Fact Sheet

Cortland Bancorp

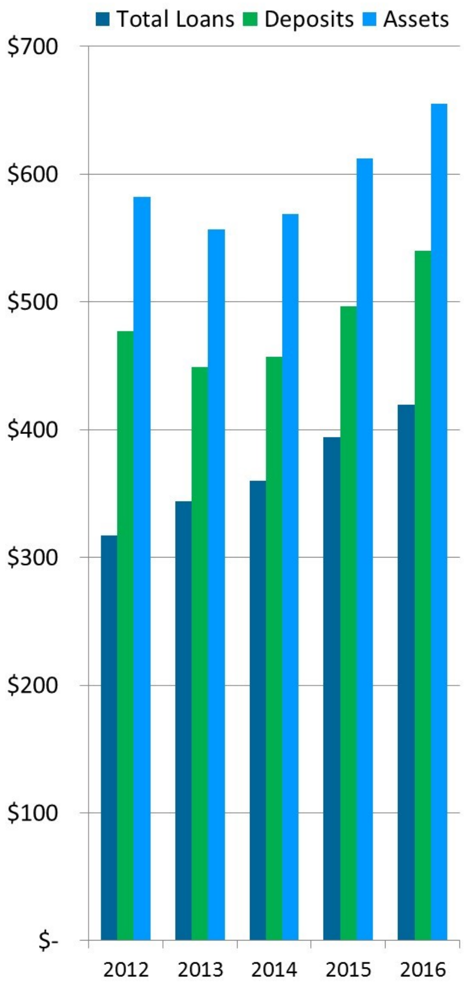
https://www.cortlandbank.com. **OTCQX: CLDB $17.84 – 1/27/2017**

4Q16 Financial Highlights

- Diluted EPS grew 14% to $1.11 for the full year 2016, compared to $0.97 per diluted share for 2015. 4Q16 diluted EPS was $0.26, up 8% from $0.24 diluted EPS for 4Q15.
- Full year 2016 net interest income grew 6% to $19.6 million compared to $18.5 million for 2015. Net interest income increased 6% to $5.0 million for 4Q16, compared to $4.7 million for 4Q15, and grew 2% from $4.9 million for 3Q16.
- For the full year of 2016, non-interest income, excluding investment gains, grew 9% to $4.2 million from $3.8 million for 2015. Non-interest income, excluding investment gains, was $897,000 in 4Q16, down slightly from $903,000 in 4Q15. Non-interest income in 3Q16 was $1.0 million.
- Net interest margin ("NIM") was 3.63% for the full year 2016, from 3.65% for 2015. 4Q16, NIM was 3.58% compared to 3.63% for 4Q15 and 3.63% for 3Q16.
- Total deposits grew 9% to $539.9 million from $496.4 million at December 31, 2015, and increased 6% from $508.5 million at September 30, 2016.
- Total loans increased 6%, to $419.8 million, compared to $394.3 million at December 31, 2015, and grew 6%, from $395.8 million at September 30, 2016.
- Despite fourth quarter decline, mortgage banking revenue YOY increase of 59% was key driver to higher noninterest income in 2016.
- Nonperforming assets decreased to $9.1 million, or 1.39% of total assets, at December 31, 2016, compared to $12.4 million, or 2.02% of total assets a year earlier, and $9.1 million, or 1.46% of total assets, at September 30, 2016.
- Allowance for loan losses as a percentage of total loans was 1.16% at December 31, 2016, compared to 1.32% at December 31, 2015.
- Cortland Bancorp remained well capitalized with total risk-based capital to risk-weighted assets of 15.10% and tangible equity to tangible assets of 8.80%.
- A quarterly cash dividend of $0.08 per share will be payable on March 1, 2017, to shareholders of record on February 10, providing a 1.8% current yield at recent market prices. In addition, the Board declared a special year-end dividend of $.07 per share, also payable on March 1, 2017.

