

EXCHANGE BANK
and Subsidiaries
Consolidated Balance Sheet
(Unaudited)

June 30, 2016 and 2015

(In Thousands)

ASSETS	2016	2015	Change 16/15	% Change 16/15
Cash and due from banks	\$ 31,971	\$ 31,753	218	0.69%
Fed Funds Sold	25,510	81,535	(56,025)	-68.71%
Total Cash and cash equivalents	57,481	113,288	(55,807)	-49.26%
Investments				
Interest-earning deposits in other financial institutions	77,500	63,000	14,500	23.02%
Securities available for sale	513,395	475,070	38,325	8.07%
FHLB Stock	10,015	9,036	979	10.83%
Loans and leases				
Real estate	919,551	800,610	118,941	14.86%
Consumer	110,118	96,957	13,161	13.57%
Commercial	297,380	316,143	(18,763)	-5.93%
	1,327,049	1,213,710	113,339	9.34%
Less allowance for loan and lease losses	(37,854)	(37,512)	(342)	0.91%
Net loans and leases	1,289,195	1,176,198	112,997	9.61%
Bank premises and equipment	17,180	16,312	868	5.32%
Other assets	81,020	69,747	11,273	16.16%
Total Assets	\$ 2,045,786	\$ 1,922,651	123,135	6.40%

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits				
Non-Interest Bearing Demand	667,853	648,014	19,839	3.06%
Interest Bearing				
Transaction	325,172	279,143	46,029	16.49%
Money market	261,860	229,472	32,388	14.11%
Savings	380,415	356,745	23,670	6.63%
Time	198,921	215,709	(16,788)	-7.78%
Total Deposits	1,834,221	1,729,083	105,138	6.08%
Other borrowings	8,000	8,000	-	0.00%
Other liabilities	20,293	16,914	3,379	19.98%
Total liabilities	1,862,514	1,753,997	108,517	6.19%
Stockholders' equity	183,272	168,654	14,618	8.67%
Total Liabilities and Stockholder's Equity	\$ 2,045,786	\$ 1,922,651	123,135	6.40%

EXCHANGE BANK
and Subsidiaries
Consolidated Statement of Operations
(Unaudited)

For the Period Ended June 30, 2016 and 2015

(In Thousands, except per share amounts)

	Quarter		Six Months Ending		Six Months Ending	
	2016	2015	2016	2015	Change 16/15	% Change 16/15
Interest Income						
Interest and fees on loans	\$ 15,526	\$ 14,978	\$ 30,968	\$ 29,589	\$ 1,379	4.66%
Interest on investments securities	<u>2,672</u>	<u>2,775</u>	<u>5,350</u>	<u>5,153</u>	<u>197</u>	<u>3.83%</u>
Total interest income	<u>18,198</u>	<u>17,753</u>	<u>36,318</u>	<u>34,742</u>	<u>1,576</u>	<u>4.54%</u>
Interest expense						
Interest on deposits	191	254	397	560	(163)	-29.09%
Other interest expense	<u>95</u>	<u>383</u>	<u>190</u>	<u>562</u>	<u>(372)</u>	<u>-66.18%</u>
Total interest expense	<u>286</u>	<u>637</u>	<u>587</u>	<u>1,122</u>	<u>(535)</u>	<u>-47.66%</u>
Net interest income	<u>17,912</u>	<u>17,116</u>	<u>35,731</u>	<u>33,620</u>	<u>2,111</u>	<u>6.28%</u>
Provision (reversal of) for losses on loans	<u>(400)</u>	<u>(2,500)</u>	<u>(900)</u>	<u>(2,900)</u>	<u>2,000</u>	<u>-68.97%</u>
Net interest income after provision for loan and leases	<u>18,312</u>	<u>19,616</u>	<u>36,631</u>	<u>36,520</u>	<u>111</u>	<u>0.30%</u>
Non-interest income	5,120	5,020	9,883	10,621	(738)	-6.95%
Non interest expense						
Salary and benefit costs	8,246	8,652	16,941	16,395	546	3.33%
Other expenses	<u>6,369</u>	<u>6,565</u>	<u>12,378</u>	<u>12,854</u>	<u>(476)</u>	<u>-3.70%</u>
Total non-interest expense	<u>14,615</u>	<u>15,217</u>	<u>29,319</u>	<u>29,249</u>	<u>70</u>	<u>0.24%</u>
Income before income taxes	8,817	9,419	17,194	17,892	(698)	-3.90%
Provision for income taxes	<u>3,372</u>	<u>3,784</u>	<u>6,538</u>	<u>7,123</u>	<u>(585)</u>	<u>-8.21%</u>
Net income	<u>\$ 5,445</u>	<u>\$ 5,635</u>	<u>\$ 10,656</u>	<u>\$ 10,769</u>	<u>\$ (113)</u>	<u>-1.05%</u>
Basic earnings per common share	\$ 3.18	\$ 3.29	\$ 6.22	\$ 6.28	\$ (0.07)	-1.05%
Dividends per share	\$ 0.70	\$ 0.55	\$ 1.35	\$ 1.05	\$ 0.30	28.57%

Earnings per share is computed by dividing net income,
by the weighted averaged number of shares outstanding during the year.

Total average shares outstanding for both 2016 and 2015 was 1,714,344