

EXCHANGE BANK

Consolidated Statements
(Unaudited)

September 30, 2009

STATEMENT OF CONDITION

	2009 in thousands	2008
ASSETS		
Cash and due from banks	31,021	41,068
Investment securities		
Securities available for sale	311,858	334,877
Securities held to maturity	-	-
Total investment securities	<u>311,858</u>	<u>334,877</u>
Loans		
Real estate	704,325	771,784
Consumer	117,862	129,477
Commercial	300,838	295,662
	<u>1,123,025</u>	<u>1,196,923</u>
Less allowance for loan losses	<u>26,583</u>	<u>27,204</u>
Net loans	1,096,442	1,169,719
Bank premises and equipment	19,346	21,403
Other assets	<u>110,798</u>	<u>99,192</u>
	<u>1,569,465</u>	<u>1,666,259</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	404,284	394,104
Interest Bearing		
Transaction	122,144	124,440
Money market	226,015	296,467
Savings	190,147	170,187
Time	379,854	375,932
Total Deposits	1,322,444	1,361,130
Other borrowings	70,287	158,000
Other liabilities	<u>30,006</u>	<u>28,278</u>
Total liabilities	<u>1,422,737</u>	<u>1,547,408</u>
Stockholders' equity	<u>146,728</u>	<u>118,851</u>
	<u>1,569,465</u>	<u>1,666,259</u>

EXCHANGE BANK

Consolidated Statements
(Unaudited)
September 30, 2009

STATEMENT OF INCOME

(in thousands)

	2009	2008	2009	2008
	Quarter ended	Sept 30,	Nine months ended	Sept 30,
Interest Income				
Interest and fees on loans	\$ 17,240	18,335	\$ 52,313	58,238
Interest on investments securities	2,980	3,754	10,074	11,058
Interest on cash equivalents	41	135	(22)	317
Total interest income	20,261	22,224	62,365	69,613
Interest expense				
Interest on deposits	2,865	4,827	9,979	16,153
Other interest expense	1,062	1,230	3,142	3,711
Total interest expense	3,927	6,057	13,121	19,864
Net interest revenue	16,334	16,167	49,244	49,749
Provision for losses on loans	6,000	27,500	35,000	43,800
Net interest revenue after provision for losses on loans	10,334	(11,333)	14,244	5,949
Non interest income	5,770	5,283	15,459	15,182
Non interest expense				
Salary and benefit costs	6,830	6,639	21,942	20,900
Other expenses	8,810	10,459	22,508	22,599
	15,639	17,098	44,450	43,499
Income before income taxes	465	(23,148)	(14,746)	(22,368)
Provision for income taxes	(351)	(11,652)	(7,695)	(11,399)
Net income	\$ 816	(11,496)	\$ (7,051)	(10,969)
		In dollars		
Basic/diluted earnings (loss) per common share ¹	\$ 0.13	\$ (6.71)	\$ (5.01)	\$ (6.40)
Simple earnings per share ²	\$ 0.48	\$ (6.71)	\$ (4.11)	\$ (6.40)
Cash dividend per common share	\$ -	\$ -	\$ -	\$ 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.