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Orange County Bancorp, Inc. Announces Second Quarter and Year-to-Date Results through June 30, 2020

July 27, 2020

MIDDLETOWN, N.Y., JULY 27, 2020 – Orange County Bancorp, Inc. (the "Company" – OTCQX: OCBI), parent of Orange Bank & Trust Co. (the "Bank") and Hudson Valley Investment Advisors, Inc. (HVIA), today announced net income of $2.7 million, or $0.61 per share, and $5.2 million, or $1.15 per share, for the three and six months ended June 30, 2020, respectively. This compares with net income of $2.8 million, or $0.63 per share, and $5.0 million, or $1.12 per share, for the three and six months ended June 30, 2019, respectively.

- **Net Interest Income for the first half of 2020 was $23.3 million, up 12.4% over last year and for the second quarter of 2020 was $11.8 million, up 12.1% over the same period last year**
- **Average loans for the second quarter of 2020 was $1.01 billion, up 26% over same quarter last year, including PPP loans**
- **Average Non-Interest Bearing Deposits for the first half of 2020 were $401.0 million, up 20.4%, including undrawn PPP loan balances.**
- **Provisions for loan losses for the first half of 2020 were $2.5 million, up $1.5 million from $1.0 million last year**
- **Total Assets increased 28.8% from December 31, 2019 to $1.58 billion**

Tangible Book Value per Share of $27.02 increased 6.8% from December 31, 2019 "I am very pleased with the Bank's performance in the second quarter given the enormous challenges the state-mandated shut down placed on the regional economy and every facet of our business," said Michael Gilfeather, President and Chief Executive Officer. "Earnings were strong, and loans, and demand deposits all grew quarter-over-quarter, with our success helping business clients access more than $100 million through over 800 loans under the Federal Payroll Protection Program playing a significant role. More important than the numbers, however, was the performance of our employees and the advantages exhibited by our community-based, customer-centric business model, which enabled us to deliver tailored service and value to our clients throughout this turbulent period. We also remain on the lookout for new locations to leverage our unique offering, and I am happy to report the recent approval of two new branches in the Bronx and Nanuet, which are scheduled to open in the next 6 to 9 months.

In addition to helping grow loans and deposits, relationship banking also provides us better insight into management of our loan portfolio, which we are also applying to deferrals resulting from the COVID-19 health crisis. Though we have very limited exposure to higher risk industries like leisure, entertainment and retail, our business clients have certainly not been immune to the economic slowdown. Our response has been to approach them directly to understand their needs and constraints, provide short-term deferment from loan obligations, where appropriate or necessary, and monitor their recovery as the region works through its phased reopening. Given the risk some of these businesses may never recover fully, we, like banks across the US, have also prudently increased our provision for loan losses.

I am proud of the bank's results through the first half of 2020 and believe the systems and strategies we have in place will help us manage the unprecedented uncertainties caused by the economic shutdown," Gilfeather continued. "Though local economies are just seeing benefits from re-opening, we are keenly aware this could change quickly and adversely impact the recovery. I am confident we can meet such difficulties with our employees' dedication to and knowledge of our customers, the breadth of services we provide, and high lending standards we employ. By maintaining a focus on these strengths, we will continue to deliver the superior results our customers and shareholders expect."

Income Statement Summary

Net interest income for the three months ended June 30, 2020 increased $1.3 million, or 12.1%, to $11.8 million, compared with the three months ended June 30, 2019. The increase is primarily due to a $322.4 million, or 29.7%, increase in average interest earning assets. The growth in average earning assets includes $67.9 million in low rate PPP loans and $94 million in low rate deposits with banks, contributing to a 64 basis point decline in average earning rates. Despite the decline in earning rates, interest revenue increased during the period. Net interest income for the six months ended June 30, 2020 increased $2.6 million, or 12.4%, to $23.3 million, compared with the six months ended June 30, 2019. Average earnings assets grew $254 million, or 23.9%, for the period. The increase in average interest earning assets was driven primarily by a $181.3 million, or 23.3%, increase in average loans outstanding.

