UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2026.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ________ to ________.

COMMISSION FILE NUMBER 0-14703

NBT BANCORP INC.
(Exact name of registrant as specified in its charter)

Delaware	**16-1268674**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

52 South Broad Street, Norwich, New York 13815
(Address of principal executive offices) (Zip Code)

Registrant’s telephone number, including area code: **(607) 337-2265**

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	NBTB	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2026, there were 51,960,061 shares outstanding of the Registrant’s Common Stock, $0.01 par value per share.

NBT BANCORP INC.
FORM 10-Q - Quarter Ended June 30, 2026

TABLE OF CONTENTS

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

When references to "NBT", "we," "our," "us," and "the Company" are made in this report, we mean NBT Bancorp Inc. and our consolidated subsidiaries, unless the context indicates that we refer only to the parent company, NBT Bancorp Inc. When we refer to the "Bank" in this report, we mean our only bank subsidiary, NBT Bank, National Association, and its subsidiaries.

The acronyms and abbreviations identified below are used throughout this report, including the Notes to Unaudited Interim Consolidated Financial Statements. You may find it helpful to refer to this page as you read this report.

AFS	available for sale
AIR	accrued interest receivable
AOCI	accumulated other comprehensive income (loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
bp(s)	basis point(s)
C&I	commercial & industrial
CECL	current expected credit losses
CME	Chicago Mercantile Exchange Clearing House
CODM	chief operating decision maker
CRE	commercial real estate
EPS	earnings per share
Evans	Evans Bancorp, Inc.
Evans Bank	Evans Bank, National Association
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
FOMC	Federal Open Market Committee
FRB	Federal Reserve Board
FTE	fully taxable equivalent
GAAP	generally accepted accounting principles in the United States of America
GDP	Gross Domestic Product
HTM	held to maturity
LGD	loss given default
MMDA	money market deposit accounts
NASDAQ	The NASDAQ Stock Market LLC
NIM	net interest margin
OCC	Office of the Comptroller of the Currency
OREO	other real estate owned
PCD	purchased credit deteriorated
PD	probability of default
SEC	U.S. Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate

ITEM 1. FINANCIAL STATEMENTS

NBT Bancorp Inc. and Subsidiaries
Consolidated Balance Sheets (unaudited)

(In thousands, except share and per share data)	June 30, 2026	December 31, 2025
Assets		
Cash and due from banks	**$ 187,164**	$ 185,158
Short-term interest-bearing accounts	**107,489**	301,958
Equity securities, at fair value	**50,732**	48,760
Securities available for sale, at fair value	**2,006,206**	1,862,838
Securities held to maturity (fair value $692,689 and $702,577, respectively)	**755,086**	762,756
Federal Reserve and Federal Home Loan Bank stock	**51,540**	44,575
Loans held for sale	**-**	1,108
Loans	**11,874,081**	11,598,114
Less allowance for loan losses	**140,500**	138,000
Net loans	**$ 11,733,581**	$ 11,460,114
Premises and equipment, net	**98,119**	99,277
Goodwill	**453,278**	453,278
Intangible assets, net	**51,117**	57,656
Bank owned life insurance	**314,806**	317,733
Other assets	**405,839**	399,910
Total assets	**$ 16,214,957**	$ 15,995,121
Liabilities		
Demand (noninterest bearing)	**$ 3,861,366**	$ 3,800,209
Savings, interest-bearing checking and money market	**8,347,052**	8,206,539
Time	**1,328,884**	1,492,445
Total deposits	**$ 13,537,302**	$ 13,499,193
Short-term borrowings	**316,438**	148,069
Long-term debt	**43,043**	43,176
Subordinated debt, net	**-**	24,509
Junior subordinated debt	**111,714**	111,668
Other liabilities	**262,541**	272,290
Total liabilities	**$ 14,271,038**	$ 14,098,905
Stockholders' equity		
Preferred stock, $0.01 par value, 2,500,000 shares authorized	**$ -**	$ -
Common stock, $0.01 par value, 100,000,000 shares authorized; 59,083,155 shares issued	**591**	591
Additional paid-in-capital	**966,124**	964,778
Retained earnings	**1,262,559**	1,196,850
Accumulated other comprehensive loss	**(89,132)**	(82,596)
Common stock in treasury, at cost, 7,128,171 and 6,880,200 shares, respectively	**(196,223)**	(183,407)
Total stockholders' equity	**$ 1,943,919**	$ 1,896,216
Total liabilities and stockholders' equity	**$ 16,214,957**	$ 15,995,121

See accompanying notes to unaudited interim consolidated financial statements.

