

# EXCHANGE BANK

Consolidated Statements  
(Unaudited)

June 30, 2012

## STATEMENT OF CONDITION

	<u>2012</u>	<u>2011</u>
	in thousands	
<b>ASSETS</b>		
Cash and due from banks	\$ 143,493	\$ 56,726
Investment securities		
Securities available for sale	376,788	312,743
Securities held to maturity	-	-
Total investment securities	<u>376,788</u>	<u>312,743</u>
Loans		
Real estate	675,035	687,617
Consumer	90,693	98,447
Commercial	<u>270,322</u>	<u>277,204</u>
	1,036,050	1,063,268
Less allowance for loan losses	<u>35,345</u>	<u>32,790</u>
Net loans	1,000,705	1,030,478
Bank premises and equipment	17,104	18,060
Other assets	<u>88,304</u>	<u>89,229</u>
	<u>\$ 1,626,394</u>	<u>\$ 1,507,236</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Non Interest Bearing Demand	\$ 488,520	\$ 431,452
Interest Bearing		
Transaction	193,238	155,895
Money market	205,228	199,467
Savings	256,796	228,768
Time	<u>253,772</u>	<u>272,222</u>
Total Deposits	1,397,554	1,287,804
Other borrowings	39,000	43,000
Other liabilities	<u>22,163</u>	<u>12,646</u>
Total liabilities	<u>1,458,717</u>	<u>1,343,450</u>
Stockholders' equity	<u>167,677</u>	<u>163,786</u>
	<u>\$ 1,626,394</u>	<u>\$ 1,507,236</u>

# EXCHANGE BANK

Consolidated Statements  
(Unaudited)  
June 30, 2012

## STATEMENT OF INCOME

(in thousands)

	2012	2011	2012	2011
	Quarter ended	June 30,	Six months ended	June 30,
Interest Income				
Interest and fees on loans	\$ 14,515	15,540	\$ 29,969	30,769
Interest on investments securities	2,018	2,344	4,081	4,618
Interest on cash equivalents	-	6	-	12
	<u>16,533</u>	<u>17,890</u>	<u>34,050</u>	<u>35,399</u>
Total interest income				
Interest expense				
Interest on deposits	601	829	1,245	1,696
Other interest expense	375	417	770	848
	<u>976</u>	<u>1,246</u>	<u>2,015</u>	<u>2,544</u>
Total interest expense				
Net interest revenue	15,557	16,644	32,035	32,855
Provision for losses on loans	<u>2,500</u>	<u>3,000</u>	<u>5,250</u>	<u>6,250</u>
Net interest revenue xter provision for losses on loans	13,057	13,644	26,785	26,605
Non interest income	5,596	5,235	10,950	10,435
Non interest expense				
Salary and benefit costs	7,824	7,296	16,048	14,761
Other expenses	6,649	7,392	13,162	13,778
	<u>14,473</u>	<u>14,688</u>	<u>29,210</u>	<u>28,539</u>
Income before income taxes	4,180	4,192	8,525	8,501
Provision for income taxes	<u>1,337</u>	<u>1,183</u>	<u>2,737</u>	<u>2,508</u>
Net income	<u>\$ 2,843</u>	<u>3,009</u>	<u>\$ 5,788</u>	<u>5,993</u>
			In dollars	
Basic/diluted earnings (loss) per common share <sup>1</sup>	\$ 1.32	\$ 1.41	\$ 2.69	\$ 2.81
Simple earnings per share <sup>2</sup>	\$ 1.66	\$ 1.76	\$ 3.38	\$ 3.50

<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 2011 and 2012 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.