

ORANGE
Bank & Trust
COMPANY



NASDAQ

ORANGE COUNTY BANCORP, INC.

Record Earnings Performance

through Exemplary Service and Cutting Edge Technology.

2022 ANNUAL REPORT



MEMBER

Federal Reserve System
Federal Home Loan Bank
Federal Deposit Insurance Corporation

SUBSIDIARIES

Orange Bank and Trust Company ("Bank")
Hudson Valley Investment Advisors, Inc ("HVIA")

SHARES OF ORANGE COUNTY BANCORP, INC. STOCK TRADES ON THE NASDAQ STOCK MARKET UNDER THE STOCK SYMBOL OBT

For information regarding stock transfers
and other transactions, contact
our Transfer Agent:

COMPUTERSHARE, INC.

250 Royall Street, Canton, MA 02021
1.800.368.5948
web.queries@computershare.com

OCBI Board of Directors



Jonathan F. Rouis
Chairman
CPA—Partner at RBT CPAs



Michael J. Gilfeather
President & CEO



Louis Heimbach
Chairman Emeritus and
Former Chairman, President
& CEO—Sterling Forest LLC



Greg F. Holcombe
President & CEO—Holcombe
Development Companies



Kevin J. Keane
Managing Partner
—PKF O'Connor Davies



Marianna Kennedy
Partner
—Drake Loeb PLLC



Susan G. Metzger, Ph.D.
Former Principal—Lawler,
Matusky & Skelly Engineers LLP
Former Board Member—MTA



William D. Morrison
Principal—Morrison Insurance
Former Account Executive—
Marshall & Sterling



Richard B. Rowley
President & CEO—Rowley
Companies



Terry R. Saturno
Former President & CEO—
Orange Bank & Trust Company



Gus J. Scacco
Chief Investment Officer & CEO—
Hudson Valley Investment
Advisors, Inc.

HVIA Board of Directors



Michael J. Gilfeather
Director



Denis Fatovic



Louis Heimbach



William D. Morrison



Richard B. Rowley



Gus J. Scacco



Frank J. Skuthan



Elizabeth Strader

Orange County Bancorp, Inc.

Summary Financial Data

BALANCE SHEET HIGHLIGHTS

(IN THOUSANDS)

	December 31, 2022	December 31, 2021
Total Assets	\$2,287,334	\$2,142,583
Total Loans	\$1,569,430	\$1,291,428
Allowance for Loan Losses	\$21,832	\$17,661
Total Deposits	\$1,974,387	\$1,914,384
Total Stockholders' Equity	\$138,138	\$182,836

INCOME STATEMENT HIGHLIGHTS FOR YEAR ENDED

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	December 31, 2022	December 31, 2021
Total Interest Income	\$84,223	\$64,429
Net Interest Income	\$78,088	\$60,461
Provision for Loan Losses	\$9,517	\$2,428
Total Noninterest Income	\$11,996	\$12,102
Total Noninterest Expense	\$50,290	\$43,458
Net Income	\$24,363	\$21,287
Basic & Diluted Earnings per Share	\$4.33	\$4.28

SELECTED RATIOS AND OTHER DATA

	Twelve Months Ended December 31,	
PERFORMANCE RATIOS	2022	2021
Return on average assets	1.05%	1.06%
Return on average equity	15.62%	13.70%
Interest rate spread	3.35%	3.03%
Net interest margin	3.52%	3.15%
Dividend payout ratio	19.15%	18.67%
Non-interest income to average total assets	0.52%	0.60%
Non-interest expenses to average total assets	2.18%	2.17%
Average interest-earning assets to average interest-bearing liabilities	161.62%	161.44%



Letter from the Chairman and President

With the benefit of hindsight, it's clear 2021 was a transition year following the unprecedented COVID shutdown. We renewed commitment to our strategic plan, identified and secured new business opportunities, built on relationships established through our client-focused response to the pandemic and successfully completed a \$34 million IPO. It's equally clear these initiatives positioned us for growth in 2022, and what a year of execution it was.

