

EXCHANGE BANK

Consolidated Statements
(Unaudited)

December 31, 2010

STATEMENT OF CONDITION

	2010 in thousands	2009
ASSETS		
Cash and due from banks	\$ 39,777	38,831
Investment securities		
Securities available for sale	318,376	304,032
Securities held to maturity	-	-
Total investment securities	<u>318,376</u>	<u>304,032</u>
Loans		
Real estate	679,307	694,845
Consumer	99,834	112,310
Commercial	272,692	284,372
	<u>1,051,833</u>	<u>1,091,527</u>
Less allowance for loan losses	<u>33,144</u>	<u>28,781</u>
Net loans	1,018,689	1,062,746
Bank premises and equipment	17,606	19,170
Other assets	<u>126,333</u>	<u>127,287</u>
	<u>\$ 1,520,781</u>	<u>1,552,066</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 424,371	427,850
Interest Bearing		
Transaction	164,758	137,454
Money market	195,819	205,625
Savings	218,349	196,546
Time	281,855	349,373
Total Deposits	1,285,152	1,316,848
Other borrowings	47,000	51,000
Other liabilities	<u>31,403</u>	<u>34,068</u>
Total liabilities	<u>1,363,555</u>	<u>1,401,916</u>
Stockholders' equity	<u>157,226</u>	<u>150,150</u>
	<u>\$ 1,520,781</u>	<u>1,552,066</u>

EXCHANGE BANK

Consolidated Statements
(Unaudited)
December 31, 2010

STATEMENT OF INCOME

(in thousands)

	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	Quarter ended	Dec 31,	Twelve months ended	Dec 31,
Interest Income				
Interest and fees on loans	\$ 15,937	16,886	\$ 66,376	69,199
Interest on investments securities	2,239	2,848	9,707	12,922
Interest on cash equivalents	18	(21)	38	(43)
	<u>18,194</u>	<u>19,713</u>	<u>76,121</u>	<u>82,078</u>
Total interest income				
Interest expense				
Interest on deposits	938	2,023	4,792	12,002
Other interest expense	465	716	1,962	3,858
	<u>1,403</u>	<u>2,739</u>	<u>6,755</u>	<u>15,860</u>
Total interest expense				
Net interest revenue	16,791	16,974	69,366	66,218
Provision for losses on loans	4,000	6,000	19,500	41,000
Net interest revenue after provision for losses on loans	12,791	10,974	49,866	25,218
Non interest income	5,066	5,150	20,377	20,609
Non interest expense				
Salary and benefit costs	7,060	6,520	27,406	28,462
Other expenses	8,062	5,782	28,875	28,290
	<u>15,122</u>	<u>12,302</u>	<u>56,281</u>	<u>56,752</u>
Income before income taxes	2,735	3,822	13,962	(10,924)
Provision for income taxes	511	634	3,706	(7,061)
Net income	<u>\$ 2,224</u>	<u>3,188</u>	<u>\$ 10,256</u>	<u>(3,863)</u>
			In dollars	
Basic/diluted earnings (loss) per common share ¹	\$ 0.96	\$ 1.52	\$ 4.96	\$ (3.49)
Simple earnings per share ²	\$ 1.30	\$ 1.86	\$ 5.98	\$ (2.25)

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 2009 and 2010 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.