Orange County Bancorp, Inc. Announces Record Q4 and FY 2020 Results

February 1, 2021

- Net Income for full-year 2020 increased 2.6% to $11.4 million
- Allowance for loan losses rose 31.7% year-over-year to $16.2 million following a $3.2 million increase in provision for loan losses in 2020
- Average Loans (net of PPP) increased 17.6% year-over-year to $961.8 million
- Average Demand Deposits grew 51.7% year-over-year to $449.4 million
- Total Assets grew $435.8 million, or 35.5%, year-over-year to $1.66 billion
- Tangible Book Value per Share of $28.26 rose $3.10, or 12.3%, versus year end 2019
- Return on common equity for full-year 2020 rose 23 basis points to 8.88%
- Return on average assets for full-year 2020 fell 19 basis points to 0.79%
- Revenues on our trust and asset advisory businesses increased 17.6% to $8.8 million

MIDDLETOWN, NY., February 1, 2021 – 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 for the quarter and twelve month period ended December 31, 2020 of $3.3 million, or $0.74 per share, and $11.4 million, or $2.53 per share, respectively. These results compare favorably with $3.1 million, or $0.70 per share, and $11.1 million, or $2.46 per share for the three and twelve months ended December 31, 2019, respectively, and reflect record fourth quarter and full year results for the Company.

"2020 was a dynamic and challenging year for the Company and I am extremely proud of how our team responded," said Michael Gilfeather, Orange County President and Chief Executive Officer. "Despite continued economic and operational challenges related to COVID-19, we were able to generate record earnings despite taking a conservative and higher than normal provision for loan losses to account for the economic uncertainty brought on by the pandemic. Our loans, deposits and tangible book value all saw significant year-over-year increases. All this was accomplished while actively helping clients manage through an unprecedented health crisis and economic shut down.

New York State's ongoing efforts to balance economic interests and further spread of the virus recently allowed for partial re-opening of business in many of the economies we serve. The resulting increase in economic activity, though still below pre-COVID levels, enabled us to reduce deferred loan balances more than 84% at year end from their second quarter peak. We remain cautious, however, and will continue to closely monitor and work with clients through this challenging period. Barring any significant reversal, we expect loans brought current will remain so and that we will be able to further reduce deferrals as business in the markets we serve continues to improve.

At the national level, unprecedented federal response to the COVID shutdown has left the entire U.S. banking community with the challenge of historically low interest rates and high levels of liquidity. This has created significant margin pressure across the industry. Despite these challenges, we grew net interest income 16.6% in the 4th quarter and 12.8% for full year 2020. These numbers include $59.2 million of Payroll Protection Program (PPP) loans held by the bank, which carry an interest rate of just 1%. This was an important program for our clients, which I am extremely proud of the Bank's role in, as we originated more than $100 million in loans for over 800 clients on an unusually accelerated basis. We stand ready to assist clients further as the loan forgiveness process unfolds and are already active in the second round of PPP funding with over $53 million in approved and pending applications through January 25, 2021.

Loans and deposits both showed strong growth during the quarter and year, even as we continued to maintain conservative lending standards in the current business and interest rate environment. Of particular note is our growth in average non-interest bearing deposits, which rose over 50% for the year to $449 million. While a portion of this increase represents liquidity added to the banking system through Fed action, it also reflects success in our efforts to expand business client outreach and earn a greater share of their banking business.

Though the current interest rate environment presents challenges, it also enabled us to secure $20 million in low-cost financing in the 3rd quarter through the issuance of 10-year Subordinated Notes with a 5-year fixed interest rate of 4.25%. This debt, combined with our low-cost deposit base, strengthens the Bank's financial foundation and will support continued growth in the future. As of December 31, 2020, $10 million of these proceeds were down-streamed to the Bank as capital. The Company expects to contribute additional capital in this fashion as required. During the quarter we also authorized a $5 million share repurchase program. When market conditions resulted in our stock falling to levels we felt represented an attractive buying opportunity, we purchased 19,522 shares of common at an average price of $27.16 per share.

The Company's Trust Division and its investment advisory subsidiary, HVIA, also grew in 2020, finishing the year with over $1.2 billion in combined assets under management ("AUM"), a $108 million increase. The growth in new AUM totaled $104 million, while rising market values completely offset any attrition. In aggregate, revenue from these businesses rose $361 thousand, or 17.6%.

