

2024
ANNUAL
REPORT

A DEPOSIT HERE IS AN
INVESTMENT HERE



BOARD OF DIRECTORS



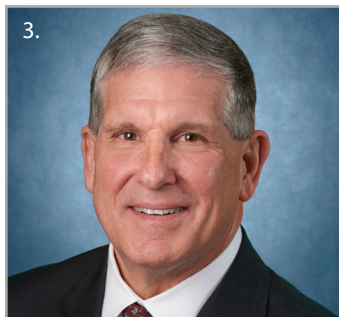
1.

1. Steven G. Dutton
*President and Co-owner
Dutton Ranch Corp.*



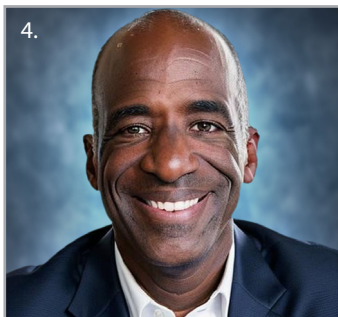
2.

2. Barry D. Friedman
*President and CEO,
Friedman's Home Improvement*



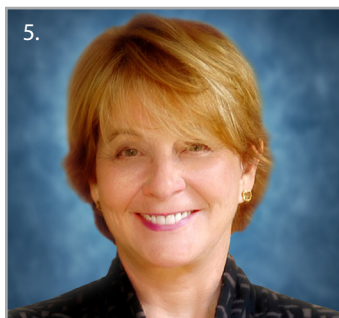
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3. Gary Hartwick
Retired, Banker



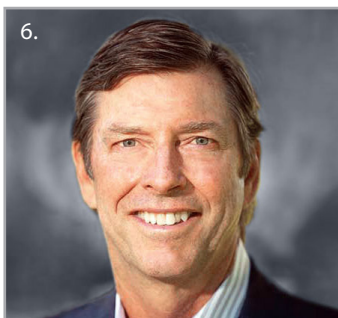
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4. Eric McHenry
Retired, Executive



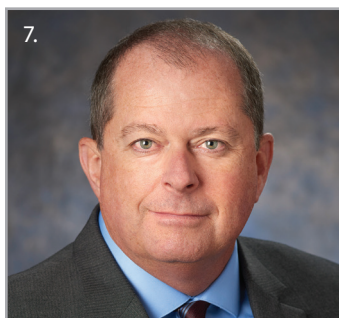
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5. Deborah A. Meekins
Retired, Banker



6.

6. James M. Ryan
*President, Ryan Mortgage Co.
Vice Chairman of the Board
Trustee, Frank P. Doyle Trust*



7.

7. Troy Sanderson
*President and CEO
Exchange Bank*



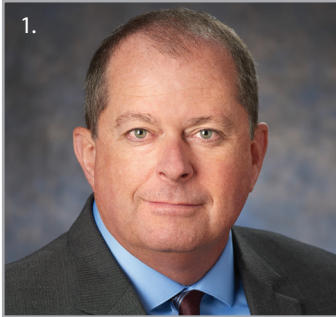
8.

8. William R. Schrader
*Chairman of the Board
Trustee, Frank P. Doyle Trust*



9.

9. Marlene K. Soiland
*President and CEO, Soiland Management Co.
Corporate Secretary, Exchange Bank
Trustee, Frank P. Doyle Trust*



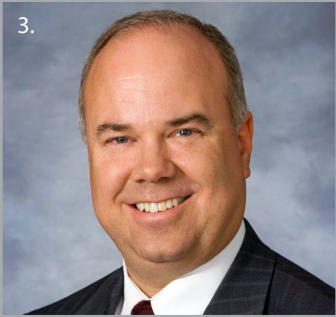
1.



2.

1. Troy Sanderson

President and Chief Executive Officer



3.



4.

2. Shari DeMaris

*Executive Vice President,
Chief Operating Officer*

3. Kevin Bender

*Senior Vice President,
Chief Banking Officer*



5.



