FOR IMMEDIATE RELEASE

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Exchange Bank Announces Second Quarter 2026 Earnings

Santa Rosa, CA – (July 30, 2026) - Exchange Bank (OTC: EXSR) today announced its unaudited financial results for the second quarter 2026, reporting net income after taxes of $7.3 million.

2026 SECOND QUARTER HIGHLIGHTS:

- Second quarter net income after taxes was $7.3 million compared with $7.0 million for the prior year quarter ended June 30, 2025.
- Net interest income increased by $1.7 million or 7.7% compared to the second quarter of 2025.
- Total assets for the Bank as of the end of the second quarter of 2026 were $3.2 billion.
- 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 $773.6 million or 24% of total assets as of June 30, 2026. In addition, the Bank has available borrowing capacity of approximately $1 billion.
- The Bank remains well capitalized, and all regulatory capital ratios were well above minimum requirements with a total risk-based capital ratio of 20.2% on June 30, 2026.

INCOME STATEMENT:

For the quarter ending June 30, 2026, the Bank had net income after taxes of $7.3 million compared with net income of $7.0 million for the second quarter of 2025.

The Bank's net interest income, which is the result of the Bank's gross interest income net of interest expense, increased from $22.5 million during the second quarter of 2025, to $24.2 million for the second quarter of 2026, an increase of 7.7%. Total interest expense has decreased by $1.2 million. In the second quarter of 2026, total funding costs are made up of interest paid to depositors of $7.9 million and $0.40 million paid on borrowings.

Non-interest income for the quarter ended June 30, 2026 was $6.2 million, down from the second quarter of 2025 by $0.4 million.

Non-interest expense increased by 4.6% from the second quarter of 2025 to $20.6 million for the quarter ended June 30, 2026 compared to $19.7 million in the second quarter of 2025.

BALANCE SHEET:

Total assets were $3.2 billion as of June 30, 2026, a decrease of $85.7 million from June 30, 2025.

The market value of the investment portfolio was $1.1 billion as of June 30, 2026, down $175.2 million from one year prior. Decreases are primarily due to paydowns and maturities of the portfolio. Based on current rate conditions, the Bank estimates investment portfolio cashflow of over $160 million through the remainder of 2026. As of June 30, 2026, the Bank estimates that the portfolio has an average life of approximately 3.5 years and an average effective duration of approximately 2.9 years. The Bank continues to maintain its 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. The unrealized losses net of tax as of June 30, 2026 were $56.6 million compared to $72.4 million on June 30, 2025. The Bank does not view the temporary nature of the book unrealized losses to be a significant risk to its long-term capital position.

Gross loans at the end of the first quarter of 2026 were $1.75 billion, representing a 7.3% or $119.5 million increase from June 30, 2025. The Bank's largest loan types are commercial real estate loans, making up approximately 46% of the portfolio, followed by about 17% in residential loans and about 14% in multifamily loans. Of the commercial real estate portfolio total, approximately 16% is considered owner-occupied and the remaining 84% are non-owner-occupied. The portfolio is well diversified between industries with no significant concentrations. Nonaccrual loans totaled $9.6 million, or 0.6% of gross loans, as of June 30, 2026. The allowance for credit losses, which is based on estimating credit losses for the life of the loans in the portfolio, totaled $30.3 million, approximately 1.7% of total loans as of June 30, 2026. As of June 30, 2026, net charge-offs represented 0.3% of total gross loans.

In the second quarter of 2026, the Bank completed foreclosure proceedings on a property that had previously been classified as doubtful for financial reporting purposes. A portion of the property is owned by a participating institution. As of June 30, 2026, the Bank's other real estate owned balance totaled $4.7 million.

Total deposits as of June 30, 2026 were $2.8 billion, decreasing by 4.2% or $120.8 million since June 30, 2025. This decrease was, in large part, caused by the planned decrease of deposits from two large depositors totaling $90 million. The Bank continues to experience 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 approximately 31% of total deposits as of June 30, 2026, consistent with 2025. The Bank estimates approximately 74% of all deposits were fully insured by the FDIC as of June 30, 2026.