Net interest margin of 3.38% for the three months ended June 30, 2020 represents a 56 basis point, or 15.3%, decline versus 3.94% for the same period last year. The average cost of interest-bearing deposits for the three months ended June 30, 2020 dropped 15 basis points to 0.52%, from 0.67% for the three months ended June 30, 2019, a 22.4% decrease. This drop in funding costs was insufficient to offset the impact of the drop in earnings rates. As explained above, the average asset earning rate was materially influenced by the impact of $67.9 million of new PPP loans with a 1% coupon, combined with a precautionary increase in available funds during this uncertain period. The interest rate picture has changed dramatically over the past 4 months following the Federal Reserve's move to significantly reduce overnight rates and, through direct bond purchases, lower market rates to unprecedented levels. The feds funds rate is currently between 0% and 0.25% and the 10 year treasury yield is close to 0.65%. The Bank responded by reducing its deposit costs, as evidenced by a 15bp decline in cost of funds compared to the second quarter last year. Cost of funds also benefited from continued strong growth in non-interest bearing demand accounts, with a $191.1 million, or 71.9%, increase to an average of $456.9 million versus the three months ended June 30, 2019.

The outlook for margin includes the benefits of the fees recognized at the time PPP loans are forgiven. The unamortized portion of such fees totaled $3.0 million at June 30, 2020. In addition, as opportunities arise, the Bank plans to prudently build loan balances to redeploy the excess liquidity in order to increase average earning rates.

The Bank's provision for loan losses was $1.3 million for the three months ended June 30, 2020, an increase of $880 thousand, or 209.5%, versus $420 thousand for the three months ended June 30, 2019. For the six months ended June 30, the provision was $2.5 million for 2020 compared to $1.0 million for 2019. The increases were made in response to uncertainty surrounding loan performance due to the COVID-19 related shutdown of various business sectors. While the asset quality of the Bank's loan portfolio has been improving, these statistics do not reflect the potential stresses facing loans that have been placed on deferred status. Details of deferred loans are shown in the table below. Management believes it is prudent to increase reserves due to this uncertainty. Non-accrual loans, as a percent of total loans, was 0.11% as of June 30, 2020, a 0.08% decrease from the period ended June 30, 2019. See the asset quality section below for additional information.

Non-interest income increased $600 thousand to $2.7 million for the three months ended June 30, 2020, compared to the three months ended June 30, 2019. Non-interest income increased $844 thousand to $5.8 million for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The improvement is primarily driven by $586 thousand in securities gains realized during the most recent quarter and by improved trust revenue, as detailed in the income statement comparison below.

Non-interest expense increased $1.1 million to $10.3 million, for the three months ended June 30, 2020, compared to the three months ended June 30, 2019. Non-interest expense increased $1.8 million to $20.1 million, for the six months ended June 30, 2020, compared to the six months ended June 30, 2019. The increase versus last year was due primarily to increases in salaries and employee benefits of $830 thousand in the most recent quarter and $1.1 million year-to-date due to growth-related staffing.

The Company's effective income tax rate for the three and six months ended June 30, 2020 was 19.4% and 19.8%, respectively. For the same periods last year the effective tax rates were 20.4% and 20.0%, respectively.

Balance Sheet Summary

Total assets increased $353.6 million, or 28.8%, to $1.58 billion at June 30, 2020 from $1.23 billion at December 31, 2019. This was primarily comprised of increases of $156.7 million in loans, $162.8 million in cash and cash equivalents, and $32.4 million in investment securities, which includes a $5.5 million increase in unrealized gains. The increases in cash and cash equivalents and investment securities was primarily due to increases in deposits, while the increase in loans was the result of $208.5 million of new loan originations and $29.5 million in purchases, partially offset by $78.0 million of net amortization and repayments on our existing portfolio. Draws on credit lines were immaterial during the period.

Total liabilities increased $346.1 million, to $1.45 billion, at June 30, 2020 from $1.11 billion at December 31, 2019. This was due to a $351.7 million, or 28.8%, increase in total deposits partially offset by a $5 million reduction in FHLB advances.

Deposit growth continues to increase from non-interest-bearing commercial demand deposits ("DDA") and NOW accounts. Growth in these deposits was $164.5 million, or 49.0%, from December 31, 2019, consistent with the Bank's strategy to grow value added business deposits with the support of advanced cash management services. It also includes remaining PPP loan balances. Commercial deposits represented 53.4% of total deposits at June 30, 2020, compared to 46.7% at December 31, 2019. This increase reflects strong response to our company-wide focus on business relationships. Total DDA and NOW balances were 48.6% of total deposits at June 30, 2020.

Total shareholders' equity increased $7.5 million, or 6.2%, to $128.5 million at June 30, 2020, from $120.9 million at December 31, 2019. This increase was due to a $3.1 million increase in retained earnings and a $4.4 million improvement in the market value of securities available for sale.

At June 30, 2020, the Company's book value per common share and tangible book value per common share were $28.69 and $27.02, respectively, compared to $26.99 and $25.29, respectively, at December 31, 2019. This represents increases of 6.3% and 6.8%, respectively. At June 30, 2020, the Bank exceeded the "well capitalized" thresholds under applicable regulatory guidelines.

