

MARKET STATISTICS

Exchange / Symbol	NASDAQ: CLDB
Price:	\$16.15
Market Cap (mm):	\$68.2
Shares Outstanding (mm):	4.2
Float (%):	87.8%
Yield (%):	3.9%
52-week Range:	\$11.10 - \$23.99
Headquarters:	Cortland, Ohio
Industry:	Regional Banks

CONDENSED BALANCE SHEET

(\$mm, except per share data)

Balance Sheet Date	9/30/2020
Cash & Cash Equivalent:	\$48.6
Debt:	\$41.5
Equity (Book Value):	\$78.1
Equity/Share:	\$18.50

CONDENSED INCOME STATEMENTS

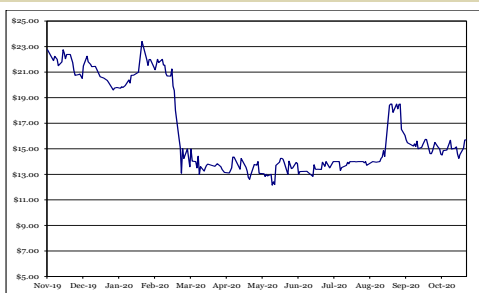
(\$mm, except per share data)

FY - 012/31	Int. Income	Net Int. Income	Net Income	Dil. EPS
FY17	\$23.5	\$20.2	\$4.4	\$0.99
FY18	\$27.7	\$22.6	\$8.8	\$2.03
Fy19	\$29.6	\$23.4	\$7.3	\$1.68
FY20E	\$27.2	\$21.2	\$7.5	\$1.75

LARGEST SHAREHOLDERS

Ancora Advisors, LLC	409,500
Richard B. Thompson	184,405
Timothy Woofter	92,145
Timothy Carney	56,763
The Vanguard Group	48,247
James M. Gasior	47,166
Millennium Management, LLC	45,699
Morgan Stanley IB & Brokerage	45,303
David J. Lucido	28,444
Bridgeway Capital Mgmt	20,000

STOCK CHART



COMPANY DESCRIPTION

Cortland Bancorp (the Company or Cortland) was incorporated in Ohio in 1984 and is the bank holding company of The Cortland Savings and Banking Company (the Cortland Bank); the Company owns all outstanding shares of the Cortland Bank. The Cortland Bank is a full-service Ohio-chartered commercial bank engaging in commercial and retail banking and also offers investment services under its Cortland Private Wealth Management brand. Cortland Bank was originally founded in 1892. Cortland currently has 13 branch locations and 1 loan production office and last reported ~162 employees. The branch locations cover five Ohio counties in three NE Ohio markets, which include the Mahoning Valley, Cleveland, and Akron-Canton.

SUMMARY

Cortland Bank has a long history of providing superior customer service, being deeply rooted in the communities that it serves while offering a full suite of banking and investment options to these NE Ohio markets. The seasoned management team has developed a sound business model and a stable geographic base from which to continue its disciplined growth strategy. Given the Company's track record of successful branch additions, combined with expanding profitability, strong credit metrics, and operational efficiency, we anticipate continued growth going forward.

