

EXCHANGE BANK

Condensed Consolidated Statements (Unaudited)

December 31, 2013

CONDENSED STATEMENT OF CONDITION

	2013	2012
	in thousands	
ASSETS		
Cash and due from banks	\$ 86,959	\$ 139,548
Interest-bearing deposits in other financial institutions	23,500	16,000
Investment Securities available for sale	460,374	395,495
Total investment securities	<u>460,374</u>	<u>395,495</u>
Loans		
Real estate	763,640	701,978
Consumer	89,209	86,192
Commercial	<u>277,701</u>	<u>256,699</u>
	1,130,550	1,044,869
Less allowance for loan losses	<u>36,946</u>	<u>35,631</u>
Net loans	1,093,604	1,009,238
Bank premises and equipment	16,071	16,485
Other assets	<u>102,895</u>	<u>122,091</u>
	<u>\$ 1,783,403</u>	<u>\$ 1,698,857</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 567,877	\$ 516,756
Interest Bearing		
Transaction	241,059	211,582
Money market	216,285	203,608
Savings	309,197	278,480
Time	<u>242,563</u>	<u>249,331</u>
Total Deposits	1,576,981	1,459,757
Other borrowings	24,000	38,000
Other liabilities	<u>27,412</u>	<u>44,675</u>
Total liabilities	<u>1,628,393</u>	<u>1,542,432</u>
Stockholders' equity	<u>155,010</u>	<u>156,425</u>
	<u>\$ 1,783,403</u>	<u>\$ 1,698,857</u>

EXCHANGE BANK

Condensed Consolidated Statements
(Unaudited)
December 31, 2013

STATEMENT OF INCOME

(in thousands)

	2013	2012	2013	2012
	Quarter ended Dec 31,	Quarter ended Dec 31,	Twelve months ended Dec 31,	Twelve months ended Dec 31,
Interest Income				
Interest and fees on loans	\$ 13,502	14,211	\$ 54,669	59,247
Interest on investments securities	2,274	1,930	8,347	7,986
Interest on cash equivalents	-	69	-	69
Total interest income	15,776	16,210	63,016	67,302
Interest expense				
Interest on deposits	417	510	1,771	2,313
Other interest expense	232	371	1,692	1,518
Total interest expense	649	881	3,463	3,831
Net interest income	15,127	15,329	59,553	63,471
Provision for losses on loans	-	1,800	2,500	9,150
Net interest income after provision for losses on loans	15,127	13,529	57,053	54,321
Non interest income	5,239	5,434	22,882	21,789
Non interest expense				
Salary and benefit costs	8,388	7,363	31,348	31,283
Other expenses	5,177	6,603	24,639	26,436
	13,565	13,966	55,987	57,719
Income before income taxes	6,801	4,997	23,948	18,391
Provision for income taxes	2,502	1,733	8,219	6,129
Net income	\$ 4,299	3,264	\$ 15,729	12,262
		In dollars		
Basic/diluted earnings per common share ¹	\$ 2.38	\$ 1.71	\$ 8.60	\$ 5.93
Simple earnings per share ²	\$ 2.51	\$ 1.90	\$ 9.17	\$ 7.15

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.