

EXCHANGE BANK

Consolidated Statements
(Unaudited)

September 30, 2012

STATEMENT OF CONDITION

	2012	2011
	in thousands	
ASSETS		
Cash and due from banks	\$ 131,938	\$ 89,875
Investment securities		
Securities available for sale	388,820	310,657
Securities held to maturity	-	-
Total investment securities	<u>388,820</u>	<u>310,657</u>
Loans		
Real estate	691,886	692,826
Consumer	89,284	96,321
Commercial	<u>265,423</u>	<u>281,202</u>
	1,046,593	1,070,349
Less allowance for loan losses	<u>36,488</u>	<u>33,373</u>
Net loans	1,010,105	1,036,976
Bank premises and equipment	16,430	18,050
Other assets	<u>86,591</u>	<u>95,684</u>
	<u>\$ 1,633,884</u>	<u>\$ 1,551,242</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 493,481	\$ 450,414
Interest Bearing		
Transaction	196,963	164,681
Money market	212,498	210,276
Savings	264,749	231,978
Time	<u>249,907</u>	<u>268,962</u>
Total Deposits	1,417,598	1,326,311
Other borrowings	39,000	43,000
Other liabilities	<u>24,512</u>	<u>14,176</u>
Total liabilities	<u>1,481,110</u>	<u>1,383,487</u>
Stockholders' equity	<u>152,774</u>	<u>167,755</u>
	<u>\$ 1,633,884</u>	<u>\$ 1,551,242</u>

EXCHANGE BANK

Consolidated Statements
(Unaudited)
September 30, 2012

STATEMENT OF INCOME

(in thousands)

	2012	2011	2012	2011
	Quarter ended	Sept 30,	Nine months ended	Sept 30,
Interest Income				
Interest and fees on loans	\$ 15,067	15,600	\$ 45,036	46,369
Interest on investments securities	1,975	2,214	6,056	6,832
Interest on cash equivalents	-	5	-	17
Total interest income	17,042	17,819	51,092	53,218
Interest expense				
Interest on deposits	558	766	1,803	2,462
Other interest expense	377	421	1,147	1,269
Total interest expense	935	1,187	2,950	3,731
Net interest revenue	16,107	16,632	48,142	49,487
Provision for losses on loans	2,100	3,000	7,350	9,250
Net interest revenue xter provision for losses on loans	14,007	13,632	40,792	40,237
Non interest income	5,405	5,385	16,355	15,820
Non interest expense				
Salary and benefit costs	7,872	7,232	23,920	21,993
Other expenses	6,671	7,381	19,833	21,159
	14,543	14,613	43,753	43,152
Income before income taxes	4,869	4,404	13,394	12,905
Provision for income taxes	1,659	1,393	4,396	3,901
Net income	\$ 3,210	3,011	\$ 8,998	9,004
			In dollars	
Basic/diluted earnings (loss) per common share ¹	\$ 1.53	\$ 1.41	\$ 4.22	\$ 4.23
Simple earnings per share ²	\$ 1.87	\$ 1.76	\$ 5.25	\$ 5.25

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 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.