

**EXCHANGE BANK**  
and Subsidiaries  
**Consolidated Balance Sheet**  
(Unaudited)

**March 31, 2016 and 2015**

(In Thousands)

<b>ASSETS</b>	2016	2015	Change 16/15	% Change 16/15
Cash and due from banks	\$ 23,464	\$ 31,226	(7,762)	-24.86%
Fed Funds Sold	91,974	79,227	12,747	16.09%
<b>Total Cash and cash equivalents</b>	<b>115,438</b>	<b>110,453</b>	<b>4,985</b>	<b>4.51%</b>
Investments				
Interest-earning deposits in other financial institutions	77,000	60,500	16,500	27.27%
Securities available for sale	514,348	459,360	54,988	11.97%
FHLB Stock	9,036	8,962	74	0.83%
Loans and leases				
Real estate	887,948	799,407	88,541	11.08%
Consumer	106,307	96,389	9,918	10.29%
Commercial	279,895	318,776	(38,881)	-12.20%
	1,274,150	1,214,572	59,578	4.91%
Less allowance for loan and lease losses	(37,831)	(37,526)	(305)	0.81%
<b>Net loans and leases</b>	<b>1,236,319</b>	<b>1,177,046</b>	<b>59,273</b>	<b>5.04%</b>
Bank premises and equipment	17,165	16,143	1,022	6.33%
Other assets	77,891	68,301	9,590	14.04%
<b>Total Assets</b>	<b>\$ 2,047,197</b>	<b>\$ 1,900,765</b>	<b>146,432</b>	<b>7.70%</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Deposits				
Non-Interest Bearing Demand	678,424	627,085	51,339	8.19%
Interest Bearing				
Transaction	318,417	281,747	36,670	13.02%
Money market	256,600	224,440	32,160	14.33%
Savings	381,786	343,755	38,031	11.06%
Time	205,186	219,687	(14,501)	-6.60%
<b>Total Deposits</b>	<b>1,840,413</b>	<b>1,696,714</b>	<b>143,699</b>	<b>8.47%</b>
Other borrowings	8,000	22,000	(14,000)	-63.64%
Other liabilities	20,162	16,247	3,915	24.10%
<b>Total liabilities</b>	<b>1,868,575</b>	<b>1,734,961</b>	<b>133,614</b>	<b>7.70%</b>
<b>Stockholders' equity</b>	<b>178,622</b>	<b>165,804</b>	<b>12,818</b>	<b>7.73%</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 2,047,197</b>	<b>\$ 1,900,765</b>	<b>146,432</b>	<b>7.70%</b>

# EXCHANGE BANK

and Subsidiaries

## Consolidated Statement of Operations

(Unaudited)

For the Period Ended March 31, 2016 and 2015

(In Thousands, except per share amounts)

	Year to Date		Change	% Change
	2016	2015	16/15	16/15
Interest Income				
Interest and fees on loans	\$ 15,442	\$ 14,611	\$ 831	5.69%
Interest on investments securities	2,678	2,378	300	12.62%
<b>Total interest income</b>	<b>18,120</b>	<b>16,989</b>	<b>1,131</b>	<b>6.66%</b>
Interest expense				
Interest on deposits	206	306	(100)	-32.68%
Other interest expense	95	179	(84)	-46.93%
<b>Total interest expense</b>	<b>301</b>	<b>485</b>	<b>(184)</b>	<b>-37.94%</b>
<b>Net interest income</b>	<b>17,819</b>	<b>16,504</b>	<b>1,315</b>	<b>7.97%</b>
Provision (reversal of) for losses on loans	(500)	(400)	(100)	25.00%
<b>Net interest income after provision for loan and leases</b>	<b>18,319</b>	<b>16,904</b>	<b>1,415</b>	<b>8.37%</b>
<b>Non-interest income</b>	<b>4,763</b>	<b>5,601</b>	<b>(838)</b>	<b>-14.96%</b>
Non interest expense				
Salary and benefit costs	8,695	7,743	952	12.29%
Other expenses	6,010	6,289	(279)	-4.44%
<b>Total non-interest expense</b>	<b>14,705</b>	<b>14,032</b>	<b>673</b>	<b>4.80%</b>
<b>Income before income taxes</b>	<b>8,377</b>	<b>8,473</b>	<b>(96)</b>	<b>-1.13%</b>
Provision for income taxes	3,166	3,339	(173)	-5.18%
<b>Net income</b>	<b>\$ 5,211</b>	<b>\$ 5,134</b>	<b>\$ 77</b>	<b>1.50%</b>
Basic earnings per common share	\$ 3.04	\$ 2.99	\$ 0.04	1.50%
Dividends per share	\$ 0.65	\$ 0.50	\$ 0.15	30.00%

Earnings per share is computed by dividing net income, by the weighted averaged number of shares outstanding during the year.

Total average shares outstanding for both 2016 and 2015 was 1,714,344