We are pleased to report 2022 was the most successful in the Company's 130-year history. For the full year ended December 31, 2022, the Company earned a record \$24.4 million, a \$3.1 million, or 14.4%, increase over the prior year. We also grew our loan portfolio \$278 million, or 21.5%, to \$1.6 billion at year end, and saw total deposits reach approximately \$2.0 billion. Additionally, despite the worst performing equity and fixed income markets in decades, our Hudson Valley Investment Advisory division, whose revenues are directly correlated to market performance, experienced only a modest decrease in revenue.

These results are even more impressive against a backdrop of aggressive Federal Reserve inflation fighting efforts, which saw seven interest rate increases and a host of liquidity reduction initiatives throughout the year. While the Fed's policy appears to be having its intended economic and inflation cooling impact, its regional effects have thus far been relatively muted. As a result, we saw – and continue to see – compelling opportunities for further business and loan growth. These opportunities are present throughout the region, but our expansion into lower Westchester County and the Bronx have been particularly timely and given us access to new, larger cliental with greater potential than originally expected. Continued growth in our loan portfolio combined with higher interest rates helped to expand our net interest rate margin during fourth quarter 2022 to 4.12%, up 102 basis points, or nearly 33%, over the same period in 2021.

Despite this strong performance, we can't help but remember the old adage about "fighting the Fed"... namely, don't. If rates remain high and system liquidity tight, it will be difficult to replicate the outstanding growth and results we enjoyed in

2022. We believe, however, the flexible, regional business bank model we've built will provide some insulation in this challenging macro environment.

We also had the opportunity to enhance our Wealth Management Division in 2022 through the hiring of David P. Dineen, Director of Wealth Services. As mentioned previously, one of the Bank's primary goals remains the leveraging of business relationships to capture a larger portion of our clients total banking needs. This includes wealth management, estate planning, and investment diversification, and we view Private Banking as a conduit to these services and an incremental, but stable revenue stream for the Bank. We will continue to grow this area, as well as our Trust and Investment Advisory business, and David's addition represents a meaningful step in that direction.

As the bank continues to grow, so has our need for expanded and highly experienced governance. In 2022, we added two new Board members, Kevin Keane and Marianna Kennedy. Kevin brings years of accounting and business building experience to the Board as long-time managing partner at the accounting firm of O'Connor Davies. Marianna, a practicing attorney for Drake Loeb PLLC, has expertise in business and financial transactions. Kevin and Marianna have already provided valuable contributions to Board discussions and we look forward to their continued input.

In addition to expanding the Board, early last summer we announced two important changes in Board leadership. Long-time board Chairman Lou Heimbach informed us of his desire to step down from this leadership role. We are grateful for Lou's years of commitment and pleased he has agreed to stay on as a Board member, giving us the ongoing benefit of his knowledge and experience.

One of Lou's qualities as Board Chair was the development of a deep bench. This served us well in choosing his successor. Jonathan Rouis joined the Company board in 2018 and has been extremely active since, serving as Chair of the Audit Committee, as well as a member of our Nominating and Corporate Governance, Compensation, and Executive Committees. When it came time to pick Lou's successor, Jonathan was an obvious choice, and we are delighted he agreed to assume the role.

And, finally, Richard Rowley was named Chairman of our HVIA investment subsidiary. Rich has been an active and involved board member since 2009, and is a highly respected businessman and community leader in the Hudson Valley. His extensive experience, market knowledge, and understanding of banking and investing will be a tremendous asset to HVIA, particularly as we move to better integrate asset management with our efforts in Private Banking.

For the first time since we began repositioning the Bank in 2014, 2022 presented the opportunity to demonstrate the potential of our strategy. It yielded impressive results. And though headwinds presented by the Fed's inflation fighting efforts may challenge our growth in the near term, we remain excited by the prospects ahead. We firmly believe that if we continue to engage, anticipate and serve our client's needs, build market share in the regions we serve, remain disciplined and cautious with lending, expand our service offering, and hire the best professionals, 2022 will prove a springboard to even stronger performance. This defines our strategy going forward and our confidence in our ability to execute is reflected in the composition of our current team. Without the contribution of every employee, results like those we experienced in 2022 wouldn't be possible. We are humbled by and thankful for their performance and commitment and look forward to all we can accomplish going forward.