NBT Bancorp Inc. and Subsidiaries
Consolidated Statements of Income (unaudited)

(In thousands, except per share data)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Interest, fee and dividend income				
Interest and fees on loans	**$ 163,764**	$ 158,912	**$ 324,866**	$ 296,964
Securities available for sale	**14,770**	11,609	**28,252**	21,871
Securities held to maturity	**4,426**	4,870	**8,776**	9,784
Other	**2,801**	2,186	**6,513**	3,362
Total interest, fee and dividend income	**$ 185,761**	$ 177,577	**$ 368,407**	$ 331,981
Interest expense				
Deposits	**$ 44,879**	$ 48,219	**$ 89,714**	$ 90,807
Short-term borrowings	**1,165**	1,046	**1,987**	1,912
Long-term debt	**445**	296	**886**	562
Subordinated debt	**611**	2,001	**1,121**	3,823
Junior subordinated debt	**1,698**	1,795	**3,388**	3,434
Total interest expense	**$ 48,798**	$ 53,357	**$ 97,096**	$ 100,538
Net interest income	**$ 136,963**	$ 124,220	**$ 271,311**	$ 231,443
Provision for loan losses	**6,136**	17,835	**11,713**	25,389
Net interest income after provision for loan losses	**$ 130,827**	$ 106,385	**$ 259,598**	$ 206,054
Noninterest income				
Service charges on deposit accounts	**$ 5,194**	$ 4,578	**$ 10,462**	$ 8,821
Card services income	**6,613**	6,077	**12,641**	11,394
Retirement plan administration fees	**16,928**	15,710	**33,494**	31,568
Wealth management	**10,948**	10,678	**22,082**	21,624
Insurance services	**4,177**	4,097	**8,659**	8,858
Bank owned life insurance income	**2,505**	2,180	**5,164**	5,577
Net securities gains	**175**	112	**617**	8
Other	**3,187**	3,500	**6,744**	6,534
Total noninterest income	**$ 49,727**	$ 46,932	**$ 99,863**	$ 94,384
Noninterest expense				
Salaries and employee benefits	**$ 69,004**	$ 64,155	**$ 137,763**	$ 124,849
Technology and data services	**11,850**	10,804	**23,360**	21,042
Occupancy	**9,475**	9,038	**20,485**	18,065
Professional fees and outside services	**5,662**	5,021	**11,216**	9,973
Office supplies and postage	**2,060**	1,871	**4,227**	3,813
FDIC assessment	**1,984**	1,820	**3,994**	3,514
Marketing	**937**	974	**1,855**	2,112
Amortization of intangible assets	**3,191**	3,042	**6,539**	5,153
Loan collection and other real estate owned, net	**544**	489	**1,154**	1,148
Acquisition expenses	**-**	17,180	**-**	18,401
Other	**6,731**	8,216	**13,077**	14,440
Total noninterest expense	**$ 111,438**	$ 122,610	**$ 223,670**	$ 222,510
Income before income tax expense	**$ 69,116**	$ 30,707	**$ 135,791**	$ 77,928
Income tax expense	**16,086**	8,197	**31,619**	18,673
Net income	**$ 53,030**	$ 22,510	**$ 104,172**	$ 59,255
Earnings per share				
Basic	**$ 1.02**	$ 0.45	**$ 2.00**	$ 1.21
Diluted	**$ 1.02**	$ 0.44	**$ 1.99**	$ 1.21

See accompanying notes to unaudited interim consolidated financial statements.

