CORTLAND BANCORP

FACT SHEET

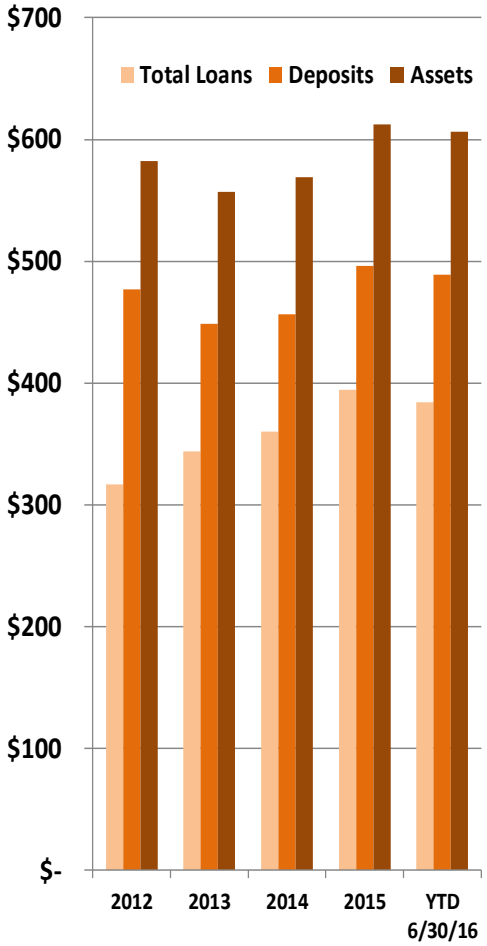
OTCQX: CLDB $15.30 – 8/2/2016

2Q16 Financial Highlights

- Profits increased 23% in first half of 2016 to $2.5 million, or $0.58 per share from $2.1 million, or $0.46 per share.
- Net income increased 28% to $1.2 million, or $0.27 per share, for 2Q16 , compared to $916,000, or $0.21 per share, for 2Q15. Boosting 2Q16 results was a (pre-tax) $2.5 million bankruptcy settlement associated with a commercial loan that was on nonaccrual status, which increased earnings (after-tax) by $195,000.
- Net interest income increased 10% to $5.0 million for 2Q16, compared to $4.6 million for 2Q15, and grew 7% from $4.7 million for 1Q16. YTD, net interest income increased 6% to $9.7 million, from $9.1 million for 1H15.
- Non-interest income (excluding investment gains and losses) grew 30% to $1.2 million for 2Q16, from $896,000 for 2Q15, and grew 7% from $1.1 million for 1Q16.
- Net interest margin ("NIM") for the quarter improved to 3.77%, compared to 3.66% for 2Q15 and 3.58% for 1Q16. For the fist six months of 2016, NIM was 3.67% compared to 3.66% for the first half of 2015.
- Total loans increased 7% to $384.1 million from $357.9 million a year ago.
- Total deposits grew 9% to $488.7 million year-over-year.
- Nonperforming assets, as a percentage of total assets, declined to 1.54% compared to 1.71% a year earlier, and from 2.05% on a linked quarter basis.
- The allowance for loan losses was 1.27% of total loans at 6/30/2016, compared to 1.52% a year ago and 1.39% at 3/31/2016.
- Cortland Bancorp remained well capitalized with total risk-based capital to risk-weighted assets of 14.88% and tangible equity to tangible assets of 9.93%.
- A quarterly cash dividend of $0.07 per share will be payable on September 1, 2016 to shareholders of record on August 10, 2016, providing a 1.8% current yield at recent market prices.

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
YTD 6/30/16	$ 0.58	$ 2,535	$ 13.67	$ 606,361	1.54%	3.67%
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.*

The Cereghino Group
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Cortland Bancorp , founded in 1892, operates 13 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.

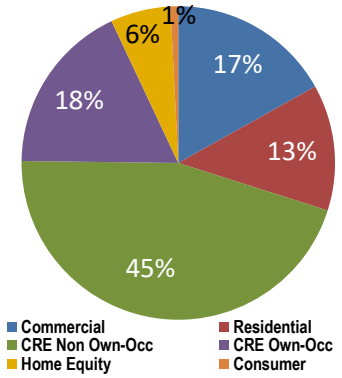
Cortland is a city in Trumbull County, Ohio, located on the eastern shore of Mosquito Creek Reservoir. The population was 7,104 at the 2010 census. It is part of the Youngstown-Warren-Boardman, OH-PA Metropolitan Statistical Area. Cortland became a village in 1874 with the construction of a railroad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

FINANCIAL HIGHLIGHTS ($ in thousands)

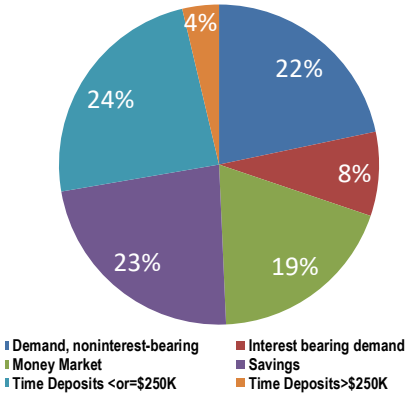
Income Statement - Quarter ended	**30-Jun-16**	**31-Mar-16**	**30-Jun-15**
Interest Income	$ 5,740	$ 5,393	$ 5,206
Interest Expense	719	692	631
Net Interest Income	5,021	4,701	4,575
Provision for Loan Losses	-	-	130
Net Interest Income after Provision	5,021	4,701	4,445
Investment security gains (losses)	4	324	(38)
Noninterest Income (excluding investment gains)	1,161	1,083	896
Noninterest Expense	4,734	4,484	4,187
Income Before Taxes	1,452	1,624	1,116
Provision for Income Taxes	279	262	200
Net Income	$ 1,173	$ 1,362	$ 916
Per Common Share Data			
Earnings per Share	$ 0.27	$ 0.31	$ 0.21
Tangible Book Value per Share	$ 13.67	$ 13.23	$ 12.50

Balance Sheet Data ($ in thousands)	**30-Jun-16**	**31-Mar-16**	**30-Jun-15**
Total Assets	$ 606,361	$ 590,393	$ 568,819
Gross Loans	$ 384,058	$ 373,788	$ 357,873
Total Deposits	$ 488,675	$ 481,941	$ 447,343
Total Shareholders' Equity	$ 60,223	$ 58,270	$ 56,455

Gross Loan Portfolio
$384.1 Million at 6/30/16



Total Deposit Mix
$488.7 Million at 6/30/16



CLDB - STOCK DATA

Stock Price (8/2/2016)	$15.30
Market Cap	$67.4M
Shares Outstanding	4.4 M
Tangible Book Value	$13.67
Price/Tangible Book	112%
Net Interest Margin (MRQ)	3.77%

TOTAL RETURN

One Year	11.27%
Three Year	53.76%
Five Year	109.29%

CORP. MARKET MAKER

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