Asset Quality Summary

Non-performing loans decreased $364 thousand, or 22.9%, to $1.2 million at June 30, 2020 from $1.6 million at March 31, 2020, and decreased $322 thousand from $1.5 million at December 31, 2019. Non- performing loans to total loans was 0.12%, 0.18% and 0.19% at June 30, 2020, March 31, 2020 and December 31, 2019, respectively.

Loans classified as substandard or doubtful decreased $2.9 million, or 20.0%, to $11.6 million at June 30, 2020 from $14.5 million at March 31, 2020, and decreased $2.4 million, or 17.1%, from $14.0 million at December 31, 2019. Watch rated loans increased $9.1 million, or 90.0%, to $19.3 million at June 30, 2020 from $10.1 million at March 31, 2020. Delinquencies (inclusive of loans on non-accrual) decreased to $3.2 million, or 0.31%, of total loans at June 30, 2020, from $13.4 million, or 1.42%, of total loans at March 31, 2020, and decreased 5.0 million from $8.2 million, or 0.27%, of total loans at December 31, 2019. The decrease in delinquencies for the most recent quarter, relative to the quarter ended March 31, 2020, was most pronounced in accounts 30-59 days past due, representing a small number of lending relationships that were brought current subsequent to the first quarter through scheduled payments or approved short-term deferments of principal and interest payments. Strong collection efforts throughout the quarter resulted in a 74.0% decrease in loans on accrual status that were more than 90-days past due, relative to the quarter ended March 31, 2020. Loans on non-accrual decreased $362 thousand on a net basis in the most recent quarter as a result of charge-offs processed for two small lending relationships, partially offset by one lending relationship that moved to non-accrual status. The Bank continues to work proactively with customers to manage COVID-19 related forbearance requests, where necessary, with a renewed focus on current and prospective business performance and available liquidity to be utilized for the resumption of loan payments over the near-term.

Management continues to actively evaluate performance trends and industry dynamics across asset classes to assess underlying business and liquidity risks stemming from the economic impact of COVID-19. While the Bank is taking active steps to provide payment relief from debt service through forbearance agreements, the focus has shifted toward the resumption of loan payments as management believes borrowers in need of payment deferrals have largely been accommodated at this time. This relief has been structured as 90-day deferments of principal and interest and effected broadly across the portfolio based on our analysis and direct feedback from customers. Given this deferment window, we are beginning to see many borrowers that requested payment deferrals earlier in the cycle commencing scheduled repayments of their loan obligations. Through July 24, 2020, there were 147 loans with a total principal balance of $157 million that reached the end of their initial 90-day deferment period. About one third of those loans (46 loans with a principal balance of $59.7 million representing 31.3% of loans by number and 38.1% of balances), requested and received approval for an additional 90-day deferment. The other 68.7% of the deferred loans are with borrowers that have the financial wherewithal and business continuity to resume the required debt service obligations at this time. As such, management believes deferments processed through June 30, 2020, as indicated below, represent peak levels across the portfolio:

Summary of Loan Portfolio Segments at 06/30/20 and Deferments to Date

(dollars in thousands)

					Deferments as of June 30, 2020			
Industry Classification		June 30, 2020 Balance	Loan Count	% of Total Loans		Outstanding Balance	Loan Count	Deferred %
Real Estate and Rental Leasing	$	378,840	453	36.0%	$	132,807	101	35.1%
Healthcare and Social Assistance		107,198	681	10.2%		39,348	134	36.7%
Construction		51,351	85	4.9%		8,339	9	16.2%
Retail Trade		45,705	81	4.3%		20,374	11	44.6%
Management of Companies/Enterprise		36,764	18	3.5%		19,122	8	52.0%
Wholesale Trade		27,313	77	2.6%		13,786	14	50.5%
Manufacturing		25,393	96	2.4%		6,504	17	25.6%
Hotel / Motel		22,459	13	2.1%		7,996	7	35.6%
Professional, Scientific, and Technical Service:		21,190	207	2.0%		2,871	9	13.5%
Finance and Insurance		19,260	69	1.8%		57	1	0.3%
Contractors		17,502	106	1.7%		6,891	14	39.4%
Educational Services & Child Care		16,534	33	1.6%		4,185	3	25.3%
Administrative and Management		16,306	85	1.5%		8,757	5	53.7%
Food Services		15,062	35	1.4%		10,597	11	70.4%
Art, Entertainment, and Recreation		3,485	10	0.3%		2,992	3	85.9%
Transportation and Warehousing		2,932	23	0.3%		1,400	6	47.8%
Residential Real Estate & Other		144,187	1,298	13.7%		24,328	58	16.9%
PPP Loans		101,245	690	9.6%		-	0	0.0%
TOTAL	**$**	**1,052,726**	**4,060**	**100.0%**	**$**	**310,353**	**411**	**29.5%**

