

# EXCHANGE BANK

Consolidated Statements  
(Unaudited)

September 30, 2011

## STATEMENT OF CONDITION

	2011 in thousands	2010
<b>ASSETS</b>		
Cash and due from banks	\$ 89,875	\$ 66,480
Investment securities		
Securities available for sale	310,657	308,273
Securities held to maturity	-	-
Total investment securities	<u>310,657</u>	<u>308,273</u>
Loans		
Real estate	692,826	679,638
Consumer	96,321	103,523
Commercial	281,202	270,152
	<u>1,070,349</u>	<u>1,053,313</u>
Less allowance for loan losses	<u>33,373</u>	<u>34,156</u>
Net loans	1,036,976	1,019,157
Bank premises and equipment	18,050	17,837
Other assets	<u>95,684</u>	<u>97,783</u>
	<u>\$ 1,551,242</u>	<u>\$ 1,509,530</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Non Interest Bearing Demand	\$ 450,414	\$ 403,691
Interest Bearing		
Transaction	164,681	160,113
Money market	210,276	218,071
Savings	231,978	217,622
Time	268,962	290,980
Total Deposits	1,326,311	1,290,477
Other borrowings	43,000	48,968
Other liabilities	<u>14,176</u>	<u>12,557</u>
Total liabilities	<u>1,383,487</u>	<u>1,352,002</u>
Stockholders' equity	<u>167,755</u>	<u>157,528</u>
	<u>\$ 1,551,242</u>	<u>\$ 1,509,530</u>

# EXCHANGE BANK

Consolidated Statements  
(Unaudited)  
September 30, 2011

## STATEMENT OF INCOME

(in thousands)

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Quarter ended	September 30,	Nine months ended	Sept 30,
<b>Interest Income</b>				
Interest and fees on loans	\$ 15,600	16,545	\$ 46,368	50,439
Interest on investments securities	2,214	2,316	6,832	7,468
Interest on cash equivalents	5	1	17	20
	<u>17,819</u>	<u>18,862</u>	<u>53,218</u>	<u>57,927</u>
<b>Interest expense</b>				
Interest on deposits	766	1,087	2,462	3,855
Other interest expense	421	504	1,269	1,497
	<u>1,187</u>	<u>1,591</u>	<u>3,731</u>	<u>5,352</u>
Net interest revenue	16,632	17,271	49,487	52,575
Provision for losses on loans	<u>3,000</u>	<u>4,500</u>	<u>9,250</u>	<u>15,500</u>
Net interest revenue after provision for losses on loans	13,632	12,771	40,237	37,075
Non interest income	5,385	5,173	15,820	15,311
<b>Non interest expense</b>				
Salary and benefit costs	7,232	6,707	21,993	20,346
Other expenses	7,381	6,703	21,159	20,813
	<u>14,613</u>	<u>13,410</u>	<u>43,152</u>	<u>41,159</u>
Income before income taxes	4,404	4,534	12,905	11,227
Provision for income taxes	<u>1,393</u>	<u>1,394</u>	<u>3,901</u>	<u>3,195</u>
Net income	<u>\$ 3,011</u>	<u>3,139</u>	<u>\$ 9,004</u>	<u>8,032</u>
			In dollars	
Basic/diluted earnings (loss) per common share <sup>1</sup>	\$ 1.41	\$ 1.49	\$ 4.23	\$ 4.00
Simple earnings per share <sup>2</sup>	\$ 1.76	\$ 1.83	\$ 5.25	\$ 4.69

<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 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.