

EXCHANGE BANK

Consolidated Statements
(Unaudited)

March 31, 2011

STATEMENT OF CONDITION

	2011 in thousands	2010
ASSETS		
Cash and due from banks	\$ 73,606	\$ 66,514
Investment securities		
Securities available for sale	328,157	298,738
Securities held to maturity	-	-
Total investment securities	<u>328,157</u>	<u>298,738</u>
Loans		
Real estate	674,888	700,377
Consumer	98,220	108,372
Commercial	261,277	276,918
	<u>1,034,385</u>	<u>1,085,667</u>
Less allowance for loan losses	<u>31,478</u>	<u>33,559</u>
Net loans	1,002,906	1,052,108
Bank premises and equipment	17,900	18,611
Other assets	<u>94,636</u>	<u>92,438</u>
	<u>\$ 1,517,205</u>	<u>\$ 1,528,409</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 431,871	\$ 421,350
Interest Bearing		
Transaction	156,765	138,671
Money market	204,587	221,799
Savings	229,333	208,031
Time	278,942	324,652
Total Deposits	1,301,498	1,314,503
Other borrowings	43,000	50,982
Other liabilities	<u>12,698</u>	<u>10,269</u>
Total liabilities	<u>1,357,196</u>	<u>1,375,754</u>
Stockholders' equity	<u>160,009</u>	<u>152,655</u>
	<u>\$ 1,517,205</u>	<u>\$ 1,528,409</u>

EXCHANGE BANK

Consolidated Statements
(Unaudited)
March 31, 2011

STATEMENT OF INCOME

(in thousands)

	<u>2011</u>	<u>2010</u>
	Three months ended Mar 31,	Three months ended Mar 31,
Interest Income		
Interest and fees on loans	\$ 15,229	17,279
Interest on investments securities	2,274	2,705
Interest on cash equivalents	<u>6</u>	<u>14</u>
Total interest income	17,509	19,998
Interest expense		
Interest on deposits	867	1,522
Other interest expense	<u>431</u>	<u>493</u>
Total interest expense	1,298	2,015
Net interest revenue	16,211	17,983
Provision for losses on loans	<u>3,250</u>	<u>6,000</u>
Net interest revenue after provision for losses on loans	12,961	11,983
Non interest income	5,200	4,872
Non interest expense		
Salary and benefit costs	7,465	6,978
Other expenses	<u>6,386</u>	<u>7,096</u>
	13,851	14,074
Income before income taxes	4,309	2,780
Provision for income taxes	<u>1,325</u>	<u>652</u>
Net income	<u>\$ 2,984</u>	<u>2,128</u>
	In dollars	
Basic/diluted earnings (loss) per common share ¹	\$ 1.40	\$ 1.24
Simple earnings per share ²	\$ 1.74	\$ 1.24

¹ 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.

² 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 2010 and 2011 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.