



FOR IMMEDIATE RELEASE

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Exchange Bank Announces First Quarter 2025 Earnings

Santa Rosa, CA – (April 30, 2025) - Exchange Bank (OTC: EXSR) today announced its unaudited financial results for the first quarter 2025, reporting net income after taxes of \$5.6 million.

HIGHLIGHTS:

- First quarter net income after taxes was \$5.6 million compared with \$4.9 million for the previous quarter ending March 31, 2024.
- Non-interest income increased by \$694 thousand or 12% from the first quarter of 2025 compared to the first quarter of 2024 primarily related to a one-time trust settlement fee earned by the Bank's wealth management division of about \$450 thousand in the first quarter of 2025.
- In January 2025, the Bank paid off the \$100 million borrowing with the Federal Reserve Bank's Bank Term Funding Program. Based on the overall movements of the balance sheet, specifically cashflow from investment securities and increased deposit balances, the Bank has not replaced the borrowing.
- The Bank's on balance sheet liquidity (cash and equivalents, deposits held in other institutions, and unpledged available-for-sale (AFS) securities) remains strong at \$965.3 million or 29.48% of total assets as of March 31, 2025. In addition, the Bank has available borrowing capacity of \$1.01 billion.
- The Bank remains well-capitalized, and all regulatory capital ratios were well above minimum requirements with a total risk-based capital ratio of 19.58% on March 31, 2025.

INCOME STATEMENT:

The Bank's net interest income increased from \$20.3 million during the three months ended March 31, 2024, to \$20.9 million for the same period in 2025, an increase of 3.0%. The increase in net interest income is predominantly due to the decrease in interest expense related to borrowings. Total funding costs for the first quarter of 2025 were \$9.7 million as compared to \$10.0 million for the same period of 2024. In the current quarter, total funding costs are made up of interest paid to depositors of \$9.1 million and \$0.6 million paid on borrowings, compared to the first quarter of 2024 interest paid to depositors of \$7.4 million and \$2.6 million paid on borrowings. Decreased borrowing costs were a direct result of a decrease in the volume of borrowings from \$225 million on March 31, 2024 to \$40 million as of March 31, 2025. The Bank's net interest margin increased from 2.59% in the first quarter of 2024 to 2.73% in the first quarter of 2025.

The increased interest costs were partially offset by positive trends in interest income. Interest income on assets increased compared to the first quarter of 2024 by \$0.3 million, or 1%. Interest and fees earned on loans increased \$0.8 million to \$22.6 million for the quarter due to increased volume and repricing of variable rate loans.

Non-interest income for the quarter ended March 31, 2025 increased from \$5.7 million in 2024 to \$6.4 million. The 12% increase was primarily related to a one-time trust settlement fee earned by the Bank's wealth management division in the first quarter of 2025.

Non-interest expenses remained relatively constant, increasing by less than 1% from the first quarter of 2024 to \$19.8 million.

During the three months ending March 31, 2025, the Bank had net income after tax of \$5.6 million compared with net income of \$4.9 million for the quarter ending March 31, 2024.

BALANCE SHEET:

Total assets were \$3.27 billion as of March 31, 2025, compared to \$3.34 billion as of March 31, 2024.

The market value of the investment portfolio was \$1.35 billion as of March 31, 2025, down \$113.5 million from one year prior and down \$16.5 million from December 31, 2024. The change in investments in the first quarter of 2025 is related primarily to normal paydowns and attrition in the portfolio. Based on current rate conditions, the Bank estimates investment portfolio paydowns of approximately \$165 million through the rest of 2025. We continue to maintain our entire portfolio as available for sale, providing full transparency and management

flexibility. The Bank's portfolio has unrealized losses that are a direct result of market interest rates and not a result of credit quality related factors.

Gross loans at the end of the first quarter were \$1.61 billion, representing a \$14.0 million increase from March 31, 2024. The Bank's largest loan types are commercial real estate loans, making up 40.1% of the portfolio, followed by 27.7% in residential loans and 11.7% in multifamily loans. The portfolio is well diversified between industries with no significant concentrations, including no material concentration in office space.