To build on this momentum and success of the Bank's Private Banking program, the Company reorganized its wealth management practices under a new umbrella at the holding company level at the end of the 4th quarter. Centralization of the Banks' investment management, banking and trust services is a natural evolution that will enable us to continue to develop superior asset management tools for our top business and consumer clients.

At the same time, the Bank announced its new "Orange Wealth Solutions" service. Orange Wealth Solutions combines best-in-class personal service with technology designed to provide sound and actionable financial planning. The service has two products: (i) "Orange Wealth Navigator" a cloud based account aggregation tool that delivers comprehensive, real-time analysis, insight and planning with a secure online portal, and a "data vault" where clients can retain and easily access important documents anywhere, anytime all on a single dynamic platform, and (ii) Financial Planning, comprehensive planning provided by a certified financial planner to assist clients to better evaluate their overall current and long term financial requirements.

In other important news, our new branches in the Bronx and Nanuet are under construction and expected to open in the spring. These new locations hold great, untapped potential and are natural extensions for the bank, especially for the business, trust and wealth services we offer.

With 2020 behind us, we hope for an improving, calmer, more stable operating environment in the year ahead. Many of last year's challenges, however, remain. Experience has repeatedly shown us dedication to our clients, adherence to conservative banking and lending standards, and excellence in the products and services we provide, are our best means of navigating such challenges and continuing to deliver outstanding results to our shareholders. We remain committed to doing so in 2021 and beyond."

Income Statement Summary

Net interest income for the twelve months ended December 31, 2020 increased $5.5 million, or 12.8%, to $49.0 million compared with the same period last year. The increase is primarily the result of a $329.6 million, or 29.5%, increase in average interest earning assets, including a $143.7 million, or 17.5%, increase in average core loans and $59.2 million of PPP loans. Despite higher net interest income, net interest margin for the twelve months ended December 31, 2020 fell to 3.39%, down 48 basis points versus the same period last year. The decline in margin is due primarily to the high level of Federal funds sold earning just 22 basis points, combined with lower earnings on the investment portfolio resulting from historically low market interest rates. The cost of interest-bearing deposits for the twelve months ended December 31, 2020 was 0.51%, compared to 0.64% for the twelve months ended December 31, 2019, a decrease of 13 basis points. The Company experienced exceptional growth in non-interest bearing demand accounts, with an increase of $153.1 million, or 51.7%, to $449.4 million in average non-interest bearing demand accounts for the twelve months ended December 31, 2020. The total cost of deposits for the twelve months ended December 31, 2020 was 0.34% compared to 0.46% for the twelve months ended December 31, 2019.

Net interest income for the three months ended December 31, 2020 rose $1.9 million, or 16.6%, to $13.2 million, versus the prior year. The increase is primarily the result of a $422.7 million, or 35.8%, increase in average interest earning assets and related $156.4 million, or 18.0%, increase in core average loans outstanding, plus $81.2 million of PPP loans. Net interest margin of 3.27% for the three months ended December 31, 2020 represents a 53 basis point, or 13.9%, decrease versus 3.80% for the same period last year.

The bank's total provision for loan losses was $5.4 million for the twelve months ended December 31, 2020, compared with $2.2 million for the year ended December 31, 2019. Non-accrual loans, as a percent of total loans outstanding, was 0.17% as of December 31, 2020, an increase of 0.07% versus the prior quarter and unchanged versus the same quarter last year.

Non-interest income increased $1.6 million to $12.0 million, on a year-over-year basis, primarily due to a $1.0 million increase in investment securities and a $543 thousand increase in Trust fee income. During the three months ended December 31, 2020, non-interest income rose $491 thousand, to $3.2 million, compared to the three months ended December 31, 2019, primarily as a result of a $221 thousand increase in Trust fee income and a $140 thousand increase of investment advisory income.

Non-interest expense rose $3.7 million, or 9.8%, to $41.5 million for the twelve months ended December 31, 2020, as a result of a $1.4 million increase in salaries and employee benefits associated with growth-related staffing, a $962 thousand increase in computer software expense, which included a $300 thousand expense related to a volume based fee on a terminated contract, a $764 thousand increase in professional expenses related to increased fees for internal and external auditing for organizations over $1 billion in assets and third party management of the investment function, as well as a $540 thousand increase in the Federal Deposit Insurance Corporation ("FDIC") insurance assessment resulting from deposit growth and absence of a $370 thousand FDIC insurance credit issued to small institutions in 2019. Non-interest expense increased $985 thousand, to $10.6 million, for the three months ended December 31, 2020 compared to the three months ended December 31, 2019.

