

EXCHANGE BANK

Condensed Consolidated Statements (Unaudited)

June 30, 2013

CONDENSED STATEMENT OF CONDITION

	2013	2012
	in thousands	
ASSETS		
Cash and due from banks	\$ 115,428	\$ 143,493
Interest-bearing deposits in other financial institutions	18,000	
Investment Securities available for sale	428,384	376,788
Total investment securities	<u>428,384</u>	<u>376,788</u>
Loans		
Real estate	718,028	675,035
Consumer	82,560	90,693
Commercial	<u>260,522</u>	<u>270,322</u>
	1,061,110	1,036,050
Less allowance for loan losses	<u>37,786</u>	<u>35,345</u>
Net loans	1,023,324	1,000,705
Bank premises and equipment	16,122	17,104
Other assets	<u>84,596</u>	<u>88,304</u>
	<u>\$ 1,685,854</u>	<u>\$ 1,626,394</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 507,167	\$ 488,520
Interest Bearing		
Transaction	233,954	193,238
Money market	212,640	205,228
Savings	289,580	256,796
Time	<u>242,578</u>	<u>253,772</u>
Total Deposits	1,485,919	1,397,554
Other borrowings	36,000	39,000
Other liabilities	<u>16,970</u>	<u>22,163</u>
Total liabilities	<u>1,538,889</u>	<u>1,458,717</u>
Stockholders' equity	<u>146,965</u>	<u>167,677</u>
	<u>\$ 1,685,854</u>	<u>\$ 1,626,394</u>

EXCHANGE BANK

Condensed Consolidated Statements
(Unaudited)
June 30, 2013

STATEMENT OF INCOME

(in thousands)

	2013	2012	2013	2012
	Quarter ended June 30,		Six months ended June 30,	
Interest Income				
Interest and fees on loans	\$ 13,447	14,515	\$ 26,971	29,969
Interest on investments securities	1,999	2,018	3,928	4,081
Interest on cash equivalents	-	-	-	-
	15,446	16,533	30,899	34,050
Interest expense				
Interest on deposits	440	601	917	1,245
Other interest expense	353	375	706	770
	793	976	1,623	2,015
Net interest income	14,653	15,557	29,276	32,035
Provision for losses on loans	800	2,500	2,250	5,250
Net interest income after provision for losses on loans	13,853	13,057	27,026	26,785
Non interest income	5,309	5,596	10,879	10,950
Non interest expense				
Salary and benefit costs	7,450	7,824	15,534	16,048
Other expenses	5,713	6,649	11,567	13,162
	13,163	14,473	27,101	29,210
Income before income taxes	5,999	4,180	10,804	8,525
Provision for income taxes	2,188	1,337	3,783	2,737
Net income	\$ 3,811	2,843	\$ 7,021	5,788
			In dollars	
Basic/diluted earnings per common share ¹	\$ 2.10	\$ 1.32	\$ 3.78	\$ 2.69
Simple earnings per share ²	\$ 2.22	\$ 1.66	\$ 4.10	\$ 3.38

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.