Jonathan Rouis,
Chairman



Michael J. Gilfeather,
President & CEO



They see you as a person and
know your business
inside and out... ”

Tim and Donna McCarey
McCarey Landscaping, Inc.

Donna and her husband Tim both had good careers. When Donna convinced him to start a landscaping business, she would help in the office. Twenty-seven years later, she is the majority owner and president of the company, now a New York State-certified Minority and/or Women-owned Business Enterprise (MWBE). Her clients include JFK and Stewart International Airports and the Metropolitan Transit Authority (MTA). Along the way, she decided she didn't like standing in line and the staff

turnover at her big bank. She chose Orange Bank & Trust where, she says, "They see you as a person and know your business inside and out, and proactively educate you and your staff." Donna says Orange Bank & Trust technology like Remote Deposit and Positive Pay make business easier for her, vendors, and clients. Continuing a 20-year relationship, she says she'll never leave because of the Bank's support for her and her business.

It made my **trust** in banking return. ”

Jay Neugarten, DDS, MD, FACS
The New York Center for Orthognathic and Maxillofacial Surgery
New York Hospital Cornell-Weill Medical Center

Dr. Neugarten's parents arrived from Germany and discovered vastly better American healthcare, making it a cornerstone for their children as they grew. With his father as a butcher and having been mentored by a local dentist, he naturally gravitated toward oral surgery and earned both dental and medical degrees. As his practice grew, he found that the local banks he was dealing with were being absorbed into big, regional, and national firms that didn't meet his needs for a personal relationship

and individual attention. He rediscovered both when he moved to Orange Bank & Trust. He can call on weekends and has his banker's personal mobile phone number. It was what he yearned for and needed in a banking relationship. He says, "It made my trust in banking return." Dr. Neugarten particularly appreciates the lines of credit that help manage cash flow and the up-to-date digital platforms, so he doesn't have to go to the bank. He says, "Orange Bank & Trust has it all – innovation, technology, and customer support."





...They know... and understand
the market and the
client's environment.”

Faith Ferguson

Faith Ferguson Productions/The Stagecoach Inn

Faith planned events all over the country for Sony Corporation. With a young, growing family, she wanted more flexibility to be with her children and started a local event planning business, Faith Ferguson Productions, and other ventures. If there's one thing Faith knows as an event planner understands, it's the importance of knowing her clients—their pain points, and how to make them feel cared for, and understood. Ironically, her previous bank lacked all of that; she was just another customer. Faith

turned to Orange Bank & Trust. As their relationship grew, the Bank helped fund her expansion of the Stagecoach Inn, and she soon became a Private Banking client. She says of her bankers, “Amazing. They know who you are. They know your business and understand the market and the customer's environment.” She appreciates the Bank's technology and particularly likes Mobile Banking. “Anyone in their own business needs to do business with Orange Bank & Trust. It's a no-brainer.”



From day one, this bank really **believed in us.**”

Eric Butler and John McGowan
Butler Construction Group, Inc.

Eric and John share a passion for building things and making the business grow. Eric knew the trade and brought John in to handle the finances. They needed a line of credit to buy equipment. They didn't think they could get it at Home Depot. They went to Orange Bank & Trust, and Eric says, "It is why we're here today, growing at about 30% a year." John says the Bank has been great since. "From day one, this bank really believed in us." They both especially appreciate how the Bank helped them weather COVID with advice and a line of credit Eric calls "The backbone of the company." Remembering when a \$500,000 job was a big deal, Butler is now handling \$20 million construction projects and will never consider changing banks because of Orange Bank & Trust's agile responsiveness, concern for the business, and personal service. "How many bankers would give me their personal cell phone number?"