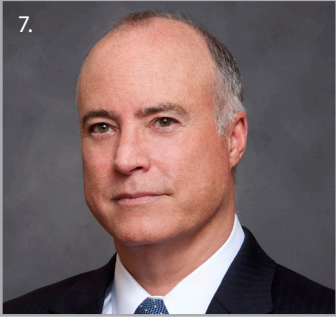
6.

4. Jaimie Galeano

*Senior Vice President,
Retail Banking*

5. Holly Hawkins

*Senior Vice President,
Chief HR Officer*



7.



8.

6. Suzanne Knowlton

*Vice President, Director of Marketing and
Community Relations*

7. John Mackey

*Senior Vice President, Managing Director
of Investment and Fiduciary Services*



9.



10.

8. Charlotte Radmilovic

*Senior Vice President,
Chief Financial Officer*

9. Brian Rober

*Senior Vice President,
Chief Information Officer*

10. Paul Yeomans

*Senior Vice President,
Senior Lending Officer*

Dear Shareholders:

We are sincerely grateful for the steady commitment of our shareholders, customers, and community in this past year. We are pleased to share with you the 2024 Exchange Bank Annual Report. Included below is an update on the year and overview of the Bank's activities.

Financial Performance:

Net income for 2024 was \$23.85 million and the Bank paid total dividends of \$8.91 million equaling a dividend payout ratio of 37.4%. The net interest margin (NIM) for 2024 was 2.59%. The Bank achieved a return on average equity (ROAE) of 9.55%. The Bank's average equity number on a Generally Accepted Accounting Principle ("GAAP") basis includes unrealized losses associated with the Bank's available-for-sale investment portfolio. Total assets as of December 31, 2024 were \$3.30 billion.

Capital Adequacy:

The Bank's capital ratios remain well in excess of the regulatory minimums to be considered "well capitalized." As of December 31, 2024, the Bank's regulatory total risk-based capital ratio was 19.43% and the leverage ratio was 11.07%.

Asset Quality:

Gross loans increased by 1.50% in 2024. The loan portfolio continues to perform well, non-accrual loans totaled only \$11.14 million or less than 0.70% of total gross loans of \$1.62 billion. The Bank held no OREO (other real estate owned) as of December 31, 2024. Supporting the strength of the loan portfolio is a well funded allowance for credit losses of \$35.10 million, or 2.17% of gross loans. During the year, the Bank released \$5.8 million of allowance for credit loss related to the maturation of construction loans to permanent financing. The allowance was considered adequately funded and the credit metrics of the Bank have remained stable.

The Bank's available-for-sale investment portfolio ended 2024 with a market value of \$1.36 billion, down \$135.1 million over the prior year, primarily related to paydowns and maturities in the portfolio. The portfolio has an effective duration of approximately 3.6 years. A significant majority of the portfolio is comprised of investments that are backed by the full faith and credit of the United States government. 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 market interest rates and not a result of credit quality related factors. The Bank does not view the temporary nature of the book unrealized losses to be a significant risk to its long-term capital position.

Deposits and Liquidity:

Deposit balances remained relatively constant to 2023, decreasing by only 0.22% to \$2.83 billion. While the balance in total remained constant, the mix of deposits has changed. There were decreases in low interest-bearing accounts that were offset by increases in higher interest-bearing categories. During the year, the Bank's cost of funds increased from 0.82% in 2023 to 1.44% in 2024 due to an elevated interest rate environment and significant competition for deposits. Even with the increase year-over-year, the Bank's cost of funds remains in the lowest 10% of all similarly sized peer banks nationwide. The Bank estimates approximately 76% of all deposits were fully insured by the FDIC as of December 31, 2024.

As of December 31, 2024, the Bank had \$140.00 million in borrowed funds from both the Federal Reserve Bank of San Francisco and the Federal Home Loan Bank of San Francisco, a decrease of \$85.00 million from the prior year, and remaining borrowing capacity of \$1.02 billion. On January 16, 2025, the Bank repaid in full the \$100 million borrowing outstanding from the Federal Reserve Bank of San Francisco using liquidity on hand.

