



Guiding Your Business. Growing Your Wealth.

Orange County Bancorp, Inc. Announces Record Third Quarter 2021 Results

October 25, 2021

Orange County Bancorp, Inc. Announces Record Third Quarter 2021 Results

- **Net Income for Q3 2021 increased \$2.6 million, or 91.4%, to a record \$5.6 million versus Q3 2020**
- **Return on average assets for Q3 2021 rose 35 basis points year-over-year to 1.07%**
- **Return on common equity for Q3 2021 rose 6.8%, or 126%, year-over-year to 12.2%**
- **Average Loans (net of PPP) for Q3 2021 increased 17.0% year-over-year, to \$1.2 billion**
- **Provision for loan losses of \$1.0 million for Q3 2021 declined 17% year-over-year due to stabilizing credit trends**
- **Average Demand Deposits for Q3 2021 grew 36.7% year-over-year to \$663.8 million**
- **Total Assets grew \$510.3 million, or 30.6%, from year-end 2020 to \$2.2 billion at September 30, 2021**
- **Trust and asset advisory business revenue increased 16.7% year-over-year, to \$2.4 million, for Q3 2021**
- **Book Value per Share of \$32.04 at September 30, 2021 increased \$1.83, or 6.1% from December 31, 2020**
- **Tangible Book Value per Share of \$30.78 at September 30, 2021 increased \$2.21, or 7.7% from December 31, 2020**

MIDDLETOWN, NY / ACCESSWIRE / October 25, 2021 / Orange County Bancorp, Inc. (the "Company") (Nasdaq:OBT), parent company of Orange Bank & Trust Co. (the "Bank") and Hudson Valley Investment Advisors, Inc. ("HVIA"), today announced net income of \$5.6 million, or \$1.06 per basic and diluted share, for the three months ended September 30, 2021. This compares with net income of \$2.9 million, or \$0.65 per basic and diluted share, for the three months ended September 30, 2020. For the first nine months of 2021, net income increased by \$7.5 million, or 91.0%, over the prior year period, to \$15.8 million, or \$3.33 per basic and diluted share. This compares with net income of \$8.3 million, or \$1.83 per basic and diluted share, for the first nine months of 2020.

"I am pleased to announce the strategic emphasis we have placed on business clients the past several years has again resulted in record quarterly earnings," said Orange County Bancorp President & CEO, Michael Gilfeather. "For Q3 2021, net income grew over 91%, to \$5.6 million, compared with the same quarter last year, continuing our recent string of record results.

The Bank also enjoyed significant growth across other key business segments," Gilfeather continued, "including notable increases in core loans and deposits. This, again, is the result of our focus on business banking, as targeted geographic expansion has enabled us to develop close client relationships and respond to local economic conditions quickly and effectively. Improved customer and market familiarity has enabled us to reduce underwriting risk, more actively identify and pursue lending opportunities, and more efficiently manage our loan portfolio, enhancing our reputation as a valued partner in the business community. This contributed to a 17% year-over-year increase in average loans and, as we've earned an increasing portion of our client's business, nearly 37% year-over-year growth in Demand Deposits during the quarter.

To leverage and bolster implementation of our successful growth strategy, in early Q3 we launched and announced completion of our initial public offering of common stock. The transaction was upsized due to strong institutional demand and culminated in the sale of 1.15 million shares of our common stock at a price per share of \$33.50, for gross proceeds of approximately \$38.5 million. Our shares now trade on the NASDAQ Capital Market under the symbol "OBT". The listing obligates us to meet enhanced financial disclosure, liquidity and corporate governance requirements, increasing transparency and making our shares accessible to a broader group of investors. Our objective is improved shareholder diversification, capital access, and trading liquidity. Success of the transaction, which attracted a number of new investors, involved contributions from every part of our organization and I couldn't be more proud of their efforts.

The Company's Wealth Management initiative, which launched earlier this year, also enjoyed strong growth during the quarter. Orange Wealth Management is a platform that provides comprehensive wealth management services through the Company's Private Banking and Trust Services Division and Hudson Valley Investment Advisors (HVIA) subsidiary. Revenues grew \$344 thousand or 16.7%, to \$2.4 million, for the third quarter 2021 versus the same quarter last year, and are up 20.4% for the nine months ended September 30, 2021 compared to the same period in 2020. Assets under management (AUM) ended Q3 at \$1.26 billion, up \$19.4 million for the current quarter and \$67.8 million for the first nine months of 2021.

In keeping with our ongoing expansion efforts, the Bank opened a new branch in the Bronx in early July with a seasoned and well respected team in the local business community. Senior Vice President and Senior Commercial Loan Officer, Anthony Mormile, is leading this effort and we are very encouraged by the results to date. We are also on track to open a branch in Nanuet later this year, further strengthen our presence in Rockland County which, given its proximity to New Jersey, could serve as an entry point into Bergen County. In keeping with our broader growth strategy, we will remain disciplined with any future branch initiatives.

Finally, the growth we have experienced the past several years necessitated an upgrade to our data and accounting systems, which we expect to complete in November 2021. Doing so requires early termination of a vendor contract for a one-time charge of approximately \$900,000, which we expect to book in Q4. We believe this conversion will provide the Bank the functionality, support and flexibility to more effectively manage our existing business and anticipated growth."

