

EXCHANGE BANK
and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

September 30, 2017 and 2016
(In Thousands)

ASSETS	2017	2016	Change 17/16	% Change 17/16
Cash and due from banks	\$ 36,187	\$ 31,249	\$ 4,938	15.80%
Fed Funds Sold	32,495	31,507	988	3.14%
Total Cash and cash equivalents	68,682	62,756	5,926	9.44%
Investments				
Interest-earning deposits in other financial institutions	57,500	78,500	(21,000)	-26.75%
Securities available for sale	577,108	518,612	58,496	11.28%
FHLB Stock	10,015	10,015	-	0.00%
Loans and leases				
Real estate	1,025,904	937,385	88,519	9.44%
Consumer	119,553	113,975	5,578	4.89%
Commercial	320,110	337,211	(17,101)	-5.07%
	1,465,567	1,388,571	76,996	5.54%
Less allowance for loan and lease losses	(39,096)	(37,962)	(1,134)	2.99%
Net loans and leases	1,426,471	1,350,609	75,862	5.62%
Bank premises and equipment	18,082	17,372	710	4.09%
Other assets	100,966	81,404	19,562	24.03%
Total Assets	\$ 2,258,824	\$ 2,119,268	\$ 139,556	6.59%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits				
Non-Interest Bearing Demand	\$ 732,484	\$ 712,334	\$ 20,150	2.83%
Interest Bearing				
Transaction	387,732	339,570	48,162	14.18%
Money market	288,617	262,923	25,694	9.77%
Savings	419,317	393,237	26,080	6.63%
Time	184,780	193,136	(8,356)	-4.33%
Total Deposits	2,012,930	1,901,200	111,730	5.88%
Other borrowings	2,000	8,000	(6,000)	-75.00%
Other liabilities	37,789	22,801	14,988	65.73%
Total liabilities	2,052,719	1,932,001	120,718	6.25%
Stockholders' equity	206,105	187,267	18,838	10.06%
Total Liabilities and Stockholder's Equity	\$ 2,258,824	\$ 2,119,268	\$ 139,556	6.59%

EXCHANGE BANK
and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

For the Period Ended September 30, 2017 and 2016

(In Thousands, except per share amounts)

	Quarter Ended		Nine Months Ended		Nine Months Ended	
	2017	2016	2017	2016	Change 17/16	% Change 17/16
Interest Income						
Interest and fees on loans	\$ 17,649	\$ 15,784	\$ 51,430	\$ 46,752	\$ 4,678	10.01%
Interest on investments securities	<u>3,059</u>	<u>2,628</u>	<u>8,685</u>	<u>7,978</u>	<u>707</u>	<u>8.86%</u>
Total interest income	<u>20,708</u>	<u>18,412</u>	<u>60,115</u>	<u>54,730</u>	<u>5,385</u>	<u>9.84%</u>
Interest expense						
Interest on deposits	212	187	576	585	(9)	-1.54%
Other interest expense	<u>25</u>	<u>96</u>	<u>432</u>	<u>286</u>	<u>146</u>	<u>51.05%</u>
Total interest expense	<u>237</u>	<u>283</u>	<u>1,008</u>	<u>871</u>	<u>137</u>	<u>15.73%</u>
Net interest income	<u>20,471</u>	<u>18,129</u>	<u>59,107</u>	<u>53,859</u>	<u>5,248</u>	<u>9.74%</u>
Provision (reversal of) for losses on loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900)</u>	<u>900</u>	<u>-100.00%</u>
Net interest income after provision for loan and leases	<u>20,471</u>	<u>18,129</u>	<u>59,107</u>	<u>54,759</u>	<u>4,348</u>	<u>7.94%</u>
Non-interest income	5,562	5,474	19,067	15,356	3,711	24.17%
Non interest expense						
Salary and benefit costs	8,311	8,415	25,176	25,356	(180)	-0.71%
Other expenses	<u>6,738</u>	<u>6,510</u>	<u>20,291</u>	<u>18,888</u>	<u>1,402</u>	<u>7.42%</u>
Total non-interest expense	<u>15,049</u>	<u>14,925</u>	<u>45,467</u>	<u>44,244</u>	<u>1,222</u>	<u>2.76%</u>
Income before income taxes	10,984	8,678	32,707	25,871	6,837	26.43%
Provision for income taxes	<u>4,330</u>	<u>3,282</u>	<u>12,908</u>	<u>9,821</u>	<u>3,087</u>	<u>31.43%</u>
Net income	<u>\$ 6,654</u>	<u>\$ 5,396</u>	<u>\$ 19,799</u>	<u>\$ 16,050</u>	<u>\$ 3,750</u>	<u>23.36%</u>
Basic earnings per common share	\$ 3.88	\$ 3.15	\$ 11.55	\$ 9.36	\$ 2.19	23.46%
Dividends per share	\$ 0.85	\$ 0.70	\$ 2.50	\$ 2.05	\$ 0.45	21.95%

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