Total income before taxes increased $230 thousand, or 1.7%, to $14.15 million for the twelve months ended December 31, 2020, from $13.92 million for the twelve months ended December 31, 2019. The Company's effective income tax rates for the quarter and twelve months ended December 31, 2020 were 19.1% and 19.5%, respectively. These compare with effective tax rates of 19.3% and 20.3% for the quarter and twelve months ended December 31, 2019.

Balance Sheet Summary

Total assets increased $435.8 million, or 35.5%, to $1.66 billion at December 31, 2020, from $1.23 billion at December 31, 2019. This was primarily due to increases of $260.2 million, or 29.2%, in loans receivable and $96.1 million, or 382.8%, in cash and cash equivalents. The increase in cash and cash equivalents is principally due to increases in deposits combined with the $20 million in proceeds from the subordinated debt offering, while the increase in loans receivable was the result of $298.0 million of new loan originations and $88.1 million in participations and purchases, partially offset by $125.2 million of net amortization and repayments on our existing portfolio. For the quarter ended December 31, 2020, new loan originations totaled $77.8 million, loan participations and purchases totaled $45.9, and net amortization and repayments totaled $50.1 million.

Total liabilities increased $422.8 million, or 38.2%, to $1.53 billion for the twelve months ended December 31, 2020, from $1.11 billion at December 31, 2019. This was due primarily to a $406.2 million increase in total deposits and the issuance of $20 million in subordinated notes in September of 2020, partially offset by a $5 million reduction in FHLB advances. Total liabilities decreased $64 million, from $1.59 billion, at September 30, 2020, driven by anticipated seasonal reductions in municipal deposit balances.

Total deposits as of December 31, 2020 were $1.49 billion, an increase of $406.2 million, or 37.5%, from the prior year. Commercial deposits increased $241.5 million, or 44.4%, to $785.8 million, or 52.8%, of total deposits at December 31, 2020 compared to $544.2 million, or 50.2%, of total deposits at December 31, 2019. Noninterest bearing demand deposits increased $185.6 million, or 55.3%, to $521.1 million during the twelve months ended December 31, 2020.

Total shareholders' equity increased $13.1 million, or 10.8%, to $134.0 million at December 31, 2020, from $120.9 million at December 31, 2019. This was due to an $8.1 million increase in retained earnings, a $4.9 million increase in the market value of securities available for sale, and a $1.4 million improvement in the unfunded pension liability, partially offset by a $530 thousand increase in treasury stock related to the share repurchase in 2020.

At December 31, 2020, the Company's book value per common share and tangible book value per common share were $29.89 and $28.26, respectively, compared to $26.85 and $25.16, respectively, at December 31, 2019. This represents increases of 11.3% and 12.3%, respectively. At December 31, 2020, the Bank exceeded the "well capitalized" thresholds under applicable regulatory guidelines.

Asset Quality Summary

Non-performing loans increased to $2.00 million or 0.17% of total loans as of December 31, 2020, from $1.55 million or 0.17% of total loans as of as of December 31, 2019.

Loans classified as substandard or doubtful decreased $2.3 million, or 16.6%, to $11.7 million at December 31, 2020 from $14.0 million at December 31, 2019. Watch rated loans increased $19.9 million to $31.2 million at December 31, 2020 from $11.2 million at December 31, 2019. The increase in "watch" loans is consistent with the uncertainties in the market due to COVID-19. Delinquencies decreased to $3.7 million or 0.32% of total loans at December 31, 2020, a decrease of $4.4 million from $8.2 million or 0.92% of total loans at December 31, 2019. The decrease in delinquencies is primarily attributable to a single relationship made current by the borrower subsequent to the year ended December 31, 2019.

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 input from customers. Most borrowers that requested payment deferrals early in the cycle commenced scheduled repayments of their loan obligations after the end of their initial 90 day deferral. Deferred loans at June 30, 2020 were $310.4 million, or 29.5%, of the loan portfolio. At December 31, 2020, deferred loan balances fell to $48.8 million, or 4.2%. of the portfolio. Through January 25, 2021, $13.6 million of deferred loans resumed payments and came off of deferral, reducing the deferred balance to $35.2, or 3.0% of total loans. Management anticipates this trend to continue into 2021 and believes the deferral program has proven instrumental in helping customers bridge this difficult economic environment.

