

EXCHANGE BANK

Condensed Consolidated Statements (Unaudited)

March 31, 2014

CONDENSED STATEMENT OF CONDITION

	2014	2013
	in thousands	
ASSETS		
Cash and due from banks	\$ 113,710	\$ 162,026
Interest-bearing deposits in other financial institutions	30,000	16,000
Investment Securities available for sale	437,258	417,352
Total investment securities	<u>437,258</u>	<u>417,352</u>
Loans		
Real estate	769,318	694,736
Consumer	85,768	82,895
Commercial	<u>281,097</u>	<u>247,509</u>
	1,136,183	1,025,140
Less allowance for loan losses	<u>37,551</u>	<u>36,560</u>
Net loans	1,098,632	988,580
Bank premises and equipment	15,956	16,282
Other assets	<u>72,279</u>	<u>92,232</u>
	<u>\$ 1,767,835</u>	<u>\$ 1,692,472</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Non Interest Bearing Demand	\$ 559,236	\$ 514,715
Interest Bearing		
Transaction	228,319	215,064
Money market	231,242	207,356
Savings	319,710	289,085
Time	<u>243,502</u>	<u>248,184</u>
Total Deposits	1,582,009	1,474,404
Other borrowings	24,000	38,000
Other liabilities	<u>11,142</u>	<u>21,673</u>
Total liabilities	<u>1,617,151</u>	<u>1,534,077</u>
Stockholders' equity	<u>150,684</u>	<u>158,395</u>
	<u>\$ 1,767,835</u>	<u>\$ 1,692,472</u>

EXCHANGE BANK

Condensed Consolidated Statements
(Unaudited)
March 31, 2014

STATEMENT OF INCOME

(in thousands)

	2014	2013
	Three months ended March 31,	
Interest Income		
Interest and fees on loans	\$ 13,783	13,524
Interest on investments securities	2,213	1,929
Interest on cash equivalents	-	-
	<u>15,996</u>	<u>15,453</u>
Total interest income	15,996	15,453
Interest expense		
Interest on deposits	391	477
Other interest expense	204	353
	<u>595</u>	<u>830</u>
Total interest expense	595	830
Net interest income	15,401	14,623
Provision for losses on loans	-	1,450
Net interest income after provision for losses on loans	15,401	13,173
Non interest income	5,201	5,570
Non interest expense		
Salary and benefit costs	7,979	8,084
Other expenses	6,112	5,854
	<u>14,091</u>	<u>13,938</u>
Income before income taxes	6,511	4,805
Provision for income taxes	2,448	1,595
Net income	<u>\$ 4,063</u>	<u>3,210</u>
	In dollars	
Basic/diluted earnings per common share ¹	\$ 2.29	\$ 1.68
Simple earnings per share ²	\$ 2.37	\$ 1.87

¹ Earnings per share is computed by dividing net income, 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 2014 and 2013 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.