					Deferments as of June 30, 2020			
Loan Portfolio Category		June 30, 2020 Balance	Loan Count	% of Total Loans		Outstanding Balance	Loan Count	Deferred %
CRE:								
Multifamily	$	140,476	85	13.3%	$	53,737	28	38.3%
Non-owner occupied		289,103	329	27.5%		151,913	84	52.5%
Owner occupied		163,368	179	15.5%		53,471	51	32.7%
Construction, development, land		59,147	18	5.6%		1,351	1	2.3%
C&I		213,862	1917	20.3%		44,140	215	20.6%
PPP Loans		101,245	690	9.6%		-	0	0.0%
Consumer:								
Residential		69,627	594	6.6%		4,324	17	6.2%
Non-residential		15,898	248	1.5%		1,417	15	8.9%
TOTAL	**$**	**1,052,726**	**4,060**	**100.0%**	**$**	**310,352**	**411**	**29.5%**

The Company's allowance for loan losses increased $591 thousand, or 4.38%, to $14.1 million at June 30, 2020 from $13.5 million at March 31, 2020. At June 30, 2020, the allowance was 1.34% of total loans outstanding, a decrease from 1.43% at March 31, 2020, and down from 1.43% at June 30, 2019. Notwithstanding continued uncertainties about the credit environment, which prompted a $912 thousand increase in the allowance for unimpaired credits in the most recent quarter, the allowance, as a percentage of the overall portfolio, decreased quarter-over-quarter due to the meaningful increase in PPP loans, which are characterized as a zero risk-weighted asset class with muted underlying risk characteristics. The ratio of allowance to loans, net of the PPP loans, is 1.48%. After charge-offs taken for impaired credits, the allowance for impaired loans in the aggregate declined to $1.4 million in the most recent quarter relative to $1.6 million for the quarter ended March 31, 2020. The Bank has historically maintained a high ratio of loan loss allowances relative to its peers, and will continue to prudently manage reserves through close monitoring of business conditions and higher risk loans and thorough analysis of the profitability and cash flow of loan customers.

Trust and Advisory Summary

Trust and Asset Management performed well during the quarter, increasing fee related revenue by $72 thousand, or 3.6%, compared to the same period last year. Year-to-date, these businesses showed a $197 thousand, or 5%, increase in fee revenue compared to the first six months of 2019, despite volatile market performance since the beginning of the year. Close relationships and continuous outreach to our Trust and Asset Management customers provided valued support during this time of uncertainty.

About Orange County Bancorp, Inc.

Orange County Bancorp, Inc. is the parent company of Orange Bank & Trust Company and Hudson Valley Investment Advisors, Inc. Orange Bank & Trust Company is an independent bank that began with the vision of 14 founders over 125 years ago. It has grown through conservative banking practices, ongoing innovation and an unwavering commitment to its community and business clientele to more than $1.5 billion in Total Assets. In recent years, Orange Bank & Trust Company has added branches in Rockland and Westchester Counties, and is in the process of opening a new branch in Nanuet and the Bronx. Hudson Valley Investment Advisors, Inc. is a Registered Investment Advisor in Goshen, NY. It was founded in 1996 and was acquired by the Company in 2012. For more information, visit orangebanktrust.com or hviaonline.com

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Orange County Bancorp, Inc.
Consolidated Statements of Condition (unaudited)
(dollar amounts in thousands except per share data)

