



FOR IMMEDIATE RELEASE

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Exchange Bank Announces Second Quarter 2025 Earnings

Santa Rosa, CA – (July 29, 2025) - Exchange Bank (OTC: EXSR) today announced its unaudited financial results for the second quarter 2025, reporting net income after taxes of \$7.0 million.

HIGHLIGHTS:

- Second quarter net income after taxes was \$7.0 million compared with \$5.2 million for the prior year quarter ended June 30, 2024.
- Net interest income increased by \$2.2 million or 11% from the second quarter of 2025 compared to the second quarter of 2024 primarily related to the recognition of interest from a paid off non-accrual loan and reduced interest expense related to a decrease in borrowings.
- Non-interest income increased by \$876 thousand or 15% from the second quarter of 2025 compared to the second quarter of 2024 primarily related to life insurance benefit of \$700 thousand.
- 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 \$940.4 million or 29% of total assets as of June 30, 2025. In addition, the Bank has available borrowing capacity of \$995 million.
- The Bank remains well-capitalized, and all regulatory capital ratios were well above minimum requirements with a total risk-based capital ratio of 19.83% on June 30, 2025.

INCOME STATEMENT:

During the three months ended June 30, 2025, the Bank had net income after tax of \$7.0 million compared with net income of \$5.2 million for the quarter ended June 30, 2024.

The Bank's net interest income increased by \$2.2 million or 11% to \$22.5 million during the three months ended June 30, 2025. The increase in net interest income was due in part to an increase in interest income from loans, partially due to a recognition of interest from a paid off non-accrual loan of approximately \$400 thousand plus an increase in loan volumes and repricing of variable rate loans. Further improvement in net interest income is from a decrease in interest expense related to borrowings. Total funding costs for the second quarter of 2025 were \$9.5 million as compared to \$10.6 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 \$404 thousand paid on borrowings, compared to the second quarter of 2024 interest paid to depositors of \$7.9 million and \$2.7 million paid on borrowings. Decreased borrowing costs were a direct result of a decrease in the volume of borrowings from \$225 million on June 30, 2024 to \$40 million as of June 30, 2025.

Non-interest income for the quarter ended June 30, 2025 increased from \$5.7 million in 2024 to \$6.6 million. The 15% increase can be attributed to a life insurance benefit of \$700 thousand in the second quarter of 2025.

On a year-to-date basis, net income for 2025 through June was \$12.7 million compared to \$10.1 million for the same period of 2024. The Bank's net interest income increased by \$2.7 million or 7% to \$43.4 million during the six months ended June 30, 2025. The increase is primarily attributed to an increase in loan volumes and repricing of variable rate loans plus a decrease in interest expense driven by a decrease in borrowing balances. Non-interest income for the six months ended June 30, 2025 increased from \$11.4 million in 2024 to \$13.0 million. This increase is partially due to life insurance benefit in the second quarter. Non-interest expenses remained relatively constant, increasing by less than 3% from the first six months of 2024 to \$39.4 million.

BALANCE SHEET:

Total assets were \$3.27 billion as of June 30, 2025, compared to \$3.31 billion as of June 30, 2024.

Cash and cash equivalents have increased by \$67.1 million or 72% from June 30, 2024 to \$160.2 million. The increase in cash is attributable to cash flows from the investment portfolio plus increases in the deposit portfolio offset by loan originations and paydown of borrowings. Cash balances have increased by \$22.5 million or 16% since March 31, 2025.

The market value of the investment portfolio was \$1.30 billion as of June 30, 2025, down \$124.1 million from the comparable quarter-end in the prior year and down \$43.0 million from March 31, 2025. The change in investments in the second quarter of 2025 is related primarily to normal paydowns in the portfolio. Based on current rate conditions, the Bank estimates investment portfolio paydowns of approximately \$100 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 fluctuations in the market interest rates and not a result of credit quality related factors.

Gross loans at the end of the second quarter were \$1.63 billion, representing a \$35.0 million increase from June 30, 2024 and up \$22.6 million from March 31, 2025. The Bank's largest loan categories are commercial real estate loans, making up 41% of the portfolio, followed by 20% in residential loans and 12% 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, non-accrual loans totaled \$5.3 million, or 0.32% of gross loans, as of June 30, 2025 compared to \$4.0 million as of June 30, 2024 and \$12.1 million as of March 31, 2025. From March 31, 2025, non-accrual balances have decreased by \$6.9 million due to the payoff of one loan of approximately \$4.0 million and the return to accrual status of one loan of approximately \$1.2 million. The allowance for credit losses totaled \$34.7 million, or 2.12% of total loans.

Deposits have increased by \$95.3 million, or 3.4%, since June 30, 2024, ending at \$2.87 billion. In the second quarter of 2025, deposits decreased by \$17.2 million or 1% from March 31, 2025. 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% of total deposits as of June 30, 2025, compared to 33% as of June 30, 2024. The Bank estimates approximately 76% of all deposits were fully insured by the FDIC as of June 30, 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 of June 30, 2025, the Bank had borrowings of \$40.0 million compared to \$225.0 million as of June 30, 2024. As mentioned in previous press releases, in January 2025, the Bank paid off the \$100 million borrowing with the Federal Reserve Bank's Bank Term Funding Program. The Bank has not replaced the borrowing, primarily due to cash flows from investment securities and higher deposit balances, which have supported overall balance sheet liquidity.

