UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-41633

Burke & Herbert Financial Services Corp.
(Exact name of registrant as specified in its charter)

Virginia	**92-0289417**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 S. Fairfax Street, Alexandria, Virginia	**22314**
(Address of principal executive offices)	(Zip Code)

703-666-3555
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading symbol	Name of Exchange on which registered
Common Stock, par value $0.50 per share	**BHRB**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 5, 2026, there were 20,187,033 shares of the registrant's common stock outstanding.

TABLE OF CONTENTS

Part I - Financial Information

Item 1. Financial Statements

Burke & Herbert Financial Services Corp. Consolidated Financial Statements:

Burke & Herbert Financial Services Corp.
Consolidated Balance Sheets
(In thousands, except share and per share data)

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Assets		
Cash and due from banks	$ 116,443	$ 53,497
Interest-earning deposits with banks	50,710	235,630
Cash and cash equivalents	167,153	289,127
Securities available-for-sale, at fair value	1,963,038	1,615,954
Restricted stock, at cost	56,850	42,187
Loans held-for-sale	2,074	365
Loans	7,999,765	5,387,676
Allowance for credit losses	(94,470)	(67,823)
Net loans	7,905,295	5,319,853
Other real estate owned	2,934	2,689
Premises and equipment, net	150,698	136,809
Accrued interest receivable	50,007	35,442
Intangible assets	80,754	41,747
Goodwill	118,345	34,149
Company-owned life insurance	269,046	213,200
Other assets	225,106	189,104
Total Assets	$ 10,991,300	$ 7,920,626
Liabilities and Shareholders' Equity		
Liabilities		
Non-interest-bearing deposits	$ 2,058,076	$ 1,336,380
Interest-bearing deposits	6,910,006	5,067,561
Total deposits	8,968,082	6,403,941
Short-term borrowings	525,000	450,000
Subordinated debentures, net	134,789	70,222
Subordinated debentures owed to unconsolidated subsidiary trusts	17,394	17,268
Accrued interest and other liabilities	143,856	124,546
Total Liabilities	9,789,121	7,065,977
Commitments and contingent liabilities (see Note 10)		
Shareholders' Equity		
Preferred stock and related surplus, $1.00 par value per share; 2,000,000 shares authorized; 1,500 shares issued and outstanding at June 30, 2026; 1,500 shares issued and outstanding at December 31, 2025	10,413	10,413
Common Stock	10,368	7,800
$0.50 par value; 40,000,000 shares authorized, 20,736,461 shares issued and 20,165,171 shares outstanding at June 30, 2026; 40,000,000 shares authorized, 15,599,814 shares issued and 15,028,524 shares outstanding at December 31, 2025		
Common stock, additional paid-in capital	734,764	405,922
Retained earnings	533,855	517,058
Accumulated other comprehensive income (loss)	(59,637)	(58,960)
Treasury stock	(27,584)	(27,584)
571,290 shares, at cost, at June 30, 2026, and 571,290 shares, at cost, at December 31, 2025		
Total Shareholders' Equity	1,202,179	854,649
Total Liabilities and Shareholders' Equity	$ 10,991,300	$ 7,920,626

See Notes to Consolidated Financial Statements.

Burke & Herbert Financial Services Corp.
Consolidated Statements of Income
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Interest income				
Taxable loans, including fees	$ 116,770	$ 96,803	$ 204,853	$ 193,834
Tax-exempt loans, including fees	55	43	95	89
Taxable securities	11,329	9,303	21,087	18,790
Tax-exempt securities	7,605	3,939	13,687	7,206
Other interest income	1,228	1,770	2,721	2,725
Total interest income	136,987	111,858	242,443	222,644
Interest expense				
Deposits	35,018	30,431	61,738	62,282
Short-term borrowings	5,897	4,438	10,487	7,630
Subordinated debt	2,990	2,730	5,259	5,459
Other interest expense	40	26	74	53
Total interest expense	43,945	37,625	77,558	75,424
Net interest income	93,042	74,233	164,885	147,220
Credit loss expense (recapture) - loans and available-for-sale securities	(833)	717	(620)	1,617
Credit loss expense (recapture) - off-balance sheet credit exposures	2,212	(93)	2,011	(492)
Total provision for credit losses	1,379	624	1,391	1,125
Net interest income after credit loss expense	91,663	73,609	163,494	146,095
Non-interest income				
Fiduciary and wealth management	3,100	2,425	6,327	4,868
Service charges and fees	2,286	2,130	4,141	4,308
Net (loss) gain on securities	(1,868)	38	(69)	39
Income from company-owned life insurance	3,207	2,982	4,686	4,175
Bank debit and other card revenue	3,421	3,024	6,256	5,908
Other non-interest income	3,703	2,278	5,361	3,602
Total non-interest income	13,849	12,877	26,702	22,900
Non-interest expense				
Salaries and wages	41,378	21,320	62,791	42,261
Pensions and other employee benefits	5,787	4,067	11,157	9,203
Occupancy	6,654	3,521	10,681	7,566
Equipment rentals, depreciation and maintenance	6,934	4,100	11,122	8,184
Core deposit intangible amortization	5,530	3,888	9,214	8,186
ATM, card and network expense	1,389	1,314	2,523	2,446
FDIC and other regulatory assessments	1,576	1,088	2,716	2,002
Other operating	24,258	10,007	34,683	19,121
Total non-interest expense	93,506	49,305	144,887	98,969
Income before income taxes	12,006	37,181	45,309	70,026
Income tax expense	2,524	7,284	8,478	12,928
Net income	9,482	29,897	36,831	57,098
Preferred stock dividends	225	225	450	450
Net income applicable to common shares	**$ 9,257**	**$ 29,672**	**$ 36,381**	**$ 56,648**
Earnings per common share:				
Basic	$ 0.50	$ 1.98	$ 2.17	$ 3.78
Diluted	0.50	1.97	2.16	3.77

See Notes to Consolidated Financial Statements.

Burke & Herbert Financial Services Corp.
Consolidated Statements of Comprehensive Income
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net income	$ 9,482	$ 29,897	$ 36,831	$ 57,098
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on securities:				
Unrealized gain (loss) arising during period, net of tax of ($2,374) and ($43) for the three months ended June 30, 2026, and June 30, 2025, respectively, net of tax of $559 and ($2,560) for the six months ended June 30, 2026, and June 30, 2025, respectively	7,998	145	(1,884)	8,571
Reclassification adjustment for loss (gain) on securities, net of tax of ($427) and $9 for the three months ended June 30, 2026, and June 30, 2025, respectively, net of tax of ($16) and $9 for the six months ended June 30, 2026, and June 30, 2025, respectively	1,440	(29)	53	(30)
Reclassification adjustment for loss (gain) on fair value hedge, net of tax of $156 and $9 for the three months ended June 30, 2026, and June 30, 2025, respectively, net of tax of $166 and $19 for the six months ended June 30, 2026, and June 30, 2025, respectively	(527)	(31)	(558)	(62)
Defined benefit pension plans:				
Changes in pension plan benefits, net of tax of $17 and $8 for the three months ended June 30, 2026, and June 30, 2025, respectively, net of tax of $17 and $8 for the six months ended June 30, 2026, and June 30, 2025, respectively	(58)	(26)	(58)	(26)
Unrealized gain (loss) on cash flow hedge:				
Unrealized holding gain (loss) on cash flow hedge, net of tax of ($218) and ($202) for the three months ended June 30, 2026, and June 30, 2025, respectively, net of tax of ($600) and ($91) for the six months ended June 30, 2026, and June 30, 2025, respectively	735	675	2,020	305
Reclassification adjustment for losses (gains) included in net income, net of tax $66 and $168 for the three months ended June 30, 2026, and June 30, 2025, respectively, net of tax of $74 and $266 for the six months ended June 30, 2026, and June 30, 2025, respectively	(223)	(564)	(250)	(892)
Total other comprehensive income (loss)	9,365	170	(677)	7,866
Comprehensive income (loss)	$ 18,847	$ 30,067	$ 36,154	$ 64,964

See Notes to Consolidated Financial Statements.

Burke & Herbert Financial Services Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended June 30, 2026, and 2025
(In thousands, except share and per share data)
(Unaudited)

		Common Stock						
	Preferred Stock and Surplus	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Shareholders' Equity
Balance March 31, 2026	$ 10,413	15,045,941	$ 7,809	$ 407,070	$ 535,798	$ (69,002)	$ (27,584)	$ 864,504
Acquisition of LINKBANCORP, Inc.	—	5,082,605	2,541	327,297	—	—	—	329,838
Net income	—	—	—	—	9,482	—	—	9,482
Other comprehensive income (loss)	—	—	—	—	—	9,365	—	9,365
(Purchase) sale of treasury stock, net	—	—	—	—	—	—	—	—
Common stock cash dividends, declared	—	—	—	—	(11,085)	—	—	(11,085)
Preferred stock cash dividends, declared	—	—	—	—	(225)	—	—	(225)
Share-based compensation expense, net	—	36,625	18	397	(115)	—	—	300
Balance June 30, 2026	$ 10,413	20,165,171	$ 10,368	$ 734,764	$ 533,855	$ (59,637)	$ (27,584)	$ 1,202,179
Balance March 31, 2025	$ 10,413	14,982,807	$ 7,777	$ 402,682	$ 452,736	$ (88,024)	$ (27,584)	$ 758,000
Net income	—	—	—	—	29,897	—	—	29,897
Other comprehensive income (loss)	—	—	—	—	—	170	—	170
(Purchase) sale of treasury stock, net	—	—	—	—	—	—	—	—
Common stock cash dividends, declared	—	—	—	—	(8,254)	—	—	(8,254)
Preferred stock cash dividends, declared	—	—	—	—	(225)	—	—	(225)
Share-based compensation expense, net	—	24,905	13	552	(135)	—	—	430
Balance June 30, 2025	$ 10,413	15,007,712	$ 7,790	$ 403,234	$ 474,019	$ (87,854)	$ (27,584)	$ 780,018

See Notes to Consolidated Financial Statements.

Burke & Herbert Financial Services Corp.
Consolidated Statements of Changes in Shareholders' Equity
For the Six Months Ended June 30, 2026, and 2025
(In thousands, except share and per share data)
(Unaudited)

		Common Stock						
	Preferred Stock and Surplus	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Shareholders' Equity
Balance December 31, 2025	$ 10,413	15,028,524	$ 7,800	$ 405,922	$ 517,058	$ (58,960)	$ (27,584)	$ 854,649
Acquisition of LINKBANCORP, Inc.	—	5,082,605	2,541	327,297	—	—	—	329,838
Net income	—	—	—	—	36,831	—	—	36,831
Other comprehensive income (loss)	—	—	—	—	—	(677)	—	(677)
(Purchase) sale of treasury stock, net	—	—	—	—	—	—	—	—
Common stock cash dividends, declared	—	—	—	—	(19,356)	—	—	(19,356)
Preferred stock cash dividends, declared	—	—	—	—	(450)	—	—	(450)
Share-based compensation expense, net	—	54,042	27	1,545	(228)	—	—	1,344
Balance June 30, 2026	$ 10,413	20,165,171	$ 10,368	$ 734,764	$ 533,855	$ (59,637)	$ (27,584)	$ 1,202,179
Balance December 31, 2024	$ 10,413	14,969,104	$ 7,770	$ 401,172	$ 434,106	$ (95,720)	$ (27,584)	$ 730,157
Net income	—	—	—	—	57,098	—	—	57,098
Other comprehensive income (loss)	—	—	—	—	—	7,866	—	7,866
(Purchase) sale of treasury stock, net	—	—	—	—	—	—	—	—
Common stock cash dividends, declared	—	—	—	—	(16,491)	—	—	(16,491)
Preferred stock cash dividends, declared	—	—	—	—	(450)	—	—	(450)
Share-based compensation expense, net	—	38,608	20	2,062	(244)	—	—	1,838
Balance June 30, 2025	$ 10,413	15,007,712	$ 7,790	$ 403,234	$ 474,019	$ (87,854)	$ (27,584)	$ 780,018

See Notes to Consolidated Financial Statements.

Burke & Herbert Financial Services Corp.
Consolidated Statements of Cash Flows
(In thousands, except share and per share data)
(Unaudited)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash Flows from Operating Activities		
Net Income	$ 36,831	$ 57,098
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	3,991	3,391
Amortization of other intangible assets	9,815	8,297
Amortization on assumed liabilities	2,862	3,599
Accretion income related to acquired loans	(16,104)	(22,979)
Amortization of housing tax credits	3,061	3,567
Realized (gain) loss on sales of available-for-sale securities	69	(39)
Realized loss on sales of OREO property	—	2
Provision for credit losses	1,391	1,125
Income from company-owned life insurance	(4,686)	(4,175)
Deferred tax expense (benefit)	(11,812)	11,351
Loss on disposal of fixed assets	2,229	86
Accretion of securities	(3,638)	(2,183)
Amortization of securities	5,275	4,849
Share-based compensation expense	4,238	2,470
Repayment of operating lease liabilities	(1,620)	(1,267)
(Gain) on loans held-for-sale	(141)	(184)
Proceeds from sale of loans held-for-sale	12,209	14,479
Change in fair value of loans held-for-sale	—	—
Originations of loans held-for-sale	(13,777)	(13,475)
(Increase) in accrued interest receivable	(3,846)	(999)
(Increase) in other assets	(20,213)	(55,847)
Increase in accrued interest payable and other liabilities	20,681	28,522
Net cash flows provided by operating activities	$ 26,815	$ 37,688
Cash Flows from Investing Activities		
Proceeds from maturities, prepayments, and calls of securities available-for-sale, net	59,418	107,736
Proceeds from sale of securities available-for-sale, net	299,014	963
Purchases of securities available-for-sale, net	(438,492)	(193,692)
Business acquisitions, net	73,275	—
Sales of restricted stock	10,850	29,069
Purchases of restricted stock	(13,018)	(37,699)
Purchases of property and equipment, net of disposals	(4,065)	(5,204)
Proceeds from company-owned life insurance	3,138	4,827
Proceeds from sale of OREO property	172	161
(Increase) decrease in loans made to customers, net	(21,148)	102,851
Net cash flows provided by (used in) investing activities	$ (30,856)	$ 9,012
Cash Flows from Financing Activities		
Net increase (decrease) in non-interest-bearing accounts	91,696	(16,323)
Net (decrease) in interest-bearing accounts	(90,098)	(108,980)
Net increase (decrease) in other short-term borrowings	(100,000)	285,000
Payment for call of subordinated debt	—	—
Repayment of finance lease liabilities	(162)	(113)
Cash dividends paid	(19,806)	(16,941)

Burke & Herbert Financial Services Corp.
Consolidated Statements of Cash Flows
(In thousands, except share and per share data)
(Unaudited)

Proceeds from employee stock purchase program	410	354
Issuance of common stock	27	135
Sale of treasury stock	—	—
Net cash flows provided by (used in) financing activities	$ (117,933)	$ 143,132
Increase (decrease) in cash and cash equivalents	(121,974)	189,832
Cash and cash equivalents		
Beginning of period	289,127	135,314
End of period	$ 167,153	$ 325,146
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest paid to depositors	$ 61,297	$ 63,801
Interest paid on short-term borrowings	9,266	8,781
Interest paid on subordinated debt and trust preferred securities	2,644	2,652
Interest paid on finance leases	74	53
Income taxes	1,071	5,293
Change in unrealized gains on available-for-sale securities	(2,375)	7,876
Lease liability arising from obtaining right-of-use assets	1,012	—
Loans transferred to other real estate owned	417	117
Common stock issued for LNKB Merger, net	329,838	—
Preferred stock issued for LNKB Merger, net	—	—

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note 1— Nature of Business Activities and Significant Accounting Policies

Nature of operations

The consolidated financial statements include Burke & Herbert Financial Services Corp. (“Burke & Herbert”) and its wholly-owned subsidiary Burke & Herbert Bank & Trust Company (“the Bank”), together referred to as “the Company” for purposes of the Notes to the Financial Statements.

Burke & Herbert Financial Services Corp. was organized as a Virginia corporation in 2022 to serve as the holding company for the Bank. Burke & Herbert became a bank holding company when it commenced operations on October 1, 2022, following a reorganization transaction in which it acquired control of the Bank under the Bank Holding Company Act of 1956 (“BHCA”). This transaction was treated as an internal reorganization as all shareholders of the Bank became shareholders of Burke & Herbert. Burke & Herbert has no material operations other than owning the Bank. In September 2023, Burke & Herbert elected to become a financial holding company under the BHCA. As a financial holding company of a Virginia state bank, the Company is subject to regulation, supervision, and examination by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Bureau of Financial Institutions of the Virginia State Corporation Commission (the “Virginia BFI”). The Bank is a Virginia chartered commercial bank that commenced operations in 1852. The Bank became a member of the Federal Reserve System on December 31, 2024. The Bank is subject to regulation, supervision, and examination by the Federal Reserve (through the Federal Reserve Bank of Richmond) and the Virginia BFI.

The Bank’s operations are conducted from it’s over 105 branches and commercial loan offices across Delaware, Kentucky, Maryland, Virginia, West Virginia, and Pennsylvania. The Company’s branch locations accept business and consumer deposits from a diverse customer base. The Company’s deposit products include checking, savings, and term certificate accounts. The Company’s loan portfolio includes commercial and consumer loans, a substantial portion of which are secured by real estate.

Merger with LINKBANCORP, Inc.

Effective on May 1, 2026 (the “Closing Date”) Burke & Herbert completed its previously announced merger with LINKBANCORP, Inc., a Pennsylvania corporation (“LNKB”), pursuant to the Agreement and Plan of Merger dated, December 18, 2025, between Burke & Herbert and LNKB (the “LNKB Merger Agreement”).

Pursuant to the LNKB Merger Agreement, on the Closing Date, (i) LNKB merged with and into Burke & Herbert, with Burke & Herbert continuing as the surviving corporation (the “LNKB Merger”), and (ii) immediately following the LNKB Merger, LINKBANK, a Pennsylvania chartered commercial bank and a wholly-owned subsidiary of LNKB (“Link”), merged with and into the Bank with the Bank as the surviving bank.

Pursuant to the LNKB Merger Agreement, at the effective time of the LNKB Merger (the “Effective Time”), each LNKB share of common stock, par value $0.01 per share (“LNKB Common Stock”) issued and outstanding immediately prior to the Effective Time, other than certain shares held by Burke & Herbert and LNKB, was converted into the right to receive 0.1350 shares of Burke & Herbert common stock. Holders of LNKB Common Stock received cash in lieu of fractional shares of Burke & Herbert common stock in accordance with the terms of the LNKB Merger Agreement. The total aggregate consideration payable in the LNKB Merger was approximately 5,082,605 shares of Burke & Herbert common stock.

Basis of Presentation

The accompanying consolidated financial statements include Burke & Herbert Financial Services Corp. and its wholly owned subsidiary Burke & Herbert Bank & Trust Company and have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial reporting and with applicable quarterly reporting regulations of the U.S. Securities and Exchange Commission (“SEC”). The accounting and reporting policies of the Company conform to GAAP and reflect practices of the banking industry. They do not include all of the information and notes required by GAAP for complete financial statements. As such, these unaudited financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of and for the year ended December 31, 2025, included in the Company’s Annual Report on Form 10-K filed with the SEC on February 27, 2026.

The consolidated financial statements include the accounts of the Company and the Bank (as its wholly-owned subsidiary). All significant intercompany accounts and transactions between the Company and the Bank have been eliminated. In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In the opinion of management, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of operations in these financial statements, have been made. The results of operations for the three and six months ended June 30, 2026, are not necessarily indicative of the results to be expected for any other interim period or for the full year. All December 31, 2025, amounts and disclosures included in this quarterly report were derived from the Company's audited consolidated financial statements. Certain items in the prior period have been reclassified to conform to the current presentation. These reclassifications had no effect on prior year net income or on shareholders' equity.

Newly issued not yet adopted accounting standards

In November 2024, the FASB issued ASU 2024-03, *Income Statement (Subtopic 220-40): Reporting Comprehensive Income—Expense Disaggregation Disclosures*. This ASU seeks to improve the disclosures about a public business entity's expenses and addresses requests from investors for more detailed information about the types of expenses in commonly presented expense captions. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. This ASU is not expected to have a material impact on our consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. This ASU incorporates certain amendments to SEC disclosure requirements into the FASB Accounting Standards Codification. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the effective date for each amendment will be the date on which the SEC's removal of the related disclosure requirement becomes effective. For all other entities, the effective date will be two years after the date of such removal. However, if by June 30, 2027, the SEC has not removed the related disclosure from its regulations, the amendments will be removed from the Codification and not become effective for any entity. We do not expect the adoption of ASU 2023-06 to have a material impact on our consolidated financial statements.

Recently Adopted Standards

In November 2025, the FASB issued ASU 2025-08, *Financial Instruments - Credit Losses (Topic 326): Purchased Loans*. This ASU amends the accounting for certain acquired loans by expanding the use of the "gross-up" approach under the CECL model to include purchased seasoned loans. Under this approach, the allowance for expected credit losses is recognized at the acquisition date as an adjustment to the loan's amortized cost basis, rather than through a provision for credit losses, thereby eliminating a "day-one" credit loss expense for loans within the scope of the guidance. The amendments do not change the accounting for purchased credit-deteriorated loans, originated loans, credit card loans, or debt securities. The amendments in this update are effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, and are to be applied on a prospective basis. Early adoption is permitted. As permitted, the Company has elected to early adopt the amended guidance on January 1, 2026 on a prospective basis. The Company expects that substantially all the loans acquired in the LNKB Merger will be considered seasoned.

Note 2— Securities

The carrying amount of available-for-sale ("AFS") securities and their approximate fair values at June 30, 2026, and December 31, 2025, are summarized as follows (in thousands):

	June 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
U.S. Treasuries and government agencies	$ 158,373	$ —	$ 9,427	$ 148,946
Obligations of states and municipalities	1,157,655	7,952	57,839	1,107,768
Residential mortgage backed - agency	86,719	302	3,033	83,988
Residential mortgage backed - non-agency	380,791	635	8,893	372,533
Commercial mortgage backed - agency	73,742	22	1,026	72,738
Commercial mortgage backed - non-agency	95,248	95	1,996	93,347
Asset-backed	47,486	95	564	47,017
Other	37,262	373	934	36,701
Total	$ 2,037,276	$ 9,474	$ 83,712	$ 1,963,038

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
U.S. Treasuries and government agencies	$ 159,088	$ —	$ 8,964	$ 150,124
Obligations of states and municipalities	977,104	5,414	59,944	922,574
Residential mortgage backed - agency	57,731	464	2,810	55,385
Residential mortgage backed - non-agency	221,443	1,860	5,211	218,092
Commercial mortgage backed - agency	74,253	250	607	73,896
Commercial mortgage backed - non-agency	112,082	584	1,557	111,109
Asset-backed	53,954	89	577	53,466
Other	32,162	158	1,012	31,308
Total	$ 1,687,817	$ 8,819	$ 80,682	$ 1,615,954

At June 30, 2026, and December 31, 2025, AFS securities with amortized costs of $1.5 billion and $1.1 billion, respectively, and with estimated fair values of $1.4 billion and $1.1 billion, respectively, were pledged to serve as collateral for secured borrowings, derivative exposures, or to secure public deposits as required or permitted by law.

The proceeds from sales, calls, and maturities of debt securities available-for-sale, including principal payments received, and the related gross gains and losses realized, for the six months ended June 30, 2026, and June 30, 2025, were as follows (in thousands):

	Proceeds from			Gross realized	
Six Months Ended June 30,	Sales	Calls and maturities	Principal Payments	Gains	Losses
2026	$ 299,014	$ 11,425	$ 47,993	$ 2,210	$ 2,279
2025	963	25,281	82,455	45	6

The tax benefit (provision) related to these net realized gains and losses for June 30, 2026, and June 30, 2025, was $15.8 thousand, and ($8.2) thousand, respectively.

The maturities of AFS securities at June 30, 2026, were as follows (in thousands): (Expected maturities of securities not due at a single maturity date are based on average life at estimated prepayment speed. Expected maturities may differ from contractual maturities because borrowers have the right to call or prepay some obligations with or without call or prepayment penalties).

Note 2— Securities (continued)

	June 30, 2026				
	Amortized Cost				
	One Year or Less	One to Five Years	Five to Ten Years	After Ten Years	Total
Securities Available-for-Sale					
U.S. Treasuries and government agencies	$ —	$ 158,373	$ —	$ —	$ 158,373
Obligations of states and municipalities	6,303	324,909	607,699	218,744	1,157,655
Residential mortgage backed - agency	847	41,580	28,937	15,355	86,719
Residential mortgage backed - non-agency	3,127	88,562	265,209	23,893	380,791
Commercial mortgage backed - agency	1,083	24,509	48,150	—	73,742
Commercial mortgage backed - non-agency	6,084	58,963	30,201	—	95,248
Asset-backed	2,047	31,093	14,346	—	47,486
Other	—	4,824	23,305	9,133	37,262
Total	$ 19,491	$ 732,813	$ 1,017,847	$ 267,125	$ 2,037,276

	June 30, 2026				
	Fair Value				
	One Year or Less	One to Five Years	Five to Ten Years	After Ten Years	Total
Securities Available-for-Sale					
U.S. Treasuries and government agencies	$ —	$ 148,946	$ —	$ —	$ 148,946
Obligations of states and municipalities	6,301	312,390	585,361	203,716	1,107,768
Residential mortgage backed - agency	846	41,537	26,031	15,574	83,988
Residential mortgage backed - non-agency	3,118	85,033	260,621	23,761	372,533
Commercial mortgage backed - agency	1,031	24,247	47,460	—	72,738
Commercial mortgage backed - non-agency	6,031	57,447	29,869	—	93,347
Asset-backed	2,040	30,788	14,189	—	47,017
Other	—	4,837	22,913	8,951	36,701
Total	$ 19,367	$ 705,225	$ 986,444	$ 252,002	$ 1,963,038

At June 30, 2026, and December 31, 2025, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in any amount greater than 10% of shareholders' equity.

Note 2— Securities (continued)

The following table shows the gross unrealized losses and fair value of the Company's securities with unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2026, and December 31, 2025.