	June 30, 2020	December 31, 2019	June 30, 2019
ASSETS			
Cash and due from banks	**$ 187,892**	$ 25,112	$ 80,884
Investment securities - available-for-sale	**287,300**	254,915	251,497
Restricted investment in bank stocks	**1,449**	1,474	1,346
Loans, net of deferrals	**1,047,381**	890,704	823,740
Allowance for loan losses	**(14,072)**	(12,275)	(11,847)
Loans, net	**1,033,309**	878,429	811,892
Premises and equipment	**14,468**	14,599	14,583
Accrued interest receivable	**7,438**	3,202	4,116
Cash surrender value of bank-owned life insurance	**28,165**	27,818	27,468
Goodwill	**5,359**	5,359	5,359
Intangible assets	**2,106**	2,249	2,392
Other assets	**14,568**	15,273	9,594
TOTAL ASSETS	**$ 1,582,054**	$ 1,228,430	$ 1,209,132
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest bearing	**$ 500,002**	$ 335,469	$ 306,471
Interest bearing	**934,841**	747,663	766,043
Total deposits	**1,434,843**	1,083,132	1,072,514
FHLB advances	**-**	5,000	5,000
Note payable	**3,000**	3,000	3,028
Accrued expenses and other liabilities	**15,721**	16,357	12,772
TOTAL LIABILITIES	**1,453,564**	1,107,489	1,093,315
STOCKHOLDERS' EQUITY			
Common stock, $0.50 par value; 15,000,000 shares authorized; 4,533,304 issued; 4,506,653, 4,504,389 and 4,505,332 outstanding at June 30, 2020, December 31, 2019 and June 30, 2019, respectively	**2,253**	2,266	2,255
Surplus	**84,644**	85,178	84,779
[illegible]	[illegible]	[illegible]	[illegible]

Undivided profits	42,107	38,467	34,464
Accumulated other comprehensive loss, net of taxes	**313**	(4,044)	(4,768)
Treasury stock, at cost	**(827)**	(926)	(912)
TOTAL STOCKHOLDERS' EQUITY	**128,490**	120,941	115,818
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,582,054**	$ 1,228,430	$ 1,209,132
Book value per share	$ 28.69	$ 26.99	$ 25.84
Tangible book value per share	$ 27.02	$ 25.29	$ 24.11

Orange County Bancorp, Inc.
Consolidated Statements of Income (unaudited)

(dollar amounts in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
INTEREST INCOME				
Interest and fees on loans	$ 11,507	$ 10,032	$ 22,597	$ 19,436
Interest on investment securities:				
Taxable	1,223	1,386	2,558	2,650
Tax exempt	233	153	359	385
Interest on Federal funds sold and other	29	203	208	354
TOTAL INTEREST INCOME	12,991	11,774	25,722	22,825
INTEREST EXPENSE				
Interest on savings and NOW accounts	851	801	1,806	1,291
Interest on time deposits	254	321	535	610
Interest on FHLB advances	-	37	10	115
Interest on note payable	42	46	84	91
TOTAL INTEREST EXPENSE	1,147	1,205	2,436	2,107
NET INTEREST INCOME	11,844	10,569	23,287	20,718
Provision for loan losses	1,310	420	2,510	1,020
NET INTEREST INCOME AFTER PROVISION	10,534	10,149	20,777	19,698
OTHER OPERATING INCOME				
Service charges on deposit accounts	118	226	325	441
Trust income	918	854	1,956	1,687
Investment advisory income	1,141	1,134	2,184	2,256
Investment securities gains	586	(82)	586	(219)
Earnings on bank-owned life insurance	182	180	347	340
Other	206	239	435	483
TOTAL OTHER OPERATING INCOME	3,150	2,550	5,834	4,989
OTHER OPERATING EXPENSES				
Salaries	4,139	3,470	8,019	7,003
Employee benefits and taxes	1,828	1,666	3,438	3,349
Occupancy expense	934	864	1,872	1,775
Professional fees	1,016	703	1,600	1,303
Directors' fees and expenses	276	285	569	541
Computer software expense	920	714	1,714	1,397
FDIC assessment	197	138	366	245
Advertising expenses	338	319	652	641
Advisor expenses related to trust income	232	207	529	418
Telephone expenses	140	112	269	225
Intangible amortization	71	71	143	143
Other	184	618	995	1,346
TOTAL OTHER OPERATING EXPENSES	10,275	9,167	20,165	18,386
Income before income taxes	3,409	3,532	6,445	6,301
Provision for income taxes	661	720	1,275	1,263
NET INCOME	$ 2,748	$ 2,812	$ 5,170	$ 5,039
Earnings per share	$ 0.61	$ 0.63	$ 1.15	$ 1.12

Cash dividends declared per share	$	0.20	$	0.20	$	0.20	$	0.20
Weighted average shares outstanding		4,486,368		4,498,668		4,485,985		4,500,258

Orange County Bancorp, Inc.
Net Interest Margin Analysis (unaudited)
(dollar amounts in thousands)