Deferred loans at December 31, 2020 are shown in the table below:

Summary of Loan Portfolio Segments and Deferments at December 31, 2020

(dollar amounts in thousands)

					Total Deferments			
Industry Classification	Balance	Loan Count	% of Total Loans		Outstanding Balance	Loan Count	Deferred %	
Real Estate and Rental Leasing	$ 456,942	481	39.5	%	$ 4,516	6	1.0	%
Healthcare and Social Assistance	109,956	670	9.5	%	11,757	12	10.7	%
Construction	71,350	94	6.2	%	–	–	0.0	%
Retail Trade	45,380	87	3.9	%	11,178	1	24.6	%
Management of Companies/Enterprise	42,394	19	3.7	%	–	–	0.0	%
Wholesale Trade	27,574	72	2.4	%	–	–	0.0	%
Manufacturing	39,342	103	3.4	%	–	–	0.0	%
Hotel / Motel	25,883	13	2.2	%	7,593	3	29.3	%
Professional, Scientific, and Technical Services	21,108	204	1.8	%	–	–	0.0	%
Finance and Insurance	17,540	63	1.5	%	–	–	0.0	%
Contractors	17,248	97	1.5	%	–	–	0.0	%
Educational Services & Child Care	16,972	33	1.5	%	–	–	0.0	%
Administrative and Management	15,482	86	1.3	%	6,884	2	44.5	%
Food Service	14,466	30	1.3	%	443	1	3.1	%
Art, Entertainment, and Recreation	3,155	21	0.3	%	2,878	1	91.2	%

Transportation and Warehousing	4,698	34	0.4 %	–	–	0.0 %
Residential Real Estate & Other	157,195	1,327	13.6 %	3,520	3	2.2 %
PPP Loans	68,974	579	6.0 %	–	–	0.0 %
TOTAL	$ **1,155,659**	**4,013**	**100.0** %	$ **48,769**	**29**	**4.2** %

				Total Deferments		
Loan Portfolio Category	Balance	Loan Count	% of Total Loans	Outstanding Balance	Loan Count	Deferred %
CRE:						
Multifamily	$ 157,251	90	13.6 %	$ 2,367	1	1.5 %
Non-owner occupied	372,469	360	32.2 %	26,694	9	7.2 %
Owner occupied	169,197	187	14.6 %	15,721	9	9.3 %
Construction, development, land	66,756	32	5.8 %	–	–	0.0 %
C&I	231,634	1,321	20.0 %	3,390	9	1.5 %
PPP Loans	68,974	579	6.0 %	–	–	0.0 %
Consumer:						
Residential	69,382	540	6.0 %	596	1	0.9 %
Non-residential	19,996	904	1.7 %	–	–	0.0 %
TOTAL	$ **1,155,659**	**4,013**	**100.0** %	$ **48,769**	**29**	**4.2** %

Uncertainties about the credit environment during the pandemic prompted the increase in allowance for loan losses in 2020. The Company's allowance for loan losses increased $3.9 million, or 31.8%, to $16.2 million at December 31, 2020 from $12.2 million at December 31, 2019. At December 31, 2020, the allowance was 1.40% of total loans outstanding, an increase from 1.38% at December 31, 2019. Excluding the $69 million in PPP loans, which are characterized as a zero risk-weighted asset class, the allowance to loans ratio is 1.49% at December 31, 2020. The Bank will continue to prudently manage reserves through close monitoring of business conditions and higher risk loans, as well as thorough analysis of the profitability and cash flow of loan customers.

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 $1.7 billion in total assets. In recent years, Orange Bank & Trust Company has added branches in Rockland and Westchester Counties and is opening a new office in the Bronx and one in Nanuet in 2021. 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)