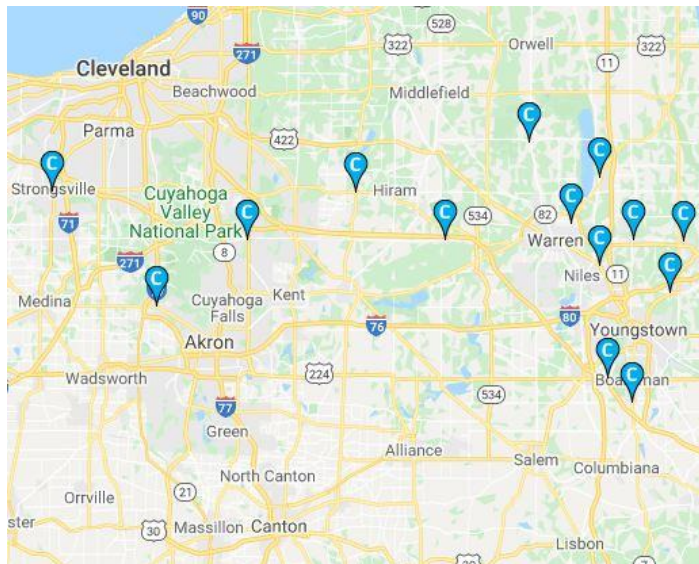
- **Solid Profit Despite Covid-19** – In Q320 Cortland reported Net Income of \$2.2M or \$0.51/sh compared to \$1.9M or \$0.45/sh in Q319, which represents 11% growth Y/Y. Additionally, Q320 pre-tax, pre-provision income was 11% higher Y/Y. Cortland overcame a lower net interest margin due to FOMC actions relative to interest rates by improving noninterest income and reducing expenses.
- **Long history of building the brand** - Cortland has built a solid brand name in the Ohio markets that it serves, currently being the 6th largest bank with ~ \$780M in assets and a history that goes back to 1892; CLDB has always had a focus on asset quality with minimal losses reported over the years.
- **Community-focused** - The Company has recruited directors with ties to communities in which they serve and a commitment to the bank through stock ownership and development efforts. Cortland also hires experienced team members at each location with a focus on supporting the local customer and business owner with a level of service beyond that of the competition, and many with industry-specific backgrounds that can cater to certain customer concentrations. Importantly, decisions are made locally, enabling the bank to remain nimble for its customers.
- **Full-service offerings** - Beyond the basics of banking, Cortland has a full-service suite of offerings for its clients, including treasury management, "private" banking and wealth management services, among others, which cater to the small- to medium-sized business owners often driving the local economy.
- **Successful growth strategy** - The Company has continued to expand its branch operations into targeted growth markets of NE Ohio over the years with great success; furthermore, Cortland has increased its asset base by gaining additional business with its current clientele, which it is able to do given the variety of banking and investment options that each branch can deliver.
- **Valuation** – While Cortland remains well capitalized under all regulatory measures, given the increase in default risk due to COVID-19, we believe a P/E range of 10x to 14x with a midpoint at 12x is reasonable. Using this range on our FY20 EPS estimate results in a valuation range of \$17.50 to \$24.50 with a midpoint of \$21.00. Further details are on page 7.

BUSINESS OVERVIEW

Positioned in Strong, High-Growth Markets

Cortland Bank has been in business since 1892 and was originally founded in Cortland, Ohio. Cortland has expanded over the years into targeted growth markets and currently reports 13 branches as well as one loan production office. Its territories include 5 Ohio counties encompassing 3 NE Ohio markets – the Mahoning Valley, Cleveland, and Akron/Canton.

Exhibit 1: Northeast Ohio Locations



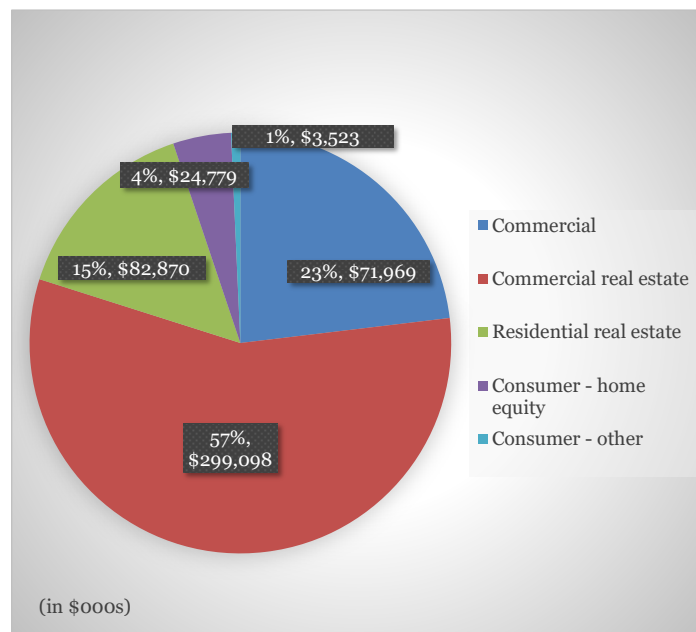
Source: Company Reports

Cortland is currently the 6th largest stock bank in Northeast Ohio with assets totaling ~ \$812 million and has accomplished this standing by strategically targeting branch locations in markets with significant growth potential. The Company has grown organically over the years, both by opening new locations and by expanding its banking and investment relationships with its current customer base. And with every location that is opened, Cortland's focus is on community banking and putting the resources in place (from Directors down to service team members) to successfully compete against other banks in the area; by delivering superior customer service and a full suite of retail and commercial offerings with a local "feel", branches are able to gain market share from many of the regional and national players. Often Cortland will initially focus on commercial lending client relationships that can then be expanded to deposits and personal banking. The Company's approach to banking has created superior customer loyalty over its long history, and Cortland quotes that the average account holder stays ~8 years.

Loan Portfolio

The Company's commercial & industrial, commercial real estate and residential real estate loans comprise the largest portion of the Bank's loan portfolio as of Q320.