	Three Months Ended June, 30					
	2020			2019		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:						
Loans Receivable (net of PPP)	$ 937,371	$ 11,066	4.75%	$ 798,098	$ 10,032	5.04%
PPP Loans	67,879	441	2.62%	-	-	0.00%
Investment securities	272,813	1,456	2.15%	251,591	1,540	2.45%
Other interest-earning assets	132,991	29	0.09%	38,917	203	2.09%
Total interest earning assets	1,411,054	12,991	3.70%	1,088,606	11,774	4.34%
Non-interest earning assets	78,300			65,010		
Total assets	$ 1,489,354			$ 1,153,616		
Liabilities and equity:						
NOW accounts	$ 203,334	$ 102	0.20%	$ 181,694	$ 46	0.10%
Savings and money market accounts	592,507	749	0.51%	421,158	755	0.72%
Time deposits	89,830	254	1.14%	97,053	321	1.33%
Total interest-bearing deposits	885,671	1,105	0.50%	699,905	1,123	0.64%
FHLB Advances and other borrowings	3,000	42	5.63%	19,527	82	1.69%
Total interest bearing liabilities	888,671	1,147	0.52%	719,432	1,205	0.67%
Non-interest bearing deposits	456,931			265,795		
Other non-interest bearing liabilities	16,209			59,312		
Total liabilities	1,361,811			1,044,539		
Total shareholders' equity	127,543			109,077		
Total liabilities and shareholders' equity	$ 1,489,354			$ 1,153,616		
Net interest income		$ 11,844			$ 10,569	
Interest rate spread [1]			3.18%			3.67%
Net interest margin [2]			3.38%			3.94%
Average interest earning assets to interest-bearing liabilities	158.8%			151.3%		

Notes:

[1] The Interest rate spread is the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities

[2] Net interest margin is the annualized net interest income divided by average interest-earning assets.

Orange County Bancorp, Inc.

Net Interest Margin Analysis (unaudited)

(dollar amounts in thousands)

	Six Months Ended June, 30					
	2020			2019		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:						
Loans Receivable (net of PPP)	$ 926,247	$ 22,156	4.81%	$ 778,912	$ 19,436	5.03%
PPP Loans	33,940	441	2.62%	-	-	0.00%
Investment securities	265,388	2,917	2.21%	255,131	3,035	2.44%
Other interest-earning assets	95,589	208	0.44%	32,303	354	2.21%
Total interest earning assets	1,321,164	25,722	3.92%	1,066,347	22,825	4.34%
Non-interest earning assets	77,373			64,594		
Total assets	$ 1,398,537			$ 1,130,941		
Liabilities and equity:						
NOW accounts	$ 202,450	$ 205	0.20%	$ 182,081	$ 89	0.10%
Savings and money market accounts	560,242	1,601	0.57%	442,206	1,202	0.54%
Time deposits	88,913	535	1.21%	95,014	610	1.28%
Total interest-bearing deposits	851,605	2,341	0.55%	719,301	1,901	0.53%
FHLB Advances and other borrowings	4,163	94	4.55%	16,300	206	2.53%
Total interest bearing liabilities	855,768	2,436	0.57%	735,601	2,107	0.58%
Non-interest bearing deposits	401,039			271,667		
Other non-interest bearing liabilities	16,541			13,087		
Total liabilities	1,273,348			1,020,356		
Total shareholders' equity	125,190			110,585		
Total liabilities and shareholders' equity	$ 1,398,537			$ 1,130,941		
Net interest income		$ 23,287			$ 20,718	
Interest rate spread [1]			3.34%			3.76%
Net interest margin [2]			3.54%			3.92%
Average interest earning assets to interest-bearing liabilities	154.4%			145.0%		

Notes:

[1] The Interest rate spread is the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities

[2] Net interest margin is the annualized net interest income divided by average interest-earning assets.

Orange County Bancorp, Inc.
Selected Financial Data (unaudited)

(Dollar Amounts in thousands except per share data)

	For the Quarter Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Performance Ratios [1]					
Return on average assets	0.74%	0.74%	0.98%	1.03%	0.98%
Return on average equity	8.67%	7.93%	10.17%	10.67%	10.06%
Interest rate spread	3.18%	3.53%	3.60%	3.76%	3.71%
Net interest margin	3.38%	3.74%	3.83%	3.98%	3.91%
Efficiency Ratio	68.53%	70.02%	70.09%	67.29%	68.68%
Noninterest income to average assets	0.85%	0.83%	0.86%	0.90%	0.81%

Noninterest expense to average assets	2.77%	3.04%	3.14%	3.14%	3.11%
Average interest-earning assets to average interest-bearing liabilities	158.78%	149.63%	150.63%	147.32%	142.87%
Average equity to average assets	8.56%	9.39%	9.56%	9.63%	9.72%
Dividend payout ratio	32.60%	36.99%	30.97%	28.36%	31.87%