AFS securities in a continuous unrealized loss position for less than twelve months and more than twelve months are as follows (in thousands):

	June 30, 2026				
	Less Than Twelve Months		More Than Twelve Months		
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Total Unrealized Losses
Securities Available-for-Sale					
U.S. Treasuries and government agencies	$ —	$ —	$ 148,946	$ 9,427	$ 9,427
Obligations of states and municipalities	97,878	910	497,891	56,929	57,839
Residential mortgage backed - agency	28,677	222	18,107	2,811	3,033
Residential mortgage backed - non-agency	198,806	3,887	78,485	5,006	8,893
Commercial mortgage backed - agency	46,670	697	24,748	329	1,026
Commercial mortgage backed - non-agency	42,763	501	20,873	1,495	1,996
Asset-backed	8,247	29	24,162	535	564
Other	—	—	22,422	934	934
Total	$ 423,041	$ 6,246	$ 835,634	$ 77,466	$ 83,712

	December 31, 2025				
	Less Than Twelve Months		More Than Twelve Months		
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Total Unrealized Losses
Securities Available-for-Sale					
U.S. Treasuries and government agencies	$ —	$ —	$ 150,124	$ 8,964	$ 8,964
Obligations of states and municipalities	134,143	1,852	513,623	58,092	59,944
Residential mortgage backed - agency	4,461	4	24,832	2,806	2,810
Residential mortgage backed - non-agency	11,545	17	85,750	5,194	5,211
Commercial mortgage backed - agency	14,987	93	26,032	514	607
Commercial mortgage backed - non-agency	29,730	131	30,175	1,426	1,557
Asset-backed	14,531	38	27,750	539	577
Other	—	—	22,288	1,012	1,012
Total	$ 209,397	$ 2,135	$ 880,574	$ 78,547	$ 80,682

The Company is required to conduct an impairment evaluation on AFS securities to determine whether the Company has the intent to sell the security or it is more likely than not that it will be required to sell the security before recovery. If these situations apply, the guidance requires the Company to reduce the security's amortized cost basis down to its fair value through earnings. The Company also evaluates the unrealized losses on AFS securities to determine if a security's decline in fair value below its amortized cost basis is due to credit factors. The evaluation is based upon factors such as the creditworthiness of the underlying borrowers, performance of the underlying collateral, if applicable, and the level of credit support in the security structure. Management also evaluates other factors and circumstances that may be indicative of a decline in the fair value of the security due to a credit factor.

This includes, but is not limited to, an evaluation of the type of security, length of time and extent to which the fair value has been less than cost, and near-term prospects of the issuer. If this assessment indicates that a credit loss exists, the present value of the expected cash flows of the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost, an allowance for credit losses ("ACL") is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis under the current expected credit loss ("CECL") standard, and declines due to non-credit factors are recorded in accumulated other comprehensive income ("AOCI"), net of taxes. If a credit loss is recognized in earnings, subsequent improvements to the expectation of collectability will be recognized through the ACL. If the fair value of the security increases above its amortized cost, the unrealized gain will be recorded in accumulated other comprehensive income, net of taxes, in the Consolidated Balance Sheets.

The Company did not record an ACL on the AFS securities as of June 30, 2026, or December 31, 2025. The Company considers the unrealized losses on the AFS securities to be related to fluctuations in market conditions, primarily interest rates, and not reflective of deterioration in credit. The Company had 454 securities in an unrealized loss position as of June 30, 2026. The Company has evaluated AFS securities in an unrealized loss position for credit-related impairment at June 30, 2026, and concluded no impairment existed based on a combination of factors, which included: (1) the securities are of high credit quality, (2) unrealized losses are primarily the result of market volatility and increases in market interest rates, (3) the contractual terms of the investments do not permit the issuer(s) to settle the securities at a price less than the par value of each investment, (4) issuers continue to make timely principal and interest payments, and (5) the Company does not intend to sell any of the investments and the accounting standard of "more likely than not" has not been met for the Company to be required to sell any of the investments before recovery of its amortized cost basis. As such, there was no ACL on AFS securities at June 30, 2026.

Securities of U.S. Treasury and Federal Agencies and Federal Agency Mortgage (Residential and Commercial) Backed Securities

At June 30, 2026, the unrealized losses associated with 10 U.S. Treasuries and Government Agency securities, 63 Residential Mortgage Backed – Agency securities, and 25 Commercial Mortgage Backed – Agency securities were generally driven by changes in interest rates and not due to credit losses given the explicit or implicit guarantees provided by the U.S. government. Therefore, the Company has concluded that the unrealized losses for these securities do not require an ACL at June 30, 2026.

Securities of U.S. States and Municipalities

At June 30, 2026, the unrealized losses associated with 257 State and Municipal securities were primarily caused by changes in interest rates and not the credit quality of the securities. These securities are investment grade and were generally underwritten in accordance with our own investment standards prior to the decision to purchase, without relying on a bond insurer's guarantee in making the investment decision. These securities will continue to be monitored as part of our ongoing impairment analysis but are expected to perform, even if the rating agencies reduce the credit rating of the bond insurers. As a result, we expect to recover the entire amortized cost basis of these securities. Therefore, the Company has concluded that the unrealized losses for these securities do not require an ACL at June 30, 2026.

Residential & Commercial Mortgage Backed – Non-Agency Securities

At June 30, 2026, the unrealized losses associated with 67 Residential Mortgage Backed – Non-Agency securities and 8 Commercial Mortgage Backed – Non-Agency securities were generally driven by changes in interest rates, credit spreads, and projected collateral losses. We assess for credit impairment by estimating the present value of expected cash flows. The key assumptions for determining expected cash flows include default rates, loss severities, and/or prepayment rates. Based on our assessment of the expected credit losses and the credit enhancement level of the securities, we expect to recover the entire amortized cost of these securities. Therefore, the Company has concluded that the unrealized losses for these securities do not require an ACL at June 30, 2026.

Asset-Backed Securities

At June 30, 2026, the unrealized losses associated with 17 Asset-Backed securities were generally driven by changes in interest rates, credit spreads, and projected collateral losses. We assess for credit impairment by estimating the present value of expected cash flows. The key assumptions for determining expected cash flows include default rates, loss severities, and/or prepayment rates. Based on our assessment of the expected credit losses and the credit enhancement level of the securities, we expect to recover the entire amortized cost of these securities. Therefore, the Company has concluded that the unrealized losses for these securities do not require an ACL at June 30, 2026.

Other Securities

At June 30, 2026, the unrealized losses associated with 7 securities were primarily driven by interest rates and not the credit quality of the securities. These investments were underwritten in accordance with our own investment standards prior to the decision to purchase, without relying on a bond insurer's guarantee in making the investment decision. Based on our assessment of the expected credit losses, we expect to recover the entire amortized cost basis of the securities. Therefore, the Company has concluded that the unrealized losses for these securities do not require an ACL at June 30, 2026.

Restricted stock, at cost

The Company's investment in Federal Home Loan Bank ("FHLB") stock totaled $31.9 million and $26.8 million at June 30, 2026, and December 31, 2025, respectively. The Company's investment in Federal Reserve Bank stock totaled $24.0 million and $14.8 million at June 30, 2026, and December 31, 2025, respectively. FHLB and Federal Reserve stock are generally viewed as long-term investments and as restricted investment securities, which are carried at cost, because there is no market for the stocks other than member institutions. Therefore, when evaluating FHLB and Federal Reserve stock for impairment, their values are based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value. The Company does not consider these investments to be impaired at June 30, 2026, and no impairment has been recognized. FHLB stock and Federal Reserve stock are included in a separate line item, restricted stock, at cost on the Consolidated Balance Sheets and are not part of the Company's AFS securities portfolio.

The Company's restricted stock line item on the Consolidated Balance Sheets also includes an investment in Community Bankers' Bank, totaling $111 thousand at June 30, 2026, and $111 thousand at December 31, 2025, which is carried at cost and is not impaired at June 30, 2026. The Company also has other restricted investments including Independent Community Bancorp, Inc. and WV Bankers Title which are included in restricted stock on the Consolidated Balance Sheets as of June 30, 2026, and December 31, 2025.

Note 3— Loans

The Company's loan portfolio segments, as reported in the tables below, include (i) commercial real estate, (ii) owner-occupied commercial real estate, (iii) acquisition, construction & development, (iv) commercial & industrial, (v) single family residential (1-4 units), and (vi) consumer non-real estate and other. The risks associated with lending activities differ among the various loan segments and are subject to the impact of changes in interest rates, market conditions of collateral securing the loans, and general economic conditions.

- Commercial real estate loans carry risk associated with either the net operating income generated from the lease of the real estate collateral or income generated from the sale of the collateral. Other risk factors include the credit-worthiness of the sponsor and the value of the collateral.
- Owner-occupied commercial real estate loans carry risk associated with the operations of the business that occupies the property and the value of the collateral.
- Acquisition, construction & development loans carry risk associated with the credit-worthiness of the borrower, project completion within budget including the potential impact of volatile construction costs, sale after completion, and the value of the collateral.
- Commercial & industrial loans carry the risk associated with the operations of the business and the value of the collateral, if any.
- Single family residential (1-4 units) loans for consumer purposes carry risk associated with the continued credit-worthiness of the borrower and the value of the collateral. Single family residential (1-4 units) loans for investment purpose carry risk associated with the continued credit-worthiness of the borrower, the value of the collateral, and either the net operating income generated from the lease of the real estate collateral or income generated from the sale of the collateral.
- Consumer non-real estate and other loans, which includes overdrafts, carry risk associated with the credit-worthiness of the borrower and the value of the collateral, if any.

Note 3— Loans (continued)

Loan balances as of June 30, 2026, and December 31, 2025, by portfolio segment were as follows (in thousands):

	June 30, 2026	December 31, 2025
Commercial real estate	$ 3,898,387	$ 2,769,287
Owner-occupied commercial real estate	1,152,749	593,120
Acquisition, construction & development	452,638	386,870
Commercial & industrial	840,878	461,921
Single family residential (1-4 units)	1,605,524	1,127,684
Consumer non-real estate and other	49,589	48,794
Loans, gross	7,999,765	5,387,676
Allowance for credit losses	(94,470)	(67,823)
Loans, net	$ 7,905,295	$ 5,319,853

Net deferred loan fees included in the above loan categories totaled $7.3 million and $6.2 million at June 30, 2026, and December 31, 2025, respectively.

Note 4— Allowance for Credit Losses

The Company's ACL is calculated quarterly, with any adjustment recorded to the provision for credit losses in the Consolidated Statement of Income. Management calculates the quantitative portion of collectively evaluated loans for all loan categories using the weighted average remaining maturity ("WARM") method. For purposes of estimating the Company's ACL, management generally evaluates collectively evaluated loans by federal call code in order to group loans with similar risk characteristics. During the quarter, management updated the calculation of expected loss rates for the ACL from an internally developed application to a third-party modeling platform. The input change had a net effect of reducing the modeled reserve by $2.4 million. As a result of this change, the largest reserve reductions occurred in the acquisition, construction & development category of $6.5 million, and the commercial real estate category of $2.5 million while the modeled reserve for the single family residential category increased by $3.5 million, and owner-occupied real estate increased by $3.8 million.

Loans that do not share similar risk characteristics are evaluated on an individual loan basis and are excluded from the collective evaluation for the ACL. Loans identified to be individually evaluated under CECL include loans on non-accrual status and may include accruing loans that do not share similar risk characteristics to other accruing loans that are collectively evaluated on a loan pool basis. A specific reserve analysis is applied to the individually evaluated loans, which considers collateral value, an observable market price, or the present value of the expected future cash flows. A specific reserve is assigned if the measured value of the loan using one of the before mentioned methods is less than the carrying value of the loan.

Based on management's analysis, adjustments may be applied for additional factors impacting the risk of loss in the loan portfolio beyond the information that is used to calculate the quantitative reserve. Management may consider an additional or reduced reserve as warranted through qualitative risk factors based on the current and expected conditions as measured in supplemental information relative to the macroeconomic variable loss drivers used to calculate a reasonable and

Note 4— Allowance for Credit Losses (continued)

supportable forecast and a reversion period forecast. These qualitative risk factors considered by management are largely comparable to legacy factors prior to the adoption of CECL.

The following tables present the activity in the ACL for the three and six months ended June 30, 2026, and for the three and six months ended June 30, 2025, including the impact of the allowance established for Purchased Seasoned Loans ("PSL") and Purchased Credit Deteriorated ("PCD") loans for the six months ended June 30, 2026, (in thousands).

	Commercial real estate	Owner-occupied commercial real estate	Acquisition, construction & development	Commercial & industrial	Single family residential (1-4 units)	Consumer non-real estate and other	Total
Three months ended							
June 30, 2026							
Balance, beginning of period	$ 27,001	$ 3,150	$ 16,773	$ 8,191	$ 11,928	$ 912	$ 67,955
Allowance established for acquired PSL loans	6,439	5,532	1,722	4,845	3,751	959	23,248
Allowance established for acquired PCD loans	770	745	788	544	2,390	22	5,259
Provision for (recapture of) credit losses	340	6,093	(12,069)	1,754	3,226	(177)	(833)
Charge-offs	(100)	—	—	(258)	—	(1,075)	(1,433)
Recoveries	7	1	1	14	42	209	274
Balance, end of period	$ 34,457	$ 15,521	$ 7,215	$ 15,090	$ 21,337	$ 850	$ 94,470
June 30, 2025							
Balance, beginning of period	$ 34,746	$ 3,273	$ 11,474	$ 8,272	$ 9,554	$ 434	$ 67,753
Provision for (recapture of) credit losses	(6,543)	660	611	2,454	2,669	866	717
Charge-offs	(97)	(413)	—	(104)	(45)	(881)	(1,540)
Recoveries	7	10	—	21	30	258	326
Balance, end of period	$ 28,113	$ 3,530	$ 12,085	$ 10,643	$ 12,208	$ 677	$ 67,256

	Commercial real estate	Owner-occupied commercial real estate	Acquisition, construction & development	Commercial & industrial	Single family residential (1-4 units)	Consumer non-real estate and other	Total
Six months ended							
June 30, 2026							
Balance, beginning of period	$ 26,190	$ 2,760	$ 17,221	$ 8,227	$ 12,536	$ 889	$ 67,823
Allowance established for acquired PSL loans	6,439	5,532	1,722	4,845	3,751	959	23,248
Allowance established for acquired PCD loans	770	745	788	544	2,390	22	5,259
Provision for (recapture of) credit losses	1,145	6,548	(12,517)	1,707	2,575	(78)	(620)
Charge-offs	(100)	(65)	—	(258)	(35)	(1,435)	(1,893)
Recoveries	13	1	1	25	120	493	653
Balance, end of period	$ 34,457	$ 15,521	$ 7,215	$ 15,090	$ 21,337	$ 850	$ 94,470
June 30, 2025							
Balance, beginning of period	$ 30,444	$ 3,261	$ 17,386	$ 6,633	$ 9,763	$ 553	$ 68,040
Provision for (recapture of) credit losses	(2,247)	1,359	(5,301)	4,182	2,361	1,263	1,617
Charge-offs	(116)	(1,100)	(1)	(197)	(37)	(1,513)	(2,964)
Recoveries	32	10	1	25	121	374	563
Balance, end of period	$ 28,113	$ 3,530	$ 12,085	$ 10,643	$ 12,208	$ 677	$ 67,256

Note 4— Allowance for Credit Losses (continued)

The recorded investment in loans excludes accrued interest receivable due to immateriality. The following table presents the aging of the recorded investment in past due loans as of June 30, 2026, and December 31, 2025, by portfolio segment (in thousands):

	June 30, 2026							
	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Current Loans	Total Loans	90 Days Past Due or More & Still Accruing	Non-accrual loans
Commercial real estate	$ 32,830	$ 860	$ 20,137	$ 53,827	$ 3,844,560	$ 3,898,387	$ 444	$ 37,754
Owner-occupied commercial real estate	2,690	7,216	8,644	18,550	1,134,199	1,152,749	183	12,532
Acquisition, construction & development	3,418	1,781	8,858	14,057	438,581	452,638	4,842	12,273
Commercial & industrial	8,549	10,029	5,273	23,851	817,027	840,878	644	8,495
Single family residential (1-4 units)	10,567	5,345	9,448	25,360	1,580,164	1,605,524	802	16,995
Consumer non-real estate and other	373	41	269	683	48,906	49,589	5	339
Total	$ 58,427	$ 25,272	$ 52,629	$ 136,328	$ 7,863,437	$ 7,999,765	$ 6,920	$ 88,388

	December 31, 2025							
	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More Past Due	Total Past Due	Current Loans	Total Loans	90 Days Past Due or More & Still Accruing	Non-accrual loans
Commercial real estate	$ 4,535	$ 1,676	$ 37,891	$ 44,102	$ 2,725,185	$ 2,769,287	$ 677	$ 37,318
Owner-occupied commercial real estate	1,251	1,091	6,310	8,652	584,468	593,120	177	7,800
Acquisition, construction & development	578	699	13,243	14,520	372,350	386,870	559	12,793
Commercial & industrial	2,008	2,354	5,629	9,991	451,930	461,921	512	5,512
Single family residential (1-4 units)	14,823	7,541	3,594	25,958	1,101,726	1,127,684	1,694	6,802
Consumer non-real estate and other	395	151	346	892	47,902	48,794	4	388
Total	$ 23,590	$ 13,512	$ 67,013	$ 104,115	$ 5,283,561	$ 5,387,676	$ 3,623	$ 70,613

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, current economic information, and other factors. The Company analyzes loans individually by classifying the loans by credit risk. The Company internally grades all commercial loans at the time of origination. In addition, the Company performs an annual review on at least 50% of the Bank’s commercial credit exposure. The Company uses the following definitions for credit risk classifications:

Pass: These include satisfactory loans that have acceptable levels of risk.

Special Mention: Loans classified as special mention have a potential credit weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution’s credit position at some future date.

Substandard: Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the orderly liquidation of debt. Loans classified as substandard are inadequately protected by sound net worth, payment capacity of the borrower, or of the collateral pledged. If weaknesses go uncorrected, there is potential for partial loss of principal and/or interest.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and unlikely.

Loss: Loans classified as a loss are considered to be uncollectible and cannot be justified to continue as viable assets. While there may be the possibility of some recovery in the future, it is not practical or desirable to defer writing off these loans at the present time.

Note 4— Allowance for Credit Losses (continued)

The Company has a portfolio of smaller homogenous loans that are not individually risk rated that are included within the single family residential and consumer non-real estate and other loan classes. Generally, these loan classes are rated as "Pass" unless these loans are on non-accrual and are then classified as substandard.

The following table presents the amortized cost basis of the loan portfolio, by year of origination, loan class, and credit quality, as of June 30, 2026, and December 31, 2025 (in thousands):

	June 30, 2026							
	Term Loans							
	2026	2025	2024	2023	2022	Prior	Revolving Loans	Total
Commercial real estate								
Pass	$ 318,535	$ 554,537	$ 353,016	$ 456,039	$ 665,435	$ 1,151,543	$ 143,546	$ 3,642,651
Special Mention	534	1,961	5,350	5,234	5,150	32,791	—	51,020
Substandard	—	132	—	16,027	41,181	127,299	15,762	200,401
Doubtful	—	—	—	—	260	4,055	—	4,315
Loss	—	—	—	—	—	—	—	—
Total	$ 319,069	$ 556,630	$ 358,366	$ 477,300	$ 712,026	$ 1,315,688	$ 159,308	$ 3,898,387
Year to date gross charge-offs	$ —	$ —	$ —	$ 100	$ —	$ —	$ —	$ 100
Owner-occupied commercial real estate								
Pass	$ 81,038	$ 183,481	$ 102,732	$ 103,544	$ 159,306	$ 433,365	$ 51,395	$ 1,114,861
Special Mention	—	344	—	2,947	—	8,938	1,305	13,534
Substandard	—	3,925	2,606	1,137	7,755	5,245	163	20,831
Doubtful	—	—	—	—	3,414	109	—	3,523
Loss	—	—	—	—	—	—	—	—
Total	$ 81,038	$ 187,750	$ 105,338	$ 107,628	$ 170,475	$ 447,657	$ 52,863	$ 1,152,749
Year to date gross charge-offs	$ —	$ —	$ —	$ —	$ 65	$ —	$ —	$ 65
Acquisition, construction & development								
Pass	$ 39,438	$ 111,919	$ 58,435	$ 75,161	$ 49,142	$ 48,005	$ 42,884	$ 424,984
Special Mention	—	—	—	3,005	—	5,931	2,515	11,451
Substandard	—	—	—	6,878	917	8,193	—	15,988
Doubtful	—	—	—	—	—	151	64	215
Loss	—	—	—	—	—	—	—	—
Total	$ 39,438	$ 111,919	$ 58,435	$ 85,044	$ 50,059	$ 62,280	$ 45,463	$ 452,638
Year to date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial & industrial								
Pass	$ 54,850	$ 99,279	$ 85,620	$ 35,028	$ 44,229	$ 79,997	$ 406,185	$ 805,188
Special Mention	—	488	6,885	277	8,502	1,407	1,419	18,978
Substandard	—	1,008	260	956	4,291	2,285	4,943	13,743
Doubtful	—	—	—	—	1,608	7	1,313	2,928
Loss	—	—	—	—	—	10	31	41
Total	$ 54,850	$ 100,775	$ 92,765	$ 36,261	$ 58,630	$ 83,706	$ 413,891	$ 840,878
Year to date gross charge-offs	$ —	$ 53	$ —	$ 104	$ 99	$ 2	$ —	$ 258
Single family residential (1-4 units)								
Pass	$ 89,427	$ 118,179	$ 92,257	$ 165,172	$ 242,991	$ 617,424	$ 258,421	$ 1,583,871
Special Mention	—	—	101	—	931	381	183	1,596
Substandard	—	114	4,732	2,311	3,618	4,325	1,895	16,995
Doubtful	—	—	—	—	—	82	2,930	3,012
Loss	—	—	—	—	—	50	—	50
Total	$ 89,427	$ 118,293	$ 97,090	$ 167,483	$ 247,540	$ 622,262	$ 263,429	$ 1,605,524

Table of Contents

Note 4— Allowance for Credit Losses (continued)

Year to date gross charge-offs	$ —	$ —	$ —	$ 32	$ —	$ 3	$ —	$ 35
Consumer non-real estate and other								
Pass	$ 8,662	$ 9,056	$ 9,243	$ 6,327	$ 2,785	$ 4,026	$ 9,052	$ 49,151
Special Mention	—	—	—	78	—	23	—	101
Substandard	—	2	88	130	27	—	24	271
Doubtful	—	1	—	—	2	—	63	66
Loss	—	—	—	—	—	—	—	—
Total	$ 8,662	$ 9,059	$ 9,331	$ 6,535	$ 2,814	$ 4,049	$ 9,139	$ 49,589
Year to date gross charge-offs	$ 653	$ 11	$ 97	$ 54	$ 465	$ 155	$ —	$ 1,435
Totals	$ 592,484	$ 1,084,426	$ 721,325	$ 880,251	$ 1,241,544	$ 2,535,642	$ 944,093	$ 7,999,765

	December 31, 2025							
	Term Loans							
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Total
Commercial real estate								
Pass	$ 324,565	$ 245,763	$ 377,142	$ 437,116	$ 383,808	$ 620,673	$ 128,260	$ 2,517,327
Special Mention	—	5,395	5,224	13,941	—	34,172	2,468	61,200
Substandard	—	—	15,675	50,300	50,745	53,091	16,058	185,869
Doubtful	—	—	—	3,156	—	1,735	—	4,891
Loss	—	—	—	—	—	—	—	—
Total	$ 324,565	$ 251,158	$ 398,041	$ 504,513	$ 434,553	$ 709,671	$ 146,786	$ 2,769,287
Year to date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 116	$ —	$ 116
Owner-occupied commercial real estate								
Pass	$ 72,903	$ 57,923	$ 61,402	$ 75,692	$ 91,329	$ 175,545	$ 32,434	$ 567,228
Special Mention	—	—	274	6,182	232	3,421	—	10,109
Substandard	459	—	521	2,002	1,113	6,391	73	10,559
Doubtful	—	—	—	3,404	1,820	—	—	5,224
Loss	—	—	—	—	—	—	—	—
Total	$ 73,362	$ 57,923	$ 62,197	$ 87,280	$ 94,494	$ 185,357	$ 32,507	$ 593,120
Year to date gross charge-offs	$ —	$ —	$ —	$ 363	$ 10	$ 632	$ 95	$ 1,100
Acquisition, construction & development								
Pass	$ 51,546	$ 27,499	$ 139,222	$ 56,766	$ 32,792	$ 13,664	$ 48,012	$ 369,501
Special Mention	—	—	3,511	—	—	137	91	3,739
Substandard	—	—	258	812	4,062	4,974	—	10,106
Doubtful	—	—	—	3,415	—	—	109	3,524
Loss	—	—	—	—	—	—	—	—
Total	$ 51,546	$ 27,499	$ 142,991	$ 60,993	$ 36,854	$ 18,775	$ 48,212	$ 386,870
Year to date gross charge-offs	$ —	$ —	$ 1	$ —	$ —	$ —	$ —	$ 1
Commercial & industrial								
Pass	$ 63,901	$ 66,758	$ 27,018	$ 25,659	$ 16,991	$ 26,677	$ 206,654	$ 433,658
Special Mention	1,814	2,086	637	13,788	—	1,238	1,009	20,572
Substandard	704	64	855	2,286	192	1,083	2,463	7,647
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	37	7	44
Total	$ 66,419	$ 68,908	$ 28,510	$ 41,733	$ 17,183	$ 29,035	$ 210,133	$ 461,921
Year to date gross charge-offs	$ —	$ —	$ 32	$ 8	$ —	$ 14	$ 184	$ 238

Note 4— Allowance for Credit Losses (continued)

Single family residential (1-4 units)								
Pass	$ 66,662	$ 82,957	$ 131,349	$ 180,837	$ 125,345	$ 362,811	$ 168,043	$ 1,118,004
Special Mention	—	283	134	788	401	503	673	2,782
Substandard	115	—	1,615	589	713	3,434	336	6,802
Doubtful	—	—	—	—	—	95	—	95
Loss	—	—	—	—	—	1	—	1
Total	$ 66,777	$ 83,240	$ 133,098	$ 182,214	$ 126,459	$ 366,844	$ 169,052	$ 1,127,684
Year to date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 60	$ 172	$ 232
Consumer non-real estate and other								
Pass	$ 9,612	$ 10,961	$ 5,543	$ 2,804	$ 687	$ 1,645	$ 17,335	$ 48,587
Special Mention	—	—	92	—	33	—	—	125
Substandard	—	62	20	—	—	—	—	82
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total	$ 9,612	$ 11,023	$ 5,655	$ 2,804	$ 720	$ 1,645	$ 17,335	$ 48,794
Year to date gross charge-offs	$ 1,750	$ 195	$ 133	$ 62	$ 2	$ 1	$ 5	$ 2,148
Totals	$ 592,281	$ 499,751	$ 770,492	$ 879,537	$ 710,263	$ 1,311,327	$ 624,025	$ 5,387,676

The following tables present information about collateral-dependent loans that were individually evaluated for purposes of determining the ACL as of June 30, 2026, and December 31, 2025 (in thousands):

	June 30, 2026				
	With Allowance		With No Related Allowance	Total	
	Amortized Cost	Related Allowance	Amortized Cost	Amortized Cost	Related Allowance
June 30, 2026					
Commercial real estate	$ 18,141	$ 3,717	$ 21,085	$ 39,226	$ 3,717
Owner-occupied commercial real estate	8,728	2,885	5,135	13,863	2,885
Acquisition, construction & development	301	153	12,414	12,715	153
Commercial & industrial	7,175	5,837	1,098	8,273	5,837
Single family residential (1-4 units)	9,017	2,168	6,989	16,006	2,168
Consumer non-real estate and other	32	32	—	32	32
Total	$ 43,394	$ 14,792	$ 46,721	$ 90,115	$ 14,792

	December 31, 2025				
	With Allowance		With No Related Allowance	Total	
	Amortized Cost	Related Allowance	Amortized Cost	Amortized Cost	Related Allowance
December 31, 2025					
Commercial real estate	$ 14,316	$ 3,939	$ 23,857	$ 38,173	$ 3,939
Owner-occupied commercial real estate	—	—	8,987	8,987	—
Acquisition, construction & development	4,071	1,431	9,276	13,347	1,431
Commercial & industrial	4,440	4,227	—	4,440	4,227
Single family residential (1-4 units)	258	35	3,516	3,774	35
Consumer non-real estate and other	—	—	—	—	—
Total	$ 23,085	$ 9,632	$ 45,636	$ 68,721	$ 9,632

Note 4— Allowance for Credit Losses (continued)

Purchased Credit Deteriorated Loans

The Company has purchased loans relating to the LNKB Merger for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The carrying amount of those loans, at acquisition, is as follows (in thousands):

	Amounts
Purchase price of loans at acquisition	$ 75,655
Allowance for credit losses at acquisition	5,259
Non-credit discount/(premium) at acquisition	16,545
Par value of acquired loans at acquisition	$ 97,459

Loan Modifications

On January 1, 2023, the Company adopted ASU 2022-02 on a modified retrospective basis. ASU 2022-02 eliminates the troubled debt restructuring ("TDR") accounting model and requires that the Company evaluate, based on the accounting for loan modifications, whether the borrower is experiencing financial difficulty, and the modification results in a more-than-insignificant direct change in the contractual cash flows and represents a new loan or a continuation of an existing loan. This change required all loan modifications to be accounted for under the general loan modification guidance in ASC 310-20, *Receivables — Nonrefundable Fees and Other Costs*, and subjects entities to new disclosure requirements on loan modifications to borrowers experiencing financial difficulty.