Non-Interest Income and Expense:

The generation of non-interest income remains a strength of Exchange Bank with a significant contribution coming from the Bank's Trust and Investment Management group. Total non-interest income in 2024 was \$23.39 million, of which \$10.33 million came from the important work performed by our Trust team in 2024. This team continues to provide good opportunities for non-interest income growth at the Bank. The Bank's Trust and Investment Management group has offices in Santa Rosa, Roseville, Marin County and Silicon Valley. All offices are performing well and are meeting expectations.

Non-interest expenses were \$76.87 million for the year ended December 31, 2024 consistent with the prior year excluding the one-time charge in the second quarter of 2023 related to the voluntary termination of the Exchange Bank Pension Plan.

Community Involvement:

Exchange Bank has been built upon the significant contributions of many great leaders over our 134-year history. Their dedication to the mission and culture of Exchange Bank brought this institution to the place it is now, and their commitment to our community continues to inspire us today. Both Bruce DeCrona and Greg Steele retired from the Bank's Board of Directors after many years of dedicated service. Their contributions to the success of the Bank were deeply impactful, and their leadership and vision will be greatly missed. During 2024, the Bank continued the tradition of community connection, donating a total of \$726 thousand to over

200 organizations and contributing 5,332 hours of community service. Additionally, 50.44% of the dividends paid by the Bank in 2024, or \$4.49 million, went directly to the Doyle Trust to fund scholarships at Santa Rosa Junior College.

Technology and Risk Management:

In 2024, the Bank continued the commitment to a robust technology footprint supporting our intense focus on digital banking products, cybersecurity and fraud prevention. The Bank continues to significantly invest in cutting-edge solutions and protections that allow our customers to bank how they want, when they want and where they want – safely.

Commitment to Quality and People Development:

We continue to acknowledge that our employees are our greatest asset. This is especially true for a community bank with strong and diverse ties to our marketplace. We are proud to announce that once again, and for the 19th year in a row, Exchange Bank was recognized as a Best Place to Work by the North Bay Business Journal. We constantly strive to maximize productivity and create opportunities for our existing employees by strategically realigning our workforce as normal turnover occurs. The velocity of change within our industry is dramatic, and we believe it is critical that the structure of our workforce flexes to align with the changing environment.

Continued Commitment:

With the largest branch footprint in Sonoma County that includes 17 well-located branches deeply embedded into their individual communities, and with a 134-year history of connectivity to generations of families and businesses in Sonoma County, this Bank and our employees are closely connected to the vast majority of current and potential customers in this market. The Bank also has a retail branch in Roseville and Trust and Investment Management offices in Santa Rosa, Roseville, Marin County and Silicon Valley.

On behalf of the Board of Directors, our Executive Management Team, and our remarkable employees, we would like to take this opportunity to thank you, our shareholders, for your support.

Sincerely,



William R. Schrader
Chairman of the Board



Troy J. Sanderson
President and Chief Executive Officer

2024 Philanthropy



283

Nonprofit and charitable organizations supported



5,332

Team member volunteer hours



\$726,000

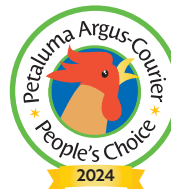
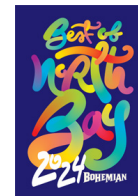
in charitable donations



64

Team members serving on boards or committees

2024 Awards & Accolades



SAN FRANCISCO BUSINESS TIMES
CORPORATE PHILANTHROPY
AWARD WINNER 2024

Thank You Sonoma County

We're proud to be your local community bank for 135 years and counting.