Third Quarter and First Nine Months 2021 Financial Review

Net Income

Net income for the third quarter of 2021 was \$5.6 million, an increase of \$2.7 million, or 91.4%, over net income of \$2.9 million for the third quarter of 2020. Net income for the nine months ended September 30, 2021 was \$15.8 million, an increase of \$7.5 million, or 91.0%, over net income of \$8.3 million for the same period of 2020. Growth for the three and nine month periods in 2021 was driven primarily by increases in net interest income and decreases in the provision for loan losses, partially offset by increases in non-interest expense and provision for income taxes.

Net Interest Income

For the three months ended September 30, 2021, net interest income increased by \$3.4 million, or 27.2%, to \$15.9 million versus the same period last year. For the nine months ended September 30, 2021, net interest income increased by \$8.6 million, or 24.2%, to \$44.3 million versus the same period last year.

Total interest income increased \$3.2 million, or 23.6%, to \$16.9 million and \$8.1 million, or 20.6%, to \$47.3 million for the three and nine months ended September 30, 2021, respectively, versus the corresponding periods last year. The increase in interest income was primarily due to loan growth and fees associated with PPP loan forgiveness.

Total interest expense decreased \$174 thousand in the third quarter of 2021, to \$980 thousand, compared to \$1.2 million in the third quarter of the prior year, and decreased \$561 thousand for the nine months ended September 30, 2021, to \$3.0 million from \$3.6 million, for the nine months ended September 30, 2020. The decrease resulted from a reduction in deposit interest expense partially offset by an increase in interest expense due to subordinated debt issued in Q3 2020. Lower interest expense on deposits was consistent with reduction of the Fed Funds rate in the first quarter of 2020 in response to the COVID-19 pandemic.

Provision for Loan Losses

The Company recognized provisions for loan losses of \$1.0 million and \$1.9 million for the three and nine months ended September 30, 2021, respectively, compared to \$1.2 million and \$3.7 million for the three and nine months ended September 30, 2020. The lower provisions reflected improved credit metrics and declining loan deferrals. The allowance for loan losses to total loans was 1.40% as of September 30, 2021 and December 31, 2020. Excluding PPP loans, the ratios were 1.48% and 1.49% as of the same dates.

Non-Interest Income

Non-interest income was \$3.0 million for Q3 2021, up from \$2.8 million for the prior year period, while non-interest income rose \$555 thousand, or 6.6%, to \$8.9 million for the nine months ended September 30, 2021 versus the same period last year. The increase was a result of continued growth of the Bank's trust operations and HVIA asset management activities.

Non-Interest Expense

Non-interest expense was \$10.9 million and \$10.5 million for the third quarters of 2021 and 2020, respectively, an increase of \$451 thousand, or 4.3%, while non-interest expense of \$31.7 million for the nine months ended September 30, 2021, rose \$1.7 million, or 5.6%, versus the same period last year. The increase in non-interest expense for the three and nine month periods was due to our continued investment in growth. This investment consisted primarily of increases in salaries, information technology, professional fees, and deposit insurance costs, the latter due to significant growth in deposit balances. Our efficiency ratio improved to 57.90% for the three months ended September 30, 2021, from 68.43% for the same period in 2020, and to 59.51% for the nine months ended September 30, 2021, from 68.13% for the nine months ended September 30, 2020.

Income Tax Expense

Our provision for income taxes for the three months ended September 30, 2021 was \$1.4 million, compared to \$710 thousand for the same period in 2020. The provision for income taxes for the nine months ended September 30, 2021 was \$3.9 million, compared to \$2.0 million for the same period in 2020. The increase for both periods was due to the increase in income before income taxes. Our effective tax rate for the three and nine month periods ended September 30, 2021 was 19.9% and 19.6%, respectively, versus 19.7% and 19.7%, respectively, for the same periods last year.

Financial Condition

Total consolidated assets increased \$510.3 million, or 30.6%, from \$1.7 billion at December 31, 2020 to \$2.2 billion at September 30, 2021. The increase reflected increases in cash and due from banks, loans and investment securities.

Total cash and due from banks increased from \$121.2 million at December 31, 2020 to \$390.1 million at September 30, 2021, an increase of \$268.8 million, or 221.8%. This increase resulted primarily from increases in deposit balances driven by seasonal increases in municipal deposits, continued success attracting business account assets, and government efforts to increase liquidity in the economy.

Total investment securities rose \$92.0 million, or 27.9%, from \$330.1 million at December 31, 2020 to \$422.1 million at September 30, 2021. The increase was due to an \$80.4 million increase in agency mortgage backed securities, an \$11.8 million increase in municipal securities, and a \$9.8 million increase in corporate subordinated debt securities, partially offset by a \$10 million decrease in U.S. government securities holdings.

Total loans increased \$134.8 million, or 11.7%, from \$1.15 billion at December 31, 2020 to \$1.29 billion at September 30, 2021. The increase was primarily due to \$142.1 million of commercial real estate loan growth. PPP loans declined by \$2.5 million to \$66.5 million at September 30, 2021 from \$69.0 million at December 31, 2020. The majority of the remaining balance of PPP loans is subject to forgiveness.

