

EXCHANGE BANK

Consolidated Statements (Unaudited)

June 30, 2009

STATEMENT OF CONDITION

	2009 <u>in thousands</u>	2008 <u></u>
ASSETS		
Cash and due from banks	28,397	40,507
Investment securities		
Securities available for sale	348,143	346,735
Securities held to maturity	-	-
Total investment securities	<u>348,143</u>	<u>346,735</u>
Loans		
Real estate	711,938	779,938
Consumer	120,885	132,383
Commercial	306,715	289,258
	<u>1,139,538</u>	<u>1,201,579</u>
Less allowance for loan losses	<u>33,238</u>	<u>25,676</u>
Net loans	1,106,300	1,175,903
Bank premises and equipment	19,858	21,693
Other assets	<u>107,137</u>	<u>93,684</u>
	<u>1,609,835</u>	<u>1,678,522</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	385,989	373,959
Interest Bearing		
Transaction	126,080	128,146
Money market	212,023	323,276
Savings	187,962	170,684
Time	433,328	344,888
Total Deposits	1,345,382	1,340,953
Other borrowings	89,000	183,000
Other liabilities	<u>31,550</u>	<u>25,653</u>
Total liabilities	<u>1,465,932</u>	<u>1,549,606</u>
Stockholders' equity	<u>143,903</u>	<u>128,916</u>
	<u>1,609,835</u>	<u>1,678,522</u>

EXCHANGE BANK

Consolidated Statements
(Unaudited)
June 30, 2009

STATEMENT OF INCOME

(in thousands)

	2009 Quarter ended June 30,	2008 June 30,	2009 Six months ended June 30,	2008 June 30,
Interest Income				
Interest and fees on loans	\$ 17,844	19,671	\$ 35,073	39,903
Interest on investments securities	3,505	3,754	7,094	7,304
Interest on cash equivalents	(31)	105	(63)	182
Total interest income	21,318	23,530	42,104	47,389
Interest expense				
Interest on deposits	3,496	5,082	7,114	11,326
Other interest expense	1,124	1,292	2,080	2,481
Total interest expense	4,620	6,374	9,194	13,807
Net interest revenue	16,698	17,157	32,910	33,582
Provision for losses on loans	6,000	13,600	29,000	16,300
Net interest revenue after provision for losses on loans	10,698	3,557	3,910	17,282
Non interest income	4,959	4,962	9,689	9,899
Non interest expense				
Salary and benefit costs	7,323	7,042	15,112	14,261
Other expenses	5,136	6,496	13,699	12,140
	12,459	13,538	28,811	26,401
Income before income taxes	3,198	(5,020)	(15,211)	780
Provision for income taxes	766	(1,883)	(7,344)	253
Net income	\$ 2,432	(3,137)	\$ (7,867)	527
		In dollars		
Basic/diluted earnings (loss) per common share ¹	\$ 1.08	\$ (1.83)	\$ (5.14)	\$ 0.31
Simple earnings per share ²	\$ 1.42	\$ (1.83)	\$ (4.59)	\$ 0.31
Cash dividend per common share	\$ -	\$ 1.00	\$ -	\$ 2.00

¹ Earnings (loss) per share is computed by dividing net income (loss), less preferred stock dividends, by the weighted averaged number of shares outstanding during the year.

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

Total average shares outstanding for both 2008 and 2009 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.