Orange Bank & Trust is a
phenomenal partner
for our non-profit. ”

Joanne Dunn
Executive Director — Youth Shelter Program of Westchester

Joanne believes in paying it forward. From her own experience, she helps others “Turn their pain into their purpose.” When she took the helm in January 2020, it was a time of significant changes in criminal justice reform. Then Covid happened, and their banking needs became critical. The Bank was an ally and a champion for Joanne and helped shepherd the shelter’s PPP funding so they could remain operational. “They are a phenomenal partner” helping her meet the challenges of running a non-profit

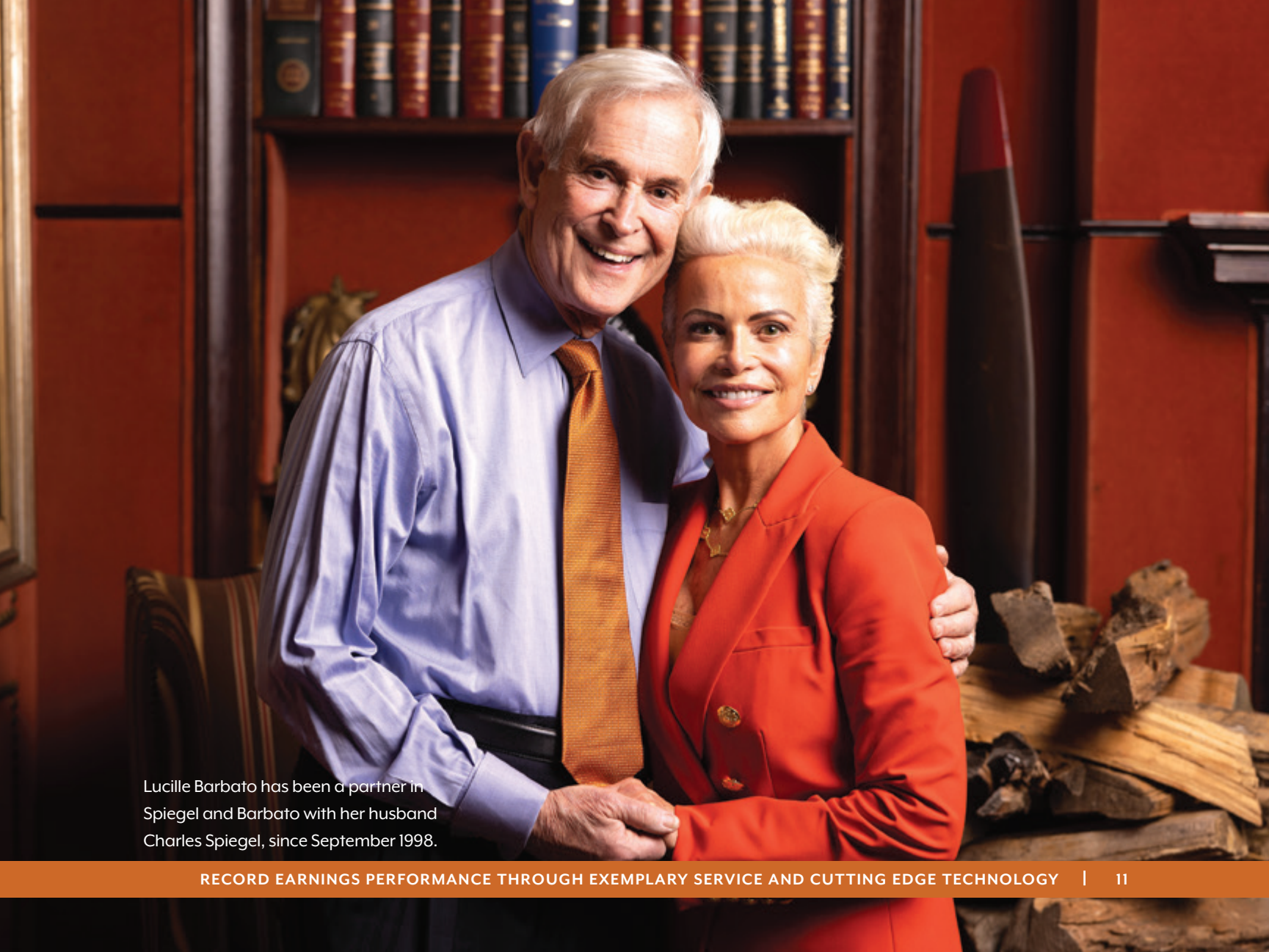
including managing the day-to-day cash flow analysis and navigating lines of credit. Joanne says she will choose Orange Bank & Trust, over and over, because they are a trusted partner and care about her organization’s mission and the people it serves. She knows she can pick up the phone, and they know her name, organization, and situation. Even better, she appreciates that her bankers sit down after hours for a deep dive into the Shelter’s finances. Joanne says it is a true relationship. “They call me; you become a friend.”