The Company may modify loans to borrowers experiencing financial difficulty by providing principal forgiveness, term extension, interest rate reduction, or an other-than-insignificant payment delay. When principal forgiveness is provided, the amount of forgiveness is charged off against the ACL. The Company may also provide multiple types of modifications on an individual loan. For the six months ended June 30, 2026, and for the year ended, December 31, 2025, the Company did not extend any modifications to borrowers experiencing financial difficulty that had a more-than-insignificant direct change in the contractual cash flows of the loan.

Other Real Estate Owned

Real estate owned activity was as follows for the six months ended June 30, 2026, and for the year ended, December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Beginning balance	$ 2,689	$ 2,783
Loans acquired/transferred to real estate owned	417	259
Capital expenditures	—	—
Direct write-downs	—	(195)
Sales of real estate owned	(172)	(158)
End of period balance	$ 2,934	$ 2,689

Note 5— Deposits

The aggregate amount of time deposits that meet or exceed the FDIC Insurance Limit of $250,000, was approximately $492.5 million and $295.4 million on June 30, 2026, and December 31, 2025, respectively. Brokered time deposits, which are fully insured, totaled $120.7 million and $64.4 million as of June 30, 2026, and December 31, 2025, respectively. Time deposits through the Certificate of Deposit Account Registry Service ("CDARS") program totaled $28.5 million at June 30, 2026, compared to $22.4 million at December 31, 2025.

Note 5— Deposits (continued)

The remaining maturities of time deposits as of June 30, 2026, are as follows (in thousands):

As of June 30, 2026		
Remaining six months ending, December 31, 2026	$	1,178,960
2027		441,422
2028		89,177
2029		10,188
2030		7,144
Thereafter		9,542
Total	$	1,736,433

At June 30, 2026, and December 31, 2025, amounts included in time deposits for individual retirement accounts totaled $159.8 million and $111.2 million, respectively.

Overdrafts of $756.0 thousand and $704.0 thousand were reclassified to loans as of June 30, 2026, and the year ended December 31, 2025, respectively.

Note 6— Borrowed Funds

Short-term borrowings

The Company had borrowings of $525.0 million and $450.0 million at June 30, 2026, and December 31, 2025, respectively. At June 30, 2026, the interest rate on this debt was 3.82%. At December 31, 2025, the interest rate on this debt was 3.75%. The average balance outstanding during the six months ending June 30, 2026, and the year ending December 31, 2025, was $571.2 million and $422.1 million, respectively. The Company has a finance lease liability that is not included in these balances - see Note 7 - Leased Property for a discussion of this liability that is included in the accrued interest and other liabilities line in the Consolidated Balance Sheets.

The Company has available secured lines of credit with the Federal Reserve Bank of Richmond, such as the Borrower-In-Custody program, the FHLB of Atlanta, and unsecured federal funds lines of credit from correspondent banking relationships. Through these sources, the Company has unused capacity of $6.0 billion in remaining borrowing capacity as of June 30, 2026. The advances on credit lines are secured by both securities and loans. The lendable collateral value of securities and loans pledged against available lines of credit as of June 30, 2026, and December 31, 2025, was $5.0 billion and $3.2 billion, respectively. As of June 30, 2026, all of the Company’s borrowings will mature within one calendar year.

The contractual maturities of these borrowings, which all occur within one year of the reporting date, are as follows as of June 30, 2026, (in thousands):

Due in 2026	$	525,000
Total	$	525,000

Long-term borrowings

Subordinated Debentures

As part of the merger with Summit Financial Group, Inc., which closed on May 3, 2024, (the “Summit Merger”), Burke & Herbert assumed $75.0 million of subordinated debentures, that were fair valued at $61.5 million with a $13.5 million discount being amortized into interest expense over the stated maturity. As of June 30, 2026, the net balance was $72.8 million. The subordinated debt qualifies as Tier 2 capital under Federal Reserve Board guidelines, until the debt is within 5 years of its maturity; thereafter, the amount qualifying as Tier 2 capital is reduced 20% each year until maturity. The subordinated debentures were issued in the fourth quarter of 2021. This subordinated debt bears interest at a fixed rate of 3.25% per year, from acquisition date to, but excluding, December 1, 2026, payable semi-annually in arrears. From and including, December 1, 2026 to, but excluding, the maturity date or earlier redemption date, the interest rate will reset quarterly at a variable rate equal to the then current three-month term Secured Overnight Financing Rate (“SOFR”), as published by the Federal Reserve Bank of New York, plus 230 basis points, payable quarterly in arrears. This debt has a 10-year term, and generally, is not prepayable by us within the first 5 years from issuance, which was fourth quarter 2021.

In connection with the LNKB Merger, Burke & Herbert assumed $62.6 million of subordinated debentures, that were fair valued at $62.1 million with a $0.5 million discount being amortized into interest expense over the stated maturity. As of June 30, 2026, the net balance was $62.0 million. The subordinated debt qualifies as Tier 2 capital under Federal Reserve Board guidelines, until the debt is within 5 years of its maturity; thereafter, the amount qualifying as Tier 2 capital is reduced by 20% each year until maturity.

There were three distinct issuances of subordinated debt assumed in the LNKB Merger. The first has a face value of $20.0 million and was issued in the second quarter of 2022. This subordinated debt, which will mature on April 15, 2032, bears interest at a fixed rate of 4.50% for the period up to but excluding April 15, 2027 (the “Fixed Interest Rate Period”). From April 15, 2027, until maturity or redemption (the “Floating Interest Rate Period”), the interest rate will adjust to a floating rate of three-month SOFR plus 203 basis points. The Company pays interest in arrears semi-annually during the Fixed Interest Rate Period and quarterly during the Floating Interest Rate Period. Subject to limited exceptions, the Company cannot redeem the Notes before the fifth anniversary of the issuance date.

The second issuance, with face value of $20.0 million matures on October 1, 2030, and initially bore interest at a fixed rate of 5.00% until October 1, 2025. Since October 1, 2025, to the stated maturity date or earlier redemption date, the interest rate resets semi-annually to an annual floating rate of three-month SOFR plus a spread of 475 basis points, but no less than 5.0%. The Company has the ability to redeem the notes in this issuance, in whole or in part, since October 1, 2025 plus accrued and unpaid interest. These Notes are also redeemable in whole or in part upon the occurrence of specific events defined within the indenture.

The third issuance has two tranches. The first tranche was issued in January 2018, with a face value of $4.5 million, which bears interest at a fixed rate of 6.875% and matures in April 1, 2028. Interest is payable quarterly in arrears. The second tranche has a face value of $18.1 million and initially bore interest at a fixed rate of 6.00%, from June 25, 2020 up to but excluding July 1, 2025, and was payable semi-annually in arrears. From and including July 1, 2025, up to but excluding July 1, 2030, or to a redemption date, the interest rate on the second tranche shall reset quarterly to the then current three-month SOFR plus 590 basis points, payable quarterly in arrears. Beginning on July 1, 2025, through maturity, the subordinated notes may be redeemed at the Company’s option on any scheduled interest payment date. These subordinated notes mature on July 1, 2030.

Subordinated Debentures Owed to Unconsolidated Subsidiary Trusts

As part of the Summit Merger, Burke & Herbert became the sponsor for SFG Capital Trust I, SFG Capital Trust II, and SFG Capital Trust III. For each of these trusts, 100% of the common equity is owned by us. SFG Capital Trust I issued $3.5 million in capital securities and $109 thousand in common securities and invested the proceeds in $3.6 million of debentures, which were assumed by Burke & Herbert in the Summit Merger. SFG Capital Trust II issued $7.5 million in capital securities and $232 thousand in common securities and invested the proceeds in $7.7 million of debentures, which were assumed by Burke & Herbert in the Summit Merger. SFG Capital Trust III issued $8.0 million in capital securities and $248 thousand in common securities and invested the proceeds in $8.3 million of debentures, which were assumed by Burke & Herbert in the Summit Merger. Distributions on the capital securities issued by the trusts are payable quarterly at a variable rate equal to three-month term SOFR plus 345 basis points for SFG Capital Trust I, three-month term SOFR plus 280 basis points for SFG Capital Trust II, and three-month term SOFR plus 145 basis points for SFG Capital Trust III, and equals the interest rate earned on the debentures held by the trusts and is recorded as interest expense by us. The capital securities are subject to mandatory redemption in whole, or in part, upon repayment of the debentures. We have entered into agreements which, taken collectively, fully and unconditionally guarantee the capital securities subject to the terms of the guarantee. The debentures of each Capital Trust are redeemable by us quarterly.

The capital securities issued by SFG Capital Trust I, SFG Capital Trust II, and SFG Capital Trust III qualify as Tier 1 capital under the Federal Reserve guidelines. In accordance with these guidelines, trust preferred securities are limited to

Note 6— Borrowed Funds (continued)

25% of Tier 1 capital elements, net of goodwill. The amount of trust preferred securities and certain other elements in excess of the limit can be included in Tier 2 capital.

The remaining maturities of subordinated debentures as of June 30, 2026, are as follows (in thousands):

	Subordinated debentures	Subordinated debentures owed to unconsolidated subsidiary trusts
Remaining six months ending, December 31, 2026	$ —	$ —
2027	—	—
2028	4,500	—
2029	—	—
2030	38,050	—
Thereafter	95,000	19,589
Total	$ 137,550	$ 19,589

Note 7— Leased Property

Lessor Arrangements

The Company enters into operating leases with customers to lease vacant space in certain owned premises that is not being used by the Company. These operating leases are typically payable in monthly installments with terms ranging from around one year to around nine years and may contain renewal options. The components of lease income, which were included in non-interest expense in the occupancy line item on the Consolidated Statements of Income, were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease income	$ 662	$ 699	$ 1,357	$ 1,393
Total lease income	$ 662	$ 699	$ 1,357	$ 1,393

The remaining maturities of operating lease receivables as of June 30, 2026, are as follows (in thousands):

	Operating Leases
Remaining six months ending, December 31, 2026	$ 1,302
2027	2,427
2028	2,330
2029	2,130
2030	1,585
Thereafter	1,371
Total lease receivables	$ 11,145

Lessee Arrangements

The Company has entered into leases for branches and office space. The leases are evaluated for whether the lease will be classified as either a finance or operating lease. Certain leases offer the option to extend the lease term, and the Company has included such extensions in its calculation of the lease liabilities to the extent the options are reasonably assured of being exercised. Including renewal options, the terms of the Company's leases range from less than one year to approximately twelve years. The lease agreements do not provide for residual value guarantees and have no restrictions or covenants that would impact dividends or require incurring additional financial obligations.

Lease liabilities represent the Company's obligation to make lease payments and are presented at each reporting date as the net present value of the remaining contractual cash flows. These cash flows are discounted at the Company's incremental borrowing rate in effect at the commencement date of the lease. The right-of-use asset and lease liability are included in other assets and other liabilities, respectively, in the Consolidated Balance Sheets.

Note 7— Leased Property (continued)

Right-of-use assets and liabilities by lease type, and the associated balance sheet classifications are as follows (in thousands):

	Balance Sheet Classification	June 30, 2026	December 31, 2025
Right-of-use assets:			
Operating leases	Other assets	$ 27,591	$ 14,096
Finance leases	Other assets	4,193	3,795
Total right-of-use assets		$ 31,784	$ 17,891
Lease liabilities:			
Operating leases	Other liabilities	$ 29,234	$ 14,717
Finance leases	Other liabilities	4,597	4,158
Total lease liabilities		$ 33,831	$ 18,875

The components of total lease cost were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Finance lease cost				
Right-of-use asset amortization	$ 106	$ 71	$ 202	$ 143
Interest expense	39	26	74	53
Operating lease cost	1,488	842	2,977	1,677
Total lease cost	$ 1,633	$ 939	$ 3,253	$ 1,873

The Company’s future undiscounted lease payments for finance and operating leases with initial terms of one year or more as of June 30, 2026, are as follows (in thousands):

	Operating Leases	Finance Leases
Remaining six months ending, December 31, 2026	$ 2,921	$ 248
2027	5,606	504
2028	4,887	515
2029	4,674	526
2030	4,144	538
Thereafter	12,570	3,157
Total undiscounted lease payments	34,802	5,488
Less: discount	(5,568)	(891)
Net lease liabilities	$ 29,234	$ 4,597

Note 7— Leased Property (continued)

The following table presents additional information about the Company's leases as of June 30, 2026, and December 31, 2025.

Supplemental lease information (dollars in thousands)	**June 30, 2026**	**December 31, 2025**
Finance lease weighted average remaining lease term (years)	10.03	10.61
Finance lease weighted average discount rate	3.44 %	3.32 %
Operating lease weighted average remaining lease term (years)	7.12	6.66
Operating lease weighted average discount rate	4.54 %	4.64 %

	Six Months Ended June 30,	
Cash paid for amounts included in the measurement of lease liabilities	**2026**	**2025**
Operating cash flows from operating leases	$ 2,912	$ 1,574
Operating cash flows from finance leases	74	53
Financing cash flows from finance leases	162	113
Right-of-use assets obtained in exchange for new finance lease liabilities	600	—
Right-of-use assets obtained in exchange for new operating lease liabilities	412	—

Note 8— Regulatory Capital Matters

Banks and financial holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, "prompt corrective action" regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Under the Basel III Framework, an entity must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The net unrealized gain or loss on AFS securities is not included in computing regulatory capital. Management believes as of June 30, 2026, the Company and the Bank meet all capital adequacy requirements to which they are subject.

"Prompt corrective action" regulations provide five classifications: "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized", and "critically undercapitalized", although these terms are not used to represent overall financial condition. If "adequately capitalized", regulatory approval is required to accept brokered deposits. If "undercapitalized", capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. As of June 30, 2026, and December 31, 2025, the most recent notification from the FDIC categorized the Bank as "well capitalized" under the regulatory framework for "prompt corrective action."

Note 8— Regulatory Capital Matters (continued)

The following table presents the actual and required capital amounts and ratios for the Company and the Bank at June 30, 2026, and December 31, 2025 (in thousands except for ratios):

	Actual		Minimum Required Capital - Basel III		Minimum Required to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of June 30, 2026						
Total Capital to risk weighted assets						
Consolidated	$ 1,310,782	14.43 %	$ 953,726	≥ 10.5%	$ 908,311	N/A
Burke & Herbert Bank & Trust	1,299,177	14.31	953,467	≥ 10.5	908,064	≥ 10.0%
Tier 1 (Core) Capital to risk weighted assets						
Consolidated	1,097,404	12.08	772,064	≥ 8.5	726,648	N/A
Burke & Herbert Bank & Trust	1,209,314	13.32	771,854	≥ 8.5	726,451	≥ 8.0
Common Tier 1 (CET 1) to risk-weighted assets						
Consolidated	1,069,597	11.78	635,817	≥ 7.0	590,402	N/A
Burke & Herbert Bank & Trust	1,209,314	13.32	635,645	≥ 7.0	590,241	≥ 6.5
Tier 1 (Core) Capital to average assets (leverage ratio)						
Consolidated	1,097,404	11.07	396,431	≥ 4.0	495,538	N/A
Burke & Herbert Bank & Trust	1,209,314	12.26	394,692	≥ 4.0	493,365	≥ 5.0
As of December 31, 2025						
Total Capital to risk weighted assets						
Consolidated	$ 1,004,898	16.17 %	$ 652,648	≥ 10.5%	$ 621,570	N/A
Burke & Herbert Bank & Trust	986,269	15.92	650,649	≥ 10.5	619,665	≥ 10.0%
Tier 1 (Core) Capital to risk weighted assets						
Consolidated	863,657	13.89	528,334	≥ 8.5	497,256	N/A
Burke & Herbert Bank & Trust	915,250	14.77	526,716	≥ 8.5	495,732	≥ 8.0
Common Tier 1 (CET 1) to risk-weighted assets						
Consolidated	835,976	13.45	435,099	≥ 7.0	404,020	N/A
Burke & Herbert Bank & Trust	915,250	14.77	433,766	≥ 7.0	402,782	≥ 6.5
Tier 1 (Core) Capital to average assets (leverage ratio)						
Consolidated	863,657	10.92	316,492	≥ 4.0	395,615	N/A
Burke & Herbert Bank & Trust	915,250	11.59	315,898	≥ 4.0	394,873	≥ 5.0

The Company’s principal source of funds for dividend payments is dividends received from the Bank. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. As of June 30, 2026, approximately $345.7 million of retained earnings was available for dividend declaration consistent with the Company’s capital plan.

Note 9— Derivatives

The Company utilizes interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

Cash flow hedges of interest rate risk

The Company’s objective in using interest rate derivatives is to add stability to net interest income and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps, caps, and floors as part of its interest rate risk management strategy. Interest rate swaps, designated as cash flow hedges, involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. As of June 30, 2026, such derivatives were used to hedge the variable cash flows associated with variable-rate liabilities. As of June 30, 2025, such derivatives were used to hedge the variable cash flows associated with variable-rate liabilities.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in AOCI and subsequently reclassified into interest expense or interest income in the same period(s) during which the hedged transaction affects earnings. During the next twelve months, the Company estimates that an additional $1.8 million will be reclassified as a reduction in interest expense.

Derivatives not designated as hedges

The Company enters into interest rate swaps with its loan customers to facilitate their financing requests. Upon entering into swaps with our loan customers, the Company will enter into corresponding offsetting derivatives with third parties. These derivatives represent economic hedges and do not qualify as hedges for accounting. These back-to-back interest rate swaps are reported at fair value in other assets and accrued interest and other liabilities in the Company's Consolidated Balance Sheets. Changes in the fair value of interest rate swaps are recorded in other non-interest expense in the other operating line item and sum to zero because of offsetting terms of swaps with borrowers and swaps with dealer counterparties.

The table below presents the fair value of the Company's derivative financial instruments, which includes accrued interest, as well as their classification on the Consolidated Balance Sheets as of June 30, 2026, and December 31, 2025 (in thousands):

	June 30, 2026		
	Balance Sheet Location	Notional Amount	Fair Value
Derivatives designated as hedges:			
Interest rate swaps related to cash flow hedges	Other assets	$ 425,000	$ 3,791
Interest rate swaps related to cash flow hedges	Other liabilities	—	—
Derivatives not designated as hedges:			
Interest rate swaps related to customer loans	Other assets	$ 270,514	$ 2,292
Interest rate swaps related to customer loans	Other liabilities	270,514	2,292

	December 31, 2025		
	Balance Sheet Location	Notional Amount	Fair Value
Derivatives designated as hedges:			
Interest rate swaps related to cash flow hedges	Other assets	$ 150,000	$ 273
Interest rate swaps related to cash flow hedges	Other liabilities	400,000	340
Derivatives not designated as hedges:			
Interest rate swaps related to customer loans	Other assets	$ 203,904	$ 2,331
Interest rate swaps related to customer loans	Other liabilities	203,904	2,331

Table of Contents

Note 9— Derivatives (continued)

The table below presents the effect of cash flow hedge accounting on AOCI for the three months ended June 30, 2026, and June 30, 2025 (in thousands):

	June 30, 2026				June 30, 2026		
Derivatives in Cash Flow Hedging Relationships	**Amount of Gain or (Loss) Recognized in OCI on Derivative**	**Amount of Gain or (Loss) Recognized in OCI Included Component**	**Amount of Gain or (Loss) Recognized in OCI Excluded Component**	**Location of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Included Component**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Excluded Component**
Interest Rate Products	$ —	$ —	$ —	Interest Income	$ —	$ —	$ —
Interest Rate Products	953	953	—	Interest Expense	289	289	—
Total	$ 953	$ 953	$ —		$ 289	$ 289	$ —

	June 30, 2025				June 30, 2025		
Derivatives in Cash Flow Hedging Relationships	**Amount of Gain or (Loss) Recognized in OCI on Derivative**	**Amount of Gain or (Loss) Recognized in OCI Included Component**	**Amount of Gain or (Loss) Recognized in OCI Excluded Component**	**Location of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Included Component**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Excluded Component**
Interest Rate Products	$ —	$ —	$ —	Interest Income	$ —	$ —	$ —
Interest Rate Products	877	877	—	Interest Expense	732	732	—
Total	$ 877	$ 877	$ —		$ 732	$ 732	$ —

The table below presents the effect of cash flow hedge accounting on AOCI for the six months ended June 30, 2026, and June 30, 2025 (in thousands):

	June 30, 2026				June 30, 2026		
Derivatives in Cash Flow Hedging Relationships	**Amount of Gain or (Loss) Recognized in OCI on Derivative**	**Amount of Gain or (Loss) Recognized in OCI Included Component**	**Amount of Gain or (Loss) Recognized in OCI Excluded Component**	**Location of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Included Component**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Excluded Component**
Interest Rate Products	$ —	$ —	$ —	Interest Income	$ —	$ —	$ —
Interest Rate Products	2,620	2,620	—	Interest Expense	324	324	—
Total	$ 2,620	$ 2,620	$ —		$ 324	$ 324	$ —

	June 30, 2025				June 30, 2025		
Derivatives in Cash Flow Hedging Relationships	**Amount of Gain or (Loss) Recognized in OCI on Derivative**	**Amount of Gain or (Loss) Recognized in OCI Included Component**	**Amount of Gain or (Loss) Recognized in OCI Excluded Component**	**Location of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Included Component**	**Amount of Gain or (Loss) Reclassified from AOCI into Income Excluded Component**
Interest Rate Products	$ —	$ —	$ —	Interest Income	$ —	$ —	$ —
Interest Rate Products	396	396	—	Interest Expense	1,158	1,158	—
Total	$ 396	$ 396	$ —		$ 1,158	$ 1,158	$ —

Note 9— Derivatives (continued)

The table below presents the effect of the Company's derivative financial instruments on the Consolidated Statements of Income for the three and six months ended June 30, 2026, and June 30, 2025 (in thousands).

	Location and Amount of Gain or (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships			
	Three months ended			
	June 30, 2026		June 30, 2025	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amounts of income and expense line items presented in the consolidated statements of income in which the effects of fair value or cash flow hedges are recorded	$ 684	$ 289	$ 40	$ 732
The effects of fair value and cash flow hedging:				
Gain or (loss) on fair value hedging relationships in Subtopic 815-20				
Interest contracts				
Hedged items [(1)]	684	—	40	—
Derivatives designated as hedging instruments	—	—	—	—
Gain or (loss) on cash flow hedging relationships in Subtopic 815-20				
Interest contracts				
Amount of gain or (loss) reclassified from AOCI into income	—	289	—	732
Amount of gain or (loss) reclassified from AOCI into income as a result that a forecasted transaction is no longer probable of occurring	—	—	—	—
Amount of gain or (loss) reclassified from AOCI into income - included component	—	289	—	732
Amount of gain or (loss) reclassified from AOCI into income - excluded component	—	—	—	—

	Location and Amount of Gain or (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships			
	Six months ended			
	June 30, 2026		June 30, 2025	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amounts of income and expense line items presented in the consolidated statements of income in which the effects of fair value or cash flow hedges are recorded	$ 723	$ 324	$ 80	$ 1,158
The effects of fair value and cash flow hedging:				
Gain or (loss) on fair value hedging relationships in Subtopic 815-20				
Interest contracts				
Hedged items [(1)]	723	—	80	—
Derivatives designated as hedging instruments	—	—	—	—
Gain or (loss) on cash flow hedging relationships in Subtopic 815-20				
Interest contracts				
Amount of gain or (loss) reclassified from AOCI into income	—	324	—	1,158
Amount of gain or (loss) reclassified from AOCI into income as a result that a forecasted transaction is no longer probable of occurring	—	—	—	—
Amount of gain or (loss) reclassified from AOCI into income - included component	—	324	—	1,158
Amount of gain or (loss) reclassified from AOCI into income - excluded component	—	—	—	—

(1) The Company voluntarily discontinued a fair value hedging relationship and these amounts include the gain or (loss) and the hedging adjustment on a voluntary discontinued hedging relationship. The Company has allocated the basis adjustment to the remaining individual assets in the closed portfolio and will amortize the basis adjustment over a period consistent with amortization of other discounts or premiums on the assets.

Note 9— Derivatives (continued)

Credit-risk-related Contingent Features

As of June 30, 2026, excluding back to back interest rate swaps, there are no derivatives in a liability position. As of December 31, 2025, the fair value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for non-performance risk related to these agreements, was $340.0 thousand. As of December 31, 2025, the Company has posted the full amount of collateral related to these agreements.

Note 10— Commitments and Contingencies

Credit extension commitments

The Company's financial statements do not reflect various financial instruments which arise in the normal course of business and which involve elements of credit risk, interest rate risk, and liquidity risk. These financial instruments include commitments to extend credit (e.g., revolving lines of credit) and commercial letters of credit.

Many of our lending relationships contain both funded and unfunded elements. The funded portion is reflected on our balance sheet. The unfunded portion of these commitments is not recorded on our balance sheet until a draw is made under the loan facility. Since many of our commitments to extend credit may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flow requirements.

A summary of the contractual amounts of the Company's financial instruments outstanding at June 30, 2026, and December 31, 2025, is as follows (in thousands):

	June 30, 2026	December 31, 2025
Commitments to extend credit	$ 1,457,160	$ 970,255
Commercial letters of credit	22,697	23,959

Commitments to extend credit and commercial letters of credit both include exposure to some credit loss in the event of non-performance of the customer. The Company's credit policies and procedures for credit commitments and financial guarantees are the same as those for extensions of credit that are recorded on the Consolidated Balance Sheets. Many of these instruments have fixed maturity dates, and many of them will expire without being drawn upon; accordingly, they do not generally present any significant liquidity risk to the Company.