Total deposits rose \$462.6 million, to \$2.0 billion, at September 30, 2021, from \$1.5 billion at December 31, 2020. This increase was primarily due to additional business account activity, PPP loan proceeds, and government liquidity efforts, combined with municipal deposit growth attributable to cyclical real estate tax collections.

Stockholders' equity increased \$45.2 million, to \$180.6 million, at September 30, 2021 from \$135.4 million at December 31, 2020. This increase was primarily due to a \$34.6 million increase in surplus reflecting net proceeds from our public offering of common stock in August, 2021. In addition, retained earnings rose \$12.9 million during the first three quarters of 2021 as a result of net income, partially offset by a \$3.0 million decline in AOCI due to changes in the market value of investments held for sale.

At September 30, 2021, the Bank maintained capital ratios in excess of regulatory standards for well capitalized institutions. The Bank's Tier 1 capital to average assets ratio was 8.27%, both common equity and Tier 1 capital to risk weighted assets were 13.20%, and total capital to risk weighted assets was 14.45%. These ratios reflect a contribution of \$17.5 million of capital at the Bank level representing roughly half of the net proceeds from the Company's public offering of common stock.

Loan Quality

At September 30, 2021, the Bank had total non-accrual loans of \$3.1 million, or 0.24% of total loans, which included \$697 thousand of Troubled Debt Restructured Loans ("TDRs"). The latter represents 0.05% of total loans, and was \$262 thousand lower than year end 2020 due to the sale of one TDR loan. Accruing loans delinquent greater than 30 days were \$2.0 million as of September 30, 2021, compared to \$1.8 million at December 31, 2020. The following table shows the current status of loans deferred as a result of the COVID-19 pandemic.

ORANGE COUNTY BANCORP, INC.
SUMMARY OF LOAN PORTFOLIO SEGMENTS AND DEFERMENTS
(UNAUDITED)
(Dollar Amounts in thousands)

| Industry Classification | September 30, 2021 Balance | Loan Count | % of Total Loans | Total Deferments as of September 30, 2021 | | |
|--|----------------------------------|------------|---------------------|--|---------------|---------------|
| | | | | Outstanding Balance | Loan Count | Deferred % |
| Real Estate and Rental Leasing | \$ 558,393 | 495 | 43.3 % | \$ - | - | 0.0 % |
| Healthcare and Social Assistance | 109,863 | 597 | 8.5 % | - | - | 0.0 % |
| Construction | 74,826 | 104 | 5.8 % | - | - | 0.0 % |
| Retail Trade | 44,206 | 78 | 3.4 % | - | - | 0.0 % |
| Management of Companies/Enterprise | 33,725 | 16 | 2.6 % | - | - | 0.0 % |
| Wholesale Trade | 31,921 | 72 | 2.5 % | - | - | 0.0 % |
| Manufacturing | 46,457 | 104 | 3.6 % | - | - | 0.0 % |
| Hotel / Motel | 26,882 | 9 | 2.1 % | - | - | 0.0 % |
| Professional, Scientific, and Technical Services | 17,814 | 169 | 1.4 % | 49 | 2 | 0.3 % |
| Finance and Insurance | 20,835 | 67 | 1.6 % | - | - | 0.0 % |
| Contractors | 14,703 | 103 | 1.1 % | - | - | 0.0 % |
| Educational Services & Child Care | 11,749 | 30 | 0.9 % | - | - | 0.0 % |
| Administrative and Management | 14,318 | 84 | 1.1 % | - | - | 0.0 % |
| Food Service | 17,339 | 34 | 1.3 % | - | - | 0.0 % |
| Art, Entertainment, and Recreation | 19,971 | 11 | 1.5 % | - | - | 0.0 % |
| Transportation and Warehousing | 9,687 | 34 | 0.8 % | - | - | 0.0 % |
| Residential Real Estate & Other | 171,751 | 1,404 | 13.3 % | - | - | 0.0 % |
| PPP Loans | <u>66,510</u> | <u>223</u> | <u>5.2 %</u> | <u>-</u> | <u>-</u> | <u>0.0 %</u> |
| Total system loan balances | \$ 1,290,950 | 3,634 | 100.0 % | \$ 49 | 2 | 0.0 % |
| Net deferred & unapplied | <u>(3,372)</u> | | | | | |
| Total loans | <u>1,287,578</u> | | | | | |

| Loan Portfolio Category | September 30, 2021 Balance | Loan Count | % of Total Loans | Total Deferments as of September 30, 2021 | | |
|-------------------------|----------------------------------|------------|---------------------|--|---------------|---------------|
| | | | | Outstanding Balance | Loan Count | Deferred % |
| | | | | | | |