...Our banker even
came to our home
to pick up checks. ”

Lucille Barbato, Partner
Spiegel and Barbato, LLP

Lucille knew she wanted to practice law since she was 16. With time and dedication, her dream came true, starting as a legal secretary through paralegal training and law school into a partnership with her husband. At first, they banked “across the street,” with a big bank, which grew increasingly impersonal, cold, and frustrating. It got her attention when Orange Bank & Trust came to the

Bronx. She says the firm changed banks because of the “Trust” factor with Orange Bank & Trust and because they now receive the personal attention they need to grow and improve. During Covid, Lucille says, “They held our hands, on the phone, online, and our banker even came to our home to pick up checks.”



Lucille Barbato has been a partner in Spiegel and Barbato with her husband Charles Spiegel, since September 1998.



ORANGE
Wealth Management 

Managing every aspect of a **client's financial life**

Diversifying income streams is a smart strategy for any business. One way Orange Bank earns additional revenue is through fee income generated by financial advisory services. This tactic is especially important as we continue to operate in a low interest rate environment. It adds value for our clients and profits for our shareholders, while simultaneously demonstrating sound management and growth strategies to new investors.

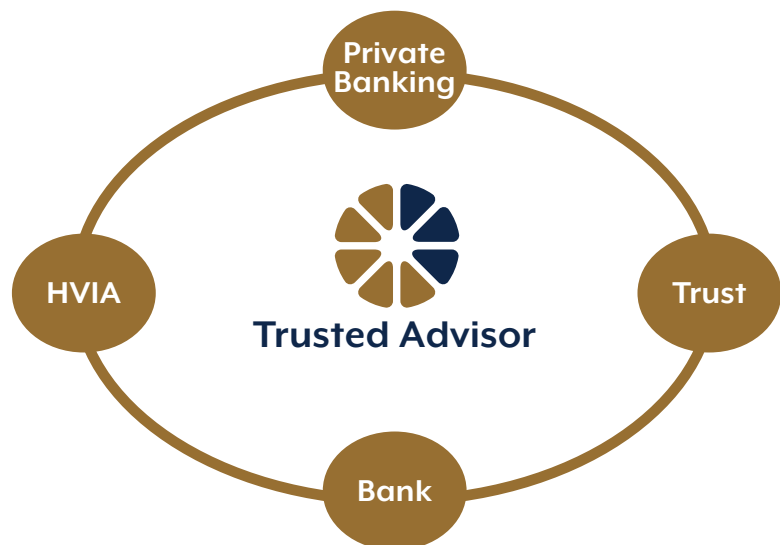


DAVID DINEEN
Senior Vice President
Director of Wealth Services

The Orange Wealth Management Division— comprised of services and products delivered through Private Banking, Trust Services, and Investment Management through Hudson Valley Investment Advisors (HVIA)— continues to have a positive impact on non-interest income. This division is tailored to serve our new and existing client relationships by providing a holistic approach to their financial needs. Our professionals in Trust Services and HVIA advise and help clients plan, build wealth for an enjoyable retirement, protect their assets and their family, and leave a legacy, all while continuing to enjoy the exclusive, concierge style banking from our Private Banking team.

Orange Wealth Management Value Proposition

The client financial lifecycle is critical. Optimization of the OWM referral model is created by having meaningful conversations with clients/prospects based on their resumes as it relates to their financial life cycle.



Private Banking

Undivided Attention to High-Net-Worth Clients

People with a high net worth appreciate individual care. With a high-touch approach, our Private Bankers deliver that attentiveness in a way that is not only personal, but memorable and in such a way as to make their client's financial lives more manageable. We start each relationship by learning everything we can about our clients and offering them financial services through our Deposit Products, Loans, Trust and Estate Planning, Special Needs Trusts and Guardianships, Financial Planners, and Investment Management Services.

In 2022 Private Banking—led by **First Vice President/Senior Private Banker Carla Alfieri**—onboarded 77 new clients, bringing the total client base to over 450. The team continued to leverage the Salesforce Customer Relations Management system, which provides a view of each client's relationship with us, allowing the Private Banking team to take a high-level view and guide a Bank-wide holistic approach toward financial advice and solutions. The Private Banking division was a solid contributor to the Bank's financial results in 2022.