	December 31, 2020	**December 31, 2019**
ASSETS		
Cash and due from banks	$ **121,231**	$ 25,112
Investment securities – available-for-sale	**330,105**	254,915
Restricted investment in bank stocks	**1,449**	1,474
Loans, net of deferrals	**1,150,951**	890,704
Allowance for loan losses	**(16,172)**	(12,275)
Loans, net	**1,134,779**	878,429
Premises and equipment	**14,017**	14,599
Accrued interest receivable	**6,295**	3,202
Cash surrender value of bank-owned life insurance	**28,520**	27,818
Goodwill	**5,359**	5,359
Intangible assets	**1,964**	2,249
Other assets	**20,482**	15,273
TOTAL ASSETS	$ **1,664,201**	$ 1,228,430
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	$ **521,093**	$ 335,469
Interest bearing	**968,201**	747,663
Total deposits	**1,489,294**	1,083,132
FHLB advances	**–**	5,000
Subordinated notes	**20,000**	–
Note payable	**3,000**	3,000
Accrued expenses and other liabilities	**17,896**	16,357
TOTAL LIABILITIES	**1,530,190**	1,107,489
STOCKHOLDERS' EQUITY		
Common stock, $0.50 par value; 15,000,000 shares authorized; 4,533,304 issued; 4,483,102, and 4,504,389 outstanding at December 31, 2020 and December 31, 2019, respectively	**2,254**	2,266
Surplus	**84,859**	85,178
Retained earnings	**46,535**	38,467
Accumulated other comprehensive income (loss), net of taxes	**1,819**	(4,044)
Treasury stock, at cost	**(1,456)**	(926)
TOTAL STOCKHOLDERS' EQUITY	**134,011**	120,941
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ **1,664,201**	$ 1,228,430
Book value per share	$ 29.89	$ 26.85
Tangible book value per share	$ 28.26	$ 25.16

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
INTEREST INCOME				
Interest and fees on loans	$ 12,929	$ 10,861	$ 47,797	$ 40,977
Interest on investment securities:				
Taxable	991	1,480	4,651	5,732
Tax exempt	338	124	994	641
Interest on Federal funds sold and other	40	217	294	945
TOTAL INTEREST INCOME	14,298	12,682	53,736	48,295
INTEREST EXPENSE				
Interest on demand, savings and money market accounts	715	1,023	3,389	3,291
Interest on time deposits	155	302	917	1,221
Interest on FHLB advances	–	12	10	147
Interest on notes payable	247	44	390	181
TOTAL INTEREST EXPENSE	1,117	1,381	4,706	4,840
NET INTEREST INCOME	13,181	11,301	49,030	43,455
Provision for loan losses	1,688	535	5,413	2,195

NET INTEREST INCOME AFTER PROVISION	11,493	10,766	43,617	41,260
OTHER OPERATING INCOME				
Service charges on deposit accounts	201	226	682	921
Trust income	1,116	895	4,074	3,531
Investment advisory income	1,304	1,164	4,703	4,545
Investment securities gains (losses)	–	–	804	(219)
Earnings on bank-owned life insurance	182	173	702	690
Other	386	240	1,056	964
TOTAL OTHER OPERATING INCOME	3,189	2,698	12,021	10,432
OTHER OPERATING EXPENSES				
Salaries	4,594	4,461	18,430	17,066
Employee benefits and taxes	920	988	4,163	4,128
Occupancy expense	934	870	3,744	3,523
Professional fees	840	596	3,335	2,342
Directors' fees and expenses	251	286	1,088	1,108
Computer software expense	1,338	860	4,038	3,133
FDIC assessment	302	125	910	370
Advertising expenses	263	352	1,191	1,177
Advisor expenses related to trust income	276	269	1,054	995
Telephone expenses	140	120	552	459
Intangible amortization	71	71	286	286
Other	626	814	2,697	3,181
TOTAL OTHER OPERATING EXPENSES	10,555	9,812	41,488	37,768
Income before income taxes	4,127	3,652	14,150	13,924
Provision for income taxes	787	753	2,762	2,826
NET INCOME	$ 3,340	$ 2,899	$ 11,388	$ 11,098
Weighted average earnings per share	$ 0.74	$ 0.65	$ 2.53	$ 2.46
Cash dividends declared per share	$ 0.20	$ 0.20	$ 0.80	$ 0.80
Weighted average shares outstanding	4,502,037	4,504,180	4,508,508	4,506,545

