EXCHANGE BANK

Condensed Consolidated Financial Statements (Unaudited)

December 31, 2014

CONDENSED STATEMENT OF CONDITION

ASSETS 2014 2013 Cash and due from banks \$ 97,243 \$ 86,959 Interest-bearing deposits in other financial institutions \$ 22,000 23,500 Investment Securities available for sue financial institutions 437,427 460,374 Total investment securities 437,427 460,374 Loans 792,155 763,640 Real estate 792,155 763,640 Consumer 96,198 89,209 Commercial 333,598 277,701 Less allowance for loan losses 37,653 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment 16,232 16,071 Other assets 100,479 102,895 INDITIES AND STOCKHOLDERS' EQUITIES Exposits Non Interest Bearing Demand 617,410 567,877 Interest Bearing 269,953 241,056 Savings 332,597 309,198 Savings 332,597 309,198 Time 220,892 216,268 <	CONDENSED STATEME	:N I	OF CONDI	110	<u>ON</u>
ASSETS Cash and due from banks \$ 97,243 \$ 86,959 Interest-bearing deposits in other financial institutions 52,000 23,500 Investment Securities available for sale 437,427 460,374 Total investment securities 437,427 460,374 Loans Real estate 792,155 763,640 Consumer 96,198 89,209 Commercial 333,598 277,701 Less allowance for loan losses 37,653 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment 16,232 16,071 Other assets 100,479 102,895 * 1,887,679 \$ 1,783,403 * LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,66			2014 2013		
Cash and due from banks \$ 97,243 \$ 86,959 Interest-bearing deposits in other financial institutions 52,000 23,500 Investment Securities available for sale 437,427 460,374 Total investment securities 437,427 460,374 Loans Real estate 792,155 763,640 Consumer 96,198 89,209 277,701 Less allowance for loan losses 37,653 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment 16,232 16,071 Other assets 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 <td></td> <td></td> <td>in thous</td> <td>sanc</td> <td>ls</td>			in thous	sanc	ls
Interest-bearing deposits in other financial institutions 52,000 23,500 Investment Securities available for sale 437,427 460,374 Total investment securities 437,427 460,374 Loans Real estate 792,155 763,640 Consumer 96,198 89,209 Commercial 333,598 277,701 Less allowance for loan losses 37,653 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment 16,232 16,071 Other assets 100,479 102,895 LIABILITIES AND STOCKHOLDERS' EQUITY EQUITY Deposits Non Interest Bearing Demand 617,410 \$ 567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206<	ASSETS				
financial institutions 52,000 23,500 Investment Securities available for sale 437,427 460,374 Total investment securities 437,427 460,374 Loans	Cash and due from banks	\$	97,243	\$	86,959
financial institutions 52,000 23,500 Investment Securities available for sale 437,427 460,374 Total investment securities 437,427 460,374 Loans	Interest-bearing deposits in other				
Total investment securities 437,427 460,374 Loans Real estate Consumer 96,198 89,209 Commercial 333,598 277,701 89,209 277,701 Less allowance for loan losses An,653 Net loans Net loans 1,184,298 1,093,604 Bank premises and equipment Other assets 100,479 102,895 1,6071 100,479 102,895 LIABILITIES AND STOCKHOLDERS' EQUITY \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY \$ 1,093,604 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY \$ 1,668,799 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY \$ 1,668,799 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY \$ 1,668,799 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY \$ 269,953 \$ 241,056 Money market \$ 220,892 \$ 216,286 Savings \$ 332,597 \$ 309,198 Time \$ 227,547 \$ 242,564 Total Deposits \$ 1,668,399 \$ 1,576,981 Other borrowings \$ 22,000 \$ 24,000 Other liabilities \$ 1,727,605 \$ 1,628,393 Stockholders' equity			52,000		23,500
Loans Real estate 792,155 763,640 Consumer 96,198 89,209 Commercial 333,598 277,701 1,221,951 1,130,550 36,946	Investment Securities available for sale		437,427		460,374
Real estate 792,155 763,640 Consumer 96,198 89,209 Commercial 333,598 277,701 Less allowance for loan losses 1,221,951 1,130,550 Net loans 1,184,298 1,093,604 Bank premises and equipment 16,232 16,071 Other assets 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	Total investment securities		437,427	_	460,374
Real estate 792,155 763,640 Consumer 96,198 89,209 Commercial 333,598 277,701 Less allowance for loan losses 1,221,951 1,130,550 Net loans 1,184,298 1,093,604 Bank premises and equipment 16,232 16,071 Other assets 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	Loans				
Consumer Commercial 96,198 333,598 89,209 277,701 Less allowance for loan losses 1,221,951 3,653 1,130,550 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment Other assets 16,232 16,071 100,479 102,895 100,479 102,895 LIABILITIES AND STOCKHOLDERS' EQUITY * 1,887,679 \$ 1,783,403 * 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY * 617,410 \$ 567,877 * 567,877 Interest Bearing Demand Transaction 269,953 241,056 * 241,056 Money market 220,892 216,286 * 216,286 Savings 332,597 309,198 * 332,597 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010			792,155		763,640
Less allowance for loan losses 1,221,951 37,653 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment Other assets 16,232 16,071 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	Consumer				
Less allowance for loan losses 37,653 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment Other assets 16,071 16,071 Other assets 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing	Commercial		333,598		277,701
Less allowance for loan losses 37,653 36,946 Net loans 1,184,298 1,093,604 Bank premises and equipment Other assets 16,071 16,071 Other assets 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing					
Net loans 1,184,298 1,093,604 Bank premises and equipment Other assets 16,232 16,071 102,895 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$617,410 \$567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 332,597 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 24,000 Other liabilities 37,206 27,412 27,412 Total liabilities 1,727,605 1,628,393 1,55,010	1 H				
Bank premises and equipment Other assets 16,071 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	Less allowance for loan losses		37,653		36,946
Other assets 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits	Net loans		1,184,298		1,093,604
Other assets 100,479 102,895 \$ 1,887,679 \$ 1,783,403 LIABILITIES AND STOCKHOLDERS' EQUITY Deposits	Bank premises and equipment		16.232		16.071
LIABILITIES AND STOCKHOLDERS' EQUITY Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	• •				
Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010		\$	1,887,679	\$	1,783,403
Deposits Non Interest Bearing Demand \$ 617,410 \$ 567,877 Interest Bearing 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	LIABILITIES AND STOCKHOLDERS' EOU	ITY			
Non Interest Bearing Demand Interest Bearing \$ 617,410 \$ 567,877 Interest Bearing Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010					
Interest Bearing 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	Deposits				
Transaction 269,953 241,056 Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010		\$	617,410	\$	567,877
Money market 220,892 216,286 Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	_		260 053		2/1 056
Savings 332,597 309,198 Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010					•
Time 227,547 242,564 Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	•				*
Total Deposits 1,668,399 1,576,981 Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	 ,				
Other borrowings 22,000 24,000 Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	rime		227,547		242,564
Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	Total Deposits		1,668,399		1,576,981
Other liabilities 37,206 27,412 Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010	Other borrowings		22 000		24 000
Total liabilities 1,727,605 1,628,393 Stockholders' equity 160,074 155,010					
Stockholders' equity 160,074 155,010	Other Habilities		37,200		27,412
	Total liabilities		1,727,605		1,628,393
\$ 1,887,679 \$ 1,783,403	Stockholders' equity		160,074		155,010
		\$	1,887,679	\$	1,783,403

