



FOR IMMEDIATE RELEASE

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Exchange Bank Announces Third Quarter 2025 Earnings

Santa Rosa, CA – (October 29, 2025) - Exchange Bank (OTC: EXSR) today announced its unaudited financial results for the third quarter 2025, reporting net income after taxes of \$8.6 million.

HIGHLIGHTS:

- Third quarter net income after taxes was \$8.6 million compared with \$4.9 million for the prior year quarter ended September 30, 2024.
- Net interest income increased by \$3.3 million or 17% from the third quarter of 2025 compared to the third quarter of 2024 primarily related to increased loan interest and fees due to volume and reduced interest expense related to a decrease in borrowings.
- Non-interest income increased by \$1.5 million or 25% from the third quarter of 2025 compared to the third quarter of 2024 primarily related to a gain on sale of bank premises no longer used of \$1.4 million.
- Gross loans increased by \$103.9 million or 6% from the third quarter of 2025 compared to the third quarter of 2024 and asset quality remained strong.
- 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 \$915.7 million or 28% of total assets as of September 30, 2025. 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 19.46% on September 30, 2025.

INCOME STATEMENT:

During the three months ended September 30, 2025, the Bank had net income after tax of \$8.6 million compared with net income of \$4.9 million for the quarter ended September 30, 2024.

The Bank's net interest income increased by \$3.3 million or 17% to \$23.3 million during the three months ended September 30, 2025. The increase in net interest income was primarily related to increased loan interest and fees due to volume and reduced interest expense related to a decrease in borrowings. Total funding costs for the third quarter of 2025 were \$9.5 million as compared to \$11.6 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 \$407 thousand paid on borrowings, compared to the third quarter of 2024 interest paid to depositors of \$8.7 million and \$2.9 million paid on borrowings. Decreased borrowing costs were a direct result of a decrease in the volume of borrowings from \$245 million on September 30, 2024 to \$40 million as of September 30, 2025.

Non-interest income for the quarter ended September 30, 2025 increased from \$5.9 million in 2024 to \$7.4 million. The 25% increase can be attributed to a gain on sale of bank premises no longer used of \$1.4 million.

On a year-to-date basis, net income for 2025 through September was \$21.2 million compared to \$15.0 million for the same period of 2024. The Bank's net interest income increased by \$6.1 million or 10% to \$66.7 million during the nine months ended September 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 nine months ended September 30, 2025 increased from \$17.4 million in 2024 to \$20.4 million. This increase is partially due to life insurance benefit received in the second quarter plus the current quarter gain on sale of premises. Non-interest expenses remained relatively constant, increasing by less than 1% from the first nine months of 2024 to \$58.4 million.

BALANCE SHEET:

Total assets were \$3.31 billion as of September 30, 2025, compared to \$3.41 billion as of September 30, 2024.

Cash and cash equivalents have decreased by \$6.6 million or 3% from September 30, 2024 to \$196.8 million. The decrease in cash is attributable to loan originations and paydown of borrowings offset by cash flows from the investment portfolio plus increases in the deposit portfolio. Cash balances have increased by \$36.6 million or 23% since June 30, 2025.

The market value of the investment portfolio was \$1.24 billion as of September 30, 2025, down \$191.8 million from the comparable quarter-end in the prior year and down \$63.5 million from June 30, 2025. The change in investments in the third quarter of 2025 is related primarily to

scheduled paydowns in the portfolio. Based on current rate conditions, the Bank estimates investment portfolio paydowns of approximately \$45 million through the rest of 2025. The Bank continues 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 interest rates and not a result of credit quality related factors.

Gross loans at the end of the third quarter were \$1.7 billion, representing a \$103.9 million increase from September 30, 2024 and up \$71.7 million from June 30, 2025. The Bank's largest loan categories are commercial real estate loans, making up 42% of the portfolio, followed by 20% in residential loans and 14% in multifamily loans. The portfolio is well diversified between industries with no significant concentrations.

Loan quality remains strong, non-accrual loans totaled \$2.8 million, or 0.17% of gross loans, as of September 30, 2025 compared to \$6.0 million as of September 30, 2024 and \$5.3 million as of June 30, 2025. From June 30, 2025, non-accrual balances have decreased by \$2.5 million primarily due to the payoff of one loan of approximately \$2.3 million. The allowance for credit losses totaled \$34.0 million, or 2.03% of total loans.