NBT Bancorp Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss) (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2026**	**2025**	**2026**	**2025**
Net income	**$ 53,030**	$ 22,510	**$ 104,172**	$ 59,255
Other comprehensive income (loss), net of tax:				
Securities available for sale:				
Unrealized net holding (losses) gains arising during the period, gross	**$ (2,510)**	$ 15,121	**$ (8,892)**	$ 41,769
Tax effect	**627**	(3,781)	**2,223**	(10,443)
Unrealized net holding (losses) gains arising during the period, net	**$ (1,883)**	$ 11,340	**$ (6,669)**	$ 31,326
Amortization of unrealized net gains for the reclassification of available for sale securities to held to maturity, gross	**$ 55**	$ 70	**$ 113**	$ 145
Tax effect	**(13)**	(17)	**(28)**	(36)
Amortization of unrealized net gains for the reclassification of available for sale securities to held to maturity, net	**$ 42**	$ 53	**$ 85**	$ 109
Total securities available for sale, net	**$ (1,841)**	$ 11,393	**$ (6,584)**	$ 31,435
Pension and other benefits:				
Amortization of prior service cost and actuarial losses, gross	**$ 32**	$ 307	**$ 64**	$ 631
Tax effect	**(8)**	(77)	**(16)**	(158)
Amortization of prior service cost and actuarial losses, net	**$ 24**	$ 230	**$ 48**	$ 473
Decrease in unrecognized actuarial loss, gross	**$ -**	$ 936	**$ -**	$ 936
Tax effect	**-**	(234)	**-**	(234)
Decrease in unrecognized actuarial loss, net	**$ -**	$ 702	**$ -**	$ 702
Total pension and other benefits, net	**$ 24**	$ 932	**$ 48**	$ 1,175
Total other comprehensive (loss) income	**$ (1,817)**	$ 12,325	**$ (6,536)**	$ 32,610
Comprehensive income	**$ 51,213**	$ 34,835	**$ 97,636**	$ 91,865

See accompanying notes to unaudited interim consolidated financial statements.

NBT Bancorp Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity (unaudited)

(In thousands, except share and per share data)	Common Stock	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock in Treasury	Total
Balance at March 31, 2026	**$ 591**	**$ 965,891**	**$ 1,228,753**	**$ (87,315)**	**$ (193,523)**	**$ 1,914,397**
Net income	-	-	53,030	-	-	53,030
Cash dividends - $0.37 per share	-	-	(19,224)	-	-	(19,224)
Purchase of 68,595 treasury shares	-	-	-	-	(3,016)	(3,016)
Net issuance of 13,933 shares to employee and other stock plans	-	(638)	-	-	316	(322)
Stock-based compensation	-	871	-	-	-	871
Other comprehensive (loss)	-	-	-	(1,817)	-	(1,817)
Balance at June 30, 2026	**$ 591**	**$ 966,124**	**$ 1,262,559**	**$ (89,132)**	**$ (196,223)**	**$ 1,943,919**
Balance at March 31, 2025	**$ 540**	**$ 740,865**	**$ 1,120,887**	**$ (121,813)**	**$ (174,704)**	**$ 1,565,775**
Net income	-	-	22,510	-	-	22,510
Cash dividends - $0.34 per share	-	-	(17,808)	-	-	(17,808)
Issuance of 5,108,663 shares of common stock for acquisition	51	221,716	-	-	-	221,767
Net issuance of 13,218 shares to employee and other stock plans	-	(586)	-	-	310	(276)
Stock-based compensation	-	873	-	-	-	873
Other comprehensive income	-	-	-	12,325	-	12,325
Balance at June 30, 2025	**$ 591**	**$ 962,868**	**$ 1,125,589**	**$ (109,488)**	**$ (174,394)**	**$ 1,805,166**

(In thousands, except share and per share data)	Common Stock	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock in Treasury	Total
Balance at December 31, 2025	**$ 591**	**$ 964,778**	**$ 1,196,850**	**$ (82,596)**	**$ (183,407)**	**$ 1,896,216**
Net income	-	-	104,172	-	-	104,172
Cash dividends - $0.74 per share	-	-	(38,463)	-	-	(38,463)
Purchase of 318,595 treasury shares	-	-	-	-	(14,030)	(14,030)
Net issuance of 70,624 shares to employee and other stock plans	-	(2,894)	-	-	1,214	(1,680)
Stock-based compensation	-	4,240	-	-	-	4,240
Other comprehensive (loss)	-	-	-	(6,536)	-	(6,536)
Balance at June 30, 2026	**$ 591**	**$ 966,124**	**$ 1,262,559**	**$ (89,132)**	**$ (196,223)**	**$ 1,943,919**
Balance at December 31, 2024	**$ 540**	**$ 742,810**	**$ 1,100,209**	**$ (142,098)**	**$ (175,320)**	**$ 1,526,141**
Net income	-	-	59,255	-	-	59,255
Cash dividends - $0.68 per share	-	-	(33,875)	-	-	(33,875)
Issuance of 5,108,663 shares of common stock for acquisition	51	221,716	-	-	-	221,767
Net issuance of 74,107 shares to employee and other stock plans	-	(4,705)	-	-	926	(3,779)
Stock-based compensation	-	3,047	-	-	-	3,047
Other comprehensive income	-	-	-	32,610	-	32,610
Balance at June 30, 2025	**$ 591**	**$ 962,868**	**$ 1,125,589**	**$ (109,488)**	**$ (174,394)**	**$ 1,805,166**

See accompanying notes to unaudited interim consolidated financial statements.

