



FOR IMMEDIATE RELEASE

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Exchange Bank Announces Third Quarter 2026 Earnings

Santa Rosa, CA – (October 29, 2026) - Exchange Bank (OTC: EXSR) today announced its unaudited financial results for the third quarter 2026, reporting net income after taxes of \$8.9 million and \$23.7 million for the nine months ended September 30, 2026.

2026 THIRD QUARTER HIGHLIGHTS:

- Third quarter net income after taxes was \$8.9 million compared with \$8.6 million for the prior year quarter ended September 30, 2025.
- Net income after tax for the nine months ended September 30, 2026, was \$23.7 million compared to \$21.2 million in the same period of 2025.
- Net interest income increased by \$2.0 million or 8.4% compared to the third quarter of 2025.
- Total assets for the Bank as of the end of the third quarter of 2026 were \$3.2 billion.
- The Bank's liquidity position remains strong, with on-balance sheet liquidity of \$813.5 million or approximately 25% of total assets as of September 30, 2026, and available borrowing capacity of approximately \$1 billion.
- The Bank remains well capitalized, and all regulatory capital ratios were well above minimum requirements as of September 30, 2026.

INCOME STATEMENT:

For the quarter ending September 30, 2026, the Bank had net income after taxes of \$8.9 million compared with net income of \$8.6 million for the third 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 \$23.2 million during the third quarter of 2025, to \$25.2 million for the third quarter of 2026, an increase of 8.4%. Total interest expense has decreased by \$1.0

million. In the third quarter of 2026, total funding costs are made up of interest paid to depositors of \$8.4 million and \$0.2 million paid on borrowings.

Non-interest income for the quarter ended September 30, 2026, was \$6.4 million, down from the third quarter of 2025 by \$1.0 million. The decrease of 13.8% is attributable to two one-time events occurring in 2025 not repeated in 2026. These events lead to a gain on sale of bank premises no longer used of \$1.4 million and a gain from life insurance proceeds of approximately \$0.7 million.

Non-interest expense was \$20.6 million for the quarter ended September 30, 2026, compared to \$19.0 million in the third quarter of 2025. The \$1.6 million increase primarily reflected a \$1.0 million increase in personnel expense, driven by salary adjustments and higher employee benefit costs. The remaining increase was attributable to higher operating expenses across several categories.

In the third quarter of 2026, the Bank received updated information regarding its low-income housing tax credit investments, resulting in the recognition of additional tax credits. These additional credits along with a decrease in non-interest income reduced the Bank's income tax expense compared with the same period in 2025 by approximately \$1.4 million.

BALANCE SHEET:

Total assets were \$3.2 billion as of September 30, 2026, a decrease of \$122.6 million or 3.7% from September 30, 2025.

The market value of the investment portfolio was \$1.0 billion as of September 30, 2026, down \$207.6 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 \$60 million through the remainder of 2026. As of September 30, 2026, the Bank estimates that the portfolio has an average life of approximately 3.7 years and an average effective duration of approximately 3.1 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 rising market interest rates and not a result of credit quality related factors. The unrealized losses net of tax as of September 30, 2026, were \$73.1 million compared to \$62.4 million on September 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 2.6% or \$44.8 million increase from September 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 15% in multifamily loans. Of the commercial real estate portfolio total, approximately 16% are 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 \$7.0 million, or 0.4% of gross loans, as of September 30, 2026. The allowance for credit losses, which is based on estimating credit losses for the life of the loans in the portfolio, totaled \$30.5 million, approximately 1.7% of total loans as of September 30, 2026. As of September 30, 2026, net charge-offs represented less than 0.3% of total gross loans.

As of September 30, 2026, the Bank's other real estate owned balance totaled \$4.7 million.

Total deposits as of September 30, 2026, were \$2.8 billion, decreasing by 3.4% or \$97.3 million since September 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 30% of total deposits as of September 30, 2026, relatively consistent with 2025. The Bank estimates approximately 74% of all deposits were fully insured by the FDIC as of September 30, 2026.

The Bank had no borrowings as of September 30, 2026, compared to \$40 million as of September 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 \$813.6 million or approximately 25% of total assets as of September 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 September 30, 2026, the Bank reported a total risk-based capital ratio of 20.5% and a leverage ratio of 12.8%. The Bank's US GAAP or book equity was \$344.4 million as of September 30, 2026 increasing by 3.5% since September 30, 2025. The increase is due to net income net of 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 \$446.1 million as of September 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 third quarter of 2026, dividends to the Doyle Trust totaled approximately \$1.17 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. 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 over \$3.20 billion. The Bank offers a comprehensive range of personal and business banking services including personal and business financing, and Trust and Investment Management services. Exchange Bank serves customers through 19 retail branches across the North Bay and Roseville, along with Trust & Investment Management offices located in Santa Rosa, Roseville, Marin County, and Silicon Valley. Exchange Bank's long-standing legacy of financial leadership and community support is grounded in its core values of commitment, respect, integrity, and teamwork. The Bank is known for its people—professionals who care deeply about their customers, their colleagues, and the communities where they live and work. Exchange Bank is a 21-time recipient of the North Bay Business Journal's Best Places to Work award and a 15-time winner of Best Bank of Sonoma County in the Press Democrat Readers' Choice Awards (2026). Additional honors include Best Consumer Bank by NorthBay biz Magazine's Best of the North Bay readers' poll and Best Local Bank by The Petaluma Argus-Courier People's Choice Awards (2026). Exchange Bank also received the 2026 San Francisco Business Times Corporate Philanthropy Award, and Bohemian Magazine's Best of the North Bay 2026 named the Bank both Best Business Bank and Best Consumer Bank.