Allowance for credit losses - off-balance-sheet credit exposures

The Company recorded a provision for credit losses on unfunded commitments of $2.2 million and recapture of credit losses of $93.0 thousand on unfunded commitments for the three months ended June 30, 2026 and June 30, 2025, respectively. The Company recorded a provision for credit losses on unfunded commitments of $2.0 million and a recapture of credit losses of $492.0 thousand for the six months ended June 30, 2026 and June 30, 2025, respectively. The ACL on off-balance-sheet credit totaled $5.2 million and $3.2 million as of June 30, 2026, and December 31, 2025, and is included in accrued interest and other liabilities on the accompanying Consolidated Balance Sheets.

Litigation

The Company is a party to litigation, claims, and proceedings arising in the normal course of business that are ordinary and routine to the nature of the Company's business and operations. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from any currently pending or threatened litigation, claims, or proceedings will not be material to the Company's financial position as of June 30, 2026, and December 31, 2025, respectively.

Note 11— Fair Value Measurements

Determination of Fair Value

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect our own assumptions that market participants would use in pricing an asset or liability.

In instances in which multiple levels of inputs are used to measure fair value, hierarchy classification is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The Company used the following methods and significant assumptions to estimate fair value:

Investment securities

The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2), using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Equity Investments

Equity investments are recorded at fair value on a recurring basis, with changes in fair value reported in net income. Through the Summit Merger we acquired an investment in an S&P 500 index fund that is traded on an exchange, and we classify it as Level 1 as of June 30, 2026.

Through the Summit Merger, we acquired perpetual preferred stock of a bank holding company issued in October 2022 in a private offering. The perpetual preferred stock does not trade on an exchange or in an active over-the-counter market; therefore, we estimate its fair value using the present value of its future cash flows using observed discount rates of similar publicly-traded securities, adjusted for a liquidity premium. We classify the perpetual preferred stock as Level 2.

Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment. Such equity securities are included in other assets on the accompanying Consolidated Balance Sheets.

Derivatives

The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). The Company has contracted with a third-party vendor to provide valuations for interest rate swaps using standard swap valuation techniques. The Company has considered counterparty credit risk in the valuation of its interest rate swap assets and has considered its own credit risk in the valuation of its interest rate swap liabilities.

Note 11— Fair Value Measurements (continued)

Loans held-for-sale

The fair value of loans held-for-sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan (Level 2). These loans currently consist of one-to-four family residential loans originated for sale in the secondary market.

Assets and liabilities measured at fair value on a recurring basis are summarized below (in thousands):

	Fair Value Measurements at June 30, 2026, Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Investment Securities				
U.S. Treasuries and government agencies	$ 148,946	$ —	$ —	$ 148,946
Obligations of states and municipalities	—	1,107,768	—	1,107,768
Residential mortgage backed - agency	—	83,988	—	83,988
Residential mortgage backed - non-agency	—	372,533	—	372,533
Commercial mortgage backed - agency	—	72,738	—	72,738
Commercial mortgage backed - non-agency	—	93,347	—	93,347
Asset-backed	—	47,017	—	47,017
Other	—	36,701	—	36,701
Total investment securities available-for-sale	$ 148,946	$ 1,814,092	$ —	$ 1,963,038
Loans held-for-sale	$ —	$ 2,074	$ —	$ 2,074
Equity investments	$ 10,014	$ 6,107	$ —	$ 16,121
Derivatives	$ —	$ 6,083	$ —	$ 6,083
Financial liabilities				
Derivatives	$ —	$ 2,292	$ —	$ 2,292

	Fair Value Measurements at December 31, 2025, Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Investment Securities				
U.S. Treasuries and government agencies	$ 150,124	$ —	$ —	$ 150,124
Obligations of states and municipalities	—	922,574	—	922,574
Residential mortgage backed - agency	—	55,385	—	55,385
Residential mortgage backed - non-agency	—	218,092	—	218,092
Commercial mortgage backed - agency	—	73,896	—	73,896
Commercial mortgage backed - non-agency	—	111,109	—	111,109
Asset-backed	—	53,466	—	53,466
Other	—	31,308	—	31,308
Total investment securities available-for-sale	$ 150,124	$ 1,465,830	$ —	$ 1,615,954
Loans held-for-sale	$ —	$ 365	$ —	$ 365
Equity investments	$ 9,144	$ 5,057	$ —	$ 14,201
Derivatives	$ —	$ 2,604	$ —	$ 2,604

Note 11— Fair Value Measurements (continued)

Financial liabilities				
Derivatives	$ —	$ 2,671	$ —	$ 2,671

The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a non-recurring basis in the financial statements:

Collateral dependent loans

Loans for which the borrower is experiencing financial difficulty and repayment is dependent upon the operation or sale of collateral, are considered collateral-dependent. For collateral-dependent loans, the fair value is measured based on the value of the collateral securing the loans, less estimated costs of disposal. Collateral may be in the form of real estate or business assets, including equipment, inventory, and accounts receivable. The vast majority of the collateral underlying collateral-dependent loans is real estate, the fair value of which is measured through an appraisal. The appraisals of the collateral supporting collateral-dependent loans may utilize a single valuation approach or a combination of approaches, including comparable sales and the income approach. Any fair value adjustments are recorded in the period incurred as provision for (recapture of) credit losses on the Consolidated Statements of Income. Non-real estate collateral may be valued using an appraisal, net book value per the borrower’s financial statements, or aging reports, adjusted or discounted based on management’s historical knowledge, changes in market conditions from the time of the valuation, and management’s expertise and knowledge of the client and client’s business.

Other real estate owned

Assets acquired through foreclosure or other proceedings are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. The fair value of foreclosed properties is determined on a nonrecurring basis generally utilizing current appraisals performed by an independent, licensed appraiser applying an income or market value approach using observable market data. Updated appraisals of foreclosed properties are generally obtained if the existing appraisal is more than 18 months old or more frequently if there is a known deterioration in value. However, if a current appraisal is not available, the original appraised value is discounted, as appropriate, to compensate for the estimated depreciation in the value of the real estate since the date of its original appraisal. Such discounts are generally estimated based upon management’s knowledge of sales of similar property within the applicable market area and its knowledge of other real estate market-related data, as well as general economic trends. Upon foreclosure, any fair value adjustment is charged against the allowance for credit losses on loans. Subsequent fair value adjustments are recorded in the period incurred and included in other noninterest expense in the Consolidated Statements of Income.

Assets that were measured at fair value on a non-recurring basis during the period are summarized below (in thousands):

	Fair Value Measurements at June 30, 2026, Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Collateral dependent loans				
Commercial real estate	$ —	$ —	$ 14,424	$ 14,424
Owner-occupied commercial real estate	—	—	5,843	5,843
Acquisition, construction & development	—	—	148	148
Commercial & industrial	—	—	1,338	1,338
Single family residential	—	—	6,849	6,849
Consumer non-real estate and other	—	—	—	—
Other real estate owned	—	—	2,934	2,934

Table of Contents

Note 11— Fair Value Measurements (continued)

	Fair Value Measurements at December 31, 2025, Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Collateral dependent loans				
Commercial real estate	$ —	$ —	$ 10,377	$ 10,377
Owner-occupied commercial real estate	—	—	—	—
Acquisition, construction & development	—	—	2,640	2,640
Commercial & industrial	—	—	213	213
Single family residential	—	—	223	223
Consumer non-real estate and other	—	—	—	—
Other real estate owned	—	—	2,689	2,689

The following table presents quantitative information about Level 3 Fair Value Measurements for assets measured at fair value on a non-recurring basis at June 30, 2026, and December 31, 2025 (in thousands except for percentages):

Description	Fair Value	Valuation Techniques	Unobservable Inputs	Range
June 30, 2026				
Collateral dependent loans	$ 28,602	Appraisal of collateral	Management adjustments (e.g., liquidity, selling costs, etc.)	5.0% to 20.0% for liquidity, 6.0% to 8.0% for selling costs
Other real estate owned	2,934	Appraisal of collateral	Management adjustments (e.g., liquidity, selling costs, etc.)	5.0% to 20.0% for liquidity, 6.0% to 8.0% for selling costs
December 31, 2025				
Collateral dependent loans	$ 13,453	Appraisal of collateral	Management adjustments (e.g., liquidity, selling costs, etc.)	5.0% to 20.0% for liquidity, 6.0% to 8.0% for selling costs
Other real estate owned	2,689	Appraisal of collateral	Management adjustments (e.g., liquidity, selling costs, etc.)	5.0% to 20.0% for liquidity, 6.0% to 8.0% for selling costs

Fair value of financial instruments

The carrying amounts and estimated fair values of financial instruments not carried at fair value, at June 30, 2026, and December 31, 2025, were as follows (in thousands):

		Fair Value Measurements at June 30, 2026, Using:			
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Assets					
Cash and due from banks	$ 116,443	$ 116,443	$ —	$ —	$ 116,443
Interest-earning deposits with banks	50,710	50,710	—	—	50,710
Loans, net	7,905,295	—	—	7,875,255	7,875,255
Accrued interest	50,007	—	50,007	—	50,007
Financial Liabilities					
Non-interest-bearing deposits	$ 2,058,076	$ —	$ 2,058,076	$ —	$ 2,058,076
Interest-bearing deposits	6,910,006	—	6,901,676	—	6,901,676
Short-term borrowings	525,000	—	524,983	—	524,983
Subordinated debentures, net	134,789	—	132,805	—	132,805
Subordinated debentures owed to unconsolidated subsidiary trusts	17,394	—	16,381	—	16,381
Accrued interest	6,155	—	6,155	—	6,155

Note 11— Fair Value Measurements (continued)

		Fair Value Measurements at December 31, 2025, Using:			
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial Assets					
Cash and due from banks	$ 53,497	$ 53,497	$ —	$ —	$ 53,497
Interest-bearing deposits with banks	235,630	235,630	—	—	235,630
Loans, net	5,319,853	—	—	5,284,210	5,284,210
Accrued interest	35,442	—	35,442	—	35,442
Financial Liabilities					
Non-interest-bearing deposits	$ 1,336,380	$ —	$ 1,336,380	$ —	$ 1,336,380
Interest-bearing deposits	5,067,561	—	5,062,925	—	5,062,925
Short-term borrowings	450,000	—	450,005	—	450,005
Subordinated debentures, net	70,222	—	70,800	—	70,800
Subordinated debentures owed to unconsolidated subsidiary trusts	17,268	—	16,494	—	16,494
Accrued interest	4,447	—	4,447	—	4,447

Note 12— Accumulated Other Comprehensive Income (Loss)

The following table presents changes in accumulated other comprehensive income (loss) by component, net of tax, for the three and six months ended June 30, 2026, and June 30, 2025 (in thousands):

	Three months ended June 30, 2026			
	Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses on Available-for-Sale Securities	Defined Benefit Pension Items	Accumulated Other Comprehensive Income
Beginning Balance	$ 1,194	$ (66,157)	$ (4,039)	$ (69,002)
Net unrealized gains (losses)	735	7,998	—	8,733
Less: net realized (gains) losses reclassified to earnings	(223)	913	—	690
Net change in pension plan benefits	—	—	(58)	(58)
Ending Balance	$ 1,706	$ (57,246)	$ (4,097)	$ (59,637)

	Three months ended June 30, 2025			
	Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses on Available-for-Sale Securities	Defined Benefit Pension Items	Accumulated Other Comprehensive Income
Beginning Balance	$ 213	$ (83,661)	$ (4,576)	$ (88,024)
Net unrealized gains (losses)	675	145	—	820
Less: net realized (gains) losses reclassified to earnings	(564)	(60)	—	(624)
Net change in pension plan benefits	—	—	(26)	(26)
Ending Balance	$ 324	$ (83,576)	$ (4,602)	$ (87,854)

Note 12— Accumulated Other Comprehensive Income (Loss) (continued)

	Six months ended June 30, 2026			
	Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses on Available-for-Sale Securities	Defined Benefit Pension Items	Accumulated Other Comprehensive Income
Beginning Balance	$ (64)	$ (54,857)	$ (4,039)	$ (58,960)
Net unrealized gains (losses)	2,020	(1,884)	—	136
Less: net realized (gains) losses reclassified to earnings	(250)	(505)	—	(755)
Net change in pension plan benefits	—	—	(58)	(58)
Ending Balance	$ 1,706	$ (57,246)	$ (4,097)	$ (59,637)

	Six months ended June 30, 2025			
	Gains and Losses on Cash Flow Hedges	Unrealized Gains and Losses on Available-for-Sale Securities	Defined Benefit Pension Items	Accumulated Other Comprehensive Income
Beginning Balance	$ 911	$ (92,055)	$ (4,576)	$ (95,720)
Net unrealized gains (losses)	305	8,571	—	8,876
Less: net realized (gains) losses reclassified to earnings	(892)	(92)	—	(984)
Net change in pension plan benefits	—	—	(26)	(26)
Ending Balance	$ 324	$ (83,576)	$ (4,602)	$ (87,854)

Table of Contents

Note 12— Accumulated Other Comprehensive Income (Loss) (continued)

The following table presents amounts reclassified out of each component of accumulated other comprehensive income (loss) for the three and six months ended June 30, 2026, and June 30, 2025 (in thousands).

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified From Accumulated Other Comprehensive Income — Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025	Affected Line Item in the Statements of Income
Cash flow hedges:					
Interest rate contracts	$ —	$ —	$ —	$ —	Interest income
Interest rate contracts	289	732	324	1,158	Interest expense
Tax effect	(66)	(168)	(74)	(266)	Income tax expense (benefit)
Net of tax	$ 223	$ 564	$ 250	$ 892	
Available-for-sale securities:					
Realized gains (losses) on securities	$ (1,868)	$ 38	$ (69)	$ 39	Net gains/(losses) on securities
Realized gains (losses) on basis adjustment for fair value hedges	684	40	723	81	Interest income
Tax effect	271	(18)	(149)	(28)	Income tax expense (benefit)
Net of tax	$ (913)	$ 60	$ 505	$ 92	
Defined benefit pension plan:					
Amortization of actuarial gain / (loss)	75	34	75	34	Pension and other employee benefits
Tax effect	(17)	(8)	(17)	(8)	Income tax expense (benefit)
Net of tax	$ 58	$ 26	$ 58	$ 26	
Total reclassifications, net of tax	$ (632)	$ 650	$ 813	$ 1,010	Net income

Note 13— Other Operating Expense

Other operating expense from the Consolidated Statements of Income for the three and six months ended June 30, 2026, and June 30, 2025, is as follows (in thousands):

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Historic tax credit amortization	$ 240	$ 435	$ 479	$ 870
IT related	465	497	861	914
Consultant fees	10,814	948	11,527	1,454
Directors' fees	484	513	947	956
Audit expense	510	357	1,092	579
Legal expense	933	462	2,231	805
Virginia franchise tax	1,034	960	1,999	1,920
Marketing expense	552	382	995	769
Donation expense	80	73	103	84
Other	9,146	5,380	14,449	10,770
Total	$ 24,258	$ 10,007	$ 34,683	$ 19,121

Note 13— Other Operating Expense (continued)

The Company incurred merger-related expenses of $33.7 million for the six months ended June 30, 2026, including $1.2 million of which were incurred during the three months ended March 31, 2026. These expenses are included in the consultant fees, audit fees, legal expense, and other line items detailed in other operating expenses.

Note 14— Share-Based Compensation

The Company has a share-based incentive plan described below that allows it to offer a variety of equity compensation awards subject to approval. Total compensation cost that has been charged against income for equity compensation awards granted was $3.0 million and $1.5 million for the three months ended June 30, 2026, and June 30, 2025, respectively. The total income tax benefit was $697.1 thousand and $310.4 thousand for the three months ended June 30, 2026, and June 30, 2025, respectively.

Total compensation cost that has been charged against income for equity compensation awards granted was $4.1 million and $2.4 million for the six months ended June 30, 2026, and June 30, 2025, respectively. The total income tax benefit was $945.6 thousand and $499.5 thousand for the six months ended June 30, 2026, and June 30, 2025, respectively.

2019 Stock Incentive Plan

In 2019, the Company's Stock Incentive Plan ("2019 SIP") was approved by the Bank's Board of Directors (the "Bank Board"). The 2019 SIP provides for the issuance of share-based awards to directors and employees of the Company. The 2019 SIP authorized 240,000 units to be issued, and the Company's practice is using authorized unissued shares to satisfy these share-based awards. Each unit represents a contingent right to receive one common share or an equivalent amount of cash, or a combination of the two, at the discretion of the Company. Currently, we have a sufficient number of authorized unissued shares to satisfy all outstanding equity awards.

Under the 2019 SIP, the Company has issued restricted stock unit ("RSU") awards that are both time-based and performance-based. Each RSU award will indicate the number of shares, the conditions (e.g., service, performance, and/or a combination), and the grant date. Compensation expense is recognized over the vesting period of the awards based on the fair value of the award at grant date. No new awards are issuable under the 2019 SIP.

2023 Stock Incentive Plan

In 2023, a new stock incentive plan ("2023 SIP") was approved by the Company's Board of Directors (the "Board") and shareholders. Following shareholder approval of the 2013 SIP on March 30, 2023, no further share-based awards will be issued under the 2019 SIP. The 2023 SIP provides for the issuance of share-based awards to directors and employees of the Company. The 2023 SIP authorized the issuance of 250,000 shares, subject to an annual increase in available shares and the addition of shares recycled from the 2019 SIP that were cancelled. Based on our shares outstanding as of June 30, 2026, and awards that were recycled from the 2019 SIP, the total shares authorized for issuance under the plan as of June 30, 2026 was 474,578.

A total of 118,192 and 96,132 shares were issued during the six months ended June 30, 2026, and June 30, 2025, respectively.

For time-based RSUs, the fair value was determined by using the closing stock price on the date prior to the grant date. These RSUs vest over three years.

The Board, from time to time, approves performance-based RSU awards that may be earned between a three to five year performance period. Whether or not units are earned at the end of the performance period will be determined based on the achievement of performance and/or market targets (e.g., market capitalization target) over the performance period. If the conditions are achieved, the grant recipient will receive 100% of the units granted as these awards do not provide for a multiplier effect. The performance/market targets are determined by the Board.

The fair value for performance-based RSU awards was determined by using a Monte Carlo simulation analysis to estimate the achievement of the market capitalization target determined by the Board. The Monte Carlo simulation analysis required the following inputs: (1) expected term, (2) expected volatility, (3) risk-free rate, and (4) dividend yield. The expected term was based on the stated performance period. Management used the expected volatility from a peer group. The risk-free interest rate is based on the U.S. Treasury yield curve over the performance period. The dividend yield assumption was based on historical and anticipated dividend payouts.

Note 14— Share-Based Compensation (continued)

The following is a summary of all the Company's RSU awards issued under both the 2019 SIP and 2023 SIP:

Non-vested Shares	Shares		Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2025	180,849	$	59.43
Granted	118,192		66.16
Vested	(62,015)		58.22
Forfeited	(4,000)		63.34
Non-vested at June 30, 2026	233,026	$	63.10

As of June 30, 2026, there was $11.1 million of total unrecognized compensation costs related to non-vested shares granted under both the 2019 SIP and 2023 SIP. The cost is expected to be recognized over a weighted average period of 1.97 years.

2023 Employee Stock Purchase Plan

In 2023, an employee stock purchase plan ("2023 ESPP") was approved by the Board and shareholders. Upon the 2023 ESPP's shareholder approval date of March 30, 2023, the 2023 ESPP reserved 250,000 shares of common stock for issuance to employees, subject to an annual increase in reserved shares. At June 30, 2026, 473,978 shares were available to be issued. Whole shares are sold to participants in the 2023 ESPP at 85% of the lower of the stock price at the beginning or end of each semi-annual offering period. The first semi-annual offering period began on September 1, 2023, and the current semi-annual offering period began on March 1, 2026. Eligible employees may purchase shares in an amount that does not exceed the lesser of the IRS limit of $25,000 or 15% of their annual salary.

The following table presents information for the 2023 ESPP for the six months ended June 30, 2026:

		June 30, 2026
Shares purchased		6,917
Weighted average price of shares purchased	$	54.03
Compensation expense recognized (in 000's)	$	106.6

Stock Appreciation Rights ("SARs")

Upon completion of the Summit Merger, Burke & Herbert assumed SAR awards that had been issued to existing employees that would continue with the same terms and conditions adjusted for the exchange ratio of 0.5043. As part of the Summit Merger, a significant portion of SAR awards accelerated their vesting and thus did not require any future service component. Management used the Black-Scholes option-pricing model to fair value these accelerated SAR awards and included this value as part of the purchase price for the Summit Merger .

The Company also used the Black-Scholes option-pricing model to fair value the non-accelerated SAR awards that were not fully vested. The SAR awards that have been assumed by the Company, were issued in 2019, 2021, and 2023, and these SAR awards become exercisable ratably over seven years (14.3% per year) and contractually expire ten years after the grant date. As of June 30, 2026, there were 106,883 SARs outstanding with a weighted average exercise price of $48.10. These options have a remaining expense amount of $263 thousand that will be recognized throughout the next 3.10 years.

Stock Options

Upon completion of the LNKB Merger and as part of the Merger Agreement, the Company assumed incentive stock options and non-qualified stock option awards that had been issued to existing employees that will continue with the same terms and conditions, adjusted for the exchange ratio of 0.135. As of June 30, 2026, there were 68,219 outstanding stock options with a weighted average exercise price of $68.43. The stock options were acquired through the LNKB Merger and were valued upon acquisition using the Black-Scholes method. This resulted in a remaining expense on these stock options of $173 thousand that will be recognized throughout the next 2.4 years.

Note 14— Share-Based Compensation (continued)

Warrants

As part of the LNKB Merger, the Company assumed stock purchase warrants that were initially issued by LNKB in connection with LNKB's initial stock offering via private placement, giving organizers the right to purchase shares of common stock at the initial offering price of $10.00 per share, or $74.07 per share as adjusted by the LNKB Merger's exchange ratio. For organizers, the warrants serve as a reward for bearing the financial risk of the Company's organization by advancing "seed money" for its organizational and pre-opening expenses. The organizers' warrants are non-voting and are exercisable for a period of ten years from the date of grant. All grants were issued during 2019. These warrants are transferable in accordance with the warrant agreement, but are not puttable to the Company. These shares may be issued from previously authorized but unissued shares of stock. To date, organizers have not exercised any warrants since their issuance. As of June 30, 2026, there were 207,560 warrants outstanding with a strike price of $74.07 and a total fair value of $2.5 million.

The Board has made no additional authorization to issue any further warrants as of June 30, 2026, and has no current plans for future issuance of warrants.

Note 15— Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing net income applicable to common shares by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential impact of contingently issuable shares. The Company uses the treasury stock method as described by ASC 260 - *Earnings Per Share* for each dilutive instrument when computing diluted earnings per share.

The following shows the weighted average number of shares used in computing earnings per share and the effect of weighted average number of shares dilutive potential common stock. Dilutive potential common stock has no effect on income available to common shareholders.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss) applicable to common shares (in thousands)	$ 9,257	$ 29,672	$ 36,381	$ 56,648
Weighted average number of shares	18,416,204	14,998,857	16,736,101	14,987,732
Net effect of dilutive securities	82,826	24,950	106,634	33,497
Weighted average dilutive shares	18,499,030	15,023,807	16,842,735	15,021,229
Basic earnings (loss) per common share	$ 0.50	$ 1.98	$ 2.17	$ 3.78
Diluted earnings (loss) per common share	0.50	1.97	2.16	3.77

The following table presents a summary of securities that could potentially dilute basic earnings per share in future periods that were included in the computation of diluted earnings per share for the periods presented.

Dilutive securities	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Stock options and stock appreciation rights	115,551	167,024	115,551	167,024
Warrants	—	—	—	—
Restricted stock units	165,442	—	169,839	—
Total dilutive securities	280,993	167,024	285,390	167,024

Note 15— Earnings Per Share (continued)

The following table presents a summary of securities that could potentially dilute basic earnings per share in future periods that were not included in the computation of diluted earnings per share because inclusion would have been anti-dilutive for the periods presented.

Antidilutive securities	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2026	**2025**	**2026**	**2025**
Stock options and stock appreciation rights	17,109	26,042	17,109	26,042
Warrants	207,560	—	207,560	—
Restricted stock units	67,584	188,379	63,187	188,379
Total anti-dilutive securities	292,253	214,421	287,856	214,421

Note 16— Business Combination

Effective on May 1, 2026, Burke & Herbert completed the LNKB Merger. In the LNKB Merger, holders of LNKB Common Stock outstanding at the Effective Time of the LNKB Merger received 0.135 shares of Burke & Herbert common stock for each share of LNKB Common Stock they owned, subject to the payment of cash in lieu of fractional shares. The total aggregate consideration payable in the LNKB Merger was approximately 5,082,605 shares of Burke & Herbert common stock.

LNKB's results of operations from May 1, 2026, were included in the Company's results beginning with reporting as of June 30, 2026. Net interest income and income before income taxes for LNKB were estimated to be $18.1 million and $5.0 million, respectively, since the date of the acquisition through June 30, 2026, and are included in the Company's Consolidated Statement of Income. LNKB Merger-related costs of $33.7 million are included in non-interest expense in the Company's income statement for the six months ended June 30, 2026. A portion of these LNKB Merger-related costs are captured in the line item Other Operating Non-Interest Expense on the consolidated Income Statement with further description in Note 13 - Other Operating Expense. The fair value of the common shares issued as part of the consideration paid for LNKB was determined on the basis of the closing price of the Company's common shares on the date of completion of the LNKB Merger.

We accounted for the LNKB Merger using the acquisition method of accounting in accordance with ASC 805, Business Combinations, and accordingly, the assets and liabilities of LNKB were recorded at their respective fair values on the date of completion of the LNKB Merger. We recognized goodwill of $82.1 million in connection with the acquisition, which is not amortized for financial reporting purposes, but is subject to annual impairment testing. The goodwill arising from the transaction is not deductible for tax purposes and consisted largely of synergies and the cost savings resulting from the combining of the operations of the companies. The fair values of assets and liabilities are subject to refinement for up to one year after the acquisition date if any additional information relative to the acquisition date fair values becomes available. This one year period will expire during the quarter ending June 30, 2027.

The following table summarizes adjustments to or acquired goodwill subsequent to December 31, 2025 (in thousands):

	Goodwill
Balance at December 31, 2025	$ 34,149
Goodwill acquired in acquisition of Burke & Herbert Wealth Services, LLC	2,104
Goodwill acquired in acquisition of LNKB	82,092
Balance at June 30, 2026	$ 118,345

The core deposit intangible represents the value of long-term deposit relationships acquired in this transaction and will be amortized over an estimated weighted average life of 7 years using an accelerated method which approximates the estimated run-off of the acquired deposits. The fair value of intangible assets related to core deposits was $48.2 million on the date of acquisition.

The fair value of purchased financial assets with credit deterioration was $80.9 million on the date of the acquisition. The gross contractual amounts receivable relating to the purchased financial assets with credit deterioration was $97.5 million. At acquisition, all of the securities, held-to-maturity, were reclassified as available-for-sale.

Table of Contents

Note 16— Business Combination (continued)

The following table details the total consideration paid for LNKB on May 1, 2026, the fair values of the assets acquired and liabilities assumed and the resulting goodwill at the acquisition date.