NBT Bancorp Inc. and Subsidiaries
Consolidated Statements of Cash Flows (unaudited)

(In thousands)	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Operating activities		
Net income	**$ 104,172**	$ 59,255
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for loan losses	**11,713**	25,389
Depreciation and amortization of premises and equipment	**6,953**	6,193
Net amortization on securities	**215**	917
Amortization of intangible assets	**6,539**	5,153
Amortization of operating lease right-of-use assets	**4,578**	4,088
Excess tax benefit on stock-based compensation	**(201)**	(419)
Stock-based compensation expense	**4,240**	3,047
Bank owned life insurance income	**(5,164)**	(5,577)
Amortization of subordinated debt issuance costs	**-**	199
Proceeds from sale of loans held for sale	**2,989**	173,409
Originations of loans held for sale	**(1,802)**	(167,816)
Net gains on sale of loans held for sale	**(79)**	(313)
Net securities (gains)	**(617)**	(8)
Net gains on sale of other real estate owned	**(99)**	(83)
Net change in other assets and other liabilities	**(18,511)**	(14,952)
Net cash provided by operating activities	**$ 114,926**	$ 88,482
Investing activities		
Net cash (used in) provided by acquisitions	**$ (488)**	$ 38,597
Securities available for sale:		
Proceeds from maturities, calls and principal paydowns	**143,690**	90,172
Proceeds from sales	**-**	254,468
Purchases	**(295,464)**	(202,260)
Securities held to maturity:		
Proceeds from maturities, calls and principal paydowns	**80,423**	81,258
Purchases	**(73,341)**	(45,167)
Equity securities:		
Proceeds from sales	**-**	491
Other:		
Net (increase) in loans	**(285,090)**	(483)
Proceeds from Federal Reserve and Federal Home Loan Bank stock redemption	**11,507**	30,216
Purchases of Federal Reserve and Federal Home Loan Bank stock	**(18,472)**	(26,991)
Proceeds from settlement of bank owned life insurance	**8,091**	4,330
Purchases of premises and equipment, net	**(5,783)**	(6,031)
Proceeds from sales of other real estate owned	**411**	135
Net cash (used in) provided by investing activities	**$ (434,516)**	$ 218,735
Financing activities		
Net increase in deposits	**$ 38,109**	$ 104,422
Net increase (decrease) in short-term borrowings	**168,369**	(92,972)
Redemption of subordinated debt	**(25,000)**	-
Repayments of long-term debt	**(55)**	(25,078)
Cash paid by employer for tax-withholding on stock issuance	**(1,803)**	(2,207)
Purchase of treasury stock	**(14,030)**	-
Cash dividends	**(38,463)**	(33,875)
Net cash provided by (used in) financing activities	**$ 127,127**	$ (49,710)
Net (decrease) increase in cash and cash equivalents	**$ (192,463)**	$ 257,507
Cash and cash equivalents at beginning of period	**487,116**	284,056
Cash and cash equivalents at end of period	**$ 294,653**	$ 541,563

NBT Bancorp Inc. and Subsidiaries
Consolidated Statements of Cash Flows (unaudited) (continued)

	Six Months Ended June 30,	
	2026	**2025**
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest expense	**$ 100,357**	$ 99,802
Income taxes paid, net of refund	**19,959**	16,325
Noncash investing activities:		
Loans transferred to other real estate owned	**$ -**	$ 215
Acquisitions:		
Fair value of assets acquired, excluding acquired cash and goodwill	**$ -**	$ 2,087,439
Fair value of liabilities assumed	**-**	1,997,253
Common stock issued	**-**	221,767

See accompanying notes to unaudited interim consolidated financial statements.

