

# EXCHANGE BANK

## Condensed Consolidated Statements (Unaudited)

June 30, 2014

### CONDENSED STATEMENT OF CONDITION

	2014	2013
	in thousands	
<b>ASSETS</b>		
Cash and due from banks	\$ 76,278	\$ 115,428
Interest-bearing deposits in other financial institutions	39,000	18,000
Investment Securities available for sale	430,427	428,384
Total investment securities	<u>430,427</u>	<u>428,384</u>
Loans		
Real estate	787,974	718,028
Consumer	91,902	82,560
Commercial	<u>292,559</u>	<u>260,522</u>
	1,172,435	1,061,110
Less allowance for loan losses	<u>37,395</u>	<u>37,786</u>
Net loans	1,135,040	1,023,324
Bank premises and equipment	16,055	16,122
Other assets	<u>66,353</u>	<u>84,596</u>
	<u>\$ 1,763,153</u>	<u>\$ 1,685,854</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Non Interest Bearing Demand	\$ 562,308	\$ 507,167
Interest Bearing		
Transaction	237,921	233,954
Money market	221,772	212,640
Savings	319,088	289,580
Time	<u>235,020</u>	<u>242,578</u>
Total Deposits	1,576,109	1,485,919
Other borrowings	24,000	36,000
Other liabilities	<u>7,532</u>	<u>16,970</u>
Total liabilities	<u>1,607,641</u>	<u>1,538,889</u>
Stockholders' equity	<u>155,512</u>	<u>146,965</u>
	<u>\$ 1,763,153</u>	<u>\$ 1,685,854</u>

# EXCHANGE BANK

Condensed Consolidated Statements  
(Unaudited)  
June 30, 2014

## STATEMENT OF INCOME

(in thousands)

	2014	2013	2014	2013
	Quarter ended June 30,		Six months ended June 30,	
Interest Income				
Interest and fees on loans	\$ 13,963	13,447	\$ 27,746	26,971
Interest on investments securities	2,263	1,999	4,476	3,928
Interest on cash equivalents	-	-	-	-
Total interest income	16,226	15,446	32,222	30,899
Interest expense				
Interest on deposits	389	440	780	917
Other interest expense	205	353	409	706
Total interest expense	594	793	1,189	1,623
Net interest income	15,632	14,653	31,033	29,276
Provision for losses on loans	-	800	-	2,250
Net interest income after provision for losses on loans	15,632	13,853	31,033	27,026
Non interest income	5,434	5,309	10,635	10,879
Non interest expense				
Salary and benefit costs	7,409	7,450	15,388	15,534
Other expenses	6,280	5,713	12,392	11,567
	13,689	13,163	27,780	27,101
Income before income taxes	7,377	5,999	13,888	10,804
Provision for income taxes	2,834	2,188	5,282	3,783
Net income	\$ 4,543	3,811	\$ 8,606	7,021
			In dollars	
Basic/diluted earnings per common share <sup>1</sup>	\$ 2.65	\$ 2.10	\$ 4.94	\$ 3.78
Simple earnings per share <sup>2</sup>	\$ 2.65	\$ 2.22	\$ 5.02	\$ 4.10

<sup>1</sup> Earnings per share is computed by dividing net income, 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 2014 and 2013 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.