loans	1,730,874	1,663,944
Bank premises and equipment, net	56,558	37,368
Accrued interest receivable	15,330	15,019
Bank owned life insurance	92,703	90,640
Other assets	100,487	70,584
<b>Total assets</b>	<b>\$ 3,501,145</b>	<b>\$ 3,548,402</b>
<b>Liabilities</b>		
Deposits:		
Non-interest bearing	\$ 980,714	\$ 938,467
Interest-bearing	1,996,946	1,974,368
Total deposits	2,977,660	2,912,835
Borrowed funds	243,000	225,000
Accrued interest and other liabilities	25,014	22,486
<b>Total liabilities</b>	<b>3,245,674</b>	<b>3,160,321</b>
<b>Shareholders' Equity</b>		
Common stock	4,000	4,000
Additional paid-in capital	11,802	10,299
Retained earnings	414,973	391,203
Accumulated other comprehensive income (loss)	(147,578)	10,401
Treasury stock	(27,726)	(27,822)
<b>Total shareholders' equity</b>	<b>255,471</b>	<b>388,081</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,501,145</b>	<b>\$ 3,548,402</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)

	September 30 2022	June 30 2022	March 31 2022	December 31 2021	September 30 2021
<b>Income statement</b>					
Interest income	\$ 29,265	\$ 26,542	\$ 24,252	\$ 24,885	\$ 25,387
Interest expense	2,584	911	781	837	1,004
Noninterest income	4,259	4,496	4,115	4,308	4,496
Total revenue	30,940	30,127	27,586	28,356	28,879
Noninterest expense	19,951	20,368	19,165	20,360	18,552
Pretax, pre-provision earnings <i>(non-GAAP)</i>	10,989	9,759	8,421	7,996	10,327
Provision (recapture of) for credit losses	(2,388)	(2,538)	(2,638)	(1,788)	12
Income before income taxes	13,377	12,297	11,059	9,784	10,315
Income tax expense	2,240	1,900	1,933	1,141	1,084
Net income	<b>\$ 11,137</b>	<b>\$ 10,397</b>	<b>\$ 9,126</b>	<b>\$ 8,643</b>	<b>\$ 9,231</b>
<b>Per common share information</b>					
Basic earnings	\$ 59.99	\$ 56.01	\$ 49.17	\$ 46.57	\$ 49.79
Diluted earnings	59.65	55.78	48.99	46.52	49.75
Cash dividends	21.20	21.20	21.20	20.00	20.00
Book value	1,376.13	1,568.47	1,782.91	2,099.35	2,091.02
<b>Balance sheet <i>(at period end)</i></b>					
Assets	\$ 3,501,145	\$ 3,585,822	\$ 3,551,739	\$ 3,621,743	\$ 3,548,402
Loans (gross)	1,751,827	1,748,508	1,760,308	1,745,073	1,697,505
Deposits	2,977,660	2,960,423	2,973,619	2,933,417	2,912,835
Equity	255,471	291,138	330,910	389,627	388,081
<b>Ratios</b>					
Return on average assets <i>(annualized)</i>	1.23%	1.17%	1.03%	0.96%	1.02%
Return on average equity <i>(annualized)</i>	14.99%	13.48%	9.91%	8.85%	9.30%
Net interest margin <i>(non-GAAP)</i>	3.25%	3.15%	2.89%	2.90%	2.91%
Efficiency ratio <i>(quarter-to-date)</i>	64.48%	67.61%	69.47%	71.80%	64.24%
Loan to deposit <i>(quarter-to-date)</i>	58.83%	59.06%	59.20%	59.49%	58.28%