EXCHANGE BANK

Condensed Consolidated Financial Statements (Unaudited) December 31, 2014

STATEMENT OF INCOME

(in thousands)				
· ,	2014	2013	2014	2013
	Quarter en	ded Dec 31,	Twelve months	ended Dec 31,
Interest Income				
Interest and fees on loans	\$ 14,266	13,502	\$ 56,953	54,669
Interest on investments securities	2,351	2,274	9,109	8,347
Total interest income	16,617	15,776	66,062	63,016
Interest expense				
Interest on deposits	351	417	1,504	1,771
Other interest expense	389	232	1,007	1,692
Total interest expense	740	649	2,511	3,463
Net interest income	15,877	15,127	63,551	59,553
	20/077	13/11/	33,331	23,333
Provision for losses on loans				2,500
N. I.				
Net interest income after provision for losses on loans	15,877	15,127	63,551	57,053
provision for losses on loans	15,6//	15,127	63,331	57,055
Non interest income	4,882	5,239	20,999	22,882
Non interest expense				
Salary and benefit costs	6,749	8,388	29,839	31,348
Other expenses	7,122	5,177	26,438	24,639
	13,871	13,565	56,277	55,987
	- / -	7,222		,
Income before income taxes	6,888	6,801	28,272	23,948
Provision for income taxes	2,340	2,502	10 562	8,219
Provision for income taxes	2,340	2,302	10,563	0,219
Net income	\$ 4,548	4,299	\$ 17,709	15,729
5		In do		
Basic/diluted earnings per common share	\$ 2.65	\$ 2.38	\$ 10.25	\$ 8.60
Simple earnings per share ²	\$ 2.65	\$ 2.51	\$ 10.33	\$ 9.17

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.

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.

² Simple earnings per share is computed by dividing net income by the weighted average of shares outstanding during the year.