($ in thousands, except share information)

Consideration		**May 1, 2026**
Common stock of LINKBANCORP, Inc.		37,652,888
Exchange ratio		0.135
Expected Burke & Herbert common stock to be issued		5,083,140
Actual Burke & Herbert common stock issued		5,082,605
Fractional common stock to be paid in cash		535
Actual Burke & Herbert common stock issued		5,082,605
Price per share of Burke & Herbert common stock issued	$	64.31
Purchase price consideration for common stock issued		326,862
Fractional common stock to be paid in cash		535
Average 10 day closing price used to pay fractional common stock	$	64.35
Cash paid for fractional shares		34
Implied value of warrants		2,505
Implied value of stock options		324
Fully diluted transaction value	$	329,725
Goodwill	**$**	**82,092**

Note 16— Business Combination (continued)

($ in thousands)	As Recorded by LNKB May 1, 2026	Estimated Fair Value Adjustments	Estimated Fair Value May 1, 2026
Total purchase price consideration			$ 329,725
Recognized amounts of identifiable assets acquired and liabilities assumed			
Cash and equivalents	$ 74,609	$ —	74,609
Securities, available-for-sale, at fair value	246,652	—	246,652
Securities, held-to-maturity, at amortized cost	24,832	(379)	24,453
Equity and other investments	12,504	—	12,504
Loans, gross	2,600,294	(22,206)	2,578,088
Allowance for credit losses	(27,373)	(1,134)	(28,507)
Loans, net of allowance	2,572,921	(23,340)	2,549,581
Premises and equipment, net	30,071	787	30,858
Accrued interest receivable	10,719	—	10,719
Company-owned life insurance	54,298	—	54,298
Goodwill and intangibles	72,889	(24,668)	48,221
Other assets	26,839	(3,212)	23,627
Total identifiable assets acquired	3,126,334	(50,812)	3,075,522
Deposits	2,562,680	107	2,562,787
Borrowings	175,000	—	175,000
Subordinated debentures and trust preferred securities	62,318	(240)	62,078
Unfunded reserve liability	2,507	(2,507)	—
Accrued interest and other liabilities	25,667	2,357	28,024
Total liabilities	2,828,172	(283)	2,827,889
Total identifiable net assets	298,162	(50,529)	247,633
Goodwill			**$ 82,092**

At acquisition, all of the securities, held-to-maturity were reclassified as available-for-sale.

The following table presents supplemental pro forma information as if the LNKB Merger had occurred on January 1, 2025. The unaudited pro forma information includes adjustments for non-recurring operating expenses and the related income tax effects. The pro forma financial information is not necessarily indicative of the results of operations that would have occurred had the transaction been effected on the assumed dates.

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2026	2025	2026	2025
Net Interest Income	$ 102,434	$ 99,182	$ 201,059	$ 198,000
Net Income	37,275	37,284	72,155	79,828

Note 17— Goodwill and Other Intangible Assets

The following table presents the change in goodwill for the three and six months ended June 30, 2026, and June 30, 2025, (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Beginning of period	$ 36,253	$ 32,842	$ 34,149	$ 32,783
Acquired goodwill	82,092	—	84,196	—
Goodwill adjustment	—	1,307	—	1,366
Impairment	—	—	—	—
End of period	$ 118,345	$ 34,149	$ 118,345	$ 34,149

During the six months ended June 30, 2026, the Company recorded $82.1 million associated with the LNKB Merger and $2.1 million of additional goodwill associated with the acquisition of Burke & Herbert Wealth Services, LLC, formerly known as Piedmont Wealth Management. See Note 16 - Business Combination to the consolidated financial statements for additional detail regarding the transaction with LNKB.

The Company performs the annual goodwill impairment test on September 30 every year.

Other intangible assets consist of the core deposit intangible which is being amortized on an accelerated basis over its estimated useful life of 7 years. At the Closing Date of the LNKB Merger, the Company recorded $48.2 million of core deposit intangibles associated with the acquisition.

The gross carrying amount and accumulated amortization of core deposit intangibles for the three and six months ended June 30, 2026, and June 30, 2025, was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Beginning of period	$ 38,063	$ 53,002	$ 41,747	$ 57,300
Core deposit intangible acquired	48,221	—	48,221	—
Amortization	(5,530)	(3,888)	(9,214)	(8,186)
Impairment	—	—	—	—
Total core deposit intangible	$ 80,754	$ 49,114	$ 80,754	$ 49,114

The Company reviews other intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Total amortization expense associated with intangible assets was $9.2 million for the six months ended June 30, 2026.

Estimated amortization expense for future years is as follows (in thousands):

	Estimated Amortization
Remaining six months ending, December 31, 2026	$ 12,582
2027	22,069
2028	17,668
2029	13,267
2030	8,866
Thereafter	6,302
Total	$ 80,754

Note 18— Segment Information

The Company operates in one reportable segment, Community Banking. The Company's Chief Executive Officer has been identified as the chief operating decision maker ("CODM"). The CODM uses consolidated net income to evaluate the Company's overall operating performance and to allocate capital and other resources. While the CODM reviews information regarding the Company's products, services, revenue streams, and other operating activities, these activities are managed and evaluated on a consolidated basis. Information regarding individual business activities is reviewed for operational management purposes and not for the purpose of allocating resources among separate operating segments. Accordingly, the Company has concluded that it operates in a single reportable segment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our consolidated financial condition and results of operations of the Company should be read in conjunction with the preceding consolidated financial statements and notes presented in Item 1. Financial Statements of this Form 10-Q, as well as with the audited consolidated financial statements and notes for the year ended December 31, 2025, included in our Form 10-K filed with the SEC on February 27, 2026 (the "Form 10-K"). Historical results of operations and the percentage relationships among any amounts included and any trends that may appear may not indicate trends in operations or results of operations for any future periods. We are a financial holding company, and we conduct all of our material business operations through the Bank. As a result, the discussion and analysis below primarily relate to activities conducted at the Bank.

Disclosure Regarding Forward-Looking Statements

This Form 10-Q contains statements that we believe are, or may be considered to be, "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the beliefs, goals, intentions, and expectations of the Company regarding our: merger with LNKB and the expected cost savings, synergies, returns, and other anticipated benefits from the integration of LNKB; revenues, earnings, earnings per share, loan production, asset quality, and capital levels, among other matters; estimates of the future costs and benefits of the actions we may take; assessments of expected losses on loans; assessments of interest rate and other market risks; ability to achieve our financial and other strategic goals; and other statements that are not historical facts.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on current beliefs, expectations, or assumptions regarding the future of the business, future plans and strategies, operational results, and other future conditions of the Company. All statements other than statements of historical fact included in this Form 10-Q regarding the prospects of our industry or our prospects, plans, financial position, or business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "plans," "expects" or "does not expect," "is expected," "look forward to," "budget," "scheduled," "estimates," "forecasts," "will continue," "intends," "the intent of," "have the potential," "anticipates," "does not anticipate," "believes," "should," "should not," or variations of such words and phrases that indicate that certain actions, events, or results "may," "could," "would," "might," or "will," "be taken," "occur," or "be achieved," or the negative of these terms or variations of them or similar terms. Additionally, forward–looking statements speak only as of the date they are made; the Company does not assume any duty, does not undertake, and specifically disclaims any obligation to update such forward–looking statements, whether written or oral, that may be made from time to time, whether because of new information, future events, or otherwise, except as required by law. Furthermore, because forward–looking statements are subject to assumptions and uncertainties, actual results or future events could differ, possibly materially, from those indicated in or implied by such forward-looking statements because of a variety of factors, many of which are beyond the control of the Company. Further, factors identified herein are not necessarily all of the factors that could cause the Company's actual results, performance or achievements to differ materially from those expressed in or implied by any of the forward-looking statements. Other factors, including unknown or unpredictable factors, also could harm the Company. Accordingly, you should consider all of these risks, uncertainties and other factors carefully in evaluating all such forward-looking statements made by the Company and not place undue reliance on forward-looking statements. The risks and uncertainties that could cause actual results to differ from those described in the forward-looking statements include, but are not limited to, the following: the possibility that the anticipated benefits of the LNKB Merger will not be realized when expected or at all, including as a result of the impact of, or problems arising from (if any), the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where the Company does business; costs or difficulties associated with newly developed or acquired operations; the possibility that we may be unable to achieve expected synergies and operating efficiencies of the LNKB Merger within the expected timeframes or at all and to successfully integrate LNKB's operations and those of the Company; that the integration of LNKB may be more difficult, time-consuming or costly than expected; revenues following the LNKB Merger may be lower than expected; the Company's success in executing its business plans and strategies and managing the risks involved in the foregoing; costs or difficulties associated with newly developed or acquired operations; risks related to the potential impact of global macroeconomic conditions and changes in general economic, political and market factors on the integration of LNKB or our operations generally (either nationally or locally in the areas in which we conduct, or will conduct, business), including inflation, changes in interest rates, market volatility and monetary fluctuations, and changes in federal government policies and practices, including the impact with respect to spending on industries concentrated in our market area, as well as the impact from tariffs on the markets we serve; increased competition; changes in consumer confidence and demand for financial services, including changes in consumer borrowing, repayment, investment, and deposit practices; changes in asset quality and credit risk; our ability to control costs and expenses; adverse developments in borrower industries or declines in real estate values; changes in and compliance with federal and state laws and regulations that pertain to our business and capital levels; our ability to raise capital as needed; the impact, extent and timing of technological changes; the effects of any cybersecurity breaches or events; the development and use of artificial intelligence ("AI") in business processes, services, and products, including emerging external focus among regulators and other officials related to risks in connection with the development and use of AI; the potential adverse effects of unusual and infrequently occurring events, such as weather-related disasters, terrorist acts, geopolitical conflicts and tensions, or public health events (such as pandemics), and of governmental and societal responses thereto; and the other factors discussed in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of the Company's Annual Report on Form 10–K for the year ended December 31, 2025 and in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A. Risk Factors in this Form 10-Q.

Overview

Burke & Herbert was organized as a Virginia corporation in 2022 to serve as the holding company for the Bank. Burke & Herbert became a bank holding company when it commenced operations on October 1, 2022, following a reorganization transaction in which it acquired control of the Bank under the BHCA. This transaction was treated as an internal reorganization as all shareholders of the Bank became shareholders of Burke & Herbert. Burke & Herbert has no material operations other than owning the Bank. In September 2023, Burke & Herbert elected to become a financial holding company under the BHCA. As a financial holding company of a Virginia state bank, Burke & Herbert is subject to regulation, supervision, and examination by the Federal Reserve and the Virginia BFI. The Bank is a Virginia chartered commercial bank that commenced operations in 1852. The Bank became a member of the Federal Reserve System on December 31, 2024. The Bank is subject to regulation, supervision, and examination by the Federal Reserve (through the Federal Reserve Bank of Richmond) and the Virginia BFI.

The Bank's operations are conducted from it's over 105 branches and commercial loan offices across Delaware, Kentucky, Maryland, Virginia, West Virginia, and Pennsylvania. The Company's branch locations accept business and consumer deposits from a diverse customer base. The Company's deposit products include checking, savings, and term certificate accounts. The Company's loan portfolio includes commercial and consumer loans, a substantial portion of which are secured by real estate.

The Bank derives a significant portion of its income from interest received on loans and investments. The Bank's primary source of funding is deposits, both interest-bearing and non-interest-bearing. In order to maximize the Bank's net interest income, or the difference between the income on interest-earning assets and the expense of interest-bearing liabilities, the Bank must not only manage the volume of these balance sheet items, but also the yields earned on interest-earning assets and the rates paid on interest-bearing liabilities. To account for credit risk inherent in all loans, the Bank maintains an ACL to absorb expected credit losses on existing loans that may become uncollectible. The Bank establishes and maintains this ACL by charging a provision for credit losses against operating earnings. In order to maintain its operations and branch locations, the Bank incurs various operating expenses which are further described within the "Results of Operations" later in this section.

As of June 30, 2026, we had total consolidated assets of $11.0 billion, gross loans of $8.0 billion, total deposits of $9.0 billion, and total shareholders' equity of $1.2 billion. As of June 30, 2026, we had 1,051 full-time employees. None of our employees are covered by a collective bargaining agreement.

Merger with LINKBANCORP Inc.

Effective on May 1, 2026, Burke & Herbert Financial Services Corp., a Virginia corporation, completed its previously announced merger with LNKB, pursuant to the LNKB Merger Agreement between Burke & Herbert and LNKB. See Note 1 - Nature of Business Activities and Significant Accounting Policies, in Notes to Consolidated Financial Statements for additional information regarding the LNKB Merger.

Critical Accounting Policies and Estimates

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and conform to general practices within the industry in which we operate. To prepare financial statements in conformity with GAAP, management makes estimates, assumptions, and judgments based on available information. These estimates, assumptions, and judgments affect the amounts reported in the financial statements and accompanying notes and are based on information available as of the date of the financial statements and, as this information changes, actual results could differ from the estimates, assumptions, and judgments reflected in the financial statements. In particular, management has identified several accounting policies that, due to the estimates, assumptions, and judgments inherent in those policies, are critical in understanding our financial statements.

Our most significant accounting policies are presented in the notes to the accompanying consolidated financial statements. These policies, along with the other disclosures presented in the financial statement notes and in this financial review, provide information on how significant assets and liabilities are valued in the financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, we have identified business combination and goodwill, the determination of the allowance for credit losses, and income taxes to be the accounting areas that require the most subjective or complex judgments, and as such, could be most subject to revision as new information becomes available.

Business Combination and Goodwill

For acquisitions, we are required to record the assets acquired, including identified intangible assets such as core deposit intangibles, and the liabilities assumed at their respective fair values. The difference between consideration and the net fair value of assets acquired is recorded as goodwill. Management uses significant estimates and assumptions to value such items, including projected cash flows, repayment rates, default rates and losses assuming default, discount rates, and realizable collateral values. The allowance for credit losses for PCD and PSL loans is recognized within acquisition accounting. The allowance for credit losses for non-PCD assets is recognized as provision for credit losses in the same reporting period as the acquisition. Fair value adjustments are amortized or accreted into the income statement over the estimated life of the acquired assets or assumed liabilities. The purchase date valuations and any subsequent adjustments determine the amount of goodwill recognized in connection with the acquisition. The use of different assumptions could produce significantly different valuation results, which could have material positive or negative effects on our results of operations. The carrying value of goodwill recorded must be reviewed for impairment on an annual basis, as well as on an interim basis if events or changes indicate that the asset might be impaired. An impairment loss must be recognized for any excess of carrying value over fair value of the goodwill.

The determination of fair values is based on valuations using management's assumptions of future growth rates, future attrition, discount rates, multiples of earnings or other relevant factors. In addition, we engage third party specialists to assist in the development of fair values. Preliminary estimates of fair values may be adjusted for a period of time subsequent to the acquisition date if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. Adjustments recorded during this period are recognized in the current reporting period. Management uses various valuation methodologies to estimate the fair value of these assets and liabilities, and often involves a significant degree of judgment, particularly when liquid markets do not exist for the particular item being valued. Examples of such items include loans, deposits, identifiable intangible assets, and certain other assets and liabilities.

Changes in these factors, as well as downturns in economic or business conditions, could have a significant adverse impact on the carrying value of assets, including goodwill and liabilities, which could result in impairment losses affecting our financial statements as a whole and our banking subsidiary in which the goodwill resides.

Allowance for Credit Losses

The allowance for credit losses represents our estimate of all expected credit losses for financial assets held for investment at the reporting date based on historical experience, current conditions, and projections including reasonable and supportable, reversion, and post-reversion forecasts. It is a valuation account that is deducted from the financial assets' amortized cost basis to present the net amount expected to be collected on the financial assets. Financial assets are charged-off against the allowance when management believes the uncollectibility of a financial asset is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The Company's loan portfolio is the largest financial asset that is in scope of this critical accounting estimate. Determining the amount of the allowance for credit losses is considered a critical accounting estimate, because it is based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts, and prepayment experience as related to credit contractual terms. Management estimates the allowance balance using relevant available information from internal and external sources. Historical credit loss experience as related to macroeconomic data provides the basis for the estimation of expected credit losses over defined credit contractual terms. Qualitative adjustments to modeled loss rates are made for differences in current portfolio risk characteristics, such as for credit concentrations and for adversely classified or graded credits.

The Company is using a third-party developed model that produces an estimate of the allowance for credit losses as the lifetime expected credit losses of the loan portfolio. This model uses a remaining useful life or WARM method within defined contractual terms by federal call codes. The model forecasts charge-off rates by call codes using ordinary least squares ("OLS") regression models that use macroeconomic variables to forecast the Company's charge-off rates. These models are used to produce reasonable and supportable forecasts of charge-off rates. The macroeconomic variables utilized by the Company are sourced from third parties and include variables that meet defined criteria in forecasting credit losses for our loan portfolio. These variables include, but are not limited to such items as equity market conditions or interest rates, as well as to portfolio-specific indicators, such as those that pertain to the commercial real estate or to the residential loan portfolios. To review the integrity of the modeled output, Management validates, validates the specific loan and macroeconomic data inputs.

The Company currently has set an initial reasonable and supportable forecast period of two years with a subsequent one-year input reversion period to the historical mean input forecast loss rates in the remaining or post-reversion periods of the modeled contractual terms. Based on management's analysis, adjustments may be applied for additional factors impacting the risk of loss in the loan portfolio beyond information used to calculate reasonable and supportable forecasts and the subsequent reversion to historical loss information on collectively evaluated loans. As the quantitatively modeled forecasts reflect the use of the macroeconomic variable loss drivers, management may consider that an additional or reduced reserve is warranted through qualitative risk factors based on current and expected conditions, including those that utilize supplemental information relative to the macroeconomic variable loss drivers. Qualitative adjustments considered by management include the following: (i) management's assessment of macroeconomic forecasts used in the model and how those forecasts align with management's overall evaluation of current expected credit conditions; (ii) organization specific risks such as credit concentrations, collateral specific risks, nature and size of the portfolio, and external factors that may ultimately impact credit quality; and (iii) underwriting trends. The qualitative factors applied at June 30, 2026, and the importance and levels of the qualitative factors applied, may change in future periods depending on the level of changes to items such as the uncertainty of economic conditions and management's assessment of the level of credit risk within the loan portfolio as a result of such changes, compared to the amount of ACL calculated by the model exclusive of qualitative factors. Management reviews supplemental data sources including historical charge-off rates and data measuring other specific credit outcomes from its systems of record in supporting qualitative factors. However, qualitative factor evaluations are inherently imprecise and require significant management judgment.

The model methodology used for funded credits, along with taking into consideration the probability of drawdowns or funding on unfunded commitments and whether such commitments are irrevocable or not by the Company, is how the Company determines the allowance for credit losses for unfunded commitments. These evaluations are conducted at least quarterly and more frequently, if deemed necessary.

Income Taxes

The Company's income tax expense, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect management's best assessment of estimated taxes due. The calculation of each component of the Company's income tax provision is complex and requires the use of estimates and judgments in its determination. As part of the Company's evaluation and implementation of business strategies, consideration is given to the regulations and tax laws that apply to the specific facts and circumstances for any tax position under evaluation. Management closely monitors tax developments on both the federal and state level in order to evaluate the effect they may have on the Company's overall tax position and the estimates and judgments used in determining the income tax provision and records adjustments, as necessary.

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expenses. In evaluating the Company's ability to recover its deferred tax assets within the jurisdiction from which they arise, the Company must consider all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and the results of recent operations. A valuation allowance is recognized for a deferred tax asset if, based on the available evidence, it is more likely than not that some portion or all of a deferred tax asset will not be realized. See Note 8 — Income Taxes, in Notes to the December 31, 2025, Consolidated Financial Statements of the Company for additional information.

Non-GAAP Financial Measures

We prepare our financial statements in accordance with U.S. GAAP and also present certain non-GAAP financial measures that exclude certain items or otherwise include components that differ from the most directly comparable measures calculated in accordance with U.S. GAAP. Non-GAAP measures are provided as additional useful information to assess our financial condition and results of operations (including period-to-period operating performance). These non-GAAP measures are not intended as a substitute for GAAP financial measures and may not be defined or calculated the same way as non-GAAP measures with similar names used by other companies. For more information, including the reconciliation of these non-GAAP financial measures to their corresponding GAAP financial measures, see the respective sections where the measures are presented.

Commercial Real Estate Sector Concentration

In recent years, commercial real estate ("CRE") markets have been impacted by economic disruptions, including those resulting from the effects of increases in remote work in urban centers and changes in the characteristics of certain urban centers. CRE loans are generally viewed as having a greater risk of default than other types of loans and depend on cash flows from the owner's business or the property's tenants to service the debt. The borrower's cash flows may be affected significantly by general economic conditions. Adverse conditions in the real estate market or the general business climate and economy or in occupancy rates where the property is located could increase the likelihood of default. In particular, CRE office borrowers in central business districts have been impacted by decreased property valuations, oversupply due to remote work trends, and rising interest rates which has increased default rates and impeded their ability to secure new financing. CRE loans generally have large loan balances, and therefore, the deterioration of one or a few of these loans could cause a significant increase in the percentage of our non-performing loans. An increase in non-performing loans could result in a loss of earnings from these loans, an increase in the provision for loan losses, and an increase in charge-offs, all of which could have a material adverse effect on our financial condition and results of operations.

The Bank continues to monitor its commercial real estate portfolio by reviewing various credit risk and concentration reports. The Bank's exposure to CRE at June 30, 2026, was $3.9 billion, or 48.7%, of its gross loan portfolio, not including owner-occupied commercial real estate and acquisition, construction & development. CRE as a percent of total assets at June 30, 2026, was 35.5%, not including owner-occupied CRE and acquisition, construction & development. Including owner-occupied CRE and acquisition, construction & development, total exposure was at $5.5 billion, or 68.8%, of our total gross loans and 50.1% of total assets at June 30, 2026.

Loan balances by portfolio segment amortized cost (in thousands) and by percentage of our total gross loan portfolio at June 30, 2026, were as follows:

	June 30, 2026	
	Amortized Cost	Percentage
Commercial real estate	$ 3,898,387	48.7 %
Owner-occupied commercial real estate	1,152,749	14.4
Acquisition, construction & development	452,638	5.7
Commercial & industrial	840,878	10.5
Single family residential (1-4 units)	1,605,524	20.1
Consumer non-real estate and other	49,589	0.6
Total gross loans	$ 7,999,765	100.0 %

Monitoring of the CRE concentration is performed at both the loan level and at the portfolio level. The Credit Risk Management team provides management and the Board with periodic reports on the credit portfolio, which include the CRE portfolio (including owner-occupied CRE and acquisition, construction & development loans). These reports provide an assessment of asset quality and risk rating migration and monitor concentrations against the Board approved concentration limits (including sub-limits).

The tables below present the Bank's commercial real estate, owner-occupied commercial real estate, and acquisition, construction & development portfolios by collateral type and geographic location as of June 30, 2026 (in thousands).

Commercial Real Estate by Collateral Type and Geographic Location

	VA	WV	MD	PA	DC	Other	Total	Percentage
Retail Real Estate	$ 410,442	$ 67,417	$ 157,684	$ 84,549	$ 48,088	$ 107,016	$ 875,196	22.5 %
Multi-Family	275,942	97,045	96,458	107,542	75,171	43,560	695,718	17.8
Office Buildings/Condos	236,515	33,301	199,995	98,448	71,339	68,253	707,851	18.2
Hotels/Motels	99,640	45,994	142,100	40,959	24,579	63,960	417,232	10.7
Industrial/Warehouse	270,753	14,188	83,767	69,766	—	6,998	445,472	11.4
Self-Storage	54,040	21,982	7,511	12,940	—	47,717	144,190	3.7
Nursing-Assisted Living	45,307	—	6,225	258	—	37,064	88,854	2.3
Restaurants	13,535	2,229	16,375	2,760	5,111	4,853	44,863	1.2
Gas Stations	7,665	1,395	1,893	—	14,216	2,270	27,439	0.7
Child Care Facilities and Schools	59,624	235	296	—	32,500	8,924	101,579	2.6 %
Other	130,226	10,195	96,013	74,839	16,254	22,466	349,993	9.0
Total	$ 1,603,689	$ 293,981	$ 808,317	$ 492,061	$ 287,258	$ 413,081	$ 3,898,387	100.0 %

Owner-Occupied Commercial Real Estate by Collateral Type and Geographic Location

	VA	WV	MD	PA	DC	Other	Total	Percentage
Office Buildings/Condos	$ 68,857	$ 29,665	$ 31,605	$ 36,230	$ 307	$ 18,654	$ 185,318	16.1 %
Retail	56,685	32,537	55,756	2,753	—	36,347	184,078	16.0
Industrial/Warehouse	50,133	13,631	17,181	3,419	—	19,771	104,135	9.0
Gas Stations	26,535	9,123	4,324	11,485	—	5,501	56,968	4.9
Restaurants	13,624	7,518	42,025	9,091	—	15,234	87,492	7.6
Churches/Religious Organizations	18,034	7,244	8,846	13,761	221	3,368	51,474	4.5
Coal, oil, gas, and natural resource extraction	524	4,555	—	—	—	—	5,079	0.4
Private School	14,623	—	1,607	8,076	—	—	24,306	2.1
Other	142,589	19,283	136,016	114,453	2,175	39,383	453,899	39.4
Total	$ 391,604	$ 123,556	$ 297,360	$ 199,268	$ 2,703	$ 138,258	$ 1,152,749	100.0 %

Acquisition, Construction & Development by Collateral Type and Geographic Location

	VA	WV	MD	PA	DC	Other	Total	Percentage
Multi-Family	$ 30,798	$ 3,732	$ 24,996	$ —	$ 30,739	$ 17,948	$ 108,213	23.9 %
Land	93,211	17,573	22,276	19,592	535	17,692	170,879	37.8
Office Buildings/Condos	4,849	—	1,570	6,068	—	9,555	22,042	4.9
Self-Storage	5,423	—	24,174	4,881	—	—	34,478	7.6
Retail Real Estate	—	—	108	—	—	2,086	2,194	0.5
Residential For-Sale	3,070	1,006	1,445	926	—	23,031	29,478	6.5
Other	22,308	14,852	11,858	9,474	—	26,862	85,354	18.9
Total	$ 159,659	$ 37,163	$ 86,427	$ 40,941	$ 31,274	$ 97,174	$ 452,638	100.0 %

CRE loans are monitored through various processes that include payment monitoring, financial reporting, and covenant compliance monitoring, and annual reviews for larger relationships. Furthermore, construction loans are monitored throughout the life of the project and the construction loan administration function is centralized within the Credit Risk Management team. Monitoring the market conditions is also an important component of prudent CRE risk management. Quarterly construction progress reviews are also completed on all acquisition, construction & development loans. For each loan, management reviews the adequacy of the construction budget, adequacy of the interest reserve, pace of construction, and review of any loan covenants.

The Bank believes its underwriting and monitoring standards for commercial real estate loans are sufficient to evaluate its loan portfolio and keep it from incurring significant losses. The largest concentration of the Bank's commercial real estate loans are in Virginia (approximately 39.2%), and the Bank does not have significant exposure to any economic areas of the country that are underperforming the national economy. Additionally, the Bank's overall exposure to the "Office Building / Condo" collateral type is 16.6% of total commercial real estate loans, including owner-occupied commercial real estate and acquisition, construction & development. The Bank believes that the combined loan portfolio is well-diversified, generally seasoned, manageable, and will outperform the industry in terms of performance through the economic cycle; however, our underwriting, review, and monitoring cannot eliminate all of the risks related to these loans. For further discussion see Part II, Item 1A. "Risk Factors".