CONSOLIDATED BALANCE SHEETS

EXCHANGE BANK AND SUBSIDIARIES

December 31, 2024 and 2023

(In thousands, except share and par value amounts)

	2024	2023
ASSETS		
Cash and due from banks	\$ 134,672	\$ 89,354
Short-term investments	204	257
Total cash and cash equivalents	134,876	89,611
Available-for-sale investment securities	1,362,345	1,497,445
Loans and leases	1,618,579	1,594,677
Less allowance for credit losses	(35,099)	(41,268)
Net loans and leases	1,583,480	1,553,409
Federal Home Loan Bank stock	15,000	15,000
Bank premises and equipment, net	17,241	17,472
Bank owned life insurance	72,266	68,887
Other real estate owned	—	—
Accrued interest receivable and other assets	115,280	126,748
Total assets	\$ 3,300,488	\$ 3,368,572
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	\$ 902,315	\$ 977,426
Interest bearing	1,930,128	1,861,201
Total deposits	2,832,443	2,838,627
Other borrowings	140,000	225,000
Accrued interest payable and other liabilities	47,236	49,721
Total liabilities	3,019,679	3,113,348
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, 1,000,000 shares authorized:		
None Issued or outstanding	—	—
Common stock, \$2.50 par value; 3,000,000 shares authorized; 1,714,344 shares issued and outstanding	4,286	4,286
Additional paid-in capital	46,026	46,026
Retained earnings	331,591	316,652
Accumulated other comprehensive income (loss), net of taxes	(101,094)	(111,740)
Total stockholders' equity	280,809	255,224
Total liabilities and stockholders' equity	\$ 3,300,488	\$ 3,368,572

CONSOLIDATED STATEMENTS OF INCOME

EXCHANGE BANK AND SUBSIDIARIES

For the Years Ended December 31, 2024 and 2023

(In thousands, except per share amounts)

	2024	2023
Interest income:		
Interest and fees on loans and leases	\$ 89,096	\$ 81,919
Interest on investment securities:		
Taxable	33,358	31,125
Exempt from Federal income taxes	2,266	2,504
Total interest income	124,720	115,548
Interest expense:		
Interest on deposits	33,256	16,716
Interest on borrowings	10,201	8,342
Total interest expense	43,457	25,058
Net interest income before provision for credit losses	81,263	90,490
Provision (reversal) for credit losses	(5,800)	—
Net interest income after provision (reversal) for credit losses	87,063	90,490
Non-interest income:		
Service charges and fees	3,337	3,265
Trust income	10,332	9,787
Merchant discount and interchange fees	5,030	5,311
Income from bank owned life insurance	2,468	2,255
Gain on sale of other real estate owned	—	694
Other income	2,218	2,348
Total non-interest income	23,385	23,660
Non-interest expense:		
Salaries and employee benefits	42,678	41,110
Occupancy and equipment	7,774	8,160
Professional fees	5,698	7,014
FDIC assessments	1,532	1,574
Pension Plan retirement	—	8,398
Other expenses	19,188	20,182
Total non-interest expense	76,870	86,438
Income before provision for income taxes	33,578	27,712
Provision for income taxes	9,725	7,519
Net income	\$ 23,853	\$ 20,193
Basic and diluted earnings per common share	\$ 13.91	\$ 11.78