Loan quality remains strong, nonaccrual loans totaled \$12.1 million, or 0.75% of gross loans, as of March 31, 2025 compared to \$4.7 million, or 0.29% of gross loans, as of March 31, 2024. While there is an increase from the same time period in 2024, this is still a very small amount as compared to the Bank's portfolio. The allowance for credit losses, which is based on estimating credit losses for the life of the loans in the portfolio, totaled \$34.9 million, or 2.17% of total loans.

Deposits have increased by \$79.1 million, or 2.8%, since March 31, 2024, ending at \$2.89 billion. In the first quarter 2025, deposits increased by \$56.0 million or 2.0% from December 31, 2024. The Bank continues to see elevated competition for deposits in our market. This coupled with the rate environment has led the Bank to make strategic decisions to maintain core deposit relationships.

Non-interest-bearing deposits made up 31.3% of total deposits as of March 31, 2025, compared to 32.6% as of March 31, 2024. We estimate approximately 75.5% of all deposits were fully insured by the FDIC as of March 31, 2025. The Bank's combined on-balance sheet liquidity and contingent liquidity equates to more than two times that of the estimated uninsured deposits.

As previously mentioned, in January 2025, the Bank paid off the \$100 million borrowing with the Federal Reserve Bank's Bank Term Funding Program. To date, based on the overall movements of the balance sheet, specifically cashflow from investment securities and increased deposit balances, the Bank has not replaced the borrowing. As of March 31, 2025, the Bank had borrowings of \$40.0 million compared to \$225.0 million as of March 31, 2024.

The Bank's regulatory capital ratios remain well in excess of the minimums to be considered "well capitalized." As of March 31, 2025, the Bank reported a total risk-based capital ratio of 19.58% and a leverage ratio of 11.53%. The Bank's book equity increased \$48.7 million, or 19.3%, since March 31, 2024, to a total of \$301.1 million. The increase is due to net income and changes in the unrealized losses on available for sale securities. The unrealized losses net of tax on March 31, 2025 were \$82.9 million compared to \$115.9 million on March 31, 2024. The Bank has the intent and ability to hold the investments until maturity, expects full collection of the carrying amount of these securities, and does not expect to realize the unrealized losses.

The Bank does not view the temporary nature of the book unrealized losses to be a significant risk to its long-term capital position. The unrealized losses reduce the Bank's accumulated other comprehensive income, which the Bank has opted to exclude from its common equity tier 1 capital. Therefore, the Bank's regulatory capital is not impacted by the changes in the market value of the investment securities in the Bank's investment portfolio. The Bank's regulatory capital, as defined by the FDIC, was \$411.7 million as of March 31, 2025, an increase of \$15.8 million, or 4.0%, over the same period in 2024.

50.44% of the Bank's cash dividend goes to the Doyle Trust which funds the Doyle Scholarships at the Santa Rosa Junior College. In the first quarter of 2025, dividends to the Doyle Trust totaled approximately \$1.1 million.

FORWARD-LOOKING INFORMATION:

The following appears in accordance with the Private Securities Litigation Reform Act of 1995: This press release may contain forward-looking statements about the Bank, including descriptions of plans or objectives of its management for future operations, products or services, forecasts of its revenues, earnings, legislative, regulatory issues, or other measures of economic performance. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may."

Forward-looking statements, by their nature, are subject to risks and uncertainties. A number of factors—many of which are beyond the Bank's control—could cause actual conditions, events or results to differ significantly from those described in the forward-looking statements. Forward-looking statements speak only as of the date they are made. The Bank undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

About Exchange Bank

Headquartered in Sonoma County and founded in 1890, Exchange Bank is a full-service community bank with assets of \$3.27 billion. Exchange Bank provides a wide range of personal, commercial, and trust and investment management services with 17 retail branches in Sonoma County, a retail branch in Roseville and Trust & Investment Management offices in Santa Rosa, Roseville, Marin County and Silicon Valley. The Bank's legacy of financial leadership and community support is grounded in its core values of commitment, respect, integrity, and teamwork. Exchange Bank is known for its people who care about their customers, their company, and the communities where they live and work. Exchange Bank is a 19-year winner of

the North Bay Business Journal's Best Places to Work survey and a 13-time winner of the Best Bank of Sonoma County by the Press Democrat's Readers' Choice 2024 awards. Exchange Bank was named Best Consumer Bank by the NorthBay biz Magazine's Best of the North Bay readers' poll and Best Local Bank by The Petaluma Argus Courier People's Choice Awards 2024. Exchange Bank is also a winner of the 2024 San Francisco Business Times Corporate Philanthropy award, and the Bohemian Magazine's Best of the North Bay 2024 named Exchange Bank Best Business Bank and Best Consumer Bank. www.exchangebank.com

