

EXCHANGE BANK

Condensed Consolidated Statements (Unaudited)

September 30, 2014

CONDENSED STATEMENT OF CONDITION

	2014	2013
	in thousands	
ASSETS		
Cash and due from banks	\$ 69,132	\$ 93,478
Interest-bearing deposits in other financial institutions	48,500	24,500
Investment Securities available for sale	440,561	468,969
Total investment securities	<u>440,561</u>	<u>468,969</u>
Loans		
Real estate	767,335	736,181
Consumer	94,250	83,775
Commercial	<u>309,615</u>	<u>264,112</u>
	1,171,200	1,084,068
Less allowance for loan losses	<u>37,573</u>	<u>38,281</u>
Net loans	1,133,627	1,045,787
Bank premises and equipment	16,085	16,115
Other assets	<u>78,192</u>	<u>81,742</u>
	<u>\$ 1,786,097</u>	<u>\$ 1,730,591</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 573,238	\$ 527,256
Interest Bearing		
Transaction	246,545	217,068
Money market	221,041	240,034
Savings	324,003	300,241
Time	<u>227,625</u>	<u>246,950</u>
Total Deposits	1,592,452	1,531,549
Other borrowings	24,000	28,000
Other liabilities	<u>10,366</u>	<u>20,323</u>
Total liabilities	<u>1,626,818</u>	<u>1,579,872</u>
Stockholders' equity	<u>159,279</u>	<u>150,719</u>
	<u>\$ 1,786,097</u>	<u>\$ 1,730,591</u>

EXCHANGE BANK

Condensed Consolidated Statements
(Unaudited)
September 30, 2014

STATEMENT OF INCOME

(in thousands)

	2014	2013	2014	2013
	Quarter ended Sept 30,		Nine months ended Sept 30,	
Interest Income				
Interest and fees on loans	\$ 14,941	14,196	\$ 42,687	41,167
Interest on investments securities	2,282	2,145	6,758	6,073
Interest on cash equivalents	-	-	-	-
Total interest income	17,223	16,341	49,445	47,240
Interest expense				
Interest on deposits	373	437	1,153	1,354
Other interest expense	209	754	618	1,460
Total interest expense	582	1,191	1,771	2,814
Net interest income	16,641	15,150	47,674	44,426
Provision for losses on loans	-	250	-	2,500
Net interest income after provision for losses on loans	16,641	14,900	47,674	41,926
Non interest income	5,482	6,764	16,117	17,643
Non interest expense				
Salary and benefit costs	7,702	7,426	23,090	22,960
Other expenses	6,925	7,895	19,317	19,462
	14,627	15,321	42,407	42,422
Income before income taxes	7,496	6,343	21,384	17,147
Provision for income taxes	2,941	1,934	8,223	5,717
Net income	\$ 4,555	4,409	\$ 13,161	11,430
			In dollars	
Basic/diluted earnings per common share ¹	\$ 2.66	\$ 2.45	\$ 7.60	\$ 6.23
Simple earnings per share ²	\$ 2.66	\$ 2.57	\$ 7.68	\$ 6.67

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 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.