The Bank had borrowings of $40.00 million as of June 30, 2026 consistent with the balance as of June 30, 2025. 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 $773.6 million or 24.3% of total assets as of June 30, 2026. In addition, the Bank has available borrowing capacity of approximately $1 billion.

The Bank's regulatory capital ratios remain well in excess of the minimums to be considered "well capitalized." As of June 30, 2026, the Bank reported a total risk-based capital ratio of 20.2% and a leverage ratio of 12.6%. The Bank's US GAAP or book equity was $355.4 million as of June 30, 2026 increasing by $39.0 million since June 30, 2025. The increase is due to net income and changes in the unrealized losses on available for sale securities. 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 $440.5 million as of June 30, 2026.

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 second quarter of 2026, dividends to the Doyle Trust totaled approximately $1.17 million.

FORWARD-LOOKING INFORMATION:

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. These factors include, but are not limited to, the following: the strength of the United States economy and the strength of the local economies in California in which we conduct business; the effects of, and changes in, immigration, trade, tariff, monetary, and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; inflation/deflation, interest rate, market and monetary fluctuations; the effect of acquisitions we may make; the timely development of competitive new products and services, and the acceptance of these products and services by potential and existing customers; the impact of changes in financial services policies, laws, and regulations, including those concerning banking, taxes, securities, and insurance, and the application thereof by regulatory agencies; the effectiveness of our risk management framework and quantitative models; our ability to maintain adequate liquidity; changes in the level of our nonperforming assets and charge-offs; the effect of changes in accounting policies and practices or accounting standards, as may be adopted from time-to-time by bank regulatory agencies, the Financial Accounting Standards Board or other accounting standards setters; possible credit related impairments or declines in the fair value of loans and securities held by us; possible impairment charges to goodwill, including any impairment that may result from increased volatility in our stock price; changes in consumer or business spending, borrowing, and savings habits; the effects of our lack of a diversified loan portfolio, including the risks of geographic and industry concentrations; periodic fluctuations in commercial or residential real estate prices or values; our ability to attract or retain deposits (including low cost deposits) or to access government or private lending facilities and other sources of liquidity; the possibility that we may reduce or discontinue the payment of dividends on our common stock; changes in the financial performance and/or condition of our borrowers or depositors; changes in the competitive environment among financial and bank holding companies and other financial service providers; technological changes in banking and financial services; losses in our loan portfolio; systemic or non-systemic bank failures or crises; geopolitical conditions, including acts or threats of terrorism, actions taken by the United States or other governments in response to acts or threats of terrorism, and/or military conflicts, which could impact business and economic conditions in the United States and abroad; catastrophic events or natural disasters, including earthquakes, drought, climate change or extreme weather events that may affect our assets, communications or computer services, customers, employees or third party vendors; public health crises and pandemics, and their effects on the economic and business environments in which we operate, including on our asset credit quality, business operations, and employees, as well as the impact on general economic and financial market conditions; cybersecurity threats and fraud and the costs of defending against them, including the costs of compliance with legislation or regulations to combat fraud and cybersecurity threats; our ability to recruit and retain key executives, board members and other employees, and our ability to comply with federal and state employment laws and regulations; ongoing or unanticipated regulatory or legal proceedings or outcomes;; and our ability to manage the risks involved in the foregoing.

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 except as required by law.

About Exchange Bank

Headquartered in Sonoma County and founded in 1890, Exchange Bank is a full-service community bank with assets of $3.2 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 21-year winner of the North Bay Business Journal's Best Places to Work survey and a 14-time winner of the Best Bank of Sonoma County by the Press Democrat's Readers' Choice 2025 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 2025 San Francisco Business Times Corporate Philanthropy award, and the Bohemian Magazine's Best of the North Bay 2025 named Exchange Bank Best Business Bank and Best Consumer Bank. www.exchangebank.com

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EXCHANGE BANK
and Subsidiaries

Consolidated Balance Sheets
(Unaudited)

June 30, 2026 and 2025
(In Thousands)