CRE:

| | | | | | | |
|---------------------------------|------------------|------------|--------------|----------|----------|---------------|
| Multifamily | \$ 166,501 | 90 | 12.9 % | \$ - | - | 0.00 % |
| Non-owner occupied | 476,581 | 396 | 36.9 % | - | - | 0.00 % |
| Owner occupied | 198,121 | 185 | 15.3 % | - | - | 0.00 % |
| Construction, development, land | 57,347 | 35 | 4.4 % | - | - | 0.00 % |
| C&I | 233,952 | 1,203 | 18.1 % | 49 | 2 | 0.02 % |
| PPP Loans | 66,510 | 223 | 5.2 % | - | - | 0.00 % |
| Consumer: | | | | | | |
| Residential | 70,805 | 521 | 5.5 % | - | - | 0.00 % |
| Non-residential | <u>21,133</u> | <u>981</u> | <u>1.6 %</u> | <u>-</u> | <u>-</u> | <u>0.00 %</u> |
| Total system loan balances | \$ 1,290,950 | 3,634 | 100.0 % | \$ 49 | 2 | 0.00 % |
| Net deferred & unapplied | <u>(3,372)</u> | | | | | |
| Total loans | <u>1,287,578</u> | | | | | |

Non-GAAP Financial Measure Reconciliation

The following table reconciles, as of the dates set forth below, stockholders' equity (on a GAAP basis) to tangible equity and total assets (on a GAAP basis) to tangible assets and calculates our tangible book value per share.

| | September 30, 2021 | December 31, 2020 |
|---|--|----------------------|
| | (Dollars in thousands except for share data) | |
| Tangible Common Equity: | | |
| Total stockholders' equity | \$ 180,603 | \$ 135,423 |
| Adjustments: | | |
| Goodwill | (5,359) | (5,359) |
| Other intangible assets | <u>(1,749)</u> | <u>(1,963)</u> |
| Tangible common equity | \$ 173,495 | \$ 128,101 |
| Common shares outstanding | 5,637,376 | 4,483,102 |
| Book value per common share | \$ 32.04 | \$ 30.21 |
| Tangible book value per common share | \$ 30.78 | \$ 28.57 |
| Tangible Assets | | |
| Total assets | \$ 2,175,229 | \$ 1,664,936 |
| Adjustments: | | |
| Goodwill | (5,359) | (5,359) |
| Other intangible assets | <u>(1,749)</u> | <u>(1,963)</u> |
| Tangible assets | \$ 2,168,121 | \$ 1,657,614 |
| Tangible common equity to tangible assets | 8.00 % | 7.73 % |

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 innovation and an unwavering commitment to its community and business clientele to more than \$2.0 billion in total assets. Hudson Valley Investment Advisors, Inc. is a Registered Investment Advisor in Goshen, NY. It was founded in 1996 and acquired by the Company in 2012.

Forward Looking Statements

Certain statements contained herein are "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward looking statements may be identified by reference to a future period or periods, or by the use of forward looking terminology, such as "may," "will," "believe," "expect," "estimate," "anticipate," "continue," or similar terms or variations on those terms, or the negative of those terms. Forward looking statements are subject to numerous risks and uncertainties, including, but not limited to, those related to the real estate and economic environment, particularly in the market areas in which the Company operates, competitive products and pricing, fiscal and monetary policies of the U.S. Government, changes in government regulations affecting financial institutions, including regulatory fees and capital requirements, changes in prevailing interest rates, credit risk management, asset-liability management, the financial and securities markets and the availability of and costs associated with sources of liquidity. Further, given its ongoing and dynamic nature, it is difficult to predict what the continuing effects of the COVID-19 pandemic will have on our business and results of operations. The pandemic and related local and national economic disruption may, among other effects, continue to result in a material adverse change for the demand for our products and services; increased levels of loan delinquencies, problem assets and foreclosures; branch disruptions, unavailability of personnel and increased cybersecurity risks as employees work remotely.

The Company wishes to caution readers not to place undue reliance on any such forward looking statements, which speak only as of the date made. The Company wishes to advise readers that the factors listed above could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions that may be made to any forward looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

For further information:

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ORANGE COUNTY BANCORP, INC. CONDENSED CONSOLIDATED STATEMENTS OF CONDITION (UNAUDITED)

(Dollar Amounts in thousands except per share data)

| | September 30, 2021 | December 31, 2020 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and due from banks | \$ 390,071 | \$ 121,232 |
| Investment securities - available-for-sale | 422,092 | 330,105 |
| Restricted investment in bank stocks | 2,217 | 1,449 |
| Loans | 1,287,578 | 1,152,738 |
| Allowance for loan losses | (18,041) | (16,172) |
| Loans, net | 1,269,537 | 1,136,566 |
| Net Premises and equipment | 14,382 | 14,017 |
| Accrued interest receivable | 6,913 | 6,295 |
| Bank owned life insurance | 39,273 | 28,520 |
| Goodwill | 5,359 | 5,359 |
| Intangible assets | 1,749 | 1,963 |
| Other assets | 23,636 | 19,430 |
| TOTAL ASSETS | <u>\$ 2,175,229</u> | <u>\$ 1,664,936</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Deposits: | | |
| Noninterest bearing | \$ 714,707 | \$ 521,093 |
| Interest bearing | 1,237,201 | 968,201 |
| Total deposits | 1,951,908 | 1,489,294 |