CARLA A. GIGI-ALFIERI

First Vice President
Senior Private Banker



Trust Services

Volatile Markets in 2022

Equity markets were down across the board in 2022, as the benchmark S&P 500 index was down by 19.44% for the year. Fixed-income markets experienced their worst performance in over 100 years as Treasuries and other fixed-income instruments rates rose throughout the year, driven by a seven-rate increase by the Federal Reserve Bank taking the Fed Funds rate from 0.25% on 3/17/22 to 4.50% on 12/14/22. Despite these market declines, Assets Under Management (AUM) decreased by only 2.8% from \$602 million on 12/31/21 to \$585 million on 12/31/22 as the Trust Division generated \$54 million in AUM from new business.



FRANK SKUTHAN
Senior Vice President
Trust Services Director

The Bank's traditional Trust & Estate business had \$346 million in AUM or 59% of total AUM at year-end and generated \$2.3 million in fee income or 48% of the total for 2022. Our highly regarded **Special Needs Trust Department** had \$239 million in AUM or 41% of total AUM and generated \$2.5 million in fee income or 52% of the total. Total Trust fee income for the year was \$4.8 million, which was flat to the 2021 total.

Investment Management Services

A Year of Resiliency

Our subsidiary, Hudson Valley Investment Advisors, Inc. (HVIA), has provided investment stewardship for clients since 1995. A choppy equity market, combined with one of the most challenging bond markets in history, meant that HVIA faced some headwinds in 2022. Current clients and new ones either kept or put their faith in HVIA, **resulting in new asset growth of 10%**. As the interest rate market changed over the year, we worked with clients to recalibrate their expectations and portfolios, intent on taking advantage of any opportunities that arose. Most importantly, HVIA was able to productively partner with our colleagues at Orange Wealth Management and develop consultative solutions for our collective clients, becoming the trusted advisors to those clients.



**HUDSON VALLEY
INVESTMENT ADVISORS, INC.**

A subsidiary of Orange County Bancorp, Inc.

Our publicly traded mutual fund became available to a broad range of advisors and continued to return long-term value to investors in the fund. Additionally, our significant steps in our affiliation with the Bank and its continued geographic expansion will allow us to extend our products and services to our firm's southern market and significantly solidify our presence in our historical footprint. Investment managers often rely on the research of others, or a parent organization, to provide them with asset management expertise. HVIA has been and will continue to be that expertise. We do our own in-house research. And we do it in your backyard.

Doing Good

for the Good of Our Neighbors

When we make a loan to a business, non-profit, or municipality in Orange, Westchester, Rockland counties, or the Bronx, it is an investment in economic growth that helps build vibrancy into those communities. Beyond loans, The Bank and its employees also help strengthen the cities, towns, villages, and neighborhoods where we operate through our Community Giving

and Volunteer Program. All of us—senior management, loan officers, business bankers, and administrative staff—willingly give our time, talent, treasure, and even their own personal financial contributions to numerous non-profit organizations and other associations including food banks, homeless shelters, literacy programs, children’s services, and other civic-minded groups to better people’s lives.

Orange & Rockland Counties



Cornerstone Family Health Care

Cornerstone Family Healthcare Charitable Foundation is a non-profit dedicated to supporting Cornerstone’s mission to **provide high-quality, comprehensive healthcare services to all people**, with an emphasis on the underserved in our communities. Orange Bank & Trust supports Cornerstone’s dedication to providing healthcare opportunities in our communities.

Middletown Corps Community Center: The Salvation Army Angel Tree Program

The Salvation Army Angel Tree program helps **provide Christmas gifts for hundreds of thousands of children** around the country each year. Orange Bank & Trust Company employees supported this program by purchasing Gifts and Toys for children in our surrounding community.

United Way

At Orange Bank & Trust, Community is at our core. In the spring, our branches participated in the United Way – Dutchess Orange Region and United Way of Rockland County initiatives. Our Nanuet branch participated in the **2022 Spring Days of Caring**, considered the largest community service event in Rockland County. In May, our Montgomery branch manager, Margaret Kranz participated in the United Way – Celebration of Service.