Member FDIC — Equal Housing Lender — Equal Opportunity Employer

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EXCHANGE BANK
and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

March 31, 2025 and 2024

(In Thousands)

			Change	% Change
ASSETS	2025	2024	25/24	25/24
Cash and due from banks	\$ 34,713	\$ 31,173	\$ 3,540	11.36%
Federal Reserve Bank	103,015	60,735	42,280	69.61%
Total Cash and cash equivalents	137,728	91,908	45,820	49.85%
Investments				
Interest-earning deposits in other financial institutions	-	-	-	0.00%
Securities available for sale	1,345,861	1,459,404	(113,543)	-7.78%
FHLB Stock	15,000	15,000	-	0.00%
Loans and leases				
Leasing	1,482	5,071	(3,589)	-70.77%
SBA	29,409	34,803	(5,394)	-15.50%
C&I	151,782	155,348	(3,566)	-2.30%
Consumer	142,710	147,447	(4,737)	-3.21%
Residentail	338,868	351,152	(12,284)	-3.50%
Multi-Family	188,103	160,167	27,936	17.44%
CRE	657,557	634,126	23,431	3.70%
Construction	102,333	110,106	(7,773)	-7.06%
	1,612,244	1,598,220	14,024	0.88%
Less allowance for credit losses	(34,924)	(41,212)	6,288	-15.26%
Net loans and leases	1,577,320	1,557,008	20,312	1.30%
Bank premises and equipment	23,190	18,037	5,153	28.57%
Other assets	175,000	194,858	(19,858)	-10.19%
Total Assets	\$ 3,274,099	\$ 3,336,215	\$ (62,116)	-1.86%

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits				
Non-Interest Bearing Demand	\$ 903,729	\$ 916,596	\$ (12,867)	-1.40%
Interest Bearing				
Transaction	431,826	469,319	(37,493)	-7.99%
Money market	582,830	501,151	81,679	16.30%
Savings	462,994	505,834	(42,840)	-8.47%
Time	507,017	416,392	90,625	21.76%
Total Deposits	2,888,396	2,809,292	79,104	2.82%
Borrowings	40,000	225,000	(185,000)	-82.22%
Other liabilities	44,592	49,468	(4,876)	-9.86%
Total liabilities	2,972,988	3,083,760	(110,772)	-3.59%
Stockholders' equity	301,111	252,455	48,656	19.27%
Total Liabilities and Stockholder's Equity	\$ 3,274,099	\$ 3,336,215	\$ (62,116)	-1.86%

EXCHANGE BANK

and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

For the Period Ended March 31, 2025 and 2024

(In Thousands, except per share amounts)

	Quarter Ended		Three Months Ended	
	2025	2024	Change 25/24	% Change 25/24
Interest Income				
Interest and fees on loans	\$ 22,642	\$ 21,843	\$ 799	3.66%
Interest on investments securities	7,975	8,499	(524)	-6.17%
Total interest income	30,617	30,342	275	0.91%
Interest expense				
Interest on deposits	9,111	7,391	1,720	23.27%
Other interest expense	594	2,648	(2,054)	-77.57%
Total interest expense	9,705	10,039	(334)	-3.33%
Net interest income	20,912	20,303	609	3.00%
Provision (reversal of) for credit losses	-	-	-	0.00%
Net interest income after provision for credit losses	20,912	20,303	609	3.00%
Non-interest income	6,401	5,707	694	12.16%
Non interest expense				
Salary and benefit costs	10,780	10,707	73	0.68%
Other expenses	9,001	8,891	110	1.24%
Total non-interest expense	19,781	19,598	183	0.93%
Income before income taxes	7,532	6,412	1,120	17.47%
Provision for income taxes	1,918	1,540	378	24.55%
Net income	\$ 5,614	\$ 4,872	742	15.23%
Basic earnings per common share	\$ 3.27	\$ 2.84	\$ 0.43	\$ 0.15
Dividends per share	\$ 1.30	\$ 1.30	\$ -	\$ -

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 2025 and 2024 was 1,714,344