ASSETS	2026	2025	Change 26/25	% Change 26/25
Cash and due from banks	$ 31,223	$ 39,055	$ (7,832)	-20.05%
Federal Reserve Bank	88,352	121,161	(32,809)	-27.08%
Total Cash and cash equivalents	**119,575**	160,216	(40,641)	-25.37%
Investments				
Interest-earning deposits in other financial institutions	-	-	-	0.00%
Securities available for sale	1,127,682	1,302,857	(175,175)	-13.45%
FHLB Stock	15,000	15,000	-	0.00%
Loans and leases				
Leasing	82	1,021	(939)	-91.97%
SBA	31,165	28,480	2,685	9.43%
C&I	194,229	171,762	22,467	13.08%
Consumer	126,857	139,865	(13,008)	-9.30%
Residential	305,286	328,440	(23,154)	-7.05%
Multi-Family	251,872	200,452	51,420	25.65%
CRE	808,159	672,153	136,006	20.23%
Construction	36,702	92,644	(55,942)	-60.38%
	1,754,352	1,634,817	119,535	7.31%
Less allowance for credit losses	(30,339)	(34,697)	4,358	-12.56%
Net loans and leases	**1,724,013**	1,600,120	123,893	7.74%
Bank premises and equipment	23,837	22,795	1,042	4.57%
Other assets	175,171	169,968	5,203	3.06%
Total Assets	**$ 3,185,278**	$ 3,270,956	$ (85,678)	-2.62%

LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits				
Non-Interest Bearing Demand	$ 860,618	$ 898,283	$ (37,665)	-4.19%
Interest Bearing				
Transaction	399,586	413,842	(14,256)	-3.44%
Money market	566,356	593,006	(26,650)	-4.49%
Savings	427,992	463,113	(35,121)	-7.58%
Time	495,843	502,970	(7,127)	-1.42%
Total Deposits	**2,750,395**	2,871,214	(120,819)	-4.21%
Borrowings	40,000	40,000	-	0.00%
Other liabilities	39,474	43,323	(3,849)	-8.88%
Total liabilities	**2,829,869**	2,954,536	(124,667)	-4.22%
Stockholders' equity	**355,409**	316,420	38,989	12.32%
Total Liabilities and Stockholder's Equity	**$ 3,185,278**	$ 3,270,956	$ (85,678)	-2.62%

EXCHANGE BANK

and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

For the Period Ended June 30, 2026 and 2025

(In Thousands, except per share amounts)

	Quarter Ended		Six Months Ended		Six Months Ended	
	2026	2025	2026	2025	Change 26/25	% Change 26/25
Interest Income						
Interest and fees on loans	$ 25,476	$ 23,806	$ 50,561	$ 46,448	$ 4,113	8.86%
Interest on investments securities	7,062	8,194	14,847	16,169	(1,322)	-8.18%
Total interest income	32,538	32,000	65,408	62,617	2,791	4.46%
Interest expense						
Interest on deposits	7,896	9,089	15,934	18,200	(2,266)	-12.45%
Other interest expense	403	404	802	998	(196)	-19.64%
Total interest expense	8,299	9,493	16,736	19,198	(2,462)	-12.82%
Net interest income	**24,239**	22,507	**48,672**	43,419	5,253	12.10%
Provision (reversal) for credit losses	100	-	100	**-**	**100**	0.00%
Net interest income after provision (reversal) for credit losses	**24,139**	22,507	**48,572**	43,419	5,153	11.87%
Non-interest income	6,210	6,597	12,538	12,998	(460)	-3.54%
Non interest expense						
Salary and benefit costs	11,498	10,757	23,003	21,537	1,466	6.81%
Other expenses	9,074	8,909	18,195	17,910	285	1.59%
Total non-interest expense	20,572	19,666	41,198	39,447	1,751	4.44%
Income before income taxes	9,777	9,438	19,912	16,970	2,942	17.34%
Provision for income taxes	2,481	2,396	5,110	4,314	796	18.45%
Net income	**$ 7,296**	$ 7,042	**$ 14,802**	$ 12,656	$ 2,146	16.96%
Basic earnings per common share	$ 4.26	$ 3.27	$ 8.63	$ 7.38	$ 1.25	16.96%
Dividends per share	$ 1.35	$ 1.30	$ 2.65	$ 2.60	$ 0.05	1.92%

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 2026 and 2025 was 1,714,344