Member FDIC — Equal Housing Lender — Equal Opportunity Employer

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EXCHANGE BANK

and Subsidiaries

Consolidated Balance Sheets

(Unaudited)

September 30, 2026 and 2025

(In Thousands)

			Change	% Change
ASSETS	2026	2025	26/25	26/25
Cash and due from banks	\$ 33,004	\$ 33,369	\$ (365)	-1.09%
Federal Reserve Bank	167,511	148,408	19,103	12.87%
Total Cash and cash equivalents	200,515	181,777	18,738	10.31%
Investments				
Interest-earning deposits in other financial institutions	-	-	-	0.00%
Securities available for sale	1,031,846	1,239,399	(207,553)	-16.75%
FHLB Stock	15,000	15,000	-	0.00%
Loans and leases				
Commercial & Industrial	213,102	234,146	(21,044)	-8.99%
Consumer	124,106	136,726	(12,620)	-9.23%
Residential	298,396	320,576	(22,180)	-6.92%
Multi-Family	264,136	232,155	31,981	13.78%
Commercial Real Estate	812,980	696,135	116,845	16.78%
Construction & Land Development	38,621	86,772	(48,151)	-55.49%
	1,751,341	1,706,510	44,831	2.63%
Less allowance for credit losses	(30,545)	(34,012)	3,467	-10.19%
Net loans and leases	1,720,796	1,672,498	48,298	2.89%
Bank premises and equipment	18,381	16,374	2,007	12.26%
Other real estate owned	4,731	-	4,731	100.00%
Other assets	194,423	183,207	11,216	6.12%
Total Assets	\$ 3,185,692	\$ 3,308,255	\$ (122,563)	-3.70%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits				
Non-Interest Bearing Demand	\$ 827,528	\$ 872,861	\$ (45,333)	-5.19%
Interest Bearing				
Transaction	406,975	403,938	3,037	0.75%
Money market	588,121	656,076	(67,955)	-10.36%
Savings	422,043	451,683	(29,640)	-6.56%
Time	544,696	502,076	42,620	8.49%
Total Deposits	2,789,363	2,886,634	(97,271)	-3.37%
Borrowings	-	40,000	(40,000)	-100.00%
Other liabilities	51,972	48,910	3,062	6.26%
Total liabilities	2,841,335	2,975,544	(134,209)	-4.51%
Stockholders' equity	344,357	332,711	11,646	3.50%
Total Liabilities and Stockholder's Equity	\$ 3,185,692	\$ 3,308,255	\$ (122,563)	-3.70%

EXCHANGE BANK

and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

For the Period Ended September 30, 2026 and 2025

(In Thousands, except per share amounts)

	Quarter Ended		Nine Months Ended		Nine Months Ended	
	2026	2025	2026	2025	Change 26/25	% Change 26/25
Interest Income						
Interest and fees on loans	\$ 26,091	\$ 24,576	\$ 76,668	\$ 71,024	\$ 5,644	7.95%
Interest on investments securities	7,671	8,241	22,518	24,411	(1,893)	-7.75%
Total interest income	33,762	32,817	99,186	95,435	3,751	3.93%
Interest expense						
Interest on deposits	8,351	9,188	24,375	27,484	(3,109)	-11.31%
Other interest expense	235	408	1,037	1,405	(368)	-26.19%
Total interest expense	8,586	9,596	25,412	28,889	(3,477)	-12.04%
Net interest income	25,176	23,221	73,774	66,546	7,228	10.86%
Provision (reversal) for credit losses	400	-	500	-	500	0.00%
Net interest income after provision (reversal) for credit losses	24,776	23,221	73,274	66,546	6,728	10.11%
Non-interest income	6,411	7,440	18,939	20,432	(1,493)	-7.31%
Non interest expense						
Salary and benefit costs	11,361	10,376	34,328	31,867	2,461	7.72%
Other expenses	9,211	8,536	27,357	26,392	965	3.66%
Total non-interest expense	20,572	18,912	61,685	58,259	3,426	5.88%
Income before income taxes	10,615	11,749	30,528	28,719	1,809	6.30%
Provision for income taxes	1,747	3,192	6,857	7,506	(649)	-8.65%
Net income	\$ 8,868	\$ 8,557	\$ 23,671	\$ 21,213	\$ 2,458	11.59%
Basic earnings per common share	\$ 5.17	\$ 4.99	\$ 13.81	\$ 12.37	\$ 1.43	11.59%
Dividends per share	\$ 1.35	\$ 1.30	\$ 4.00	\$ 3.90	\$ 0.10	2.56%

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