

**EXCHANGE BANK**  
and Subsidiaries  
**Consolidated Balance Sheet**  
(Unaudited)

**September 30, 2016 and 2015**  
(In Thousands)

<b>ASSETS</b>	2016	2015	Change 16/15	% Change 16/15
Cash and due from banks	\$ 31,249	\$ 27,453	3,796	13.83%
Fed Funds Sold	31,507	78,702	(47,195)	-59.97%
<b>Total Cash and cash equivalents</b>	<u>62,756</u>	<u>106,155</u>	<u>(43,399)</u>	<u>-40.88%</u>
Investments				
Interest-earning deposits in other financial institutions	78,500	71,000	7,500	10.56%
Securities available for sale	518,612	488,401	30,211	6.19%
FHLB Stock	10,015	9,036	979	10.83%
Loans and leases				
Real estate	937,385	830,868	106,517	12.82%
Consumer	113,975	102,771	11,204	10.90%
Commercial	337,211	314,362	22,849	7.27%
	1,388,571	1,248,001	140,570	11.26%
Less allowance for loan and lease losses	(37,962)	(37,676)	(286)	0.76%
<b>Net loans and leases</b>	<u>1,350,609</u>	<u>1,210,325</u>	<u>140,284</u>	<u>11.59%</u>
Bank premises and equipment	17,372	16,133	1,239	7.68%
Other assets	81,404	69,701	11,703	16.79%
<b>Total Assets</b>	<u>\$ 2,119,268</u>	<u>\$ 1,970,751</u>	<u>148,517</u>	<u>7.54%</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Deposits				
Non-Interest Bearing Demand	712,334	664,010	48,324	7.28%
Interest Bearing				
Transaction	339,570	291,596	47,974	16.45%
Money market	262,923	234,811	28,112	11.97%
Savings	393,237	368,495	24,742	6.71%
Time	193,136	215,247	(22,111)	-10.27%
<b>Total Deposits</b>	<u>1,901,200</u>	<u>1,774,159</u>	<u>127,041</u>	<u>7.16%</u>
Other borrowings	8,000	8,000	-	0.00%
Other liabilities	22,801	14,777	8,024	54.30%
<b>Total liabilities</b>	<u>1,932,001</u>	<u>1,796,936</u>	<u>135,065</u>	<u>7.52%</u>
<b>Stockholders' equity</b>	<u>187,267</u>	<u>173,815</u>	<u>13,452</u>	<u>7.74%</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u>\$ 2,119,268</u>	<u>\$ 1,970,751</u>	<u>148,517</u>	<u>7.54%</u>

# EXCHANGE BANK

and Subsidiaries

## Consolidated Statement of Operations

(Unaudited)

For the Period Ended September 30, 2016 and 2015

(In Thousands, except per share amounts)

	Quarter		Nine Months Ending		Nine Months Ending	
	2016	2015	2016	2015	Change 16/15	% Change 16/15
<b>Interest Income</b>						
Interest and fees on loans	\$ 15,784	\$ 14,630	\$ 46,752	\$ 44,219	\$ 2,533	5.73%
Interest on investments securities	2,628	2,614	7,978	7,767	211	2.72%
<b>Total interest income</b>	<b>18,412</b>	<b>17,244</b>	<b>54,730</b>	<b>51,986</b>	<b>2,744</b>	<b>5.28%</b>
<b>Interest expense</b>						
Interest on deposits	188	235	585	796	(211)	-26.51%
Other interest expense	96	95	286	656	(370)	-56.40%
<b>Total interest expense</b>	<b>284</b>	<b>330</b>	<b>871</b>	<b>1,452</b>	<b>(581)</b>	<b>-40.01%</b>
<b>Net interest income</b>	<b>18,128</b>	<b>16,914</b>	<b>53,859</b>	<b>50,534</b>	<b>3,325</b>	<b>6.58%</b>
Provision (reversal of) for losses on loans	-	(300)	(900)	(3,200)	2,300	-71.88%
<b>Net interest income after provision for loan and leases</b>	<b>18,128</b>	<b>17,214</b>	<b>54,759</b>	<b>53,734</b>	<b>1,025</b>	<b>1.91%</b>
<b>Non-interest income</b>	<b>5,474</b>	<b>5,407</b>	<b>15,356</b>	<b>16,028</b>	<b>(672)</b>	<b>-4.19%</b>
<b>Non interest expense</b>						
Salary and benefit costs	8,414	7,430	25,356	23,825	1,531	6.43%
Other expenses	6,510	6,712	18,887	19,566	(679)	-3.47%
<b>Total non-interest expense</b>	<b>14,924</b>	<b>14,142</b>	<b>44,243</b>	<b>43,391</b>	<b>852</b>	<b>1.96%</b>
<b>Income before income taxes</b>	<b>8,678</b>	<b>8,479</b>	<b>25,872</b>	<b>26,371</b>	<b>(499)</b>	<b>-1.89%</b>
Provision for income taxes	3,283	3,341	9,821	10,464	(643)	-6.14%
<b>Net income</b>	<b>\$ 5,395</b>	<b>\$ 5,138</b>	<b>\$ 16,051</b>	<b>\$ 15,907</b>	<b>\$ 144</b>	<b>0.91%</b>
Basic earnings per common share	\$ 3.15	\$ 3.00	\$ 9.36	\$ 9.28	\$ 0.08	0.91%
Dividends per share	\$ 0.70	\$ 0.55	\$ 2.05	\$ 1.60	\$ 0.45	28.13%

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