

EXCHANGE BANK
and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

June 30, 2017 and 2016
(In Thousands)

ASSETS	2017	2016	Change 17/16	% Change 17/16
Cash and due from banks	\$ 35,482	\$ 31,971	\$ 3,511	10.98%
Fed Funds Sold	27,886	25,510	2,376	9.31%
Total Cash and cash equivalents	63,368	57,481	5,887	10.24%
Investments				
Interest-earning deposits in other financial institutions	65,305	77,500	(12,195)	-15.74%
Securities available for sale	567,629	513,395	54,234	10.56%
FHLB Stock	10,015	10,015	-	0.00%
Loans and leases				
Real estate	1,029,194	919,551	109,643	11.92%
Consumer	114,042	110,118	3,924	3.56%
Commercial	315,096	297,380	17,716	5.96%
	1,458,332	1,327,049	131,283	9.89%
Less allowance for loan and lease losses	(39,093)	(37,854)	(1,239)	3.27%
Net loans and leases	1,419,239	1,289,195	130,044	10.09%
Bank premises and equipment	17,790	17,180	610	3.55%
Other assets	100,295	81,020	19,275	23.79%
Total Assets	\$ 2,243,641	\$ 2,045,786	\$ 197,855	9.67%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits				
Non-Interest Bearing Demand	\$ 728,081	\$ 667,853	\$ 60,228	9.02%
Interest Bearing				
Transaction	383,619	325,172	58,447	17.97%
Money market	294,233	261,860	32,373	12.36%
Savings	411,195	380,415	30,780	8.09%
Time	185,963	198,921	(12,958)	-6.51%
Total Deposits	2,003,091	1,834,221	168,870	9.21%
Other borrowings	2,000	8,000	(6,000)	-75.00%
Other liabilities	37,281	20,293	16,988	83.71%
Total liabilities	2,042,372	1,862,514	179,858	9.66%
Stockholders' equity	201,269	183,272	17,997	9.82%
Total Liabilities and Stockholder's Equity	\$ 2,243,641	\$ 2,045,786	\$ 197,855	9.67%

EXCHANGE BANK
and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

For the Period Ended June 30, 2017 and 2016

(In Thousands, except per share amounts)

	Quarter Ended		Six Months Ended		Six Months Ended	
	2017	2016	2017	2016	Change 17/16	% Change 17/16
Interest Income						
Interest and fees on loans	\$ 16,917	\$ 15,526	\$ 33,781	\$ 30,968	\$ 2,813	9.08%
Interest on investments securities	2,905	2,672	5,626	5,350	276	5.16%
Total interest income	<u>19,822</u>	<u>18,198</u>	<u>39,407</u>	<u>36,318</u>	<u>3,089</u>	<u>8.51%</u>
Interest expense						
Interest on deposits	188	191	363	397	(34)	-8.56%
Other interest expense	313	95	407	190	217	114.21%
Total interest expense	<u>501</u>	<u>286</u>	<u>770</u>	<u>587</u>	<u>183</u>	<u>31.18%</u>
Net interest income	<u>19,321</u>	<u>17,912</u>	<u>38,637</u>	<u>35,731</u>	<u>2,906</u>	<u>8.13%</u>
Provision (reversal of) for losses on loans	-	(400)	-	(900)	900	-100.00%
Net interest income after provision for loan and leases	<u>19,321</u>	<u>18,312</u>	<u>38,637</u>	<u>36,631</u>	<u>2,006</u>	<u>5.48%</u>
Non-interest income	6,714	5,120	13,505	9,883	3,622	36.65%
Non interest expense						
Salary and benefit costs	8,448	8,246	16,865	16,941	(76)	-0.45%
Other expenses	6,833	6,368	13,553	12,378	1,174	9.48%
Total non-interest expense	<u>15,281</u>	<u>14,614</u>	<u>30,418</u>	<u>29,319</u>	<u>1,098</u>	<u>3.75%</u>
Income before income taxes	10,754	8,817	21,724	17,194	4,530	26.35%
Provision for income taxes	4,245	3,372	8,578	6,538	2,040	31.20%
Net income	<u>\$ 6,509</u>	<u>\$ 5,445</u>	<u>\$ 13,146</u>	<u>\$ 10,656</u>	<u>\$ 2,490</u>	<u>23.37%</u>
Basic earnings per common share	\$ 3.80	\$ 3.18	\$ 7.67	\$ 6.22	\$ 1.45	23.37%
Dividends per share	\$ 0.85	\$ 0.70	\$ 1.65	\$ 1.35	\$ 0.30	22.22%

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 2017 and 2016 was 1,714,344