	As of the Quarter Ended				
	June 30, 2020	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
Loans to Deposits	73.00%	77.53%	82.23%	78.61%	76.80%
Noninterest bearing deposits to total deposits	34.85%	30.00%	30.97%	30.12%	28.58%
Share Data:					
Shares outstanding	4,478,676	4,490,151	4,480,368	4,467,747	4,481,122
Book value per common share	$ 28.69	$ 28.13	$ 26.99	$ 26.52	$ 25.85
Tangible book value per common share [2]	$ 27.02	$ 26.45	$ 25.30	$ 24.80	$ 24.12
Capital Ratios [3]					
Tier 1 capital (to adjusted total assets)	8.16%	9.13%	9.39%	8.95%	9.23%
Common equity Tier 1 capital (to risk weighted assets)	12.55%	12.29%	12.52%	12.16%	12.54%
Tier 1 capital (to risk-weighted assets)	12.55%	12.29%	12.52%	12.16%	12.54%
Total capital (to risk-weighted assets)	13.80%	13.53%	13.77%	13.41%	13.80%

Notes:

1 Performance ratios are annualized.

2 Tangible book value per share is a non-GAAP measure and equals total shareholders' equity, less goodwill and other intangible assets, divided by shares outstanding.

3 Represents Orange County Bank & Trust ratios.

Orange County Bancorp, Inc.
Condensed Financial Information (unaudited)
(Dollar Amounts in thousands except per share data)

	As of				
Condensed Balance Sheets	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
Cash and Cash Equivalents	$ 187,892	$ 84,347	$ 25,112	$ 65,667	$ 80,884
Total Investment Securities	288,749	276,242	256,389	258,970	252,843
Loans, net	1,033,309	925,092	878,429	855,899	811,892
Other Assets	72,104	69,561	68,500	63,801	63,513
Total Assets	$ 1,582,054	$ 1,355,242	$ 1,228,430	$ 1,244,337	$ 1,209,132
Total Deposits	$ 1,434,843	$ 1,210,620	$ 1,083,132	$ 1,104,578	$ 1,072,514
FHLB Advances & note payable	3,000	3,000	8,000	8,013	8,028
Other Liabilities	15,721	15,310	16,357	13,250	12,772
Total Liabilities	1,453,564	1,228,930	1,107,489	1,125,841	1,093,315
Total Shareholder Equity	128,490	126,312	120,941	118,496	115,818
Total Liabilities and Shareholders Equity	$ 1,582,054	$ 1,355,242	$ 1,228,430	$ 1,244,337	$ 1,209,132

Orange County Bancorp, Inc.
Selected Financial Data (unaudited)
(Dollar Amounts in thousands except per share data)

	Three Months Ended				
Condensed Income Statements	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Interest Income	$ 12,991	$ 12,731	$ 12,682	$ 12,788	$ 11,775
Interest Expense	1,147	1,289	1,381	1,353	1,205
Net Interest Income	11,844	11,442	11,301	11,435	10,569
Provision for Loan Loss	1,310	1,200	535	640	420
Noninterest Income	3,150	2,683	2,698	2,746	2,549
Noninterest Expense	10,275	9,890	9,812	9,570	9,167
Income before income tax expense	3,409	3,035	3,652	3,971	3,531
Income Tax Expense	661	613	753	810	719
Net income	$ 2,748	$ 2,422	$ 2,899	$ 3,161	$ 2,812
Earnings per Share	$ 0.61	$ 0.54	$ 0.65	$ 0.71	$ 0.63

Orange County Bancorp, Inc.
Loan Portfolio (unaudited)
(dollar amounts in thousands)

LOANS	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Commercial:					
Commercial & industrial	$ 213,862	$ 240,155	$ 222,229	$ 220,157	$ 212,866
PPP Loans	$ 101,245	-	-	-	-
CRE* owner occupied	163,368	143,063	133,355	121,707	123,708
CRE non-owner occupied	289,103	280,595	256,639	251,765	220,681
CRE multifamily	140,476	136,862	144,328	143,308	144,387
CRE construction	59,147	53,396	55,808	56,939	46,726
Total commercial	967,201	854,071	812,359	793,875	748,368
Consumer:					
Residential real estate	52,239	50,923	52,478	49,519	48,340
Home equity loans and lines	13,397	13,574	11,668	11,840	12,432
Residential construction	3,991	5,217	13,937	13,276	14,960
Other	15,898	16,873	2,436	1,846	1,586
Total consumer	85,525	86,587	80,519	76,480	77,319
Total loans	1,052,726	940,658	892,878	870,355	825,687
Deferrals	(5,345)	(2,085)	(2,174)	(2,042)	(1,947)
Loans, net of deferrals	1,047,381	938,573	890,704	868,313	823,740
Allowance for loan losses	(14,072)	(13,481)	(12,275)	(12,345)	(11,847)
Loans, net	$ 1,033,309	$ 925,092	$ 878,429	$ 855,968	$ 811,893