Bronx County

Rotary Club of the Bronx

Bronx Rotary brings together a network of volunteer leaders who dedicate their time and talent to **tackle the world's most pressing humanitarian challenges**. Rotary connects 1.2 million members from more than 200 countries and geographical areas. Their work impacts lives at both the local and international levels. Anthony Mormile, SVP Senior Commercial Loan Officer at Orange Bank & Trust, received the 2022 Paul Harris Community Service Award at the Rotary's Holiday Celebration.



Bronx Chamber of Commerce

The Bronx Chamber of Commerce focuses on **community and economic development to advance economic opportunity and growth, innovation, and comprehensive business planning** for the Bronx. Orange Bank & Trust President & CEO Michael Gilfeather, was honored at the 2022 Bronx Chamber Golf Outing.



Westchester County



Sound Shore St. Patrick's Parade

Marie Moreno, Relationship Manager at our Mamaroneck branch, attended the 10th Annual Sound Shore St. Patrick's Day Parade on behalf of the Bank! Orange Bank & Trust sponsored the LMC Media Center portion of the parade. LMC Media Center is the largest New York-based community media center outside of New York City and a full-service production and education center.



Feeding Westchester

Feeding Westchester is a non-profit organization that supports the Westchester community by providing access to food and other necessary resources in the fight against hunger. Our Orange Bank & Trust Bankers volunteered for Feeding Westchester as they assisted with packing bags of fresh produce for the Senior Grocery Program. As a team, they packaged a total of 495 bags that were distributed in efforts to offset hunger throughout Westchester.

Senior Leadership Team



MICHAEL J. GILFEATHER
President
Chief Executive Officer



MICHAEL COULTER
Executive Vice President
Chief Lending Officer



JOSEPH A. RUHL
Executive Vice President
Regional President – Westchester



GREG SOUSA
Executive Vice President
Chief Commercial Banking Officer



DAVID DINEEN
Senior Vice President
Director of Wealth Services



ELIZABETH JONES
Senior Vice President
Chief Operating Officer



PAM JONES
Senior Vice President
Human Resources Director



MICHAEL LESLER
Senior Vice President
Chief Financial Officer



MIKE LISTNER
Senior Vice President
Chief Risk Officer



ANTHONY PILI
Senior Vice President
Director of Cash Management



STEVEN ROONEY
Senior Vice President
Chief Credit Officer



FRANK SKUTHAN
Senior Vice President
Trust Services Director

Leadership Officers

ANTHONY MORMILE
Senior Vice President
Senior Commercial Loan Officer

JENNIFER STAUB
First Vice President
Senior Compliance Officer
Corporate Secretary

GLENN WASSERMANN
Senior Vice President
Senior Trust Officer

Hudson Valley Investment Advisors, Inc. Officers

GUS SCACCO
Chief Executive Officer
Chief Investment Officer

RONALD P. MAYFIELD
Deputy Chief Investment Officer
Vice President, Chartered Financial Analyst