Exhibit 2: Loan Composition at Q320



Source: Company Reports

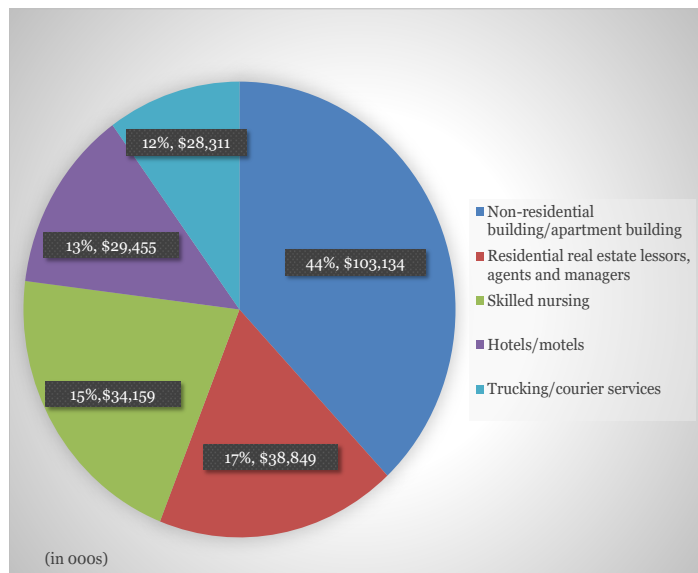
Within its commercial banking portfolio, Cortland focuses on loans to small-to-medium size businesses. The commercial and business banking business development teams have developed expertise in varying industry sectors. The business development teams are supported by a strong credit function, which positions the Bank to compete with National and larger regional banks on a multitude of business credits.

Cortland further segments commercial loans by varying business sectors reflecting the areas of largest concentrations. These include:

- non-residential buildings
- skilled nursing & nursing care,
- residential real estate lessors, agents, & managers
- hotels/motels and trucking.

Cortland also subsegments its consumer loan portfolio into two classes that include: home equity loans and other consumer loans.

Exhibit 3: Loan Concentration by Sector at Q419



Source: Company Reports

Total loans increased 9% y/y in Q320 led by loans issued under the Payment Protection Plan. Cortland also reported a loan-to-deposit ratio of 78.5% as of Q320 vs. 83.9% as of Q419 and 83.2% as of Q319.

During the quarter Cortland received requests to modify 127 commercial loans aggregating \$123.7M. Most of the requests involved the deferral of principal and interest payments and/or the extension of maturity dates. The Company noted that as of Q320 end, only 40 loans aggregating \$61.3M remain in deferral.

Exhibit 4: Loan Modifications

Type of Loan	As of September 30, 2020 (Amounts in thousands)			
	Number of Loans	Balance	% of Total Loans	% of Segment
One-to-four family residential	—	\$ —	—%	—%
Consumer	—	—	—%	—%
Commercial and Industrial				
Trucking	—	—	—%	—%
Other	6	7,669	1%	8%
Commercial Real Estate				
Multi-family	2	5,591	1%	14%
Nonresidential	11	18,131	3%	18%
Hotels	7	21,831	4%	78%
Skilled nursing/ personal care	2	2,211	—%	3%
Other	12	5,849	1%	8%
Total	40	\$ 61,282	11%	

Source: Company Reports

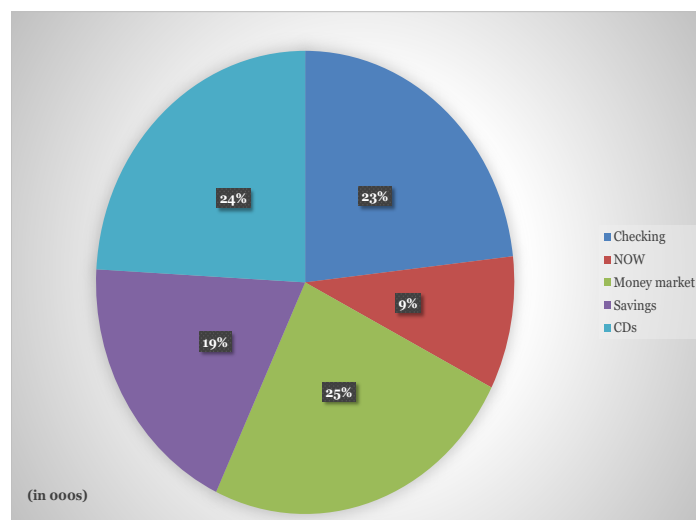
The provision for loan losses was \$525,000 for Q320 compared to \$180,000 for the same period in 2019. The increase is due to additional qualitative factors, giving recognition to the economic disruption and uncertainty associated with COVID-19.

