

EXCHANGE BANK

Condensed Consolidated Statements (Unaudited)

March 31, 2013

CONDENSED STATEMENT OF CONDITION

	2013	2012
	in thousands	
ASSETS		
Cash and due from banks	\$ 162,026	\$ 141,274
Interest-bearing deposits in other financial institutions	16,000	
Investment Securities available for sale	417,352	359,318
Total investment securities	<u>433,352</u>	<u>359,318</u>
Loans		
Real estate	694,736	682,559
Consumer	82,895	91,735
Commercial	<u>247,509</u>	<u>281,680</u>
	1,025,140	1,055,974
Less allowance for loan losses	<u>36,560</u>	<u>33,906</u>
Net loans	988,580	1,022,068
Bank premises and equipment	16,282	17,239
Other assets	<u>92,232</u>	<u>90,364</u>
	<u>\$ 1,692,472</u>	<u>\$ 1,630,263</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 514,715	\$ 485,580
Interest Bearing		
Transaction	215,064	195,243
Money market	207,356	206,181
Savings	289,085	255,745
Time	<u>248,184</u>	<u>260,211</u>
Total Deposits	1,474,404	1,402,960
Other borrowings	38,000	39,000
Other liabilities	<u>21,673</u>	<u>23,164</u>
Total liabilities	<u>1,534,077</u>	<u>1,465,124</u>
Stockholders' equity	<u>158,395</u>	<u>165,139</u>
	<u>\$ 1,692,472</u>	<u>\$ 1,630,263</u>

EXCHANGE BANK

Condensed Consolidated Statements
(Unaudited)
March 31, 2013

STATEMENT OF INCOME

(in thousands)

	2013	2012
	Three months ended March 31,	
Interest Income		
Interest and fees on loans	\$ 13,524	15,454
Interest on investments securities	1,929	2,063
Interest on cash equivalents	-	-
	<u>15,453</u>	<u>17,517</u>
Total interest income	15,453	17,517
Interest expense		
Interest on deposits	477	644
Other interest expense	353	395
	<u>830</u>	<u>1,039</u>
Total interest expense	830	1,039
Net interest income	14,623	16,478
Provision for losses on loans	1,450	2,750
Net interest income after provision for losses on loans	13,173	13,728
Non interest income	5,570	5,354
Non interest expense		
Salary and benefit costs	8,084	8,224
Other expenses	5,853	6,513
	<u>13,937</u>	<u>14,737</u>
Income before income taxes	4,805	4,345
Provision for income taxes	1,595	1,400
Net income	<u>\$ 3,210</u>	<u>2,945</u>
	In dollars	
Basic/diluted earnings per common share ¹	\$ 1.68	\$ 1.38
Simple earnings per share ²	\$ 1.87	\$ 1.72

¹ Earnings per share is computed by dividing net income, 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 2013 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.