MICHAEL RUNDLE
Vice President, Portfolio Manager,
Certified Financial Planner

MARK LAZARCZYK
Chief Operating Officer
Chief Compliance Officer

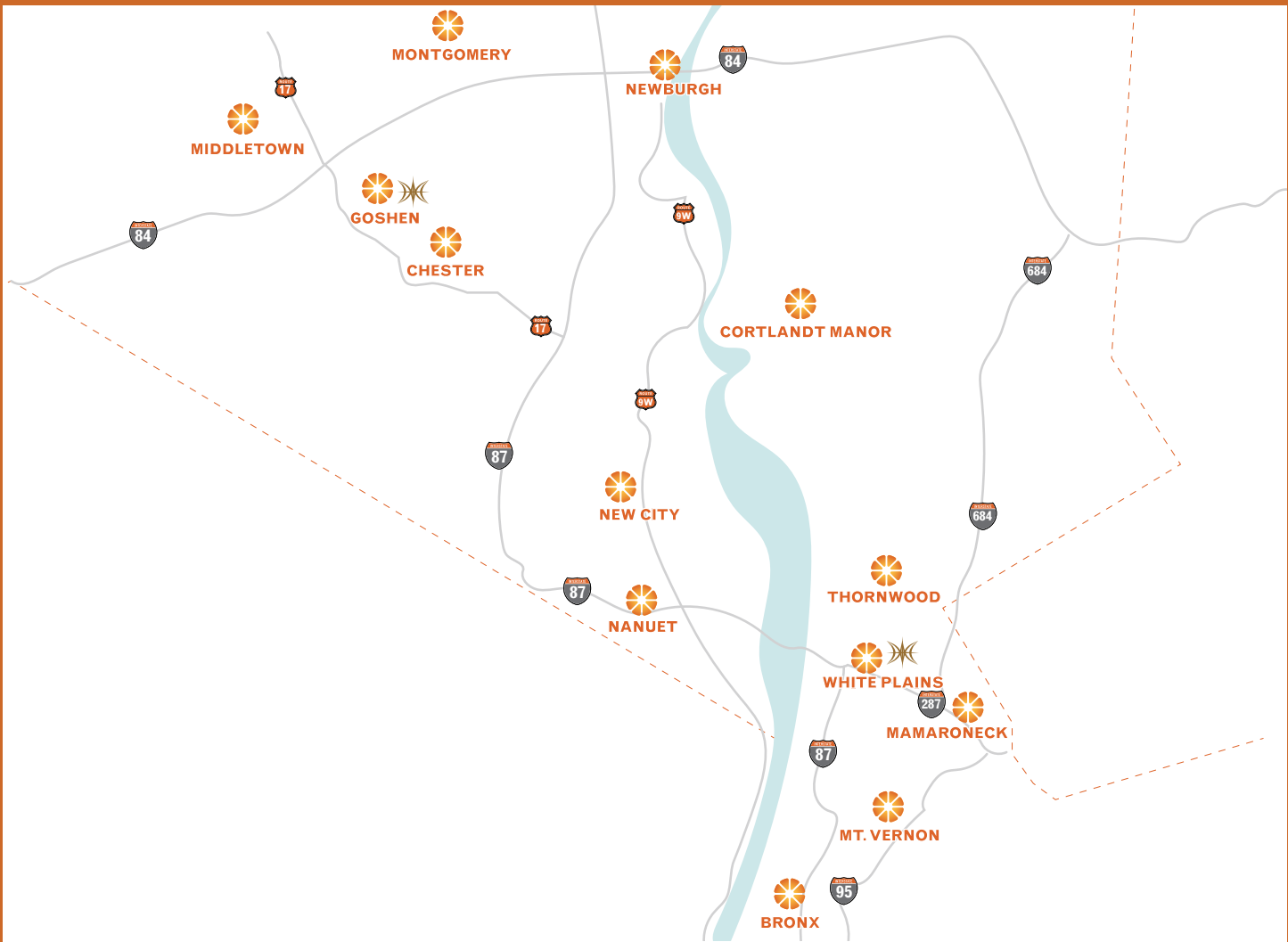
KELLY LYNCH-MOLONEY
Vice President, Certified Financial Planner

CURT SCHULTZBERG
Vice President, Strategic Market Manager

MELISSA MINEAU
Vice President, Relationship Manager

JAMES SERKES
Vice President, Portfolio Manager

Locations



Bronx

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Chester

91 Brookside Ave
Chester, NY 10918
T. 845-469-6282

Cortlandt Manor

2141 Crompond Rd
Cortlandt Manor, NY 10567
T. 914-930-6279

Goshen

54 West Main St
Goshen, NY 10924
T. 845-294-9700

Goshen - HVIA

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Middletown

212 Dolson Ave
Middletown, NY 10940
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33 Trust Way
Middletown, NY 10940
T. 845-341-5074

75 North Street
Middletown, NY 10940
T. 845-341-5013

Montgomery

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Montgomery, NY 12549
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Mamaroneck

1214 East Boston Post Rd
Mamaroneck, NY 10543
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Mt. Vernon

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Mount Vernon, NY 10550
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Nanuet

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New City

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White Plains - HVIA

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White Plains - Lending office

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orange county
BANCORP,
inc.

OrangeBankTrust.com