| | | |
|--|---------------------|---------------------|
| Note payable | 3,000 | 3,000 |
| Subordinated notes, net of issuance costs | 19,375 | 19,323 |
| Accrued expenses and other liabilities | <u>20,343</u> | <u>17,896</u> |
| TOTAL LIABILITIES | <u>1,994,626</u> | <u>1,529,513</u> |
| STOCKHOLDERS' EQUITY | | |
| Common stock, \$0.50 par value; 15,000,000 shares authorized; 5,683,304 and 4,533,304 issued; 5,637,376 and 4,483,102 outstanding, at September 30, 2021 and December 31, 2020, respectively | 2,842 | 2,266 |
| Surplus | 119,740 | 85,111 |
| Retained Earnings | 60,570 | 47,683 |
| Accumulated other comprehensive income (loss), net of taxes | (1,220) | 1,819 |
| Treasury stock, at cost; 45,928 and 50,202 shares at September 30, 2021 and December 31, 2020, respectively | <u>(1,329)</u> | <u>(1,456)</u> |
| TOTAL STOCKHOLDERS' EQUITY | <u>180,603</u> | <u>135,423</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 2,175,229</u> | <u>\$ 1,664,936</u> |

ORANGE COUNTY BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Dollar Amounts in thousands except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------|------------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| INTEREST INCOME | | | | |
| Interest and fees on loans | \$ 15,104 | \$ 12,191 | \$ 42,364 | \$ 34,636 |
| Interest on investment securities: | | | | |
| Taxable | 1,213 | 1,102 | 3,497 | 3,661 |
| Tax exempt | 417 | 297 | 1,189 | 656 |
| Interest on Federal funds sold and other | <u>126</u> | <u>46</u> | <u>230</u> | <u>254</u> |
| TOTAL INTEREST INCOME | <u>16,860</u> | <u>13,636</u> | <u>47,280</u> | <u>39,207</u> |
| INTEREST EXPENSE | | | | |
| Savings and NOW accounts | 591 | 868 | 1,801 | 2,674 |
| Time deposits | 117 | 227 | 412 | 762 |
| FHLB advances | - | - | - | 10 |
| Note payable | 42 | 42 | 126 | 126 |
| Subordinated notes | <u>230</u> | <u>17</u> | <u>689</u> | <u>17</u> |
| TOTAL INTEREST EXPENSE | <u>980</u> | <u>1,154</u> | <u>3,028</u> | <u>3,589</u> |
| NET INTEREST INCOME | 15,880 | 12,482 | 44,252 | 35,618 |
| Provision for loan losses | <u>1,008</u> | <u>1,215</u> | <u>1,883</u> | <u>3,725</u> |
| NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES | <u>14,872</u> | <u>11,267</u> | <u>42,369</u> | <u>31,893</u> |
| NONINTEREST INCOME | | | | |

| | | | | |
|--|-----------------|-----------------|------------------|-----------------|
| Service charges on deposit accounts | 166 | 155 | 499 | 480 |
| Trust income | 1,230 | 1,001 | 3,537 | 2,958 |
| Investment advisory income | 1,176 | 1,061 | 3,588 | 2,960 |
| Investment securities gains(losses) | - | 218 | - | 804 |
| Earnings on bank owned life insurance | 209 | 173 | 554 | 520 |
| Other | 247 | 237 | 770 | 671 |
| TOTAL NONINTEREST INCOME | 3,028 | 2,845 | 8,948 | 8,393 |
| NONINTEREST EXPENSE | | | | |
| Salaries | 4,970 | 4,508 | 14,243 | 13,327 |
| Employee benefits | 958 | 988 | 2,960 | 3,242 |
| Occupancy expense | 1,024 | 938 | 2,956 | 2,810 |
| Professional fees | 880 | 882 | 2,810 | 2,457 |
| Directors' fees and expenses | 251 | 268 | 745 | 837 |
| Computer software expense | 1,120 | 986 | 3,209 | 2,700 |
| FDIC assessment | 333 | 243 | 889 | 609 |
| Advertising expenses | 297 | 277 | 865 | 928 |
| Advisor expenses related to trust income | 134 | 95 | 395 | 338 |
| Telephone expenses | 150 | 144 | 420 | 413 |
| Intangible amortization | 71 | 71 | 214 | 214 |
| Other | 752 | 1,089 | 1,951 | 2,109 |
| TOTAL NONINTEREST EXPENSE | 10,940 | 10,489 | 31,657 | 29,984 |
| Income before income taxes | 6,960 | 3,623 | 19,660 | 10,302 |
| Provision for income taxes | 1,384 | 710 | 3,866 | 2,033 |
| NET INCOME | \$ 5,576 | \$ 2,913 | \$ 15,794 | \$ 8,269 |
| Basic and diluted earnings per share | \$ 1.06 | \$ 0.65 | \$ 3.33 | \$ 1.83 |
| Weighted average shares outstanding | 5,249,876 | 4,514,345 | 4,743,348 | 4,512,382 |