Deposits

Alongside Cortland's loan balances, deposits have shown steady growth over recent years. Deposits come from both individuals and businesses living or located in the Company's local markets. The deposit base consists of:

- Demand deposits
- Savings
- Money market accounts
- Time deposit accounts

Exhibit 5: Breakdown of Deposits at Q419



Source: Company Reports

In Q320, total deposits grew by \$93.5M or 16% to \$681M vs. Q319 total deposits of \$587M. Non-interest-bearing deposit accounted for 29% of total deposits, with CDs at 16% of deposit mix. The shift over recent years has been away from CDs and more towards demand-type deposit accounts as account holders are unwilling to commit to longer terms in the low interest environment.

Net Interest Income and Margins

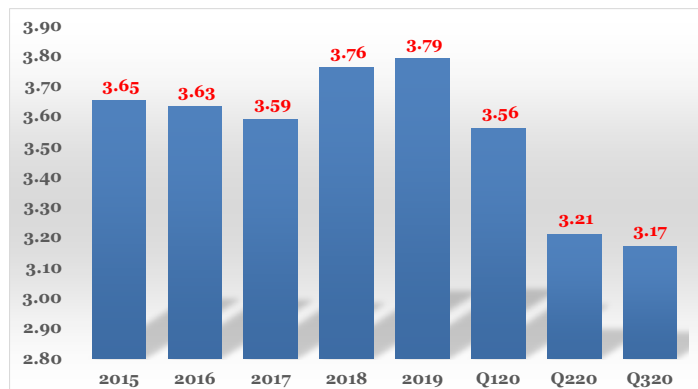
The net interest margin is a good indicator of how profitably Cortland is managing its balance sheet. Exhibit 6 provides net interest margin trends.

The Company's net interest margin decreased from 3.79% in Q419 to 3.17% in Q320. The decrease in net interest income was due to a 16.7% increase y/y in average earning assets and a 92-basis point decrease in yield. The decrease in interest expense was a product of a 52-basis point decrease in rates and a 10.8% increase in average interest-bearing liabilities. The net result was a 2.1% decrease in net interest income and a 53-basis point decrease in net interest margin on a modestly growing asset base with a different mix.

The Company's goal is to maintain a relatively stable net interest margin despite the volatility in rates by actively managing its asset-liability balance. And as always, Cortland's longer-term strategy includes maintaining adequate capital for lending and continued

business development efforts as new branches are opened and additional business opportunities with current clients are expanded.

Exhibit 6: Net Interest Margin



Source: Company Reports

COMPETITIVE STRATEGY

Cortland has strategically positioned itself to be competitive in its current and future markets in several ways.

1. The Company has an experienced management team in place as well as service team members that have strong ties to the community and have shown dedication to servicing the financial needs of the clients
2. Additionally, Cortland targets and recruits Directors in its target markets that are recognized leaders in the community and are committed to the success of the bank through ownership and driving business development efforts
3. The life of Cortland Bank's non-maturity deposits of 8 – 9 years notably exceeds the industry average as a result of the strong relationships its team members form with clients, which the Company can then turn into additional business opportunities through new loans as well as other cross-sell offerings such as personal loans, treasury services and private banking offerings. As the Bank continues to grow, current in-house lending limits are adjusted accordingly, allowing the bank to grow important account relationships. Cortland has lending availability to scale under current legal limits
4. The Company has also introduced its community-based banking brand into high potential growth markets where consumers and businesses can have the choice and benefits of a "local" bank vs. a regional or national brand
5. The Company also has expanded its traditional line of banking services to include treasury management, "private" banking and wealth management services, primarily catering to small- to medium-sized business owners; Cortland hires and trains knowledgeable team members who understand business operations as well as the nuances of certain industries of customer concentrations given the market

6. Cortland has put in place a disciplined underwriting strategy that includes industry concentration analysis and stress testing to continue its history of high-performing assets with minimal losses

RISKS

Geographic concentration – Cortland is largely concentrated in the state of Ohio, which exposes the Company to risks associated with lack of geographic diversification. A local or regional economic downturn could adversely affect the Company's profitability.

Changes in interest rates – The Company's results depend on its net interest income; should the rates it earns on loans, securities and other interest-bearing assets fall faster the rates it is required to pay on deposits and borrowed funds, results would suffer.

Security of systems – Any material breaches in the security of Cortland's banking systems could cause material losses for the Company. Protecting sensitive consumer data is essential as is maintenance and backup of key financial and customer information.