The Bank's regulatory capital ratios remain well above the minimum thresholds required to be classified as "well capitalized." As of June 30, 2025, the Bank reported a total risk-based capital ratio of 19.83% and a leverage ratio of 11.67%. The Bank's book equity increased \$59.3 million, or 23%, since June 30, 2024, to a total of \$316.4 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 June 30, 2025 were \$72.4 million compared to \$114.3 million on June 30, 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 \$416.5 million as of June 30, 2025, an increase of \$17.6 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 half of 2025, dividends to the Doyle Trust totaled approximately \$2.2 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 20-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 2025. 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)

June 30, 2025 and 2024

(In Thousands)

			Change	% Change
ASSETS	2025	2024	25/24	25/24
Cash and due from banks	\$ 39,055	\$ 34,423	\$ 4,632	13.46%
Federal Reserve Bank	121,161	58,698	62,463	106.41%
Total Cash and cash equivalents	160,216	93,121	67,095	72.05%
Investments				
Interest-earning deposits in other financial institutions	-	-	-	0.00%
Securities available for sale	1,302,857	1,426,975	(124,118)	-8.70%
FHLB Stock	15,000	15,000	-	0.00%
Loans and leases				
Leasing	1,021	3,952	(2,931)	-74.16%
SBA	28,480	33,561	(5,081)	-15.14%
C&I	171,762	155,106	16,656	10.74%
Consumer	139,865	149,317	(9,452)	-6.33%
Residentail	328,440	351,478	(23,038)	-6.55%
Multi-Family	200,452	177,937	22,515	12.65%
CRE	672,153	640,336	31,817	4.97%
Construction	92,644	88,113	4,531	5.14%
	1,634,817	1,599,800	35,017	2.19%
Less allowance for credit losses	(34,697)	(40,832)	6,135	-15.02%
Net loans and leases	1,600,120	1,558,968	41,152	2.64%
Bank premises and equipment	22,795	17,647	5,148	29.17%
Other assets	169,968	196,951	(26,983)	-13.70%
Total Assets	\$ 3,270,956	\$ 3,308,662	\$ (37,706)	-1.14%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits				
Non-Interest Bearing Demand	\$ 898,283	\$ 905,738	\$ (7,456)	-0.82%
Interest Bearing				
Transaction	413,842	437,444	(23,602)	-5.40%
Money market	593,006	535,317	57,689	10.78%
Savings	463,113	484,810	(21,697)	-4.48%
Time	502,970	412,652	90,318	21.89%
Total Deposits	2,871,214	2,775,961	95,253	3.43%
Borrowings	40,000	225,000	(185,000)	-82.22%
Other liabilities	43,322	50,618	(7,296)	-14.41%
Total liabilities	2,954,535	3,051,579	(97,043)	-3.18%
Stockholders' equity	316,421	257,083	59,338	23.08%
Total Liabilities and Stockholder's Equity	\$ 3,270,956	\$ 3,308,662	\$ (37,705)	-1.14%

EXCHANGE BANK

and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

For the Period Ended June 30, 2025 and 2024

(In Thousands, except per share amounts)

	Quarter Ended		Six Months Ended		Six Months Ended	
	2025	2024	2025	2024	Change 25/24	% Change 25/24
Interest Income						
Interest and fees on loans	\$ 23,806	\$ 22,325	\$ 46,448	\$ 44,168	\$ 2,280	5.16%
Interest on investments securities	8,194	8,624	16,169	17,123	(954)	-5.57%
Total interest income	32,000	30,949	62,617	61,291	1,326	2.16%
Interest expense						
Interest on deposits	9,089	7,927	18,200	15,318	2,882	18.81%
Other interest expense	404	2,676	998	5,324	(4,326)	-81.25%
Total interest expense	9,493	10,603	19,198	20,642	(1,444)	-7.00%
Net interest income	22,507	20,346	43,419	40,649	2,770	6.81%
Provision (reversal of) for credit losses	-	-	-	-	-	0.00%
Net interest income after provision for credit losses	22,507	20,346	43,419	40,649	2,770	6.81%
Non-interest income	6,597	5,721	12,998	11,428	1,570	13.74%
Non interest expense						
Salary and benefit costs	10,757	10,833	21,537	21,540	(3)	-0.01%
Other expenses	8,909	8,319	17,910	17,210	700	4.07%
Total non-interest expense	19,666	19,152	39,447	38,750	697	1.80%
Income before income taxes	9,438	6,915	16,970	13,327	3,643	27.34%
Provision for income taxes	2,396	1,686	4,314	3,226	1,088	33.73%
Net income	\$ 7,042	\$ 5,229	\$ 12,656	\$ 10,101	\$ 2,555	25.29%
Basic earnings per common share	\$ 4.11	\$ 3.05	\$ 7.38	\$ 5.89	\$ 1.49	25.29%
Dividends per share	\$ 1.30	\$ 1.30	\$ 2.60	\$ 2.60	\$ -	0.00%

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 2025 and 2024 was 1,714,344