ORANGE COUNTY BANCORP, INC.
NET INTEREST MARGIN ANALYSIS
(UNAUDITED)
(Dollar Amounts in thousands)

| | Three Months Ended September 30, | | | | | |
|--------------------------------|----------------------------------|-----------|-----------------|---------------------|-----------|-----------------|
| | 2021 | | | 2020 | | |
| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| Assets: | | | | | | |
| Loans Receivable (net of PPP) | \$ 1,154,748 | \$ 13,306 | 4.57 % | \$ 987,109 | \$ 11,565 | 4.66 % |
| PPP Loans | 119,463 | 1,798 | 5.97 % | 67,879 | 626 | 3.67 % |
| Investment securities | 393,938 | 1,607 | 1.62 % | 313,101 | 1,382 | 1.76 % |
| Due from banks | 320,692 | 126 | 0.16 % | 172,160 | 46 | 0.11 % |
| Other | 2,038 | 23 | 4.48 % | 1,446 | 18 | 4.87 % |
| Total interest earning assets | 1,990,879 | 16,860 | 3.36 % | 1,541,695 | 13,636 | 3.52 % |
| Non-interest earning assets | 88,228 | | | 76,059 | | |
| Total assets | <u>\$ 2,079,107</u> | | | <u>\$ 1,617,754</u> | | |
| Liabilities and equity: | | | | | | |

| | | | | | | |
|---|---------------------|------------|---------------|---------------------|------------|---------------|
| Interest-bearing demand accounts | \$ 296,463 | \$ 82 | 0.11 % | \$ 214,793 | \$ 111 | 0.21 % |
| Money market accounts | 627,289 | 451 | 0.29 % | 464,021 | 692 | 0.59 % |
| Savings accounts | 183,867 | 59 | 0.13 % | 128,487 | 65 | 0.20 % |
| Certificates of deposit | <u>84,580</u> | <u>117</u> | <u>0.55 %</u> | <u>91,071</u> | <u>227</u> | <u>0.99 %</u> |
| Total interest-bearing deposits | 1,192,199 | 709 | 0.24 % | 898,372 | 1,095 | 0.48 % |
| FHLB Advances and other borrowings | 3 | 0 | 0.26 % | - | - | 0.00 % |
| Note payable | 3,000 | 42 | 5.55 % | 3,000 | 42 | 5.57 % |
| Subordinated notes | <u>19,348</u> | <u>230</u> | <u>4.72 %</u> | <u>-</u> | <u>17</u> | <u>0.00 %</u> |
| Total interest bearing liabilities | 1,214,550 | 981 | 0.32 % | 901,372 | 1,154 | 0.51 % |
| Non-interest bearing demand accounts | 663,799 | | | 485,481 | | |
| Other non-interest bearing liabilities | <u>18,273</u> | | | <u>16,147</u> | | |
| Total liabilities | 1,896,622 | | | 1,403,000 | | |
| Total shareholders' equity | <u>182,485</u> | | | <u>214,755</u> | | |
| Total liabilities and shareholders' equity | <u>\$ 2,079,107</u> | | | <u>\$ 1,617,755</u> | | |
| Net interest income | | \$ 15,879 | | | \$ 12,482 | |
| Interest rate spread ¹ | | | 3.04 % | | | 3.01 % |
| Net interest margin ² | | | 3.16 % | | | 3.22 % |
| Average interest earning assets to interest-bearing liabilities | 163.9 % | | | 171.0 % | | |

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.
NET INTEREST MARGIN ANALYSIS
(UNAUDITED)

(Dollar Amounts in thousands)

| | Nine Months Ended September 30, | | | | | |
|----------------------------------|---------------------------------|------------|---------------|---------------------|------------|---------------|
| | 2021 | | | 2020 | | |
| | Average Balance | Interest | Average Rate | Average Balance | Interest | Average Rate |
| Assets: | | | | | | |
| Loans Receivable (net of PPP) | \$ 1,133,713 | \$ 38,192 | 4.50 % | \$ 959,102 | \$ 33,569 | 4.68 % |
| PPP Loans | 107,040 | 4,172 | 5.21 % | 33,939 | 1,067 | 4.20 % |
| Investment securities | 365,669 | 4,621 | 1.69 % | 282,918 | 4,265 | 2.01 % |
| Due from banks | 256,640 | 231 | 0.12 % | 121,299 | 254 | 0.28 % |
| Other | <u>1,780</u> | <u>65</u> | <u>4.88 %</u> | <u>1,361</u> | <u>51</u> | <u>5.05 %</u> |
| Total interest earning assets | 1,864,842 | 47,281 | 3.39 % | 1,398,619 | 39,206 | 3.74 % |
| Non-interest earning assets | <u>83,740</u> | | | <u>74,332</u> | | |
| Total assets | <u>\$ 1,948,582</u> | | | <u>\$ 1,472,951</u> | | |
| Liabilities and equity: | | | | | | |
| Interest-bearing demand accounts | \$ 278,670 | \$ 247 | 0.12 % | \$ 206,594 | \$ 316 | 0.20 % |
| Money market accounts | 583,535 | 1,389 | 0.32 % | 433,957 | 2,148 | 0.66 % |
| Savings accounts | 171,449 | 164 | 0.13 % | 126,286 | 210 | 0.22 % |
| Certificates of deposit | <u>87,948</u> | <u>412</u> | <u>0.63 %</u> | <u>89,638</u> | <u>762</u> | <u>1.14 %</u> |
| Total interest-bearing deposits | 1,121,602 | 2,212 | 0.26 % | 856,475 | 3,436 | 0.54 % |