Failure to stay competitive – Cortland operates in an extremely competitive marketplace, and failure of its branches to stay competitive in its respective local markets could cause significant harm to financial results and result in closures; competition continues to increase as consolidation occurs in the industry and changes to regulations affect the business. The Company is much smaller than certain competitors that have access to significantly more resources when compared to Cortland. Additionally, technology now enables banking online which broadens the reach of the competition, and Cortland faces higher costs than the newer trending online financial services organizations that lack physical branches.

Trading of common shares is limited – Trading in the Company's common shares is not very active, which could cause concern for current and future shareholders, and the limited trading can cause exaggerated price volatility for shares of CLDB.

Access to future capital – Should the Company incur significant loan losses, desire to execute acquisitions, or require additional funds for other operational purposes, the timing and terms of the capital may not be favorable given certain economic and/or market conditions.

External shocks - War, terrorism, other acts of violence or natural or manmade disasters such as a global pandemic may affect the markets in which the Company operates, the Company's customers, the Company's delivery of products and customer service, and could have a material adverse impact on our business, results of operations, or financial condition.

BALANCE SHEETS
Cortland Bancorp and Subsidiaries
Consolidated Balance Sheets (in thousands \$, except per share amounts)
Fiscal Year: December

	FY 2017	FY 2018	FY 2019	Q3 2020
Assets				
Cash and due from banks	9,741	11,333	8,448	7,808
Interest-earning deposits	9,384	8,359	19,367	40,825
Total cash and cash equivalents	19,125	19,692	27,815	48,633
Investment securities available-for-sale	159,841	136,923	136,131	167,577
Regulatory stock	2,581	2,581	2,835	3,031
Loans held for sale	2,780	1,040	4,890	6,564
Total loans	487,490	514,392	518,716	534,146
Less allowance for loan losses	(4,578)	(4,198)	(4,465)	(6,045)
Net loans	482,912	510,194	514,251	528,101
Premises and equipment	9,038	10,202	12,018	11,885
Bank-owned life insurance	17,650	15,711	17,768	21,046
Other assets	17,174	18,323	21,454	24,788
Total assets	\$711,101	\$714,666	\$737,162	\$811,625
Liabilities				
Noninterest-bearing	123,291	136,886	133,340	194,174
Interest-bearing deposits	462,560	467,533	485,041	486,466
Total deposits	585,851	604,419	618,381	680,640
Securities sold under agreement to repurchase	2,678	2,206	1,922	1,088
Federal Home Loan Bank advances, short-term	32,000	12,000	-	7,000
Federal Home Loan Bank advances, long-term	14,000	16,000	24,000	24,000
Subordinated debt	5,155	5,155	5,155	5,155
Other liabilities	9,787	9,968	13,366	15,594
Total liabilities	649,471	649,748	662,824	733,477
Shareholders' equity				
Common stock	23,641	23,641	23,641	23,641
Additional paid-in capital	20,928	20,984	21,266	21,153
Retained earnings	24,403	31,089	36,187	39,657
Accumulated other comprehensive loss	(1,825)	(3,656)	1,168	4,301
Treasury stock	(5,517)	(7,140)	(7,924)	(10,604)
Total shareholders equity	61,630	64,918	74,338	78,148
Total liabilities & shareholders equity	\$711,101	\$714,666	\$737,162	\$811,625
Book value per share	\$ 13.94	\$ 14.92	\$ 17.19	\$ 18.50
Return on average equity (%)	7.3	14.0	10.5	11.2
Return on average assets (%)	0.6	1.2	1.0	1.1
Leverage ratio (%)	10.8	10.7	11.0	9.8