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

	Three Months Ended December, 31					
	2020			2019		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:						
Loans Receivable (net of PPP)	$ 1,027,480	$ 11,962	4.63 %	$ 871,066	$ 10,861	4.95 %
PPP Loans	81,187	967	4.74 %	–	–	0.00 %
Investment securities	328,261	1,329	1.61 %	256,817	1,604	2.48 %
Federal funds sold and other	167,214	40	0.10 %	53,475	217	1.61 %
Total interest earning assets	1,604,142	14,298	3.55 %	1,181,358	12,682	4.26 %
Non-interest earning assets	82,037			68,515		
Total assets	$ 1,686,179			$ 1,249,873		
Liabilities and equity:						
Demand accounts	$ 236,106	$ 98	0.17 %	$ 175,014	$ 95	0.22 %
Savings and money market accounts	675,196	617	0.36 %	511,880	928	0.72 %
Time deposits	91,999	155	0.67 %	90,310	302	1.33 %
Total interest-bearing deposits	1,003,301	870	0.34 %	777,204	1,325	0.68 %
FHLB Advances and notes	23,000	247	4.27 %	5,669	56	3.92 %
Total interest bearing liabilities	1,026,301	1,117	0.43 %	782,873	1,381	0.70 %
Non-interest bearing deposits	509,207			308,194		
Other non-interest bearing liabilities	189,639			41,390		
Total liabilities	1,725,147			1,132,457		
Total shareholders' equity	132,031			117,416		
Total liabilities and shareholders' equity	$ 1,686,179			$ 1,249,873		
Net interest income		$ 13,181			$ 11,301	
Interest rate spread [1]			3.11 %			3.56
Net interest margin [2]			3.27 %			3.80 %
Average interest earning assets to interest-bearing liabilities	156.3 %			150.9 %		

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)

	Twelve Months Ended December, 31					
	2020			2019		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:						
Loans Receivable (net of PPP)	$ 961,779	$ 45,763	4.76 %	$ 818,027	$ 40,977	5.01 %
PPP Loans	59,155	2,034	3.44 %	–	–	0.00 %
Investment securities	291,919	5,645	1.93 %	257,454	6,465	2.51 %
Federal funds sold and other	132,840	295	0.22 %	40,617	853	2.10 %
Total interest earning assets	1,445,693	53,737	3.72 %	1,116,098	48,295	4.33 %
Non-interest earning assets	79,931			67,033		
Total assets	$ 1,525,624			$ 1,183,131		
Liabilities and equity:						
Demand accounts	$ 214,012	$ 414	0.19 %	$ 181,446	$ 300	0.17 %
Savings and money market accounts	618,055	2,975	0.48 %	472,832	2,991	0.63 %
Time deposits	90,232	917	1.02 %	92,878	1,221	1.31 %
Total interest-bearing deposits	922,299	4,306	0.47 %	747,156	4,512	0.60 %
FHLB Advances and notes	8,661	400	4.62 %	11,533	328	2.84 %
Total interest bearing liabilities	930,960	4,706	0.51 %	758,689	4,840	0.64 %
Non-interest bearing deposits	449,454			296,360		
Other non-interest bearing liabilities	16,968			13,237		
Total liabilities	1,397,382			1,068,286		
Total shareholders' equity	128,242			114,543		
Total liabilities and shareholders' equity	$ 1,525,624			$ 1,183,131		
Net interest income		$ 49,031			$ 43,455	
Interest rate spread [1]			3.21 %			3.69 %
Net interest margin [2]			3.39 %			3.89 %
Average interest earning assets to interest-bearing liabilities	155.3 %			147.1 %		

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					Twelve Months Ended	
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Performance Ratios [1]							
Return on average assets	0.79 %	0.71 %	0.74 %	0.74 %	0.98 %	0.75 %	0.94 %
Return on average equity	10.06 %	8.77 %	8.67 %	7.93 %	10.17 %	8.88 %	9.69 %
Interest rate spread	3.11 %	3.09 %	3.18 %	3.53 %	3.56 %	3.21 %	3.69 %
Net interest margin	3.27 %	3.26 %	3.38 %	3.74 %	3.80 %	3.39 %	3.89 %
Efficiency Ratio	64.48 %	69.20 %	68.53 %	70.02 %	70.09 %	67.96 %	70.09 %
Noninterest income to average assets	0.75 %	0.74 %	0.85 %	0.83 %	0.86 %	0.79 %	0.62 %
Noninterest expense to average assets	2.49 %	2.65 %	2.77 %	3.04 %	3.14 %	2.72 %	2.48 %
Average interest-earning assets to average interest-bearing liabilities	156.30 %	155.56 %	158.78 %	149.63 %	150.90 %	155.29 %	147.11 %
Average equity to average assets	7.83 %	8.07 %	8.56 %	9.39 %	9.56 %	8.41 %	9.68 %
Dividend payout ratio	26.83 %	31.13 %	32.60 %	36.99 %	30.97 %	31.49 %	32.33 %