Deposits have increased by \$69.7 million, or 2.5%, since September 30, 2024, ending at \$2.89 billion. In the third quarter of 2025, deposits increased by \$15.9 million or 0.6% from June 30, 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 30% of total deposits as of September 30, 2025, compared to 32% as of September 30, 2024. The Bank estimates approximately 75.6% of all deposits were fully insured by the FDIC as of September 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 September 30, 2025, the Bank had borrowings of \$40 million compared to \$245 million as of September 30, 2024. As mentioned in previous press releases, in January 2025, the Bank paid off a 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 September 30, 2025, the Bank reported a total risk-based capital ratio of 19.46% and a leverage ratio of 11.81%. The Bank's book equity increased \$38.8 million, or 13%, since September 30, 2024, to a total of \$332.7 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 September 30, 2025 were \$63.7 million compared to \$81.4 million on September 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 \$423.8 million as of September 30, 2025, an increase of \$22.4 million, or 6.0%, 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 nine months of 2025, dividends to the Doyle Trust totaled approximately \$3.3 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 \$3.31 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 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

Member FDIC — Equal Housing Lender — Equal Opportunity Employer

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EXCHANGE BANK
and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

September 30, 2025 and 2024

(In Thousands)

			Change	% Change
ASSETS	2025	2024	25/24	25/24
Cash and due from banks	\$ 48,369	\$ 37,313	\$ 11,056	29.63%
Federal Reserve Bank	148,408	166,112	(17,704)	-10.66%
Total Cash and cash equivalents	196,777	203,425	(6,648)	-3.27%
Investments				
Interest-earning deposits in other financial institutions	-	-	-	0.00%
Securities available for sale	1,239,399	1,431,151	(191,752)	-13.40%
FHLB Stock	15,000	15,000	-	0.00%
Loans and leases				
Leasing	693	2,998	(2,305)	-76.88%
SBA	34,211	32,787	1,424	4.34%
C&I	199,242	156,655	42,587	27.19%
Consumer	136,726	147,268	(10,542)	-7.16%
Residentail	320,576	349,886	(29,310)	-8.38%
Multi-Family	232,155	179,564	52,591	29.29%
CRE	709,923	644,514	65,409	10.15%
Construction	72,984	88,911	(15,927)	-17.91%
	1,706,510	1,602,583	103,927	6.48%
Less allowance for credit losses	(34,012)	(41,014)	7,002	-17.07%
Net loans and leases	1,672,498	1,561,569	110,929	7.10%
Bank premises and equipment	22,831	24,691	(1,860)	-7.53%
Other assets	161,830	175,589	(13,759)	-7.84%
Total Assets	\$ 3,308,335	\$ 3,411,425	\$ (103,090)	-3.02%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits				
Non-Interest Bearing Demand	\$ 872,362	\$ 913,022	\$ (40,660)	-4.45%
Interest Bearing				
Transaction	404,940	430,684	(25,744)	-5.98%
Money market	656,076	540,248	115,828	21.44%
Savings	451,683	469,885	(18,202)	-3.87%
Time	502,076	463,606	38,470	8.30%
Total Deposits	2,887,137	2,817,445	69,692	2.47%
Borrowings	40,000	245,000	(205,000)	-83.67%
Other liabilities	48,486	55,083	(6,596)	-11.98%
Total liabilities	2,975,624	3,117,528	(141,905)	-4.55%
Stockholders' equity	332,711	293,897	38,814	13.21%
Total Liabilities and Stockholder's Equity	\$ 3,308,335	\$ 3,411,425	\$ (103,091)	-3.02%

EXCHANGE BANK

and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

For the Period Ended September 30, 2025 and 2024

(In Thousands, except per share amounts)

	Quarter Ended		Nine Months Ended		Nine Months Ended	
	2025	2024	2025	2024	Change 25/24	% Change 25/24
Interest Income						
Interest and fees on loans	\$ 24,576	\$ 22,564	\$ 71,027	\$ 66,732	\$ 4,295	6.44%
Interest on investments securities	8,241	8,954	24,403	26,075	(1,672)	-6.41%
Total interest income	32,817	31,518	95,430	92,807	2,623	2.83%
Interest expense						
Interest on deposits	9,128	8,705	27,329	24,025	3,304	13.75%
Other interest expense	407	2,871	1,405	8,195	(6,790)	-82.86%
Total interest expense	9,535	11,576	28,734	32,220	(3,486)	-10.82%
Net interest income	23,282	19,942	66,696	60,587	6,109	10.08%
Provision (reversal of) for credit losses	-	-	-	-	-	0.00%
Net interest income after provision for credit losses	23,282	19,942	66,696	60,587	6,109	10.08%
Non-interest income	7,435	5,925	20,437	17,355	3,082	17.76%
Non interest expense						
Salary and benefit costs	10,401	10,677	31,938	32,212	(274)	-0.85%
Other expenses	8,567	8,558	26,476	25,770	706	2.74%
Total non-interest expense	18,968	19,235	58,414	57,982	432	0.75%
Income before income taxes	11,749	6,632	28,719	19,960	8,759	43.88%
Provision for income taxes	3,192	1,687	7,506	4,913	2,593	52.77%
Net income	\$ 8,557	\$ 4,945	\$ 21,213	\$ 15,047	\$ 6,166	40.98%
Basic earnings per common share	\$ 4.99	\$ 2.88	\$ 12.37	\$ 8.78	\$ 3.60	40.98%
Dividends per share	\$ 1.30	\$ 1.30	\$ 3.90	\$ 3.90	\$ -	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