| | | | | | | |
|--|---------------------|------------|---------------|---------------------|-----------|---------------|
| FHLB Advances and other borrowings | 1 | 0 | 0.33 % | 773 | 10 | 1.77 % |
| Note payable | 3,000 | 126 | 5.62 % | 3,000 | 126 | 5.61 % |
| Subordinated notes | <u>19,668</u> | <u>690</u> | <u>4.69 %</u> | <u>-</u> | <u>17</u> | <u>0.00 %</u> |
| Total interest bearing liabilities | 1,144,271 | 3,028 | 0.35 % | 860,248 | 3,589 | 0.56 % |
| Non-interest bearing demand accounts | 615,090 | | | 429,391 | | |
| Other non-interest bearing liabilities | <u>18,295</u> | | | <u>16,407</u> | | |
| Total liabilities | 1,777,656 | | | 1,306,046 | | |
| Total shareholders' equity | <u>170,926</u> | | | <u>166,905</u> | | |
| Total liabilities and shareholders' equity | <u>\$ 1,948,582</u> | | | <u>\$ 1,472,951</u> | | |

| | | | | | | |
|---|---------|-----------|--------|---------|-----------|--------|
| Net interest income | | \$ 44,253 | | | \$ 35,617 | |
| Interest rate spread ¹ | | | 3.04 % | | | 3.19 % |
| Net interest margin ² | | | 3.17 % | | | 3.40 % |
| Average interest earning assets to interest-bearing liabilities | 163.0 % | | | 162.6 % | | |

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 RATIOS AND OTHER DATA
(UNAUDITED)

| | Three Months Ended September 30, (1) | | Nine Months Ended September 30, (1) | |
|---|---|----------|--|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Performance Ratios: | | | | |
| Return on average assets | 1.07 % | 0.72 % | 1.62 % | 1.12 % |
| Return on average equity | 12.22 % | 5.43 % | 18.48 % | 9.91 % |
| Interest rate spread (2) | 3.04 % | 3.01 % | 3.04 % | 3.19 % |
| Net interest margin (3) | 3.16 % | 3.22 % | 3.17 % | 3.40 % |
| Efficiency ratio (4) | 57.86 % | 68.43 % | 59.51 % | 68.13 % |
| Dividend payout ratio (5) | 18.83 % | 30.99 % | 12.01 % | 21.83 % |
| Non-interest income to average total assets | 0.58 % | 0.70 % | 0.92 % | 1.14 % |
| Non-interest expenses to average total assets | 2.10 % | 2.02 % | 3.25 % | 3.08 % |
| Average interest-earning assets to average interest-bearing liabilities | 163.92 % | 171.04 % | 162.97 % | 162.58 % |
| Average equity to average total assets | 8.78 % | 13.27 % | 8.77 % | 11.33 % |
| Net (charge-offs) recoveries to average outstanding loans during the period | 0.00 % | 0.07 % | 0.00 % | 0.07 % |

| | At September 30, 2021 | At December 31, 2021 |
|---|------------------------------|----------------------------|
| | Asset Quality Ratios: | |
| Non-performing assets to total assets | 0.14 % | 0.15 % |
| Non-performing loans to total loans | 0.24 % | 0.22 % |
| Allowance for loan losses to non-performing loans | 582.34 % | 641.24 % |
| Allowance for loan losses to total loans | 1.40 % | 1.40 % |

Capital Ratios:(6)

| | | |
|--|---------|---------|
| Total capital (to risk-weighted assets) | 14.45 % | 13.49 % |
| Tier 1 capital (to risk-weighted assets) | 13.20 % | 12.24 % |

| | | |
|--|---------|---------|
| Common equity tier 1 capital (to risk-weighted assets) | 13.20 % | 12.24 % |
| Tier 1 capital (to average assets) | 8.27 % | 8.16 % |

Notes:

- (1) Annualized for the three and nine month periods ended September 30, 2021 and 2020, respectively.
- (2) Represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the periods.
- (3) The net interest margin represents net interest income as a percent of average interest-earning assets for the periods.
- (4) The efficiency ratio represents non-interest expense divided by the sum of net interest income and non-interest income.
- (5) The dividend payout ratio represents dividends paid per share divided by net income per share.
- (6) Ratios are for the Bank only.

ORANGE COUNTY BANCORP, INC.
SELECTED OPERATING DATA
(UNAUDITED)
(Dollar Amounts in thousands except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|----------------------------|------------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Interest income | \$ 16,860 | \$ 13,636 | \$ 47,280 | \$ 39,207 |
| Interest expense | 980 | 1,154 | 3,028 | 3,589 |
| Net interest income | 15,880 | 12,482 | 44,252 | 35,618 |
| Provision for loan losses | 1,008 | 1,215 | 1,883 | 3,725 |
| Net interest income after provision for loan losses | 14,872 | 11,267 | 42,369 | 31,893 |
| Noninterest income | 3,028 | 2,845 | 8,948 | 8,393 |
| Noninterest expenses | 10,940 | 10,489 | 31,657 | 29,984 |
| Income before income taxes | 6,960 | 3,623 | 19,660 | 10,302 |
| Provision for income taxes | 1,384 | 710 | 3,866 | 2,033 |
| Net income | <u>\$ 5,576</u> | <u>\$ 2,913</u> | <u>\$ 15,794</u> | <u>\$ 8,269</u> |
| Basic and diluted earnings per share | \$ 1.06 | \$ 0.65 | \$ 3.33 | \$ 1.83 |
| Weighted average common shares outstanding | 5,249,876 | 4,514,345 | 4,743,348 | 4,512,382 |
| | At September 30, 2021 | At December 31, 2020 | | |
| Book value per share | \$ 32.04 | \$ 30.21 | | |
| Net tangible book value per share (1) | \$ 30.78 | \$ 28.57 | | |
| Outstanding common shares | 5,637,376 | 4,483,102 | | |

Notes:

- (1) Net tangible book value represents the amount of your total tangible assets reduced by our total liabilities. Tangible assets are calculated by reducing total assets, as defined by GAAP, by \$5,359 in goodwill and \$1,749, and \$1,963 in other intangible assets for September 30, 2021 and December 31, 2020, respectively.