NBT Bancorp Inc. and Subsidiaries
Notes to Unaudited Interim Consolidated Financial Statements
June 30, 2026

1. Description of Business

NBT Bancorp Inc. is a registered financial holding company incorporated in the state of Delaware in 1986, with its principal headquarters located in Norwich, New York. The principal assets of NBT Bancorp Inc. consist of all of the outstanding shares of common stock of its subsidiaries, including: NBT Bank, National Association (the "Bank"), NBT Financial Services, Inc. ("NBT Financial"), NBT Holdings, Inc. ("NBT Holdings"), CNBF Capital Trust I, NBT Statutory Trust I, NBT Statutory Trust II, Alliance Financial Capital Trust I, Alliance Financial Capital Trust II and Evans Capital Trust I (collectively, the "Trusts"). The principal sources of revenue for NBT Bancorp Inc. are the management fees and dividends it receives from the Bank, NBT Financial and NBT Holdings. Collectively, NBT Bancorp Inc. and its subsidiaries are referred to herein as (the "Company").

The Company's business, primarily conducted through the Bank, consists of providing commercial banking, retail banking and wealth management services primarily to customers in its market area, which includes upstate New York, northeastern Pennsylvania, southern New Hampshire, western Massachusetts, Vermont, southern Maine and central and northwestern Connecticut. The Company has been, and intends to remain, a community-oriented financial institution offering a variety of financial services. The Company's business philosophy is to operate as a community bank with local decision-making, providing a broad array of banking and financial services to retail, commercial and municipal customers.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of NBT Bancorp Inc. and its wholly-owned subsidiaries mentioned above. In the opinion of management, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods in accordance with U.S. generally accepted accounting principles ("GAAP") and in accordance with the instructions for the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission ("SEC"). Accordingly, the consolidated financial statements do not include all of the information and notes necessary for complete financial statements in conformity with GAAP. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2025 Annual Report on Form 10-K. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period. All material intercompany transactions have been eliminated in consolidation. Amounts previously reported in the consolidated financial statements are reclassified whenever necessary to conform to current period presentation. The Company has evaluated subsequent events for potential recognition and/or disclosure, and none were identified.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates and such differences could be material to the financial statements. Estimates associated with the allowance for credit losses are particularly susceptible to material changes in the near term.

3. Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In November 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-08, *Financial Instruments-Credit Losses (Topic 326): Purchased Loans*. The ASU expands the population of acquired financial assets subject to the gross-up approach in Topic 326, Financial Instrument-Credit Losses. In accordance with the amendments in this update, loans acquired without credit deterioration and deemed seasoned are purchased seasoned loans and accounted for using the gross-up approach at acquisition. The amendments apply prospectively and will be effective for fiscal periods beginning after December 15, 2026. The Company elected to early-adopt the ASU as of January 1, 2026.

Accounting Standards Issued Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, that addresses longstanding investor requests for more information regarding expenses included in the expense captions presented on the face of the income statement. The ASU will require a tabular disclosure that disaggregates certain income statement expenses including employee compensation, depreciation and intangible asset amortization. In January 2025, the FASB issued ASU 2025-01, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date,* which revises the effective date of ASU 2024-03. The ASU will become effective in the annual reporting periods beginning after December 15, 2026, and early adoption is permitted. Aside from complying with the new disclosure requirements, the adoption is not expected to have a material impact on the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. The ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. Aside from complying with the new disclosure requirements, the adoption is not expected to have a material impact on the consolidated financial statements.

4. Acquisitions

Evans Bancorp, Inc.

On May 2, 2025, the Company completed the acquisition of Evans Bancorp, Inc. ("Evans") through the merger of Evans with and into the Company, with the Company surviving the merger. Total consideration for the acquisition was $221.8 million in common stock. Evans, with assets of $2.19 billion at December 31, 2024, was headquartered in Williamsville, New York. Its primary subsidiary, Evans Bank, National Association ("Evans Bank"), was a federally-chartered national banking association operating 18 banking locations in Western New York. The acquisition enhances the Company's presence in Western New York, including the Buffalo and Rochester communities. In connection with the acquisition, the Company issued 5.1 million shares of common stock and acquired approximately $131.2 million of identifiable net assets. Preliminary goodwill of $91.4 million was recognized as a result of the merger and is not amortizable or deductible for tax purposes. During the fourth quarter of 2025, the Company revised the accrued income taxes and deferred taxes associated with the Evans acquisition, which resulted in a $0.8 million decrease in goodwill. Total goodwill of $90.6 million was recognized as a result of the merger. The effects of the acquired assets and liabilities have been included in the consolidated financial statements since May 2, 2025. As a result of the full integration of the operations of Evans, it is not practicable to determine all revenue or net income included in the Company's operating results relating to Evans since the date of acquisition as Evans results cannot be separately identified.

