

# EXCHANGE BANK

## Consolidated Statements (Unaudited)

December 31, 2011

### STATEMENT OF CONDITION

	<u>2011</u>	<u>2010</u>
	in thousands	
<b>ASSETS</b>		
Cash and due from banks	\$ 94,348	\$ 39,777
Investment securities		
Securities available for sale	344,930	318,376
Securities held to maturity	-	-
Total investment securities	<u>344,930</u>	<u>318,376</u>
Loans		
Real estate	678,896	679,307
Consumer	94,475	99,834
Commercial	279,383	272,692
	<u>1,052,754</u>	<u>1,051,833</u>
Less allowance for loan losses	<u>31,751</u>	<u>33,144</u>
Net loans	1,021,003	1,018,689
Bank premises and equipment	17,772	17,606
Other assets	<u>122,350</u>	<u>126,333</u>
	<u>\$ 1,600,403</u>	<u>\$ 1,520,781</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Non Interest Bearing Demand	\$ 466,936	\$ 424,371
Interest Bearing		
Transaction	178,066	164,758
Money market	198,600	195,819
Savings	238,463	218,349
Time	268,818	281,855
Total Deposits	1,350,883	1,285,152
Other borrowings	41,000	47,000
Other liabilities	<u>45,501</u>	<u>31,403</u>
Total liabilities	<u>1,437,384</u>	<u>1,363,555</u>
Stockholders' equity	<u>163,019</u>	<u>157,226</u>
	<u>\$ 1,600,403</u>	<u>\$ 1,520,781</u>

# EXCHANGE BANK

Consolidated Statements  
(Unaudited)  
December 31, 2011

## STATEMENT OF INCOME

(in thousands)

	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Quarter ended	December 31,	Twelve months ended	December 31,
<b>Interest Income</b>				
Interest and fees on loans	\$ 15,484	15,937	\$ 61,853	66,376
Interest on investments securities	2,145	2,239	8,977	9,707
Interest on cash equivalents	4	18	22	38
	<u>17,633</u>	<u>18,194</u>	<u>70,851</u>	<u>76,121</u>
<b>Interest expense</b>				
Interest on deposits	700	938	3,162	4,793
Other interest expense	415	465	1,684	1,962
	<u>1,115</u>	<u>1,403</u>	<u>4,846</u>	<u>6,755</u>
Net interest revenue	16,518	16,791	66,005	69,366
Provision for losses on loans	<u>3,300</u>	<u>4,000</u>	<u>12,550</u>	<u>19,500</u>
Net interest revenue after provision for losses on loans	13,218	12,791	53,455	49,866
Non interest income	5,002	5,066	20,822	20,377
<b>Non interest expense</b>				
Salary and benefit costs	6,820	7,060	28,813	27,406
Other expenses	6,691	8,062	27,850	28,875
	<u>13,511</u>	<u>15,122</u>	<u>56,663</u>	<u>56,281</u>
Income before income taxes	4,709	2,735	17,614	13,962
Provision for income taxes	<u>1,534</u>	<u>511</u>	<u>5,435</u>	<u>3,706</u>
Net income	<u>\$ 3,174</u>	<u>2,224</u>	<u>\$ 12,178</u>	<u>10,256</u>
			In dollars	
Basic/diluted earnings (loss) per common share <sup>1</sup>	\$ 1.51	\$ 0.96	\$ 5.74	\$ 4.96
Simple earnings per share <sup>2</sup>	\$ 1.85	\$ 1.30	\$ 7.10	\$ 5.98

<sup>1</sup> 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.

<sup>2</sup> 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 2010 and 2011 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.