Liquidity Management

Liquidity is the ability of the Company to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management involves maintaining the Company's ability to meet the day-to-day cash flow requirements of its customers, whether they are depositors wishing to withdraw funds or borrowers requiring funds to meet their credit needs. Without proper liquidity management, the Company would not be able to perform the primary function of a financial intermediary and would, therefore, not be able to meet the needs of the communities it serves.

The Company assesses the need for liquidity in a variety of scenarios. Those scenarios may include projected growth, credit deterioration, deposit decay, interest rate changes, and a variety of other economic scenarios that can impact the liquidity position of the Company. These analyses are performed on a quarterly basis in conjunction with the Company's Asset/Liability meetings, and findings are reported to the Asset and Liability Management Committee (the "ALCO") and to the Board. From time to time, management may change the frequency of such testing or update certain inputs as a result of abnormal market conditions.

Findings, as a result of the Company's prudent liquidity modeling, may result in the change of certain products offered to customers or adjust the way the Company manages its balance sheet. Such changes could include adjusting interest rates offered on certain deposit products, changes to interest rates charged in lending activities, or the suspension of certain products and activities altogether. Times of significant economic stress may cause the mix of funding to shift and increase the likelihood of changes to certain products in order to manage the Company's overall liquidity and capital position.

The asset portion of the balance sheet provides liquidity primarily through unencumbered securities available-for-sale, loan principal and interest payments, maturities and prepayments of investment securities, and, to a lesser extent, sales of investment securities available-for-sale. Other short-term investments available to the Company that could act as potential sources of liquidity are federal funds sold, securities purchased under agreements to resell, and maturing interest-bearing deposits with other banks.

The liability portion of the balance sheet provides liquidity through interest-bearing and non-interest-bearing deposit accounts and through FHLB and other borrowings. Brokered deposits, federal funds purchased, securities sold under agreements to repurchase, and other short-term borrowings are additional sources of liquidity and basically represent the Company's incremental borrowing capacity. These sources of liquidity are used as necessary to fund asset growth and meet short-term liquidity needs.

In addition to the Company's financial performance and condition, liquidity may be impacted by the Company's structure as a financial holding company that is a separate legal entity from the Bank. The Company requires cash for various operating needs that could include payment of dividends to its shareholders, the servicing of debt, and the payment of general corporate expenses. The primary source of liquidity for the Company is dividends paid by the Bank. Applicable federal and state statutes and regulations impose restrictions on the amount of dividends that may be paid by the Bank. In addition to the formal statutes and regulations, regulatory authorities also consider the adequacy of the Bank's total capital in relation to its assets, deposits, and other such items. Any future dividends must be set forth in the Company's capital plans before any dividends can be paid.

Management believes that the current sources of liquidity are adequate to meet the Company's requirements and plans for continued growth. See Note 6 - Borrowed Funds and Note 10 - Commitments and Contingencies, in Notes to Consolidated

Financial Statements for additional information regarding outstanding balances of sources of liquidity and contractual commitments and obligations.

Capital

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

Applicable capital rules under the Basel III Framework require the Company and the Bank to maintain minimum Common Equity Tier 1 ("CET 1"), Tier 1, and Total Capital ratios, along with a capital conservation buffer, effectively resulting in new minimum capital ratios. The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of CET 1 capital to risk-weighted assets above the minimum but below the conservation buffer (or below the combined capital conservation buffer and counter-cyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases, and compensation based on the amount of the shortfall. The Basel III Framework also provide for a "counter-cyclical capital buffer" that is applicable to only certain covered institutions and does not have any current applicability to the Company or the Bank.

Under capital adequacy guidelines and the regulatory framework for "prompt corrective action," the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Additionally, federal banking laws require regulatory authorities to take "prompt corrective action" with respect to depository institutions that do not satisfy minimum capital requirements. The extent of these powers depends upon whether the institution in question is "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," or "critically undercapitalized," as such terms are defined under federal banking agency regulations. Depository institutions that do not meet minimum capital requirements will face constraints on payment of dividends, equity repurchases, and compensation based on the amount of shortfall. A depository institution that is not "well capitalized" is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market, may be subject to asset growth limitations, and may be required to submit capital restoration plans.

As of June 30, 2026, and December 31, 2025, the Bank complied with all regulatory capital standards and qualifies as "well capitalized." Note 8 - Regulatory Capital Matters in Notes to Consolidated Financial Statements contains additional discussion and analysis regarding the Company and the Bank's regulatory capital requirements.

Effects of Inflation

The majority of assets and liabilities of a financial institution are monetary in nature; therefore, a financial institution differs greatly from most commercial and industrial companies, which have significant investments in fixed assets or inventories that are greatly impacted by inflation. However, inflation does have an important impact on the growth of total assets in the banking industry and the resulting need to increase equity capital at higher-than-normal rates in order to maintain an appropriate equity-to-assets ratio. Inflation also affects other expenses that tend to rise during periods of general inflation.

Management believes the most significant potential impact of inflation on financial results is a direct result of the Company's ability to manage the impact of changes in interest rates. Management attempts to maintain a balanced position between rate-sensitive assets and liabilities over an economic cycle in order to minimize the impact of interest rate fluctuations on net interest income. However, this goal can be difficult to completely achieve in times of rapidly changing interest rates and is one of many factors considered in determining the Company's interest rate positioning.

Key Factors Affecting Financial Performance

We face a variety of risks that may impact various aspects of our financial performance from time to time. The extent of such impacts may vary depending on factors such as the current business and economic conditions, political and regulatory environment, and operational challenges. Many of these risks and our risk management strategies are described in more detail elsewhere in this Report as well as with the audited consolidated financial statements and notes for the year ended December 31, 2025, included in our Form 10-K.

Our success will depend upon, among other things, the following factors that we manage or control:

- Effectively managing capital and liquidity, including:
    - Continuing to maintain and, over time, grow our deposit base as a low-cost stable funding source,
    - Prudent liquidity and capital management to meet evolving regulatory capital, capital planning, stress testing, and liquidity standards, and
    - Actions we take within the capital and other financial markets,
- Our ability to manage any material costs related to the execution of our strategic priorities, including increased employees, infrastructure, compliance, and other costs in a profitable manner over the long term,
- Management of credit risk and interest rate risk in our portfolio,
- Our ability to continue to attract customers and compete with other banks and financial services providers in our markets,
- Our ability to manage and implement strategic business objectives within the changing regulatory environment,
- The impact of legal and regulatory-related contingencies,
- The appropriateness of critical accounting estimates and related contingencies,
- Our ability to manage operational risks related to new products and services, changes in processes and procedures, or the implementation of new technology, and
- The ability to make investments to promote compliance with existing and evolving regulatory requirements that will increase as the Company grows and will result in increased administrative expenses that we did not previously incur, which costs may materially increase our general and administrative expenses, and
- Our success realizing the expected benefits of the LNKB Merger and integrating the operations and customers of LNKB, and continuing to efficiently satisfy the obligations associated with being a public company, all of which will require significant resources and management attention and may divert management's attention from our business operations.

Our financial performance is also substantially affected by a number of external factors outside of our control, including the following:

- Economic conditions, and volatility in markets, including the effects of pandemics, wars, political conflicts, political instability and uncertainty both in the U.S. and abroad, government spending policies, trade policies, including tariffs and tariff counter-measures, and other barriers to trade (including the threat of such actions), the availability of labor, supply chain volatility, and any actions taken to mitigate and manage such impacts;
- The actions or inactions (including assumptions about potential actions or inactions) by the Federal Reserve, U.S. Treasury, and other government agencies, including those that impact money supply and market interest rates and inflation;
- The level of, and direction, timing, and magnitude of movement in interest rates and the shape of the interest rate yield curve;
- The functioning and other performance of and availability of liquidity in U.S. and global financial markets, including capital markets;
- Changes in the competitive landscape;

- Impacts of changes in federal, state, and local governmental policy, including on the regulatory landscape, capital markets, employment and unemployment levels in our markets, taxes, infrastructure spending, and social programs;
- The effect of climate change on our business and performance, including indirectly through impacts on our customers;
- The impact of market credit spreads on asset valuations;
- The ability of customers, counterparties, and issuers to perform in accordance with contractual terms and the resulting impact on our asset quality;
- Loan demand, utilization of credit commitments, and standby letters of credit; and
- The impact on customers and changes in customer behavior due to changing business and economic conditions or regulatory or legislative initiatives.

Risks related to these items, where material to the Company's business, are discussed in the applicable sections of this Management's Discussion and Analysis of Financial Condition and Results of Operation. For additional information on the risks we face, see Part II, Item 1A. - Risk Factors.

Supervision and Regulation Update

As a result of the LNKB Merger, as of May 1, 2026, we have total consolidated assets of $11.0 billion, compared to $7.9 billion as of December 31, 2025. The increase in the size of our assets will lead to additional scrutiny from governmental authorities. Banks with $10 billion or more in total assets are, among other things: examined directly by the Consumer Financial Protection Bureau (the "CFPB") with respect to various federal consumer financial laws; subject to reduced dividends on any holdings of Federal Reserve Bank of Richmond common stock; subject to limits on interchange fees pursuant to Section 920 of the Electronic Funds Transfer Act (known as the Durbin Amendment); no longer treated as a "small institution" for FDIC deposit insurance assessment purposes; and no longer eligible to elect to be subject to the Community Bank Leverage Ratio. Compliance with these additional ongoing requirements may necessitate additional personnel, the design and implementation of additional internal controls, and the incurrence of significant expenses, which could have a significant adverse effect on the Company's financial condition or results of operations.

The Durbin Amendment. The Federal Reserve's regulations implementing the Durbin Amendment cap the maximum permissible interchange fee for covered issuers at $0.21 per transaction plus 5 basis points multiplied by the value of the transaction, with an additional $0.01 per transaction for issuers that implement policies and procedures reasonably designed to achieve certain fraud-prevention standards. Prior to crossing the $10 billion threshold, the Bank was exempt from these interchange fee limitations. Beginning July 1, 2027, the Bank will become subject to the Durbin Amendment's interchange fee limitations, which will reduce the interchange income we receive on debit card transactions. While we are still evaluating the full impact, we expect the Durbin Amendment to result in a meaningful reduction in our debit card interchange revenue. We are exploring strategies to mitigate this impact, including reviewing our deposit product pricing and fee structures.

CFPB Supervision. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the CFPB has examination and primary enforcement authority over insured depository institutions with more than $10 billion in assets for compliance with federal consumer financial laws. As a result of crossing this threshold, the Bank is now subject to CFPB supervision, which includes periodic examinations by the CFPB. The CFPB has broad rulemaking authority over consumer financial products and services. CFPB supervision may result in increased compliance costs, require changes to certain of our business practices, and subject us to potential enforcement actions or penalties if we are found to be in violation of federal consumer financial laws.

FDIC Insurance. For institutions with greater than $10 billion in assets, deposit insurance pricing is based on a supervisory rating system designed to take into account and reflect all financial and operational risks that a bank may face, including capital adequacy, asset quality, management capability, earnings, liquidity, and sensitivity to market risk ("CAMELS"), in addition to financial measures used to estimate an institution's ability to withstand asset-related and funding-related stress, and a measure of loss severity that estimates the relative magnitude of potential losses to the FDIC in the event of the institution’s failure. Banks with $10 billion or more in total assets may be subject to assessments or increases in premiums from time to time if the FDIC needs to replenish the Deposit Insurance Fund to required levels.

For additional information regarding the effects and risks associated with crossing the $10 billion asset threshold, see Supervision and Regulation and Risk Factors in our Form 10-K for the year ended December 31, 2025.

Selected Financial Data

The following table contains selected historical consolidated financial data as of the dates and for the periods shown. The selected balance sheet data as of June 30, 2026, and June 30, 2025, and the selected income statement data for the three and six months ended June 30, 2026, and June 30, 2025, have been derived from our consolidated financial statements included elsewhere in this Form 10-Q and in other filings we have submitted with the SEC and should be read in conjunction with the other information contained in this Form 10-Q.

(In thousands, except ratios, share and per share data)	For the Period Ended June 30, 2026	For the Period Ended June 30, 2025
Selected Financial Condition Data:		
Total assets	$ 10,991,300	$ 8,053,084
Total cash and cash equivalents	167,153	325,146
Total investment securities, at fair value	1,963,038	1,522,611
Net loans	7,905,295	5,523,201
Company-owned life insurance	269,046	182,181
Premises and equipment, net	150,698	133,997
Total deposits	8,968,082	6,390,974
Short-term borrowings	525,000	650,000
Total shareholders' equity	1,202,179	780,018
Common shareholders' equity	1,191,766	769,605

	As of or for the Three Months Ended June 30,		As of or for the Six Months Ended June 30,	
	2026	2025	2026	2025
Selected Operating Data:				
Interest income	$ 136,987	$ 111,858	$ 242,443	$ 222,644
Interest expense	43,945	37,625	77,558	75,424
Net interest income	93,042	74,233	164,885	147,220
Provision for credit losses	1,379	624	1,391	1,125
Total non-interest income	13,849	12,877	26,702	22,900
Total non-interest expenses	93,506	49,305	144,887	98,969
Income before income taxes	12,006	37,181	45,309	70,026
Income tax expense	2,524	7,284	8,478	12,928
Preferred stock dividends	225	225	450	450
Net income applicable to common shares	9,257	29,672	36,381	56,648
Per Share Data:				
Average shares of common stock outstanding, basic	18,416,204	14,998,857	16,736,101	14,987,732
Average shares of common stock outstanding, diluted	18,499,030	15,023,807	16,842,735	15,021,229
Total shares of common stock outstanding	20,165,171	15,007,712	20,165,171	15,007,712
Basic net income per common share	$ 0.50	$ 1.98	$ 2.17	$ 3.78
Diluted net income per common share	0.50	1.97	2.16	3.77
Dividends declared per common share	0.55	0.55	1.10	1.10
Common stock dividend payout ratio [(1)]	110.00 %	27.92 %	50.93 %	29.18 %
Book value per common share (at period end)	$ 59.10	$ 51.28	$ 59.10	$ 51.28

	As of or for the Three Months Ended June 30,		As of or for the Six Months Ended June 30,	
	2026	2025	2026	2025
Performance Ratios:				
Return on average assets	0.37 %	1.51 %	0.82 %	1.46 %
Return on average common equity [2]	3.52	15.71	7.66	15.25
Interest rate spread [3]	3.55	3.57	3.54	3.56
Net interest margin [4]	4.15	4.17	4.12	4.17
Efficiency ratio [5]	87.48	56.60	75.62	58.18
Capital Ratios:				
Common equity tier 1 (CET 1) capital to risk-weighted assets	11.78 %	12.22 %	11.78 %	12.22 %
Total risk-based capital to risk-weighted assets	14.43	15.27	14.43	15.27
Tier 1 capital to risk-weighted assets	12.08	12.65	12.08	12.65
Tier 1 capital to average assets (leverage ratio)	11.07	10.42	11.07	10.42
Asset Quality Ratios:				
Allowance coverage ratio	1.18 %	1.20 %	1.18 %	1.20 %
Allowance for credit losses as a percentage of non-performing loans	99.12	78.63	99.12	78.63
Net charge-offs to average outstanding loans during the period	0.02	0.02	0.02	0.04
Non-performing loans as a percentage of total loans	1.19	1.53	1.19	1.53
Non-performing assets as a percentage of total assets	0.89	1.10	0.89	1.10
Other Data:				
Number of full-service branches	105	77	105	77
Number of full-time equivalent employees	1,051	819	1,051	819

(1) The dividend payout ratio represents per share dividends declared divided by diluted earnings per share.

(2) Return on average common equity computed using total average common equity at period-end.

(3) The interest rate spread represents the difference between the fully taxable-equivalent weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.

(4) The net interest margin represents fully taxable-equivalent net interest income as a percent of average interest-earning assets for the period.

(5) The efficiency ratio represents non-interest expense as a percentage of the sum of net interest income and non-interest income.

Results of Operations for the Six Months Ended June 30, 2026, and June 30, 2025

General

Net income applicable to common shares for the six months ended June 30, 2026, was $36.4 million, compared to net income applicable to common shares of $56.6 million during the six months ended June 30, 2025. The $20.3 million decrease in net income applicable to common shares was primarily the result of an increase in merger-related expenses for the six months ended June 30, 2026, compared to the six months ended June 30, 2025.

Net interest income increased by $17.7 million to $164.9 million for the six months ended June 30, 2026, compared to $147.2 million for the six months ended June 30, 2025. The main driver for this increase was the impact of the LNKB Merger which resulted in an increase in the balance of interest-earning assets, in excess of the increase in interest-bearing liabilities.

For the six months ended June 30, 2026, the Company recorded credit provision expense of $1.4 million compared to a provision of $1.1 million, which was a small increase compared to the six months ended June 30, 2025. For the six months ended June 30, 2026, the provision for off-balance sheet credit exposures was $2.0 million, compared to a recovery of $492.0 thousand, for the six months ended June 30, 2025.

Non-interest income increased by $3.8 million, or 16.6%, to $26.7 million for the six months ended June 30, 2026, compared to $22.9 million for the six months ended June 30, 2025. All categories of non-interest income increased except service charges and fees and net (losses) gains on securities for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The increases in income from fiduciary and wealth management income was driven by the acquisition of Burke & Herbert Wealth Services, LLC, while increases in company-owned life insurance, bank debit and other card revenue and other non-interest income were driven by the LNKB Merger, for the six months ended June 30, 2026, compared to the six months ended June 30, 2025.

Non-interest expense increased by $45.9 million, or 46.4%, to $144.9 million for the six months ended June 30, 2026, compared to $99.0 million for the six months ended June 30, 2025. The increase was primarily due to the effect of the LNKB Merger and included higher legal, consulting, audit, investment banking, software contract terminations, and change-in-control salary and benefit payments for the six months ended June 30, 2026, compared to the six months ended June 30, 2025.

Net Interest Income and Net Interest Margin

Net interest income is the principal component of the Company’s income stream and represents the difference, or spread, between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Net interest margin, stated as a percentage, is the yield obtained by dividing the difference between interest income generated on earning assets and the interest expense paid on all funding sources by average earning assets.

Fluctuations in interest rates as well as changes in the volume and mix of earning assets and interest-bearing liabilities can impact net interest income and net interest margin. Management closely monitors both total net interest income and the net interest margin and seeks to maximize net interest income without exposing the Company to an excessive level of interest rate risk through our asset and liability policies. Interest rate risk is managed by monitoring the pricing, maturity and repricing options of all classes of interest-bearing assets and liabilities.

Net interest income totaled $164.9 million for the six months ended June 30, 2026, compared to $147.2 million for the six months ended June 30, 2025. The increase in net interest income was primarily driven by the LNKB Merger and results reflecting higher average balances of interest-earning assets in excess of the higher average balances of interest-bearing liabilities. Accretion income associated with acquired loans totaled $16.1 million for the six months ended June 30, 2026, compared to $23.0 million for the six months ended June 30, 2025. Amortization expense associated with fair value marks for time deposits, subordinated debt, and trust preferred securities totaled $2.9 million for the six months ended June 30, 2026, compared to $3.6 million for the six months ended June 30, 2025.

The tax-adjusted net interest margin was 4.12% for the six months ended June 30, 2026, compared to 4.17% for the six months ended June 30, 2025. The decrease in tax-adjusted net interest margin was primarily driven by lower accretion income and the acquisition of lower yielding loans from the LNKB Merger which led to lower rates on interest-earning assets.

The yield for the taxable loan portfolio was 6.58% for the six months ended June 30, 2026, compared to 6.93% for the six months ended June 30, 2025. The decrease was primarily the result of an increase in the balance of lower yielding loans due to the LNKB Merger, as well as lower accretion income for the six months ended June 30, 2026 compared to the six months ended June 30, 2025.

The tax-adjusted yield on the total investment securities portfolio was 4.23% for the six months ended June 30, 2026, compared to 3.90% for the six months ended June 30, 2025. The increase was mainly due to higher yields through reinvestment in our securities portfolio as well as an increase in balances due to the LNKB Merger.

The rate on interest-bearing deposits decreased to 2.21% during the six months ended June 30, 2026, from 2.47% during the six months ended June 30, 2025. The decrease was primarily due to the LNKB Merger which resulted in an increase in lower rate deposits and decreases in interest rates across the different categories of deposit liabilities as well as decreases in market rates.

The rate on our short-term borrowings for the six months ended June 30, 2026, was 3.70%, compared to 3.90% for the six months ended June 30, 2025. The decrease was due to decreases in the Federal Funds Rate and other short-term market rates and the addition of derivative swaps that decreased our cost of borrowing. The rate on our subordinated debt was 9.68% for the six months ended June 30, 2026, compared to 9.73% for the six months ended June 30, 2025.

The following table sets forth the major components of net interest income and the related yields and rates for the six months ended June 30, 2026, and June 30, 2025, for comparison (dollars in thousands).

	For the Six Months Ended June 30,					
	2026			2025		
	Average Outstanding Balance	Interest Income/Expense	Average Yield / Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield / Rate
Assets:						
Loans, gross [1][2]	$ 6,273,708	$ 204,853	6.58 %	$ 5,639,518	$ 193,834	6.93 %
Tax-exempt loans [1][2]	3,704	120	6.53	3,896	113	5.85
Total loans	6,277,412	204,973	6.58	5,643,414	193,947	6.93
Interest-earning deposits and fed funds sold	69,941	1,307	3.77	61,175	1,528	5.04
Taxable AFS securities and other securities [3]	1,133,024	22,501	4.00	1,049,405	19,987	3.84
Tax-exempt AFS securities [3][4]	763,889	17,325	4.57	454,792	9,121	4.04
Total securities	1,896,913	39,826	4.23	1,504,197	29,108	3.90
Total interest-earning assets	8,244,266	246,106	6.02	7,208,786	224,583	6.28
Non-interest-earning assets	722,622			606,857		
Total assets	$ 8,966,888			$ 7,815,643		
Liabilities and shareholders' equity:						
Deposits:						
Non-interest-bearing demand	$ 1,568,762			$ 1,362,148		
Interest-bearing demand	2,497,731	24,355	1.97 %	2,227,735	24,135	2.18 %
Money market & savings	1,891,909	17,810	1.90	1,640,864	16,406	2.02
Brokered CDs & time deposits	1,233,904	19,573	3.20	1,213,305	21,741	3.61
Total interest-bearing deposits	5,623,544	61,738	2.21	5,081,904	62,282	2.47
Total deposits	7,192,306	61,738	1.73	6,444,052	62,282	1.95
Borrowings:						
Short-term borrowings and other	575,628	10,561	3.70	397,346	7,683	3.90
Subordinated debt borrowings	109,565	5,259	9.68	113,102	5,459	9.73
Total interest-bearing liabilities	6,308,737	77,558	2.48	5,592,352	75,424	2.72
Non-interest-bearing liabilities	121,057			101,798		
Equity	968,332			759,345		
Total liabilities and equity	$ 8,966,888			$ 7,815,643		
Taxable-equivalent net interest income /net interest spread [5]		168,548	3.54 %		149,159	3.56 %
Taxable-equivalent net interest margin [6]			4.12 %			4.17 %
Taxable-equivalent net adjustment		(3,663)			(1,939)	
Net interest income		$ 164,885			$ 147,220	
Net interest-earning assets	$ 1,935,529			$ 1,616,434		

(1) Non-accrual loans are included in average loan balances.

(2) Loan fees are included in the calculation of interest income.

(3) Calculated based on fair value of investment securities.

(4) Yields and interest income on tax-exempt assets are computed on a taxable-equivalent basis assuming a 21% tax rate.

(5) The interest rate spread represents the difference between the fully taxable-equivalent weighted-average yield on interest-earning assets and the weighted-average rate of interest-bearing liabilities for the period.

(6) The net interest margin represents FTE net interest income as a percent of average interest-earning assets for the period.

Taxable-equivalent net interest margin, as presented above, is calculated by dividing FTE net interest income by total average earning assets. Net interest income, on an FTE basis, is a non-GAAP financial measure that the Company believes provides a more accurate picture of the interest margin for comparative purposes. Management believes FTE net interest income is a standard practice in the banking industry, and when net interest income is adjusted on an FTE basis, yields on taxable, nontaxable, and partially taxable assets are comparable; however, the adjustment to an FTE basis has no impact on net income. FTE net interest income is calculated by adding the tax benefit on certain financial interest-earning assets, whose interest is tax-exempt, to total interest income then subtracting total interest expense. As a non-GAAP measure, FTE net interest income should not be considered as a substitute for the nearest comparable GAAP measure, net interest income. Net interest income shown elsewhere in this presentation is GAAP net interest income. The following table reconciles GAAP net interest income to FTE net interest income (in thousands).

	Six Months Ended	
	June 30, 2026	**June 30, 2025**
GAAP Financial Measurements		
Interest income - Loans	$ 204,853	$ 193,834
Interest income - Tax-exempt loans	95	89
Interest income - Taxable AFS securities and other securities	21,087	18,790
Interest income - Tax-exempt AFS securities	13,687	7,206
Interest income - Other interest income	2,721	2,725
Total Interest Income	242,443	222,644
Interest expense - Deposits	61,738	62,282
Interest expense - Borrowed funds	10,487	7,630
Interest expense - Subordinated debt	5,259	5,459
Interest expense - Other	74	53
Total interest expense	77,558	75,424
Total net interest income	$ 164,885	$ 147,220
Non-GAAP Financial Measurements		
Add: Tax benefit on tax-exempt interest income	$ 3,663	$ 1,939
Total tax benefit on tax-exempt interest income (1)	3,663	1,939
Tax-equivalent net interest income	$ 168,548	$ 149,159

(1) Tax benefit was calculated using the federal statutory tax rate of 21%.

Yield/Rate and Volume Analysis

The following table sets forth the dollar difference in interest earned and paid for each major category of interest-earning assets and interest-bearing liabilities for the noted periods and the amount of such change attributable to changes in average balances (volume) or changes in average interest rates. Interest income and interest expense for the six months ended June 30, 2026, and June 30, 2025, are annualized using actual days over calendar year method. Volume variances are equal to the increase or decrease in average balance multiplied by current period rates, and rate variances are equal to the increase or decrease in rate times prior period average balances. Variances attributable to both rate and volume changes are calculated by multiplying the change in rate by the change in average balance and are allocated to the volume variance. See table below (in thousands).

	Six Months Ended June 30, 2026 vs June 30, 2025		
	Increase (Decrease) Due to Change in:		
	Average Volume	Average Rate	Net Change
Income from the interest-earning assets:			
Loans[(1)], gross	$ 21,921	$ (10,895)	$ 11,026
AFS Securities and other securities (1)	7,614	3,104	10,718
Interest bearing deposits and fed funds sold	219	(440)	(221)
Total interest income on interest-earning assets	29,754	(8,231)	21,523
Expense from the interest-bearing liabilities:			
Interest-bearing demand deposits	2,821	(2,601)	220
Money market & savings	2,530	(1,126)	1,404
Brokered CDs & time deposits	369	(2,537)	(2,168)
Total interest expense on interest-bearing deposits	5,720	(6,264)	(544)
Borrowings			
Short-term borrowings	3,449	(571)	2,878
Subordinated debt and other	(186)	(14)	(200)
Total borrowings	3,263	(585)	2,678
Total interest expense on interest-bearing liabilities	8,983	(6,849)	2,134
Taxable-equivalent net interest income	$ 20,771	$ (1,382)	$ 19,389

(1) Yields and interest income on tax-exempt loans and securities have been computed on a taxable-equivalent basis.

