

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

**December 31, 2017 and 2016**  
(In Thousands)

<b>ASSETS</b>	2017	2016	Change 17/16	% Change 17/16
Cash and due from banks	\$ 49,422	\$ 31,519	\$ 17,903	56.80%
Fed Funds Sold	258,895	36,470	222,425	609.88%
<b>Total Cash and cash equivalents</b>	<b>308,317</b>	<b>67,989</b>	<b>240,328</b>	<b>353.48%</b>
Investments				
Interest-earning deposits in other financial institutions	52,000	76,500	(24,500)	-32.03%
Securities available for sale	638,912	514,245	124,667	24.24%
FHLB Stock	10,015	10,015	-	0.00%
Loans and leases				
Real estate	1,051,559	994,452	57,107	5.74%
Consumer	120,349	114,261	6,088	5.33%
Commercial	325,877	317,979	7,898	2.48%
	1,497,785	1,426,692	71,093	4.98%
Less allowance for loan and lease losses	(40,323)	(38,009)	(2,314)	6.09%
<b>Net loans and leases</b>	<b>1,457,462</b>	<b>1,388,683</b>	<b>68,779</b>	<b>4.95%</b>
Bank premises and equipment	18,762	17,681	1,081	6.11%
Other assets	98,623	104,288	(5,665)	-5.43%
<b>Total Assets</b>	<b>\$ 2,584,091</b>	<b>\$ 2,179,401</b>	<b>\$ 404,690</b>	<b>18.57%</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Deposits				
Non-Interest Bearing Demand	\$ 894,899	\$ 726,107	\$ 168,792	23.25%
Interest Bearing				
Transaction	469,418	369,441	99,977	27.06%
Money market	319,104	261,296	57,808	22.12%
Savings	474,789	396,591	78,198	19.72%
Time	185,459	189,975	(4,516)	-2.38%
<b>Total Deposits</b>	<b>2,343,669</b>	<b>1,943,410</b>	<b>400,259</b>	<b>20.60%</b>
Other borrowings	-	8,000	(8,000)	-100.00%
Other liabilities	37,217	38,819	(1,602)	-4.13%
<b>Total liabilities</b>	<b>2,380,886</b>	<b>1,990,229</b>	<b>390,657</b>	<b>19.63%</b>
<b>Stockholders' equity</b>	<b>203,205</b>	<b>189,172</b>	<b>14,033</b>	<b>7.42%</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 2,584,091</b>	<b>\$ 2,179,401</b>	<b>\$ 404,690</b>	<b>18.57%</b>

**EXCHANGE BANK**  
and Subsidiaries  
**Consolidated Statements of Operations**  
(Unaudited)

**For the Period Ended December 31, 2017 and 2016**

(In Thousands, except per share amounts)

	Quarter Ended		Twelve Months Ended		Twelve Months Ended	
	2017	2016	2017	2016	Change 17/16	% Change 17/16
Interest Income						
Interest and fees on loans	\$ 18,756	\$ 16,474	\$ 70,186	\$ 63,226	\$ 6,960	11.01%
Interest on investments securities	3,498	2,890	12,183	10,868	1,315	12.10%
<b>Total interest income</b>	<b>22,254</b>	<b>19,364</b>	<b>82,369</b>	<b>74,094</b>	<b>8,275</b>	<b>11.17%</b>
Interest expense						
Interest on deposits	254	182	830	767	63	8.22%
Other interest expense	156	96	587	382	205	53.77%
<b>Total interest expense</b>	<b>410</b>	<b>278</b>	<b>1,417</b>	<b>1,149</b>	<b>268</b>	<b>23.36%</b>
<b>Net interest income</b>	<b>21,844</b>	<b>19,086</b>	<b>80,952</b>	<b>72,945</b>	<b>8,007</b>	<b>10.98%</b>
Provision (reversal of) for losses on loans	-	-	-	(900)	900	-100.00%
<b>Net interest income after provision for loan and leases</b>	<b>21,844</b>	<b>19,086</b>	<b>80,952</b>	<b>73,845</b>	<b>7,107</b>	<b>9.62%</b>
<b>Non-interest income</b>	<b>5,224</b>	<b>4,948</b>	<b>24,291</b>	<b>20,304</b>	<b>3,987</b>	<b>19.64%</b>
Non interest expense						
Salary and benefit costs	8,339	8,673	33,528	34,029	(501)	-1.47%
Other expenses	7,867	6,563	28,144	25,451	2,692	10.58%
<b>Total non-interest expense</b>	<b>16,206</b>	<b>15,236</b>	<b>61,672</b>	<b>59,480</b>	<b>2,191</b>	<b>3.69%</b>
<b>Income before income taxes</b>	<b>10,862</b>	<b>8,798</b>	<b>43,571</b>	<b>34,668</b>	<b>8,903</b>	<b>25.68%</b>
Provision for income taxes	11,155	3,346	24,063	13,167	10,896	82.75%
<b>Net income</b>	<b>\$ (293)</b>	<b>\$ 5,452</b>	<b>\$ 19,508</b>	<b>\$ 21,502</b>	<b>\$ (1,993)</b>	<b>-9.28%</b>
Basic earnings per common share	\$ (0.17)	\$ 3.18	\$ 11.38	\$ 12.54	\$ (1.16)	-9.28%
Dividends per share	\$ 0.90	\$ 0.75	\$ 3.40	\$ 2.80	\$ 0.60	21.43%

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 2017 and 2016 was 1,714,344.