	As of the Quarter Ended				
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Loans to Deposits	77.28 %	69.36 %	73.00 %	77.53 %	82.23 %
Noninterest bearing deposits to total deposits	34.99 %	32.66 %	34.85 %	30.00 %	30.97 %
Share Data:					
Shares outstanding	4,483,102	4,507,315	4,506,653	4,518,128	4,504,389
Book value per common share	$ 29.89	$ 28.98	$ 28.69	$ 28.13	$ 26.85
Tangible book value per common share [2]	$ 28.26	$ 27.34	$ 27.02	$ 26.45	$ 25.16
Capital Ratios [3]					
Tier 1 capital (to adjusted total assets)	8.08 %	7.62 %	8.16 %	9.13 %	9.39 %
Common equity Tier 1 capital (to risk weighted assets)	12.13 %	12.06 %	12.55 %	12.29 %	12.52 %
Tier 1 capital (to risk-weighted assets)	12.13 %	12.06 %	12.55 %	12.29 %	12.52 %
Total capital (to risk-weighted assets)	13.38 %	13.31 %	13.80 %	13.53 %	13.77 %

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 Bank & Trust Company's ratios.

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

Condensed Balance Sheets	As of December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Cash and Cash Equivalents	$ 121,231	$ 259,707	$ 187,892	$ 84,347	$ 25,112
Total Investment Securities	331,554	329,072	288,749	276,242	256,389
Loans, net	1,134,779	1,062,288	1,033,309	925,092	878,429
Other Assets	76,637	73,628	72,104	69,561	68,500
Total Assets	$ 1,664,201	$ 1,724,695	$ 1,582,054	$ 1,355,242	$ 1,228,430
Total Deposits	$ 1,489,294	$ 1,553,200	$ 1,434,843	$ 1,210,620	$ 1,083,132
FHLB Advances & Note Payable	3,000	3,000	3,000	3,000	8,000
Subordinated Notes	20,000	20,000	–	–	–
Other Liabilities	17,896	17,872	15,721	15,310	16,357
Total Liabilities	1,530,190	1,594,072	1,453,564	1,228,930	1,107,489
Total Shareholders' Equity	134,011	130,623	128,490	126,312	120,941
Total Liabilities and Shareholders' Equity	$ 1,664,201	$ 1,724,695	$ 1,582,054	$ 1,355,242	$ 1,228,430

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

Condensed Income Statements	Three Months Ended December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Interest Income	$ 14,298	$ 13,716	$ 12,991	$ 12,731	$ 12,682
Interest Expense	1,117	1,154	1,147	1,289	1,381
Net Interest Income	13,181	12,562	11,844	11,442	11,301
Provision for Loan Loss	1,688	1,215	1,310	1,200	535
Noninterest Income	3,189	2,999	3,150	2,683	2,698
Noninterest Expense	10,555	10,768	10,275	9,890	9,812
Income before income tax expense	4,127	3,578	3,409	3,035	3,652
Income Tax Expense	787	700	661	613	753
Net income	$ 3,340	$ 2,878	$ 2,748	$ 2,422	$ 2,899
Weighted average earnings per Share	$ 0.74	$ 0.64	$ 0.61	$ 0.54	$ 0.65

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

LOANS	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Commercial:					
Commercial & industrial	$ 231,634	$ 220,364	$ 213,862	$ 240,155	$ 222,229
PPP Loans	68,974	85,473	101,245	–	–
CRE* owner occupied	168,787	154,739	163,368	143,063	133,355
CRE non-owner occupied	372,879	310,700	289,103	280,595	256,639
CRE multifamily	157,251	160,945	140,476	136,862	144,328
CRE construction	63,761	58,324	59,147	53,396	55,808
Total commercial	1,063,286	990,545	967,201	854,071	812,359
Consumer:					
Residential real estate	55,303	52,721	52,239	50,923	52,478
Home equity loans and lines	13,960	13,626	13,397	13,574	11,668
Residential construction	2,996	3,199	3,991	5,217	13,937
Other	20,114	21,869	15,898	16,873	2,436
Total consumer	92,373	91,415	85,525	86,587	80,519
Total loans	1,155,659	1,081,960	1,052,726	940,658	892,878
Deferrals	(4,708)	(4,716)	(5,345)	(2,085)	(2,174)