Balance Sheet

($ in millions)



5 Year Financial Highlights

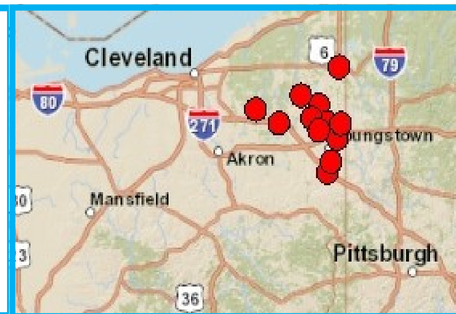
$ in 000s except per share	EPS Diluted	Net Income	Tangible Book/Shr	Total Assets	NPAs/ Assets	Net Interest Margin
2016	**$1.11**	**$4,871**	**$13.05**	**$655,184**	**1.39%**	**3.63%**
2015	$0.97	$4,378	$12.87	$612,443	2.02%	3.65%
2014	$0.85	$3,869	$12.33	$568,932	1.77%	3.67%
*2013	$0.39	$1,784	$10.94	$556,918	1.32%	3.41%
2012	$0.64	$2,913	$10.93	$582,240	1.11%	3.58%

**2013 profits were impacted by charges for its investment portfolio due to regulatory changes mandated by the Volcker Rule, which reduced net income by $1.3 million.*

CortlandBancorp

Founded in 1892, operates 14 full-service branches and two financial service centers in Northeast Ohio. Located between the Cleveland, OH and Pittsburgh, PA metropolitan areas., its market area encompasses two state universities and several world class hospitals including Mercy Health Partners, Akron Children's, the Cleveland Clinic, UPMC and University Hospital.

Cortland is a city in Trumbull County, Ohio, located on the eastern shore of Mosquito Creek Reservoir. The population was 7,104 at the 2010 census. It is part of the Youngstown-Warren-Boardman, OH-PA Metropolitan Statistical Area. Cortland became a village in 1874 with the construction of a railroad depot. It became a city in 1980 when its population exceeded 5,000 people. https://www.cortlandbank.com

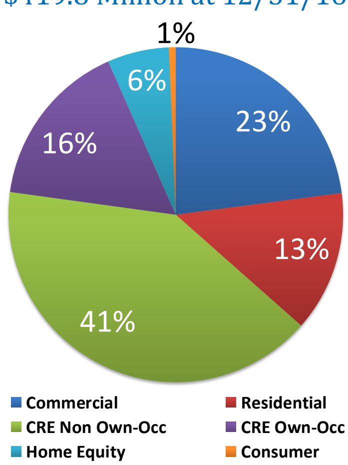


FINANCIAL HIGHLIGHTS ($ in thousands)

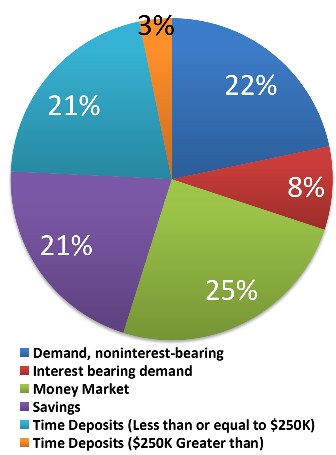
Income Statement - Quarter ended	31-Dec-16	30-Sep-16	31-Dec-15
Interest Income	$ 5,762	$ 5,660	$ 5,395
Interest Expense	764	743	679
Net Interest Income	4,998	4,917	4,716
Provision for Loan Losses	-	50	65
Net Interest Income after Provision	4,998	4,867	4,651
Investment security gains	8	83	47
Noninterest Income (excluding investment gains)	897	1,037	903
Noninterest Expense	4,489	4,479	4,192
Income Before Taxes	1,414	1,508	1,409
Provision for Income Taxes	273	313	323
Net Income	$ 1,141	$ 1,195	$ 1,086
Per Common Share Data			
Earnings per Share	$ 0.26	$ 0.27	$ 0.24
Tangible Book Value per Share	$ 13.05	$ 13.65	$ 12.87

Balance Sheet Data ($ in thousands)	31-Dec-16	30-Sep-16	31-Dec-15
Total Assets	$ 655,184	$ 621,162	$ 612,443
Gross Loans	$ 419,768	$ 395,763	$ 394,254
Total Deposits	$ 539,850	$ 508,452	$ 496,404
Total Shareholders' Equity	$ 57,670	$ 60,334	$ 56,684

Gross Loan Portfolio
$419.8 Million at 12/31/16



Total Deposit Mix
$539.9 Million at 12/31/16



CLDB - STOCK DATA

Stock Price (1/27/2017)	$17.84
Market Cap	$78.9M
Shares Outstanding	4.4 M
Tangible Book Value	$13.05
Price/Tangible Book	137%
P/E Ratio (TTM)	16.07x
Net Interest Margin (MRQ)	3.58%

TOTAL RETURN

One Year	7.76%
Three Year	76.60%
Five Year	171.42%

CORP. MARKET MAKER

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