EXCHANGE BANK OFFICERS

EXECUTIVE TEAM

Troy Sanderson
President and Chief Executive Officer

Shari DeMaris
Executive Vice President, Chief Operating Officer

Kevin Bender
Senior Vice President, Chief Banking Officer

Jaimie Galeano
Senior Vice President, Retail Banking

Holly Hawkins
Senior Vice President, Chief HR Officer

Suzanne Knowlton
Vice President, Director of Marketing and Community Relations

John Mackey
SVP/Managing Director of Investment and Fiduciary Services

Charlotte Radmilovic
Senior Vice President, Chief Financial Officer

Brian Rober
Senior Vice President, Chief Information Officer

Paul Yeomans
Senior Vice President, Senior Lending Officer

Kathy Sutliff
Executive Assistant

APPLICATION SUPPORT

Bryna McCulley
VP/Digital Application Manager

Antonio Becerra
Business Solutions Analyst

ATM/DEBIT CARD SERVICES

Heather Brewer
AVP/Electronic Banking Manager

BRANCH BANKING

Jessica Hidalgo
VP/Regional Sales Manager

Thomas Sands
VP/Regional Sales Manager

Cassandra Zorn
VP/Retail Operations Officer

Kenn Cunningham
AVP/Sales Officer

Erin Williams
AVP/Compliance Quality Control Specialist

Chrissy Nelson
Relationship Banking Wholesaler

CENTRAL SERVICES/OPERATIONS

Stacy Small
VP/Bank Operations Manager

Amy Bravin
Risk Mitigation Analyst

Nicole Khan
Bank Operations Supervisor

COMMERCIAL LENDING

Terry Flynn
SVP/Commercial Relationship Manager

Jerry Gamboa
SVP/Commercial Banking Regional Manager

Chad Barbieri
VP/SBA Business Development Officer

Ramsay Brown
VP/Commercial Relationship Manager

Geof Fong
VP/Commercial Relationship Manager

Jamie Ganly
VP/Commercial Relationship Manager

Sean O'Hare
VP/Commercial Relationship Manager

Jeff Owen
VP/Commercial Relationship Manager

Bahar Ozgur
VP/Commercial Relationship Manager

Stacey Powers
VP/Commercial Relationship Manager

Chad Hansen
AVP/Commercial Portfolio Manager

CREDIT ADMINISTRATION

Joe Carbonaro
VP/Commercial Credit Risk Officer

Lori Crechriou
VP/Special Assets Manager

April Hidalgo
VP/Senior Commercial Underwriter

June Ingalls
VP/Credit Operations Manager

Alicia Jessie
VP/Senior Commercial Underwriter

Cory Kellogg
VP/Senior Commercial Underwriter

Joe Maurer
VP/Senior Commercial Underwriter

Julie Nauer
VP/Senior Commercial Underwriter

Ali Spitzer
VP/Senior Credit Administrator

Tony Uribe
VP/Credit Administrator

Terrie King
AVP/Senior Commercial Underwriter

Lachele Plaskett
AVP/Commercial Underwriter

Jasmine Scott
AVP/Commercial Credit Risk Officer

Susan Corbisiero
Special Assets Officer

Denise Davis
Residential Loan Underwriter

CUSTOMER CARE CENTER

Kristie Clay
VP/Customer Care Manager

FACILITIES AND PURCHASING

Heather Garbocci
AVP/Facilities & Purchasing Manager

FINANCE

Shauna Lorenzen
VP/Controller

Lisa Ganame
VP/Financial Planning and Analysis Officer

Stacy McKee
AVP/Assistant Controller

HUMAN RESOURCES

Randy Ferino
VP/Senior HR Business Partner

Kimberly Murphy
AVP/HR Business Partner

Kelly Obremski
AVP/Compensation & Benefits Manager

Joe Muldowney
Payroll/HRIS Manager

INFORMATION SECURITY

Irshad Hirani
VP/Information Security Officer

LEARNING AND DEVELOPMENT

Dawn Warner
VP/Learning & Development Director

Laura Hastings
Senior Learning Business Partner

LOAN SERVICE CENTER

Safiyyah Muhammad
VP/Loan Operation Manager

Suzanne Geske
AVP/Compliance Quality Control Specialist

Teresa Johnson
AVP/Loan Operations Post-Close Manager

Barb Myers
AVP/Loan Servicing Manager

MARKETING

Beth Ryan
VP/Community Relations & Engagement Officer

Breanne Sturdevant
AVP/Retail Banking Product and Project Manager

RISK MANAGEMENT

Jamie Hidalgo
VP/Risk Management Officer

Kerri Howard
VP/BSA Officer

Morgan Steele
VP/Compliance and CRA Officer

Vanesa Valencia
AVP/CRA Officer

Andrea Gondola
Compliance Analyst

Rebekah Tyrrell
Enterprise Risk Analyst

TECHNICAL SERVICES

Jody Lee
AVP/Technical Project Manager

TRUST - MARIN

Debbie Campas