ORANGE COUNTY BANCORP, INC.
LOAN COMPOSITION
(UNAUDITED)
(Dollar Amounts in thousands)

| | At September 30, 2021 | | At December 31, 2020 | |
|-------------------------------------|-----------------------|---------|----------------------|---------|
| | Amount | Percent | Amount | Percent |
| Commercial and industrial (a) | \$ 298,995 | 23.22 % | \$ 299,049 | 25.94 % |
| Commercial real estate | 840,204 | 65.25 % | 698,130 | 60.56 % |
| Commercial real estate construction | 50,587 | 3.93 % | 63,544 | 5.51 % |
| Residential real estate | 63,674 | 4.95 % | 57,941 | 5.03 % |
| Home equity | 13,175 | 1.02 % | 13,960 | 1.21 % |

| | | | | |
|------------------------------|--------------|----------|--------------|----------|
| Consumer | 20,943 | 1.63 % | 20,114 | 1.74 % |
| Total loans | 1,287,578 | 100.00 % | 1,152,738 | 100.00 % |
| Allowance for loan losses | 18,041 | | 16,172 | |
| Total loans, net | \$ 1,269,537 | | \$ 1,136,566 | |
| (a) - Includes PPP loans of: | \$ 66,510 | | \$ 68,974 | |

ORANGE COUNTY BANCORP, INC.
DEPOSITS BY ACCOUNT TYPE
(UNAUDITED)
(Dollar Amounts in thousands)

| | At September 30, 2021 | | | At December 31, 2020 | | |
|-------------------------------------|-----------------------|-----------------|---------------|----------------------|-----------------|---------------|
| | Amount | Percent | Average Rate | Amount | Percent | Average Rate |
| Noninterest-bearing demand accounts | \$ 714,707 | 36.62 % | 0.00 % | \$ 521,093 | 34.99 % | 0.00 % |
| Interest bearing demand accounts | 331,207 | 16.97 % | 0.10 % | 236,951 | 15.91 % | 0.15 % |
| Money market accounts | 645,125 | 33.05 % | 0.27 % | 483,044 | 32.43 % | 0.36 % |
| Savings accounts | 178,311 | 9.14 % | 0.12 % | 157,007 | 10.54 % | 0.12 % |
| Certificates of Deposit | 82,558 | 4.23 % | 0.49 % | 91,199 | 6.12 % | 0.75 % |
| Total | <u>\$ 1,951,908</u> | <u>100.00 %</u> | <u>0.14 %</u> | <u>\$ 1,489,294</u> | <u>100.00 %</u> | <u>0.20 %</u> |

ORANGE COUNTY BANCORP, INC.
NON-PERFORMING ASSETS
(UNAUDITED)
(Dollar Amounts in thousands)

| | September 30, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| Non-accrual loans: | | |
| Commercial and industrial | \$ 750 | \$ - |
| Commercial real estate | 1,064 | 1,345 |
| Commercial real estate construction | - | - |
| Residential real estate | 578 | 657 |
| Home equity | 50 | - |
| Consumer | - | - |
| Total non-accrual loans ¹ | <u>2,442</u> | <u>2,002</u> |
| Accruing loans 90 days or more past due: | | |
| Commercial and industrial | 215 | 457 |
| Commercial real estate | - | - |
| Commercial real estate construction | - | - |
| Residential real estate | 28 | 2 |
| Home equity | - | - |
| Consumer | 413 | 61 |
| Total loans 90 days or more past due | <u>656</u> | <u>520</u> |
| Total non-performing loans | <u>3,098</u> | <u>2,522</u> |
| Other real estate owned | - | - |
| Other non-performing assets | - | - |
| Total non-performing assets | <u>\$ 3,098</u> | <u>\$ 2,522</u> |

Ratios:

| | | |
|---|--------|--------|
| Total non-performing loans to total loans | 0.24 % | 0.22 % |
| Total non-performing loans to total assets | 0.14 % | 0.15 % |
| Total non-performing assets to total assets | 0.14 % | 0.15 % |

Notes:

| | | | | |
|---------------------------------|----|-----|----|-----|
| 1 - Includes non-accruing TDRs: | \$ | 697 | \$ | 959 |
|---------------------------------|----|-----|----|-----|

SOURCE: Orange County Bancorp, Inc.

[accesswire.com](https://www.accesswire.com)

<https://www.accesswire.com/669313/Orange-County-Bancorp-Inc-Announces-Record-Third-Quarter-2021-Results>