Interest Income

Total interest income was $242.4 million for the six months ended June 30, 2026, compared to $222.6 million for the six months ended June 30, 2025, an increase of 8.9%. The increase in interest income was primarily due to the LNKB Merger and an increase in the balance of interest-earning assets, partially offset by a decrease in accretion income, when compared to the six months ended June 30, 2025. Interest income on loans increased by $11.0 million and interest income on securities increased $8.8 million, for the six months ended June 30, 2026, compared to the six months ended June 30, 2025, primarily due to a higher volume of interest earning assets and higher reinvestment rates in our securities portfolio. Accretion income associated with acquired loans totaled $16.1 million for the six months ended June 30, 2026, compared to $23.0 million for the six months ended June 30, 2025.

Interest Expense

Total interest expense was $77.6 million for the six months ended June 30, 2026, compared to $75.4 million for the six months ended June 30, 2025. The increase in interest expense was due to results that reflect an increase in interest-bearing liabilities due to the LNKB Merger, partially offset by lower rates on interest-bearing liabilities. Interest expense on interest-bearing deposits decreased by $544.0 thousand for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. Interest on subordinated debt was $5.3 million for the six months ended June 30, 2026, compared to $5.5 million for the six months ended June 30, 2025. Interest expense on short-term borrowings totaled $10.5 million for the six months ended June 30, 2026, compared to $7.6 million for the six months ended June 30, 2025. Amortization expense associated with fair value marks for time deposits, subordinated debt, and trust preferred securities totaled $2.9 million for the six months ended June 30, 2026, compared to $3.6 million for the six months ended June 30, 2025.

Provision for Credit Losses

The provision for credit losses was $1.4 million for the six months ended June 30, 2026, which was a small increase compared to a provision of $1.1 million for the six months ended June 30, 2025. For the six months ended June 30, 2026, the provision for off-balance sheet credit exposures was $2.0 million, compared to a recovery of $492.0 thousand, compared to the six months ended June 30, 2025. See Note 4 - Allowance for Credit Losses in Notes to Consolidated Financial Statements for further information.

Non-interest Income

The following table sets forth the various components of our non-interest income for the periods indicated (in thousands):

	Six months ended June 30,		Increase (Decrease)	
	2026	2025	Amount	Percent
Fiduciary and wealth management	$ 6,327	$ 4,868	$ 1,459	30.0 %
Service charges and fees	4,141	4,308	(167)	(3.9)
Net gains (losses) on securities	(69)	39	(108)	(276.9)
Income from company-owned life insurance	4,686	4,175	511	12.2
Bank debit and other card revenue	6,256	5,908	348	5.9
Other non-interest income	5,361	3,602	1,759	48.8
Total	$ 26,702	$ 22,900	$ 3,802	16.6 %

Non-interest income increased 16.6% for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. All categories of non-interest income increased except service charges and fees and net (losses) gains on securities increased for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The increases in income from company-owned life insurance, bank debit and other card revenue and other non-interest income were driven by the LNKB Merger, while the increase in fiduciary and wealth management income was driven by the acquisition of Burke & Herbert Wealth Services, LLC.

The largest percentage increase included a $1.8 million increase in other non-interest income for the six months ended June 30, 2026, compared to the six months ended June 30, 2025, driven by increases in the utilization of services and fees in other non-interest income categories. The $1.5 million increase in fiduciary and wealth management income was driven by the acquisition of Burke & Herbert Wealth Services, LLC and the corresponding increase in wealth and fiduciary services in connection with such acquisition for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. Net (losses) gains on securities decreased $108.0 thousand, and was driven by an increase in sales in our AFS securities portfolio for the six months ended June 30, 2026, compared to the six months ended June 30, 2025.

Non-interest Expense

The following table sets forth the various components of our non-interest expense for the periods indicated (in thousands):

	Six months ended June 30,		Increase (Decrease)	
	2026	2025	Amount	Percent
Salaries and wages	$ 62,791	$ 42,261	$ 20,530	48.6 %
Pensions and other employee benefits	11,157	9,203	1,954	21.2
Occupancy	10,681	7,566	3,115	41.2
Equipment rentals, depreciation and maintenance	11,122	8,184	2,938	35.9
Core deposit intangible amortization	9,214	8,186	1,028	12.6
ATM, card, and network expense	2,523	2,446	77	3.1
FDIC and other regulatory assessments	2,716	2,002	714	35.7
Other operating	34,683	19,121	15,562	81.4
Total	$ 144,887	$ 98,969	$ 45,918	46.4 %

Non-interest expense increased $45.9 million, or 46.4%, for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. Increases were noted in every non-interest expense category and were driven by the effect of the LNKB Merger and merger expenses which included higher legal, consulting, audit, investment banking, software contract terminations, and change-in-control salary and benefit payments for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. The largest dollar increase for the six months ended June 30, 2026 compared to the six months ended June 30, 2025 was $20.5 million for salaries and wages, mostly driven by change-in-control salary and benefit payments and a larger company-wide headcount due to the LNKB Merger. See Note 13 — Other Operating Expense in Notes to Consolidated Financial Statements for further information on “Other” non-interest expense.

Income Tax Expense

Income tax expense was $8.5 million for the six months ended June 30, 2026, a decrease of $4.5 million from income tax expense for the six months ended June 30, 2025. The decrease was due to the decrease in income before income taxes for the six months ended June 30, 2026, when compared to the six months ended June 30, 2025. For the six months ended June 30, 2026, the effective tax rate was 18.7%, while the effective tax rate was 18.5% for June 30, 2025.

Results of Operations for the Three Months Ended June 30, 2026, and June 30, 2025

General

Net income applicable to common shares for the three months ended June 30, 2026, was $9.3 million, compared to net income applicable to common shares of $29.7 million during the three months ended June 30, 2025. The $20.4 million decrease in net income applicable to common shares was primarily the result of an increase in merger-related expenses for the three months ended June 30, 2026, compared to the three months ended June 30, 2025.

Net interest income increased by $18.8 million to $93.0 million for the three months ended June 30, 2026, compared to $74.2 million for the three months ended June 30, 2025. The main driver for this increase was the impact of the LNKB Merger which resulted in an increase in the balance of interest-earning assets, in excess of the increase in interest-bearing liabilities.

For the three months ended June 30, 2026, the Company recorded credit provision expense of $1.4 million compared to a provision of $624.0 thousand, which was a small increase compared to the three months ended June 30, 2025. For the three months ended June 30, 2026, the provision for off-balance sheet credit exposures was $2.2 million, compared to a recovery of $93.0 thousand for the three months ended June 30, 2025.

Non-interest income increased by $1.0 million, or 7.5%, to $13.8 million for the three months ended June 30, 2026, compared to $12.9 million for the three months ended June 30, 2025. All categories of non-interest income increased except net (losses) gains on securities, primarily due to the impact of the LNKB Merger, for the three months ended June 30, 2026, compared to the three months ended June 30, 2025.

Non-interest expense increased by $44.2 million, or 89.6%, to $93.5 million for the three months ended June 30, 2026, as compared to $49.3 million for the three months ended June 30, 2025. The increase was primarily due to the effect of the LNKB Merger and included higher legal, consulting, audit, investment banking, software contract terminations, and change-in-control salary and benefit payments for the three months ended June 30, 2026, compared to the three months ended June 30, 2025.

Net Interest Income and Net Interest Margin

Net interest income is the principal component of the Company's income stream and represents the difference, or spread, between interest and fee income generated from earning assets and the interest expense paid on deposits and borrowed funds. Net interest margin, stated as a percentage, is the yield obtained by dividing the difference between interest income generated on earning assets and the interest expense paid on all funding sources by average earning assets.

Fluctuations in interest rates as well as changes in the volume and mix of earning assets and interest-bearing liabilities can impact net interest income and net interest margin. Management closely monitors both total net interest income and the net interest margin and seeks to maximize net interest income without exposing the Company to an excessive level of interest rate risk through our asset and liability policies. Interest rate risk is managed by monitoring the pricing, maturity and repricing options of all classes of interest-bearing assets and liabilities.

Net interest income totaled $93.0 million for the three months ended June 30, 2026, compared to $74.2 million for the three months ended June 30, 2025. The increase in net interest income was primarily driven by the LNKB Merger and results reflect higher average balances of interest-earning assets in excess of the higher average balances of interest-bearing liabilities. Accretion income associated with acquired loans totaled $9.3 million for the three months ended June 30, 2026, compared to $11.5 million for the three months ended June 30, 2025. Amortization expense associated with fair value marks for time deposits, subordinated debt, and trust preferred securities totaled $1.5 million for the three months ended June 30, 2026, compared to $1.4 million for the three months ended June 30, 2025.

The tax-adjusted net interest margin was 4.15% for the three months ended June 30, 2026, compared to 4.17% for the three months ended June 30, 2025. The decrease in tax-adjusted net interest margin was primarily driven by the LNKB Merger and the acquisition of additional lower yielding loans which led to lower rates on interest-earning assets and lower accretion income when compared to the three months ended June 30, 2025.

The yield for the taxable loan portfolio was 6.54% for the three months ended June 30, 2026, compared to 6.90% for the three months ended June 30, 2025. The decrease was primarily the result of an increase in the balance of lower yielding loans due to the LNKB Merger, as well as lower accretion income for three months ended June 30, 2026 compared to the three months ended June 30, 2025.

The tax-adjusted yield on the total investment securities portfolio was 4.41% for the three months ended June 30, 2026, compared to 3.95% for the three months ended June 30, 2025. The increase was due to higher yields in our investment portfolio as well as an increase in balances due to the LNKB Merger for the three months ended June 30, 2026, compared to the three months ended June 30, 2025.

The rate on interest-bearing deposits decreased to 2.25% during the three months ended June 30, 2026, from 2.41% during the three months ended June 30, 2025. The decrease was primarily due to the LNKB Merger which resulted in an increase in lower rate deposits and decreases in interest rates across the different categories of deposit liabilities as well as decreases in market rates.

The rate on our short-term borrowings for the three months ended June 30, 2026, was 3.64%, compared to 3.91% for the three months ended June 30, 2025. The decrease was due to decreases in the Federal Funds Rate and other short-term market rates and the addition of derivative swaps that decreased our cost of borrowing. The rate on our subordinated debt was 9.16% for the three months ended June 30, 2026, compared to 9.62% for the three months ended June 30, 2025.

The following table sets forth the major components of net interest income and the related yields and rates for the three months ended June 30, 2026, and June 30, 2025, for comparison (dollars in thousands).

	For the Three Months Ended June 30,					
	2026			2025		
	Average Outstanding Balance	Interest Income/Expense	Average Yield / Rate	Average Outstanding Balance	Interest Income/Expense	Average Yield / Rate
Assets:						
Loans, gross [1][2]	$ 7,156,639	$ 116,770	6.54 %	$ 5,627,236	$ 96,803	6.90 %
Tax-exempt loans [1][2]	4,497	69	6.15	3,737	55	5.90
Total loans	7,161,136	116,839	6.54	5,630,973	96,858	6.90
Interest-earning deposits and fed funds sold	69,525	569	3.28	81,369	950	4.68
Taxable AFS securities and other securities [3]	1,137,512	11,988	4.23	1,059,310	10,123	3.83
Tax-exempt AFS securities [3][4]	830,459	9,627	4.65	476,586	4,986	4.20
Total securities	1,967,971	21,615	4.41	1,535,896	15,109	3.95
Total interest-earning assets	9,198,632	139,023	6.06	7,248,238	112,917	6.25
Non-interest-earning assets	811,851			615,947		
Total assets	$ 10,010,483			$ 7,864,185		
Liabilities and shareholders' equity:						
Deposits:						
Non-interest-bearing demand	$ 1,802,833			$ 1,352,785		
Interest-bearing demand	2,706,931	13,194	1.96 %	2,239,100	12,318	2.21 %
Money market & savings	2,106,402	10,252	1.95	1,648,338	8,268	2.01
Brokered CDs & time deposits	1,421,123	11,572	3.27	1,173,213	9,845	3.37
Total interest-bearing deposits	6,234,456	35,018	2.25	5,060,651	30,431	2.41
Total deposits	8,037,289	35,018	1.75	6,413,436	30,431	1.90
Borrowings:						
Short-term borrowings and other	653,886	5,937	3.64	457,775	4,464	3.91
Subordinated debt borrowings	130,913	2,990	9.16	113,813	2,730	9.62
Total interest-bearing liabilities	7,019,255	43,945	2.51	5,632,239	37,625	2.68
Non-interest-bearing liabilities	124,480			111,394		
Equity	1,063,915			767,767		
Total liabilities and equity	$ 10,010,483			$ 7,864,185		
Taxable-equivalent net interest income /net interest spread [5]		95,078	3.55 %		75,292	3.57 %
Taxable-equivalent net interest margin [6]			4.15 %			4.17 %
Taxable-equivalent net adjustment		(2,036)			(1,059)	
Net interest income		$ 93,042			$ 74,233	
Net interest-earning assets	$ 2,179,377			$ 1,615,999		

(1) Non-accrual loans are included in average loan balances.

(2) Loan fees are included in the calculation of interest income.

(3) Calculated based on fair value of investment securities.

(4) Yields and interest income on tax-exempt assets are computed on a taxable-equivalent basis assuming a 21% tax rate.

(5) The interest rate spread represents the difference between the fully taxable-equivalent weighted-average yield on interest-earning assets and the weighted-average rate of interest-bearing liabilities for the period.

(6) The net interest margin represents FTE net interest income as a percent of average interest-earning assets for the period.

Taxable-equivalent net interest margin, as presented above, is calculated by dividing FTE net interest income by total average earning assets. Net interest income, on an FTE basis, is a non-GAAP financial measure that the Company believes provides a more accurate picture of the interest margin for comparative purposes. Management believes FTE net interest income is a standard practice in the banking industry, and when net interest income is adjusted on an FTE basis, yields on taxable, nontaxable, and partially taxable assets are comparable; however, the adjustment to an FTE basis has no impact on net income. FTE net interest income is calculated by adding the tax benefit on certain financial interest-earning assets, whose interest is tax-exempt, to total interest income then subtracting total interest expense. As a non-GAAP measure, FTE net interest income should not be considered as a substitute for the nearest comparable GAAP measure, net interest income. Net interest income shown elsewhere in this presentation is GAAP net interest income. The following table reconciles GAAP net interest income to FTE net interest income (in thousands).

	Three Months Ended	
	June 30, 2026	**June 30, 2025**
GAAP Financial Measurements		
Interest income - Loans	$ 116,770	$ 96,803
Interest income - Tax-exempt loans	55	43
Interest income - Taxable AFS securities and other securities	11,329	9,303
Interest income - Tax-exempt AFS securities	7,605	3,939
Interest income - Other interest income	1,228	1,770
Total Interest Income	136,987	111,858
Interest expense - Deposits	35,018	30,431
Interest expense - Borrowed funds	5,897	4,438
Interest expense - Subordinated debt	2,990	2,730
Interest expense - Other	40	26
Total interest expense	43,945	37,625
Total net interest income	$ 93,042	$ 74,233
Non-GAAP Financial Measurements		
Add: Tax benefit on tax-exempt interest income	$ 2,036	$ 1,059
Total tax benefit on tax-exempt interest income [1]	2,036	1,059
Tax-equivalent net interest income	$ 95,078	$ 75,292

(1) Tax benefit was calculated using the federal statutory tax rate of 21%.

Yield/Rate and Volume Analysis

The following table sets forth the dollar difference in interest earned and paid for each major category of interest-earning assets and interest-bearing liabilities for the noted periods and the amount of such change attributable to changes in average balances (volume) or changes in average interest rates. Interest income and interest expense for the three months ended June 30, 2026, and June 30, 2025, are annualized using actual days over calendar year method. Volume variances are equal to the increase or decrease in average balance multiplied by current period rates, and rate variances are equal to the increase or decrease in rate times prior period average balances. Variances attributable to both rate and volume changes are calculated by multiplying the change in rate by the change in average balance and are allocated to the volume variance. See table below (in thousands).

	Three Months Ended June 30, 2026 vs June 30, 2025		
	Increase (Decrease) Due to Change in:		
	Average Volume	**Average Rate**	**Net Change**
Income from the interest-earning assets:			
Loans, gross	$ 26,408	$ (6,427)	$ 19,981
Securities [(1)]	4,249	2,257	6,506
Interest bearing deposits and fed funds sold	(138)	(243)	(381)
Total interest income on interest-earning assets	30,519	(4,413)	26,106
Expense from the interest-bearing liabilities:			
Interest-bearing demand deposits	2,563	(1,687)	876
Money market & savings	2,299	(315)	1,984
Brokered CDs & time deposits	2,081	(354)	1,727
Total interest expense on interest-bearing deposits	6,943	(2,356)	4,587
Borrowings			
Short-term borrowings	1,913	(440)	1,473
Subordinated debt and other	410	(150)	260
Total borrowings	2,323	(590)	1,733
Total interest expense on interest-bearing liabilities	9,266	(2,946)	6,320
Taxable-equivalent net interest income	$ 21,253	$ (1,467)	$ 19,786

(1) Yields and interest income on tax-exempt loans and securities have been computed on a taxable-equivalent basis.

Interest Income

Total interest income was $137.0 million for the three months ended June 30, 2026, compared to $111.9 million for the three months ended June 30, 2025, an increase of 22.5%. The increase in interest income was primarily due to the LNKB Merger and an increase in the balance of interest-earning assets, partially offset by a decrease in accretion income when compared to the three months ended June 30, 2025. Interest income on loans increased by $20.0 million and interest income on securities increased $5.7 million, for the three months ended June 30, 2026, compared to the three months ended June 30, 2025, primarily due to the LNKB Merger. Accretion income associated with acquired loans totaled $9.3 million for the three months ended June 30, 2026, compared to $11.5 million for the three months ended June 30, 2025.

Interest Expense

Total interest expense was $43.9 million for the three months ended June 30, 2026, compared to $37.6 million for the three months ended June 30, 2025. The increase in interest expense was due to results that reflect an increase in interest-bearing liabilities due to the LNKB Merger, partially offset by lower rates on interest-bearing liabilities. Interest expense on interest-bearing deposits increased by $4.6 million for the three months ended June 30, 2026, compared to the three months ended June 30, 2025, due to higher balances from the LNKB Merger and an increase in deposit gathering. Interest on subordinated debt was $3.0 million for the three months ended June 30, 2026, compared to $2.7 million for the three months ended June 30, 2025. Interest expense on short-term borrowings amounted to $5.9 million for the three months ended June 30, 2026, compared to $4.4 million for the three months ended June 30, 2025, due to higher average balances. Amortization expense associated with fair value marks for time deposits, subordinated debt, and trust preferred securities totaled $1.5 million for the three months ended June 30, 2026, compared to $1.4 million for the three months ended June 30, 2025.

Provision for (Recapture of) Credit Losses

The provision for credit losses was $1.4 million for the three months ended June 30, 2026, which was a small increase compared to a provision of $624.0 thousand for the three months ended June 30, 2025. For the three months ended June 30, 2026, the provision for off-balance sheet credit exposures was $2.2 million, compared to a recovery of $93.0 thousand for the three months ended June 30, 2025. See Note 4 - Allowance for Credit Losses in Notes to Consolidated Financial Statements for further information.

Non-interest Income

The following table sets forth the various components of our non-interest income for the periods indicated (in thousands):

	Three months ended June 30,		Increase (Decrease)	
	2026	2025	Amount	Percent
Fiduciary and wealth management	$ 3,100	$ 2,425	$ 675	27.8 %
Service charges and fees	2,286	2,130	156	7.3
Net gains (losses) on securities	(1,868)	38	(1,906)	N/M
Income from company-owned life insurance	3,207	2,982	225	7.5
Bank debit and other card revenue	3,421	3,024	397	13.1
Other non-interest income	3,703	2,278	1,425	62.6
Total	$ 13,849	$ 12,877	$ 972	7.5 %

Non-interest income increased 7.5% for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The largest dollar and percentage increase was a $1.4 million increase in other non-interest income for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. This increase was driven by an increase in the utilization of services and fees in other non-interest income categories for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. Increases in fiduciary and wealth management, service charges and fees, income from company-owned life insurance, bank debit and other card revenue, and other non-interest income exceeded the decline in net (losses) gains on securities for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The fiduciary and wealth management increase was driven by the acquisition of Burke & Herbert Wealth Services, LLC and increased wealth and fiduciary services performance, while the decrease in net (losses) gains from securities was driven by security sales.

Non-interest Expense

The following table sets forth the various components of our non-interest expense for the periods indicated (in thousands):

	Three months ended June 30,		Increase (Decrease)	
	2026	2025	Amount	Percent
Salaries and wages	$ 41,378	$ 21,320	$ 20,058	94.1 %
Pensions and other employee benefits	5,787	4,067	1,720	42.3
Occupancy	6,654	3,521	3,133	89.0
Equipment rentals, depreciation and maintenance	6,934	4,100	2,834	69.1
Core deposit intangible amortization	5,530	3,888	1,642	42.2
ATM, card, and network expense	1,389	1,314	75	5.7
FDIC and other regulatory assessments	1,576	1,088	488	44.9
Other operating	24,258	10,007	14,251	142.4
Total	$ 93,506	$ 49,305	$ 44,201	89.6 %

Non-interest expense increased $44.2 million, or 89.6%, for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The increase was primarily driven by the LNKB Merger and merger expenses which included higher legal, consulting, audit, investment banking, software contract terminations, and change-in-control salary and benefit payments during the three months ended June 30, 2026, compared to the three months ended June 30, 2025. The largest dollar increase for the three months ended June 30, 2026, compared to the three months ended June 30, 2025 was $20.1 million for salaries and wages, mostly driven by change-in-control salary and benefit payments and a larger company-wide headcount, while core deposit intangible amortization increased due to the addition of new intangible assets from the LNKB Merger. See Note 13 — Other Operating Expense in Notes to Consolidated Financial Statements for further information on “Other” non-interest expense.

Income Tax Expense

Income tax expense was $2.5 million for the three months ended June 30, 2026, a decrease of $4.8 million from the tax expense of $7.3 million for the three months ended June 30, 2025. The decrease was due to the decrease in income before income taxes for the three months ended June 30, 2026, when compared to the three months ended June 30, 2025. For the three months ended June 30, 2026, the effective tax rate was 21.0%, while the effective tax rate was 19.6% for June 30, 2025.

Analysis of Financial Condition for the Period Ended June 30, 2026, and December 31, 2025

Assets increased by $3.1 billion to $11.0 billion as of June 30, 2026, compared to $7.9 billion as of December 31, 2025. Loans, net of ACL, increased by $2.6 billion from $5.3 billion as of December 31, 2025, to $7.9 billion as of June 30, 2026. Deposits increased by $2.6 billion and amounted to $9.0 billion at June 30, 2026, compared to $6.4 billion at December 31, 2025. The increases in these totals are primarily due to the LNKB Merger. Refer to Note 16 - Business Combination in the Notes to the Consolidated Financial Statements for further information regarding assets and liabilities acquired and assumed.

Short-term borrowings increased by $75.0 million to $525.0 million as of June 30, 2026, compared to $450.0 million at December 31, 2025. Subordinated debt and subordinated debt owed to unconsolidated subsidiary trusts, increased by $64.7 million primarily due to subordinated debt assumed in the LNKB Merger, and totaled $152.2 million at June 30, 2026, compared to $87.5 million at December 31, 2025.

Investment Securities

Our investment policy is established and reviewed annually by the Board. We are permitted under federal law to invest in various types of liquid assets, including United States Government obligations, securities of various federal agencies and of state and municipal governments, mortgage-backed securities, time deposits of federally insured institutions, certain bankers' acceptances, and federal funds. Our securities are all classified as AFS.

Our investments provide a source of liquidity because we can pledge them to support borrowed funds or can liquidate them to generate cash proceeds. Our investment portfolio is also a resource in managing interest rate risk because the maturity and interest rate characteristics of this asset class can be modified to match changes in the loan and deposit portfolios. The majority of our AFS investment portfolio is comprised of obligations of states and municipalities and residential mortgage-backed securities. During the six months ended June 30, 2026, the unrealized losses on our holdings increased $2.4 million from December 31, 2025.

The Company determined that the declines in market value were due to increases in interest rates and market movements and not due to credit factors. Therefore, the Company has concluded that the unrealized losses for the AFS securities do not require an ACL at June 30, 2026, or at December 31, 2025.

The Company has sufficient access to liquidity such that management does not believe it would be necessary to sell any of its investment securities at a loss to offset any unexpected deposit outflows. Management believes the structure of the Bank's investment portfolio is appropriately aligned with the rest of the balance sheet to protect against significant and unexpected charges against earnings and capital.

The following tables reflect the amortized cost and fair market values for the total portfolio for each category of investment for June 30, 2026, and December 31, 2025 (in thousands):

	June 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
U.S. Treasuries and government agencies	$ 158,373	$ —	$ 9,427	$ 148,946
Obligations of states and municipalities	1,157,655	7,952	57,839	1,107,768
Residential mortgage backed - agency	86,719	302	3,033	83,988
Residential mortgage backed - non-agency	380,791	635	8,893	372,533
Commercial mortgage backed - agency	73,742	22	1,026	72,738
Commercial mortgage backed - non-agency	95,248	95	1,996	93,347
Asset-backed	47,486	95	564	47,017
Other	37,262	373	934	36,701
Total	$ 2,037,276	$ 9,474	$ 83,712	$ 1,963,038

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available-for-Sale				
U.S. Treasuries and government agencies	$ 159,088	$ —	$ 8,964	$ 150,124
Obligations of states and municipalities	977,104	5,414	59,944	922,574
Residential mortgage backed - agency	57,731	464	2,810	55,385
Residential mortgage backed - non-agency	221,443	1,860	5,211	218,092
Commercial mortgage backed - agency	74,253	250	607	73,896
Commercial mortgage backed - non-agency	112,082	584	1,557	111,109
Asset-backed	53,954	89	577	53,466
Other	32,162	158	1,012	31,308
Total	$ 1,687,817	$ 8,819	$ 80,682	$ 1,615,954

The investment maturity table below summarizes contractual maturities for our investment securities at June 30, 2026. The actual timing of principal payments may differ from remaining contractual maturities because obligors may have the right to repay certain obligations with or without penalties. The overall weighted average duration of the Company's investment portfolio is 4.4 years at June 30, 2026. The weighted-average yield below represents the effective yield for the investment securities and is calculated based on the amortized cost of each security (dollars in thousands). Interest on securities below excludes tax-equivalent adjustments.

