



Orange
Community
Bancorp

November 5, 2008

Dear Shareholder:

Since our last quarterly communication, we have experienced huge changes and volatility in the financial markets: a \$700 billion bailout package, consolidation of large banks and brokerage firms, domestic interest rates being coordinated with European Central Banks, the Treasury Department implementing several programs to assist those banks with liquidity and capital issues, and the FDIC insurance limit being increased to \$250,000 and commercial non-interest bearing transactional accounts with unlimited insurance until December 31, 2009. With all of the turbulence, uncertainties and continued daily changes in the financial markets we wanted to assure you that Orange Community Bancorp remains safe, secure and financially stable.

Total assets were \$210.7 million as of September 30, 2008 compared to \$202.9 million as of September 30, 2007, an increase of 3.8%. Total deposits were \$188.7 million as of September 30, 2008, compared to \$181.5 million as of September 30, 2007, an increase of 4.0%. Net loans were \$152.1 million as of September 30, 2008 compared to \$123.0 million as of September 30, 2007, an increase of 23.7%. The balance sheet growth is reflective of the financial and economic environment that presently exists. We far exceed all the regulatory definitions of a "Well Capitalized" bank. We are not involved in subprime lending and our liquidity position remains strong.

The bad news is that the Bank recorded a net loss of \$55,000, or \$0.02 per share for the third quarter ended September 30, 2008 compared to net earnings of \$613,000, or \$0.24 per share for the third quarter of 2007, a decrease of 109.0%. The good news is that net earnings were \$527,000, or \$0.21 per share for the nine months ended September 30, 2008 compared to \$1,764,000, or \$0.70 for the nine months ended September 30, 2007, a decrease of 70.1%. The decrease in net earnings resulted primarily from an \$800,000 specific loan loss reserve provision for two residential construction participation loans (our only construction loans) that we felt was appropriate in the third quarter. Other factors that effected earnings were additional personnel costs and a decrease in interest rates affecting our net interest margins.

We thank all of our shareholders, the Board of Directors for their continued support and our dedicated staff for their outstanding performance attesting to our continued emphasis on safety, quality personal service and commitment to our customers and the communities we serve knowing that "*The personal touch of hometown banking with today's technology*" is working.

Daniel T. Armstrong
Chairman of the Board

Larry A. Sallinger
Chief Executive Officer