VP/Personal Trust Officer

TRUST - ROSEVILLE/SACRAMENTO

Alysia Corell
VP/Personal Trust Officer

Tiffany Terrell
AVP/Personal Trust Officer

Michelle Gordon
Investment Officer

TRUST - SILICON VALLEY

Cathy Colgan
VP/Personal Trust Officer

TRUST AND INVESTMENT MANAGEMENT

Diana Angell
VP/Personal Trust Officer

Matthew Kelman
VP/Institutional Trust Fiduciary Manager

Andriy Lesyshyn
VP/Personal Trust Officer

Emily Menjou
VP/Personal Trust Fiduciary Manager

Dave Rapoport
VP/Investment Officer

Bill Ryan
VP/Investment Officer

Chris Stafford
VP/Personal Trust Officer

Renee Pilkenton
AVP/Trust Operations & Compliance Manager

Max Coughlin
Personal Trust Officer

Tom Del Signore
Institutional Trust Officer

Andrea Ruiz
Personal Trust Officer

Charlie Walker
Investment Officer

BRANCH MANAGERS

Cloverdale Branch
Ramiro Rodriguez
AVP/Branch Manager

Cotati Branch
Dan Reilly
VP/Branch Manager

Coddington Branch
Cameron Belvedere
VP/Branch Manager

Carrie Winn
Retail Service Manager

Dutton Branch
Alexis Frausto
AVP/Branch Manager

Healdsburg Branch

Patti Mannatt
VP/Branch Manager

Larkfield Branch

Veronica Garcia-Rincon
VP/Branch Manager

Petaluma East Branch

Ivette Celedon
VP/Branch Manager

Petaluma Main Branch

Rick Gorman
VP/Branch Manager

Reinking Branch

Shaun Vongphakham
VP/Branch Manager

Rohnert Park Branch

Dan Reilly
VP/Branch Manager

Santa Rosa Main Branch

Britt Cooper
VP/Business Banking Manager

Sebastopol Branch

Dorothy Rodella
VP/Branch Manager

Sonoma Branch

AJ Vazquez
VP/Branch Manager

St. Francis Branch

Jessica Dominguez
AVP/Branch Manager

Stony Point Branch

Santiago Ramirez
VP/Branch Manager

Windsor Branch

Jim Curry
VP, Branch Manager

IN RECOGNITION

The Board of Directors wishes to acknowledge the outstanding service provided by two retired Board Members of our Bank: Bruce E. DeCrona and Gregory S. Steele.

These exceptional teammates profiled integrity, compassion and respect for our community and an uncompromised commitment to our Bank. Their steady leadership was highly influential in our success. It has been an honor and a pleasure for us to have had them as trusted teammates.

We wish them all the very best as they now pivot into a well-deserved new chapter of their lives. Bruce and Greg all the best to both of you!



BRUCE E. DECRONA



GREGORY S. STEELE

THANK YOU

MISSION STATEMENT

From generation to generation, we invest in people, business and community to build a strong future.

VISION STATEMENT

We want to be your bank, making a difference in the communities we serve, to create a better future for generations to come.

CORE VALUES

Commitment

Exchange Bank's legacy is one of financial leadership and community support, which we will continue through responsiveness to the needs of our customers and communities. As a public company, we strive for an attractive long-term return for our shareholders, act as a responsible community citizen and demonstrate leadership in local business and community circles. We support our communities with our money, time and talent.

Respect

We value the diversity of our customers, employees and communities. We believe that everyone is entitled to be treated with fairness and respect. Our employees are empowered to think independently, act resourcefully, and are charged with the responsibility of representing our values within the organization and in the community.

Integrity

Our business is grounded in trust. We are committed to acting with the highest standards of personal, professional and organizational integrity and character.

Teamwork

Together, we are stronger and wiser than any of us individually. We foster a spirit of enthusiasm, professionalism, engagement and fun while working together in pursuit of common goals. We are known as people who care about our customers, our company, our communities and one another.



Equal Opportunity Employer



exchangebank.com