INCOME STATEMENTS

Cortland Bancorp and Subsidiaries				
Consolidated Statements of Income (in thousands \$, except per share amounts)				
Fiscal Year: December				
	FY 2017	FY 2018	FY 2019	FY 2020E
Interest income				
Interest and fees on loans	\$ 19,243	\$ 23,823	\$ 25,783	\$ 23,623
Interest and dividends on investment securities:				
Taxable interest	2,098	2,118	1,769	1,307
Nontaxable interest	1,922	1,494	1,655	2,052
Dividends	131	152	137	80
Other interest income	98	162	299	115
Total interest and dividend income	23,492	27,749	29,643	27,177
Interest expense				
Deposits	2,571	3,527	4,843	3,682
Short-term borrowings	7	6	5	5
Federal Home Loan Bank advances - short-term	175	374	129	20
Federal Home Loan Bank advances - long-term	299	287	374	336
Subordinated debt	138	189	203	155
Total Interest Expense	3,190	4,383	5,554	4,198
Net interest income	20,302	23,366	24,089	22,979
Provisions for loan losses	100	725	715	1,775
Net interest income after provisions for loan losses	20,202	22,641	23,374	21,204
Non-interest income				
Fees for customer services	2,241	2,273	2,312	2,100
Investment securities available-for-sale, net	7	(21)	(44)	25
Mortgage banking gains, net	1,074	974	1,554	3,846
Earnings on bank-owned life insurance	1,203	1,869	392	375
Other real estate gains	170	-	-	-
Other non-interest income	471	597	808	700
Total non-interest income	5,166	5,692	5,022	7,046
Non-interest expense				
Salaries & employee benefits	10,631	10,260	11,198	10,810
Net occupancy & equipment	2,331	2,232	2,400	2,495
State and local taxes	463	493	518	598
FDIC insurance	199	176	63	109
Professional fees	786	879	1,093	1,117
Advertising and marketing	478	322	388	217
Data processing fees	251	250	277	272
Other operating expenses	3,462	3,471	3,818	3,723
Total non-interest expense	18,601	18,083	19,755	19,341
Net income before federal income taxes	6,767	10,250	8,641	8,909
Federal income tax expense	2,417	1,415	1,359	1,454
Net income	\$ 4,350	\$ 8,835	\$ 7,282	\$ 7,455
Basic EPS - GAAP	\$ 0.99	\$ 2.03	\$ 1.68	\$ 1.75
Diluted EPS - GAAP	\$ 0.99	\$ 2.03	\$ 1.68	\$ 1.75
Cash dividends declared per share	\$ 0.39	\$ 0.49	\$ 0.50	\$ 0.61
Weighted average shares outstanding -				
Basic	4,407	4,358	4,341	4,265
Diluted	4,411	4,364	4,341	4,265
GAPP net income	\$ 4,350	\$ 8,835	\$ 7,282	\$ 7,455
Investment gains not in the ordinary course of business	-	-	-	-
Net losses from extinguishment of debt	-	-	-	-
Gains recognized on Bank Owned Life Insurance policy	(898)	(1,548)	(51)	-
Change in corporate tax rate	1,246	-	-	-
Provision for loan losses	100	725	715	1,775
Federal income tax exp	2,417	1,415	1,359	1,125
Recognition of deferred tax valuation allowance	-	28	-	-
Core earnings	\$ 7,215	\$ 9,455	\$ 9,305	\$ 10,355
Core diluted EPS - non-GAAP	\$ 1.64	\$ 2.17	\$ 2.14	\$ 2.43

VALUATION

Given the Company's long track record of successful growth through branch openings within Northeast Ohio, combined with expanding profitability, strong credit metrics, and operational efficiency, we anticipate continued meaningful growth once things normalize after the COVID-19 pandemic. Cortland's experienced management and service teams bring not only valuable industry knowledge but also a unique grasp of the local economy and target demographics. With the current strength of its target markets as well as longer-term expectations for further asset expansion, the Company appears well-positioned to continue gaining market share.

Exhibit 6: Comparable Analysis

Cortland Bancorp and Subsidiaries

(all figures in \$M except per share information)

