

# EXCHANGE BANK

Consolidated Statements  
(Unaudited)

September 30, 2010

## STATEMENT OF CONDITION

	2010 in thousands	2009
<b>ASSETS</b>		
Cash and due from banks	\$ 66,480	31,021
Investment securities		
Securities available for sale	308,273	311,858
Securities held to maturity	-	-
Total investment securities	<u>308,273</u>	<u>311,858</u>
Loans		
Real estate	679,638	704,325
Consumer	103,523	117,862
Commercial	270,152	300,838
	<u>1,053,313</u>	<u>1,123,025</u>
Less allowance for loan losses	<u>34,156</u>	<u>26,583</u>
Net loans	1,019,157	1,096,442
Bank premises and equipment	17,837	19,346
Other assets	<u>97,783</u>	<u>110,798</u>
	<u>\$ 1,509,530</u>	<u>1,569,465</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Non Interest Bearing Demand	\$ 403,691	404,284
Interest Bearing		
Transaction	160,113	122,144
Money market	218,071	226,015
Savings	217,622	190,147
Time	290,980	379,854
Total Deposits	1,290,477	1,322,444
Other borrowings	48,968	70,287
Other liabilities	<u>12,557</u>	<u>30,006</u>
Total liabilities	<u>1,352,002</u>	<u>1,422,737</u>
Stockholders' equity	<u>157,528</u>	<u>146,728</u>
	<u>\$ 1,509,530</u>	<u>1,569,465</u>

# EXCHANGE BANK

Consolidated Statements  
(Unaudited)  
September 30, 2010

## STATEMENT OF INCOME

(in thousands)

	2010	2009	2010	2009
	Quarter ended	Sept 30,	Nine months ended	Sept 30,
Interest Income				
Interest and fees on loans	\$ 16,545	17,240	\$ 50,439	52,313
Interest on investments securities	2,316	2,980	7,468	10,074
Interest on cash equivalents	1	41	19	(22)
	<u>18,862</u>	<u>20,261</u>	<u>57,927</u>	<u>62,365</u>
Total interest income				
Interest expense				
Interest on deposits	1,087	2,865	3,854	9,979
Other interest expense	504	1,062	1,497	3,142
	<u>1,591</u>	<u>3,927</u>	<u>5,351</u>	<u>13,121</u>
Total interest expense				
Net interest revenue	17,271	16,334	52,575	49,244
Provision for losses on loans	4,500	6,000	15,500	35,000
Net interest revenue after provision for losses on loans	12,771	10,334	37,075	14,244
Non interest income	5,173	5,770	15,310	15,459
Non interest expense				
Salary and benefit costs	6,707	6,830	20,346	21,942
Other expenses	6,703	8,810	20,813	22,508
	<u>13,410</u>	<u>15,639</u>	<u>41,159</u>	<u>44,450</u>
Income before income taxes	4,533	465	11,226	(14,746)
Provision for income taxes	1,394	(351)	3,195	(7,695)
Net income	<u>\$ 3,139</u>	<u>816</u>	<u>\$ 8,032</u>	<u>(7,051)</u>

	In dollars			
Basic/diluted earnings (loss) per common share <sup>1</sup>	\$ 1.49	\$ 0.13	\$ 4.00	\$ (5.01)
Simple earnings per share <sup>2</sup>	\$ 1.83	\$ 0.48	\$ 4.69	\$ (4.11)

<sup>1</sup> Earnings (loss) per share is computed by dividing net income (loss), less preferred stock dividends, by the weighted averaged number of shares outstanding during the year.

<sup>2</sup> Simple earnings per share is computed by dividing net income (loss) by the weighted average of shares outstanding during the year.

Total average shares outstanding for both 2009 and 2010 was 1,714,344

The consolidated financial statements include the accounts of the Bank and its wholly owned subsidiaries. Certain intercompany accounts and transactions have been eliminated.