Loans, net of deferrals	1,150,951	1,077,244	1,047,381	938,573	890,704
Allowance for loan losses	(16,172)	(14,956)	(14,072)	(13,481)	(12,275)
Loans, net	$ 1,134,779	$ 1,062,288	$ 1,033,309	$ 925,092	$ 878,429

* CRE = Commercial Real Estate loans

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

DEPOSIT TREND	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Demand Deposits	$ 521,093	$ 507,349	$ 500,002	$ 363,214	$ 335,469
NOW	236,951	269,103	197,003	200,930	166,907
Money market accounts	483,043	528,908	514,546	433,081	369,507
Savings	157,008	152,638	133,501	124,085	122,592
Time	91,199	95,202	89,791	89,310	88,657
Total deposits	$ 1,489,294	$ 1,553,200	$ 1,434,843	$ 1,210,620	$ 1,083,132

DEPOSIT COMPOSITION and GROWTH ANALYSIS

					Growth	
	December 31, 2020	% of Total Deposits	December 31, 2019	% of Total Deposits	$	%
Demand Deposits	$ 521,093	35.0 %	$ 335,469	31.0 %	$ 185,624	55.3 %
NOW	236,951	15.9 %	166,907	15.4 %	70,044	42.0 %
Money market accounts	483,043	32.4 %	369,507	34.1 %	113,536	30.7 %
Savings	157,008	10.5 %	122,592	11.3 %	34,416	28.1 %
Time	91,199	6.1 %	88,657	8.2 %	2,542	2.9 %
Total deposits	$ 1,489,294	100.0 %	$ 1,083,132	100.0 %	$ 406,162	37.5 %
Commercial	$ 785,785	52.8 %	$ 544,249	50.2 %	$ 241,536	44.4 %
Consumer	504,974	33.9 %	364,307	33.6 %	140,667	38.6 %
Municipal	198,535	13.3 %	174,576	16.1 %	23,959	13.7 %
Total Deposits	$ 1,489,294	100.0 %	$ 1,083,132	100.0 %	$ 406,162	37.5 %

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

ASSET QUALITY	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**
Total Loans	1,155,659	1,081,960	1,052,726	940,658	892,878
Non-performing loans:					
Commercial & industrial	$ –	$ –	$ 148	$ 495	$ 502
Commercial real estate	1,344	959	959	959	959
Consumer – residential real estate	658	82	84	86	88
Consumer – home equity loans and lines	–	–	36	51	–
TOTAL NON-PERFORMING LOANS ("NPLs")	$ 2,002	$ 1,041	$ 1,227	$ 1,591	$ 1,549
Delinquencies:					
30-59 days past due	$ 825	$ 735	$ 632	$ 10,038	$ 5,674
60-89 days past due	473	296	979	60	360
90+ days past due	520	1,776	460	1,766	683
On non-accrual	1,923	959	1,143	1,505	1,461
TOTAL PAST DUE LOANS	$ 3,741	$ 3,766	$ 3,214	$ 13,369	$ 8,178
Troubled debt restructurings:					
On non-accrual (included in total NPLs above)	$ 959	$ 959	$ 959	$ 959	$ 959
On accrual	14,992	12,146	10,801	10,842	11,436
TOTAL TROUBLED DEBT RESTRUCTURINGS	$ 15,951	$ 13,105	$ 11,760	$ 11,801	$ 12,395
ALLOWANCE FOR LOAN LOSSES	$ 16,172	$ 14,956	$ 14,072	$ 13,481	$ 12,275
Allowance for loan losses as a % of total loans	1.40 %	1.38 %	1.34 %	1.43 %	1.37 %
Allowance for loan losses as a % of total NPLs	807.79 %	1436.70 %	1146.86 %	847.33 %	792.45 %
Allowance for loan losses as a % of delinquent loans	432.29 %	397.13 %	437.83 %	100.84 %	150.10 %
NPLs as a % of total loans	0.17 %	0.10 %	0.12 %	0.17 %	0.17 %
Net charge-offs (recoveries)	$ 473	$ 331	$ 719	$ (6)	$ 605
Net charge-offs (recoveries) to average outstanding loans during the period	0.04 %	0.03 %	0.07 %	0.00 %	0.07 %

SOURCE: Orange County Bancorp, Inc.