	June 30, 2026									
	One Year or Less		One to Five Years		Five to Ten Years		After Ten Years		Total	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
Securities Available-for-Sale										
U.S. Treasuries and government agencies	$ —	— %	$ 158,373	1.34 %	$ —	— %	$ —	— %	$ 158,373	1.34 %
Obligations of states and municipalities	6,303	4.12	324,909	2.62	607,699	3.69	218,744	3.36	1,157,655	3.33
Residential mortgage backed - agency	847	3.30	41,580	4.86	28,937	2.98	15,355	4.37	86,719	4.13
Residential mortgage backed - non-agency	3,127	4.38	88,562	3.71	265,209	4.47	23,893	4.77	380,791	4.31
Commercial mortgage backed - agency	1,083	3.63	24,509	4.09	48,150	5.10	—	—	73,742	4.74
Commercial mortgage backed - non-agency	6,084	5.18	58,963	4.66	30,201	4.70	—	—	95,248	4.70
Asset-backed	2,047	4.98	31,093	4.85	14,346	4.52	—	—	47,486	4.75
Other	—	—	4,824	5.33	23,305	6.10	9,133	9.52	37,262	6.84
Total	$ 19,491	4.52 %	$ 732,813	2.93 %	$ 1,017,847	4.04 %	$ 267,125	3.75 %	$ 2,037,276	3.61 %

Lending Activities

Our loan portfolio consists primarily of commercial real estate loans, but we offer a variety of products to meet the credit needs of our borrowers. The risks associated with lending activities differ among loan classes and are subject to the impact of changes in interest rates, market conditions of collateral securing the loans, and general economic conditions. Any of these factors may adversely impact a borrower's ability to repay loans and also impact the associated collateral. Additional discussion on the classes of loans the Company makes and related risks is included in Note 3 — Loans in Notes to Consolidated Financial Statements.

The following tables set forth the composition of our loan portfolio as of the dates indicated (in thousands):

	June 30, 2026	December 31, 2025
Commercial real estate	$ 3,898,387	$ 2,769,287
Owner-occupied commercial real estate	1,152,749	593,120
Acquisition, construction & development	452,638	386,870
Commercial & industrial	840,878	461,921
Single family residential (1-4 units)	1,605,524	1,127,684
Consumer non-real estate and other	49,589	48,794
Loans, gross	7,999,765	5,387,676
Allowance for credit losses	(94,470)	(67,823)
Loans, net	$ 7,905,295	$ 5,319,853

The loan portfolio, excluding ACL, at June 30, 2026, increased by $2.6 billion from December 31, 2025, primarily due to the completion of the LNKB Merger.

The following table shows the maturity distribution for total loans outstanding as of June 30, 2026. The maturity distribution is grouped by remaining scheduled principal payments that are due in the following periods. The principal balance of loans is indicated by both fixed and floating rate categories in the table below (in thousands).

	June 30, 2026								
	Within One Year		One Year to Five Years		Five Years to 15 Years		After 15 Years		
	Fixed Rates	Adjustable Rates	Fixed Rates	Adjustable Rates	Fixed Rates	Adjustable Rates	Fixed Rates	Adjustable Rates	Total
Loans:									
Commercial real estate	$ 335,383	$ 123,453	$ 1,375,980	$ 717,956	$ 300,644	$ 633,608	$ 122,933	$ 288,430	$ 3,898,387
Owner-occupied commercial real estate	39,888	10,839	270,888	99,793	162,000	394,150	63,190	112,001	1,152,749
Acquisition, construction & development	44,940	141,922	25,803	113,820	24,460	73,306	7,877	20,510	452,638
Commercial & industrial	27,294	236,212	209,654	106,290	70,519	68,690	23,096	99,123	840,878
Total commercial loans	447,505	512,426	1,882,325	1,037,859	557,623	1,169,754	217,096	520,064	6,344,652
Single family residential (1-4 units)	49,352	24,326	113,781	30,280	98,321	150,959	559,948	578,557	1,605,524
Consumer non-real estate and other	3,681	1,720	23,362	1,949	11,250	3,635	450	3,542	49,589
Total loans	$ 500,538	$ 538,472	$ 2,019,468	$ 1,070,088	$ 667,194	$ 1,324,348	$ 777,494	$ 1,102,163	$ 7,999,765

Asset Quality

The Company maintains policies and procedures to promote sound underwriting and mitigate credit risk. The Chief Credit Officer is responsible for establishing credit risk policies and procedures, including underwriting guidelines and credit approval authority, and monitoring credit exposure and performance of the Company's lending-related transactions. We regularly monitor the level of loan delinquencies and believe these levels are a key indicator of credit quality in our loan portfolio. We manage credit risk based on the risk profile of the borrower, repayment sources, underlying collateral, and other support given current events, economic conditions and expectations.

A loan is placed on non-accrual status when (i) the Company is advised by the borrower that scheduled principal or interest payments cannot be met, (ii) when management's best judgment indicates that payment in full of principal and interest can no longer be expected, or (iii) when any such loan or obligation becomes delinquent for 90 days, unless it is both well-secured and in the process of collection.

The Company's asset quality metrics remain within the Company's risk profile with adequate reserve coverage. Driven primarily by the LNKB Merger, the Company's nonaccrual loan balances increased by $17.8 million from December 31, 2025, while the Company's loans 90 days past due and still accruing increased $3.3 million from December 31, 2025. Primarily due to the LNKB Merger, the Company's non-performing assets, which includes non-performing loans consisting of non-accrual loans, loans that are more than 90 days past due and still accruing, and other real estate owned as of June 30, 2026, totaled $98.2 million, an increase of $21.3 million from $76.9 million at December 31, 2025.

The following table summarizes the Company’s non-performing assets as of June 30, 2026, and December 31, 2025 (in thousands):

	June 30, 2026	December 31, 2025
Non-accrual loans	$ 88,388	$ 70,613
90 days past due and still accruing	6,920	3,623
Total non-performing loans	95,308	74,236
Other real estate owned	2,934	2,689
Total non-performing assets	$ 98,242	$ 76,925

Allowance for Credit Losses

Refer to the discussion in Note 4 — Allowance for Credit Losses in Notes to Consolidated Financial Statements for management’s approach to estimating the ACL.

The Company maintains the ACL at a level deemed adequate by management for expected credit losses. The Company’s ACL is calculated quarterly with any adjustment recorded to the provision for credit losses in the Consolidated Statement of Income. Management evaluates the adequacy of the ACL utilizing a defined methodology to determine if it properly addresses the current and expected risks in the loan portfolio, which considers the performance of borrowers and specific evaluation of individually evaluated loans, including historical loss experiences, trends in delinquencies, non-performing loans and other risk assets, and qualitative factors. Risk factors are continuously reviewed and adjusted, as needed, by management when conditions support a change. Management believes its approach properly addresses relevant accounting and bank regulatory guidance for loans both collectively and individually evaluated.

The Company recorded a total provision expense of $1.4 million and $624.0 thousand for the three months ended June 30, 2026, and June 30, 2025, respectively, and a total provision expense of $1.4 million and $1.1 million for the six months ended June 30, 2026, and June 30, 2025, respectively. During the six months ended June 30, 2026, the Company recorded a $5.3 million provision directly to the allowance for credit losses to establish an allowance for acquired PCD loans. This allowance for acquired PCD loans did not result in an additional provision expense for the six months ended June 30, 2026.

Gross charged-off loans were $1.4 million and $1.5 million for the three months ended June 30, 2026, and June 30, 2025, respectively and $1.9 million and $3.0 million for the six months ended June 30, 2026, and June 30, 2025, respectively. Gross recoveries totaled $274.0 thousand and $326.0 thousand for the three months ended June 30, 2026, and June 30, 2025, respectively and $653.0 thousand and $563.0 thousand for the six months ended June 30, 2026, and June 30, 2025, respectively. The ACL as a percentage of gross loans, net of unearned income, was 1.18% and 1.20% as of June 30, 2026, and June 30, 2025, respectively.

The following table summarizes the changes in the Company's credit loss experience by portfolio for the three and six months ended June 30, 2026, and 2025 (dollars in thousands):

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Loans outstanding at end of period	$ 7,999,765	$ 5,590,457	$ 7,999,765	$ 5,590,457
Balance of allowance at beginning of period	(67,955)	(67,753)	(67,823)	(68,040)
Allowance established for acquired loans	(28,507)	—	(28,507)	—
Loans charged-off:				
Commercial real estate	100	97	100	116
Owner-occupied commercial real estate	—	413	65	1,100
Acquisition, construction & development	—	—	—	1
Commercial & industrial	258	104	258	197
Residential	—	45	35	37
Consumer non-real estate and other	1,075	881	1,435	1,513
Total loans charged-off	1,433	1,540	1,893	2,964
Recoveries of loans charged-off:				
Commercial real estate	(7)	(7)	(13)	(32)
Owner-occupied commercial real estate	(1)	(10)	(1)	(10)
Acquisition, construction & development	(1)	—	(1)	(1)
Commercial & industrial	(14)	(21)	(25)	(25)
Residential	(42)	(30)	(120)	(121)
Consumer non-real estate and other	(209)	(258)	(493)	(374)
Total recoveries of loans charged-off	(274)	(326)	(653)	(563)
Net loan charge-offs (recoveries)	1,159	1,214	1,240	2,401
Provision for (recapture of) credit losses for the period	(833)	717	(620)	1,617
Ending allowance	$ (94,470)	$ (67,256)	$ (94,470)	$ (67,256)
Average loans outstanding during the period	$ 7,161,136	$ 5,630,973	$ 6,277,412	$ 5,643,414
Allowance coverage ratio [1]	1.18 %	1.20 %	1.18 %	1.20 %
Net charge-offs to average outstanding loans during the period [2]	0.02	0.02	0.02	0.04
Allowance for credit losses as a percentage of non-performing loans [3]	99.12	78.63	99.12	78.63

(1) The allowance coverage ratio is calculated by dividing the ACL at the end of the period by gross loans, net of unearned income at the end of the period.

(2) The Net charge-offs to average outstanding loans during the period is calculated by dividing total net loan charge-offs (recoveries) during the year by average gross loans outstanding during the year.

(3) The Allowance for credit losses as a percentage of non-performing loans ratio is calculated by dividing the ACL at the end of the period by non-accrual loans and loans 90 days past due and still accruing at the end of the period.

The following table summarizes the ACL by portfolio with a comparison of the percentage composition in relation to total ACL and allowance for credit losses and total loans as of June 30, 2026, and December 31, 2025 (dollars in thousands).

	June 30, 2026		
	Allowance for credit losses	Percent of Allowance in Each Category to Total Allocated ACL	Percent of Loans in Each Category to Total Loans
Commercial real estate	$ 34,457	36.47 %	48.73 %
Owner-occupied commercial real estate	15,521	16.43	14.41
Acquisition, construction & development	7,215	7.64	5.66
Commercial & industrial	15,090	15.97	10.51
Residential	21,337	22.59	20.07
Consumer non-real estate and other	850	0.90	0.62
Total	$ 94,470	100.00 %	100.00 %

	December 31, 2025		
	Allowance for credit losses	Percent of Allowance in Each Category to Total Allocated Allowance	Percent of Loans in Each Category to Total Loans
Commercial real estate	$ 26,190	38.62 %	51.40 %
Owner-occupied commercial real estate	2,760	4.07	11.01
Acquisition, construction & development	17,221	25.39	7.18
Commercial & industrial	8,227	12.13	8.57
Residential	12,536	18.48	20.93
Consumer non-real estate and other	889	1.31	0.91
Total	$ 67,823	100.00 %	100.00 %

Derivative Financial Instruments

The Company utilizes interest rate swap agreements as part of its asset/liability management strategy to help manage its interest rate risk position. The Company recognizes derivative financial instruments at fair value as either other assets or accrued interest and other liabilities on the Consolidated Balance Sheets. The Company's use of derivative financial instruments is described more fully in Note 9 — Derivatives in Notes to Consolidated Financial Statements.

Off-Balance Sheet Arrangements

The Company enters into certain off-balance sheet arrangements in the normal course of business to meet the financing needs of its customers. These off-balance sheet arrangements include commitments to extend credit, standby letters of credit, and financial guarantees which would impact the Company's liquidity and capital resources to the extent customers accept and/or use these commitments. See Note 10 — Commitments and Contingencies in Notes to Consolidated Financial Statements for a discussion of credit extension commitments. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. With the exception of these off-balance sheet arrangements, the Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Funding Activities

The Company's funding activities are monitored and governed through the Company's asset/liability management process. Deposits are the primary source of funds for lending and investing activities; however, the Company will use borrowings to meet liquidity needs and for temporary funding. The Company has available secured lines of credit with the Federal Reserve Bank of Richmond, such as the Borrower-In-Custody program, the FHLB of Atlanta, and unsecured federal funds lines of credit from correspondent banking relationships. The Company also utilizes brokered time deposits. For more discussion of brokered time deposits, see the Deposits heading below this section.

As of June 30, 2026, the Company has available unused borrowing capacity of $6.0 billion through its available lines of credit with the FHLB of Atlanta, the Federal Reserve Borrower-In-Custody Program line, and unsecured federal fund lines of credit from correspondent banking relationships. Advances on credit lines are secured by both securities and loans.

The following table shows certain information regarding short-term borrowings as of the three months ended June 30, 2026, and December 31, 2025, respectively (dollars in thousands):

Balance at end of period	**June 30, 2026**	**December 31, 2025**
Short-term borrowings	$ 525,000	$ 450,000
Weighted average interest rate at end of period	3.64%	3.90%

The following table shows certain information regarding long-term debt as of the three months ended June 30, 2026, and December 31, 2025, respectively (dollars in thousands):

Balance at end of period	**June 30, 2026**	**December 31, 2025**
Subordinated debentures, net	$ 134,789	$ 70,222
Subordinated debentures owed to unconsolidated subsidiary trusts	17,394	17,268
Total long-term debt	$ 152,183	$ 87,490
Weighted average interest rate at end of period	9.16%	9.85%

Deposits

Total deposits increased by $2.6 billion from December 31, 2025, to June 30, 2026, primarily as a result of the LNKB Merger and an increase in brokered deposits of $56.3 million. The Company's brokered time deposits amounted to $120.7 million as of June 30, 2026, and $64.4 million at December 31, 2025. All of the Company's brokered deposits are in the form of certificates of deposits that are insured by the FDIC. Excluding the brokered deposit balance, the total deposit balance increased by $2.5 billion from December 31, 2025 to June 30, 2026.

The following table sets forth the balance of each category of deposits as of the dates indicated (in thousands):

	June 30, 2026	**December 31, 2025**
	Balance	**Balance**
Demand, non-interest-bearing	$ 2,058,076	$ 1,336,380
Demand, interest-bearing	2,969,477	2,330,181
Money market and savings	2,204,096	1,665,304
Brokered deposits	120,677	64,410
Time deposits, other	1,615,756	1,007,666
Total interest-bearing	6,910,006	5,067,561
Total deposits	$ 8,968,082	$ 6,403,941

The Company continues to seek organic growth in both interest-bearing and non-interest-bearing deposits consistent with our relationship-based strategy. Management evaluates its utilization of brokered deposits, taking into consideration the interest rate curve and regulatory views on non-core funding sources, and balances this funding source with its funding needs based on growth initiatives.

The Company has deposits that meet or exceed the FDIC insurance limit of $250,000 in the amounts of $3.2 billion and $2.1 billion at June 30, 2026, and December 31, 2025, respectively. The Company does not have material deposit concentration risk to any significant market, industry or individual at June 30, 2026 or December 31, 2025.

The following table sets forth maturity ranges of time deposits as of June 30, 2026, that exceed the FDIC insurance limit (in thousands).

	June 30, 2026
Due within 3 months or less	$ 205,453
Due after 3 months and within 6 months	156,802
Due after 6 months and within 12 months	101,518
Due after 12 months	28,775
Total uninsured, time deposits	$ 492,548

Shareholders' Equity

Total shareholders' equity at June 30, 2026, was $1.2 billion, compared to $854.6 million at December 31, 2025. Shareholders' equity increased by $347.5 million mostly due to common stock issuances from the LNKB Merger since December 31, 2025. Retained earnings increased by $16.8 million from December 31, 2025, to June 30, 2026, primarily due to net income attributable to common shareholders of $36.4 million which was partially offset by dividends to common shareholders of $19.4 million.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk is the risk of loss from adverse changes in market prices and rates. Our market risk arises primarily from interest rate risk inherent in lending, investment, and deposit-taking activities. To that end, management actively monitors and manages its interest rate risk exposure, and on at least a quarterly basis, in conjunction with the Company's Asset/Liability meetings, reports its findings to the ALCO and to the Board. From time to time, management may change the frequency of such testing or update certain inputs as a result of abnormal market conditions. Our profitability is affected by fluctuations in interest rates; a sudden and substantial change in interest rates may adversely impact our earnings to the extent that the interest rates borne by assets and liabilities do not change at the same speed, to the same extent, or on the same basis. We monitor the impact of changes in interest rates on net interest income using several tools.

Our primary objective in managing interest rate risk is to minimize the adverse impact of changes in interest rates on our net interest income and capital, while configuring our asset-liability structure to obtain the maximum yield-cost spread on that structure. We rely primarily on our asset-liability structure to control interest rate risk.

In addition, the Company's Asset/Liability policy provides for a subcommittee of the ALCO, comprised of executive and senior management that, upon the determination that abnormal market risks are occurring or may be forthcoming, will convene with the responsibility of making all decisions related to mitigation of potential negative impacts to the Company. This subcommittee acts as a clearinghouse for information on Company earnings, credit risk, lending and deposit activities, and liquidity management necessary for internal communications, including to the Board, and external communications.

Interest Rate Sensitivity

Interest rate risk is the risk to earnings and fair value arising from changes in market interest rates. Interest rate risk arises from timing differences in the repricing and maturities of interest-earning assets and interest-bearing liabilities (repricing risk), changes in the expected maturities of assets and liabilities arising from embedded options, such as borrowers' ability to prepay home mortgage loans at any time, depositors' ability to redeem certificates of deposit before maturity (option risk), changes in the shape of the yield curve, where interest rates increase or decrease in a non-parallel fashion (yield curve risk), and changes in spread relationships between different yield curves, such as U.S. Treasuries and SOFR (basis risk).

The rates on some interest-bearing financial instruments may adjust promptly with changes in market rates, while others adjust only periodically or are fixed for a predefined term. Such instances can cause a mismatch between the sensitivity and behavior of financial assets and liabilities. Interest rate fluctuations and economic factors, coupled with repricing mismatches and embedded options inherent in these financial assets and liabilities, may impact the Company's interest expense, interest income, and the value of certain financial assets and liabilities. Through the ALCO, we attempt to manage the balance sheet in a manner that increases the benefit or reduces the negative impacts from such events.

The overall impact of changes in interest rates, including, but not limited to, the impact to our net interest income and to our securities portfolio, can be enhanced or diluted depending on the variability of interest rates. From time to time, the Company may hedge its interest rate risk position, which can impact earnings. We generally do not hedge all of our interest rate risk, nor can we guarantee that any attempts to hedge some or all of our interest rate risk will be successful. See Note 9 - Derivatives in Notes to Consolidated Financial Statements for a discussion of our hedging activity.

The Company actively manages its interest rate sensitivity position. The objectives of interest rate risk management are to control exposure of net interest income to risks associated with interest rate movements and to achieve sustainable growth in net interest income. The ALCO, using policies and procedures approved by the Company's Board, is responsible for the management of the Company's interest rate sensitivity position. The Company manages interest rate sensitivity by changing the mix, pricing and re-pricing characteristics of its assets and liabilities, through the management of its investment portfolio, its offerings of loan and selected deposit terms, and through wholesale funding. Wholesale funding consists of, but is not limited to, borrowings with the FHLB, federal funds purchased, and brokered time deposits.

The Company uses several tools to manage its interest rate risk, including interest rate sensitivity analysis, or gap analysis, market value of portfolio equity analysis, interest rate simulations under various rate scenarios, and net interest margin reports. The results of these reports are compared to limits established by the Company's ALCO policies, and appropriate adjustments are made if the results are outside the established limits.

There are an infinite number of potential interest rate scenarios, each of which can be accompanied by differing economic/political/regulatory climates; can generate multiple differing behavior patterns by markets, borrowers, depositors, etc.; and, can last for varying degrees of time. Therefore, by definition, interest rate risk sensitivity cannot be predicted with certainty. Accordingly, the Company's interest rate risk measurement philosophy focuses on maintaining an appropriate balance between theoretical and practical scenarios; especially given the primary objective of the Company's overall asset/liability management process, which is to facilitate meaningful strategy development and implementation.

Therefore, we model a set of interest rate scenarios capturing the financial effects of a range of plausible rate scenarios; the collective impact of which will enable the Company to clearly understand the nature and extent of its sensitivity to interest rate changes. Doing so necessitates an assessment of rate changes over varying time horizons and of varying/sufficient degrees such that the impact of embedded options within the balance sheet are sufficiently examined.

The following tables demonstrate the annualized result of an interest rate simulation and the estimated effect that a parallel interest rate shift, or "shock", in the yield curve and subjective adjustments in deposit pricing might have on the Company's projected income over the next 12 months. This simulation assumes that there is no growth in interest-earning assets or interest-bearing liabilities over the next 12 months.

Change in Interest Rates (in Basis Points)	**As of June 30, 2026 Percentage Change in Earnings**	**As of December 31, 2025 Percentage Change in Earnings**
200	(0.4)%	(2.7)%
100	0.5	(1.0)
(100)	0.5	0.1
(200)	1.7	0.3
(300)	3.5	2.3

Economic Value of Equity Analysis ("EVE"). We analyze the sensitivity of our financial condition to changes in interest rates through our economic value of equity model. This analysis measures the difference between predicted changes in the fair value of our assets and predicted changes in the present value of our liabilities, assuming various changes in current interest rates. The table below represents an analysis of our interest rate risk as measured by the estimated changes in our economic value of equity, resulting from an instantaneous and sustained parallel shift in the yield curve at June 30, 2026, and December 31, 2025.

Change in Interest Rates (in Basis Points)	**As of June 30, 2026 Percentage Change in EVE**	**As of December 31, 2025 Percentage Change in EVE**
200	(15.6)%	(8.3)%
100	(6.6)	(3.8)
(100)	4.7	2.7
(200)	5.9	3.3
(300)	3.1	2.4

Item 4. Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of June 30, 2026. Based on their evaluation of the Company’s disclosure controls and procedures, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and regulations are designed and operating in an effective manner. As of June 30, 2026, the Company believes its Disclosure Controls and Procedures (“DCP”) were effective.

Effective on May 1, 2026, Burke & Herbert completed the LNKB Merger. During the second quarter of 2026, management commenced an evaluation of the design and operating effectiveness of internal controls over financial reporting related to the LNKB acquired business. The evaluation of changes to processes, technology systems, and other components of internal control over financial reporting related to the LNKB acquired business is ongoing. Except for the changes made in connection with the LNKB Merger, there were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

Legal Proceedings

In the ordinary course of our operations, and from time to time, the Company and its subsidiary are parties to various legal claims, lawsuits, and proceedings incidental to the ordinary nature of the Company’s business. Currently, we are not party to any material legal proceedings, and no such proceedings are, to management’s knowledge, threatened against us. Although the ultimate outcome of any pending legal proceedings cannot be ascertained at this time, it is the opinion of management that the liabilities (if any) resulting from such legal proceedings will not have a material adverse effect on the Company’s business, including its consolidated financial position, results of operations, or cash flows, or otherwise require disclosure under the federal securities laws.

Item 1A. Risk Factors

There have been no material changes in the risk factors that were disclosed in Item 1A, under the caption “Risk Factors” in our Form 10-K for the year ended December 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On April 25, 2025, Burke & Herbert announced that its Board authorized a share repurchase program pursuant to which Burke & Herbert may purchase up to $50.0 million of Burke & Herbert’s common stock in the open market or in privately negotiated transactions. Burke & Herbert made no open market or private purchases for the six months ended June 30, 2026.

The following table provides information about Burke & Herbert’s purchases of equity securities that are registered by Burke & Herbert pursuant to Section 12 of the Exchange Act for the periods indicated:

Period	Total number of shares purchased (1) (2)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (2)	Approximate dollar value of shares that may yet be purchased under the plans or programs (3)
April 1 - 30, 2026	107	$ 65.78	—	$ 50,000,000
May 1 - 31, 2026	16,343	64.64	—	50,000,000
June 1 - 30, 2026	—	—	—	50,000,000

(1) Shares purchased during the period were transferred to Burke & Herbert from employees in satisfaction of minimum tax withholding obligations associated with the vesting of restricted stock units during the period.

(2) No shares were purchased by Burke & Herbert under any share repurchase program during the quarter ended June 30, 2026.

(3) Burke & Herbert’s share repurchase program was authorized on April 25, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

(c) Insider Trading Arrangements

During the three months ended June 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

Item 6. Exhibits

Exhibit No.	Description
2.1*	Agreement and Plan of Merger between Burke & Herbert Financial Services Corp. and LINKBANCORP, Inc. (incorporated by reference to Exhibit 2.1 to the Form 8-K, filed December 18, 2025)
3.1*	Articles of Incorporation Burke & Herbert Financial Services Corp. as amended (incorporated by reference to Exhibit 3.1 of the Registrant's Form 10-Q filed August 13, 2024)
3.2*	Bylaws of Burke & Herbert Financial Services Corp. as amended (incorporated by reference to Exhibit 3.1 to the Form 8-K, filed May 1, 2026)
4.1*	Form of Warrant ((incorporated by reference to Exhibit 4.3 to LINKBANCORP, Inc. Form S-4 Registration Statement, filed May 7, 2021) (File No. 333-255908))
10.1*	Employment Agreement dated December 18, 2025 by and between Burke & Herbert Bank & Trust Company and Carl Lundblad (incorporated by reference to Exhibit 10.1 to the Form 8-K, filed May 1, 2026)
10.2*	Non-Disclosure and Restrictive Covenant Agreement dated December 18, 2025 by and between Burke & Herbert Bank & Trust Company and Carl Lundblad (incorporated by reference to Exhibit 10.2 to the Form 8-K, filed May 1, 2026)
31.1#	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2#	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1#	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101#	The following materials from the registrant's Form 10-Q Report for the quarterly period ended June 30, 2026, formatted in Inline XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income (Loss), (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements.
104#	The cover page of the registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026, formatted in Inline XBRL (contained in Exhibit 101).

* Previously filed
\# Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2026

Burke & Herbert Financial Services Corp.

By:	/s/ David P. Boyle
Name:	David P. Boyle
Title:	Chairman of the Board and Chief Executive Officer
By:	/s/ Kirtan Parikh
Name:	Kirtan Parikh
Title:	Executive Vice President, Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, David P. Boyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Burke & Herbert Financial Services Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2026

/s/ David P. Boyle
David P. Boyle
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Kirtan Parikh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Burke & Herbert Financial Services Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2026

/s/ Kirtan Parikh
Kirtan Parikh
Executive Vice President & Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906

In connection with the Quarterly Report on Form 10-Q of Burke & Herbert Financial Services Corp. (the “Company”) for the period ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, as the Principal Executive Officer of the Company and the Principal Financial Officer of the Company, respectively, certify, pursuant to and for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2026

/s/ David P. Boyle
David P. Boyle
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: August 7, 2026

/s/ Kirtan Parikh
Kirtan Parikh
Executive Vice President & Chief Financial Officer
(Principal Financial Officer)