Name	Ticker	Price (1)	S/O	Mrkt Cap	Financial (MRQ)			EPS (2)			Valuation				Credit (3)		Profitability (3)			
					Assets	BV/sh	TBV/sh	2019	LTM	2020E	P/E LTM	P/E 2020E	P/BV	P/TBV	NPAs / Assets	Res. / NPLs	NIM	ROA	ROE	
First Capital, Inc.	FCAP	\$ 69.45	3.4	\$ 234.4	\$ 948.2	\$31.99	\$ 29.86	\$3.09	\$2.11	N/A	32.9x	N/A	2.2x	2.3x	0.24%	294.7%	3.3%	1.1%	9.5%	
Middlefield Banc Corp.	MBCN	\$ 21.99	6.4	\$ 140.3	\$1,364.8	\$22.27	\$ 19.63	\$1.95	\$1.03	\$1.44	21.4x	15.3x	1.0x	1.1x	1.03%	169.8%	3.5%	0.7%	6.5%	
SB Financial Group, Inc.	SBFG	\$ 18.58	7.5	\$ 140.2	\$1,218.2	\$18.64	\$ 15.73	\$1.51	\$1.49	\$2.09	12.4x	8.9x	1.0x	1.2x	0.60%	163.8%	3.3%	1.1%	9.4%	
Croghan Bancshares, Inc.	CHBH	\$ 55.74	2.2	\$ 124.5	\$1,006.8	\$59.71	\$ 59.71	\$5.51	\$4.38	N/A	12.7x	N/A	0.9x	0.9x	N/A	N/A	N/A	1.4%	10.2%	
CSB Bancorp, Inc.	CSBB	\$ 32.10	2.7	\$ 88.0	\$ 988.0	\$33.49	\$ 31.75	\$3.80	\$2.96	N/A	10.8x	N/A	1.0x	1.0x	0.42%	203.7%	3.3%	1.2%	11.9%	
United Bancshares, Inc.	UBOH	\$ 24.50	3.3	\$ 80.2	\$ 993.4	\$33.44	\$ 24.49	\$3.25	\$3.28	N/A	7.5x	N/A	0.7x	1.0x	0.28%	301.6%	3.9%	1.7%	16.1%	
Summit State Bank	SSBI	\$ 13.10	6.1	\$ 79.5	\$ 833.8	\$12.10	\$ 11.42	\$1.07	\$1.38	N/A	9.5x	N/A	1.1x	1.1x	0.03%	3143.4%	3.7%	1.2%	13.5%	
American Riviera Bank	ARBV	\$ 15.50	4.9	\$ 76.5	\$ 930.2	\$16.63	\$ 15.57	\$1.31	\$1.18	N/A	13.1x	N/A	0.9x	1.0x	0.00%	N/A	4.0%	0.8%	8.4%	
United Bancorp, Inc.	UBCP	\$ 12.46	5.5	\$ 68.1	\$ 693.5	\$12.20	\$ 11.94	\$1.19	\$0.86	\$1.30	14.6x	9.6x	1.0x	1.0x	0.33%	338.6%	N/A	1.0%	11.2%	
Wayne Savings Bancshares, Inc.	WAYN	\$ 20.50	2.5	\$ 50.7	\$ 550.7	\$20.56	\$ 20.56	\$2.43	\$1.97	N/A	10.4x	N/A	1.0x	1.0x	0.29%	293.8%	3.4%	1.3%	13.5%	
								Average	\$2.52	\$2.07	\$1.61	15.0x	11.3x	1.1x	1.2x	0.37%	659.4%	3.6%	1.1%	10.7%
								Median	\$1.95	\$1.49	\$1.44	12.7x	11.2x	1.0x	1.0x	0.31%	294.7%	3.5%	1.0%	10.2%
Cortland Bancorp	CLDB	\$16.15	4.2	\$ 68.2	\$ 737.2	\$17.19	\$ 17.19	\$1.68	\$1.74	\$1.75	9.3x	9.2x	0.9x	0.9x	0.95%	52.3%	3.2%	1.0%	10.2%	

(1) Previous day's closing price

(2) Estimates are from CapitalIQ except for CLDB which are Stonegate estimates

(3) Credit and Profitability metrics are LTM figures except for NIM which is MRQ

Source: Company Reports, Stonegate Capital Partners, Capital IQ

Based on LTM results, CLDB is trading at 0.9x P/TBV and 9.3x P/E vs. comparable companies trading at an average of 1.2x and 15.0x, respectively. FY20E EPS for the selected comparables was largely unavailable. While Cortland remains well capitalized under all regulatory measures, given the increase in default risk due to COVID-19, we believe a P/E range of 10x to 14x with a midpoint at 12x is reasonable. Using this range on our FY20 EPS estimate results in a valuation range of \$17.50 to \$24.50 with a mid-point of \$21.00.

COMPANY TIMELINE

2019 – CLDB graduates to NASDAQ Capital Market stock exchange as of 3/8/19; Company opens in Strongsville, Ohio, an affluent suburb of Cleveland that is the fifth largest city in Cuyahoga County as measured by population census data

2017 - The Company opens a full-service branch in Hudson, Ohio, which is among the most attractive markets in Summit County

2016 – Cortland Private Bank is formed

2015 – Cortland Investment Group is rebranded as Cortland Private Wealth Management offering non-deposit investment products and registered advisory services; Bank opens its Canfield branch location which also becomes home base for the Banks Mortgage Center; two Loan Production Offices open

2014 – Treasury Management Services expanded

2013 – Cortland Investment Group formed, a wealth management team

2012 – Welcome Home Grant, an affordable housing program, is offered

2010 – David Lucido named CFO and SVP; Stanley Feret named SVP and Chief Lending Officer

2009 – Tim Carney named EVP and COO and Corporate Secretary; James Gasior named CEO and President

2000 – 2004 – Stock repurchase programs are launched

1998 – Stock splits 3-for-1, and assets hit \$400 million

1992 – 100-year celebration

1989 – Annual stock dividend begins

1988 – Cortland Bancorp stock pays a 50% stock dividend (3 for 2 split); capital increases by \$2.6M through Shareholder Rights Offering; dividend reinvestment program initiated; assets top \$300M

1985 – Total assets hit \$200 million, and holding company acquires CBS stock in exchange for Cortland Bancorp stock