* CRE = Commercial Real Estate loans

Orange County Bancorp, Inc.
Deposit Portfolio (unaudited)
(dollar amounts in thousands)

DEPOSIT TREND	June 30,	March 31,	December 31,	September 30,	June 30,

	2020	2020	2019	2019	2019
Demand Deposits	$ 500,002	$ 363,214	$ 335,469	$ 332,681	$ 306,471
NOW	197,003	200,930	166,907	183,883	186,938
Money market accounts	514,546	433,081	369,507	365,501	356,072
Savings	133,501	124,085	122,592	132,110	129,852
Time	89,791	89,310	88,657	90,403	93,181
Total deposits	$ 1,434,843	$ 1,210,620	$ 1,083,132	$ 1,104,578	$ 1,072,514

DEPOSIT COMPOSITION and GROWTH ANALYSIS

	June 30, 2020	% of Total Deposits	June 30, 2019	% of Total Deposits	Growth $	Growth %
Demand Deposits	$ 500,002	34.8%	$ 306,471	28.6%	$ 193,531	63.1%
NOW	197,003	13.7%	186,938	17.4%	10,065	5.4%
Money market accounts	514,546	35.9%	356,072	33.2%	158,474	44.5%
Savings	133,501	9.3%	129,852	12.1%	3,649	2.8%
Time	89,791	6.3%	93,181	8.7%	(3,390)	-3.6%
Total deposits	$ 1,434,843	100.0%	$ 1,072,514	100.0%	$ 362,329	33.8%
Commercial	$ 766,818	53.4%	$ 529,800	49.4%	$ 237,018	44.7%
Consumer	421,926	29.4%	347,986	32.4%	73,940	21.2%
Municipal	246,099	17.2%	194,728	18.2%	51,371	26.4%
Total Deposits	$ 1,434,843	100.0%	$ 1,072,514	100.0%	$ 362,329	33.8%

Orange County Bancorp, Inc.
Asset Quality Trends (unaudited)
(dollar amounts in thousands)

ASSET QUALITY	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Non-performing loans:					
Commercial & industrial	$ 148	$ 495	$ 502	$ 603	$ 72
Commercial real estate	959	959	959	1,348	1,419
Consumer--residential real estate	84	86	88	91	94
Consumer--home equity loans and lines	36	51	-	-	47
TOTAL NON-PERFORMING LOANS ("NPLs")	$ 1,227	$ 1,591	$ 1,549	$ 2,042	$ 1,631
Delinquencies:					
30-59 days past due*	$ 632	$ 10,038	$ 5,674	$ 1,050	$ 423
60-89 days past due	979	60	360	352	85
90+ days past due	460	1,766	683	576	185
On non-accrual	1,143	1,505	1,461	1,951	1,537
TOTAL PAST DUE LOANS	$ 3,214	$ 13,369	$ 8,178	$ 3,929	$ 2,230
Troubled debt restructurings:					
On non-accrual (included in total NPLs above)	$ 959	$ 959	$ 959	$ 1,348	$ 1,419
On accrual	10,801	10,842	11,436	11,713	12,698
TOTAL TROUBLED DEBT RESTRUCTURINGS	$ 11,760	$ 11,801	$ 12,395	$ 13,061	$ 14,117
ALLOWANCE FOR LOAN LOSSES	$ 14,072	$ 13,481	$ 12,275	$ 12,345	$ 11,847
Allowance for loan losses as a % of total loans	1.34%	1.51%	1.38%	1.42%	1.43%
Allowance for loan losses as a % of total NPLs	1146.86%	847.33%	792.45%	604.55%	726.54%
Allowance for loan losses as a % of delinquent loans	437.83%	100.84%	150.10%	314.20%	531.28%
NPLs as a % of total loans	0.12%	0.18%	0.19%	0.28%	0.20%
Net charge-offs (recoveries)	$ 713	$ (6)	$ 583	$ 142	$ 29
Net charge-offs (recoveries) to average outstanding loans during the period [1]	0.07%	0.00%	0.07%	0.02%	0.00%