1983 – New department formed offering full Trust Services

1982 – CBS stock splits 5 for 1

1979 – Total assets reach \$100 million

1963 – First branch opens in Brookfield

1911 – The First National Bank of Cortland drops its national charter, switching to a state-chartered bank and adopting the name The Cortland Savings and Banking Company

1892 – The First National Bank of Cortland receives its Charter and opens for business

CORTLAND BANCORP GOVERNANCE

James M. Gasior – CEO and President - Mr. Gasior is the President, Chief Executive Officer and Director of the Company and the Bank since 2009. He previously served as Senior Vice President, Chief Financial Officer and Corporate Secretary of the Company and the Bank from November 2005 to October 2009. Mr. Gasior is a Certified Public Accountant, a member of the American Institute of CPAs and a member of the Ohio Society of CPAs. He is also a member and director of the Youngstown-Warren Regional Chamber of Commerce, a member of the Board of Trustees of Eastern Gateway Community College, a Board Trustee for the Ohio Foundation of Independent Colleges and a member and director of the Ohio Bankers League. He is also a member of the Financial Managers Society, the RMA Northeast Ohio chapter, the YSU Tax Institute and CPE Advisory Committee. He has extensive background in all financial activities and financial reporting, budgeting, risk management, compensation planning, plan design and talent recruitment, corporate governance, and strategic planning. Mr. Gasior has been a member of the Board of Directors since 2005.

Timothy Carney – COO, EVP, and Secretary - Mr. Carney is Executive Vice President and Chief Operating Officer of the Company and the Bank since November 2, 2009. He was previously Senior Vice President, Chief Operations Officer and Secretary of the Company and the Bank. Mr. Carney earned his degree in Accounting at Youngstown State University. Prior to joining the Bank, Mr. Carney was employed by Ernst & Young and had experience in all financial activities and financial reporting, audit preparation, budgeting, and knowledge of government regulatory requirements. The Corporate Governance Committee and the Board believe that the experiences, qualifications, attributes, and skills that Mr. Carney has developed allow him to provide valuable accounting, strategic planning, and corporate governance expertise to the Board. Mr. Carney has been a member of the Board of Directors since 2009.

David J. Lucido – CFO and SVP - David J. Lucido is Senior Vice President & Chief Financial Officer of the Company and the Bank. He joined the Company January 18, 2010. Mr. Lucido's career in the financial services industry spans over 30 years including positions as Chief Financial Officer for Dollar Bank and Ohio Bancorp and Vice President and Manager of Holding Company Accounting for National City Bank. Just prior to joining the Company and the Bank, Mr. Lucido served as Corporate Vice President and Treasurer of First Place Bank in Warren, Ohio. Mr. Lucido began his career with the international accounting firm of Ernst and Young. Over a nine-year period, he was promoted to increasing levels of responsibility with the accounting firm with a focus on the financial services industry. Mr. Lucido earned his Bachelor of Business Administration degree from Youngstown State University and is a graduate of the University of Wisconsin's Graduate School of Banking.

Stanley P. Feret – Chief Lending Officer and SVP - Mr. Feret's career in the financial services industry spans over 30 years with a focus centered in commercial banking. Prior to joining the Company Mr. Feret held the position of Senior Vice President with Huntington National Bank. His previous positions in banking include senior vice president, vice president, vice president department manager of commercial banking, commercial and consumer loan officer, branch manager and mortgage loan officer. Mr. Feret earned his Bachelor of Business Administration degree, majoring in finance with a minor in economics, from Youngstown State University, where he was nominated by YSU's faculty for the annual award given by the American Association of Certified Financial Analysts. He is also an honors graduate of the American Bankers Association National School of Commercial Lending. An active member in the local community, Mr. Feret is currently on the Board of Directors with Trumbull 100, Trumbull County Community Improvement Corp., and a current member of the Builder's Association – Mahoning County Division. His past involvements include the Trumbull County Red Cross, Second Harvest Food Bank, and the Youngstown Area Association of Credit Management. Mr. Feret is a current member of Trumbull County Country Club and resides in Poland with his wife and three children.

Board of Directors:

Timothy K. Woofter – *Chairman of the Board*

Thomas P. Perciak – *Vice Chairman of the Board*

Timothy Carney – *Director*

David C. Cole – *Director*

Hicham Chahine – *Director*

James M. Gasior – *Director*

James E. Hoffman – *Director*

Neil J. Kaback – *Director*

Joseph E. Koch – *Director*

Joseph P. Langhenry – *Director*

Richard B. Thompson – *Director*

Anthony R. Vross – *Director*

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