The acquisition of Evans is being accounted for as a business combination in accordance with Accounting Standards Codification ("ASC") 805, "Business Combinations" ("ASC 805"), using the acquisition method of accounting. Accordingly, as of the date of the acquisition, the Company recorded the assets acquired, liabilities assumed and consideration paid at fair value based on management's best estimates using information available at the date of the acquisition. These estimates were subject to adjustment based on updated information not available at the time of the acquisition and all amounts have now been finalized. The amount of goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the Company with Evans.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed:

(In thousands)	**May 2, 2025** **Evans Bancorp, Inc.**
Consideration:	
Cash paid to shareholders (fractional shares)	$ 25
Common stock issuance	221,767
Total net consideration	$ 221,792
Recognized amounts of identifiable assets acquired and (liabilities) assumed:	
Cash and cash equivalents	$ 40,197
Securities available for sale	255,487
Securities held to maturity	3,494
Loans, net of allowance for credit losses on purchased credit deteriorated loans	1,665,712
Premises and equipment, net	15,069
Core deposit intangibles	33,240
Bank owned life insurance	44,100
Other assets	71,131
Total identifiable assets acquired	$ 2,128,430
Deposits	$ (1,864,049)
Borrowings	(113,712)
Other liabilities	(19,492)
Total liabilities assumed	$ (1,997,253)
Total identifiable assets, net	$ 131,177
Goodwill	$ 90,615

The following is a description of the valuation methodologies used to estimate the fair values of major categories of assets acquired and liabilities assumed. The Company used an independent valuation specialist to assist with the determination of fair values for certain acquired assets and assumed liabilities.

Cash and due from banks - The estimated fair value was determined to approximate the carrying amount of these assets.

Securities available for sale (“AFS”) - The estimated fair value of the AFS investment portfolio was primarily determined using quoted market prices and dealer quotes. The investment securities were sold immediately after the merger and no gains or losses were recorded.

Securities held to maturity (“HTM”) - The estimated fair value of the HTM investment portfolio, which consisted of local municipal securities, was retained at par, which is estimated to be equal to fair value.

Loans - The estimated fair value of loans were based on a discounted cash flow methodology applied on a pooled basis. Loans were first segmented by purchased credit deteriorated (“PCD”) or non-purchased credit deteriorated (“non-PCD”) status, and then further grouped according to Federal Deposit Insurance Corporation (“FDIC”) call report segmentation. The valuation considered key loan characteristics including loan type, term, rate, payment schedule and loan performance attributes. Certain key assumptions related to prepayment speeds, probability of default (“PD”), loss given default (“LGD”) and discount rate were also considered. The discount rates applied were based on a build-up approach factoring in the funding mix, servicing costs, liquidity premium and factors related to performance risk.

Core deposit intangible - The core deposit intangible was valued utilizing the cost savings method approach, which recognizes the cost savings represented by the expense of maintaining the core deposit base versus the cost of an alternative funding source. The valuation incorporated assumptions related to account retention, discount rates, deposit interest rates, deposit maintenance costs and alternative funding rates.

Deposits - The fair value of noninterest bearing demand deposits, interest-bearing checking, money market and savings deposit accounts were assumed to approximate the carrying value as these accounts have no stated maturity and are payable on demand. Certificate of deposit (“CD”) (time deposit accounts) were valued at the present value of the certificates’ expected contractual payments discounted at market rates for similar certificates which approximates carrying value.

Borrowings - The estimated fair value of short-term borrowings was determined to approximate stated value. Long-term debt, subordinated debt and junior subordinated debt were valued using a discounted cash flow approach incorporating a discount rate that incorporated similar terms, maturity and credit rating.

Accounting for Acquired Loans - Acquired loans are classified into two categories: PCD loans and non-PCD loans. PCD loans are defined as a loan or group of loans that have experienced more than insignificant credit deterioration since origination. Non-PCD loans had an allowance established on acquisition date, which is recognized as an expense through the provision for credit losses. For PCD loans, an allowance is recognized by adding it to the fair value of the loan, which is the amortized cost. There is no provision for credit loss expense recognized on PCD loans because the initial allowance is established by grossing-up the amortized cost of the PCD loan. The allowance for credit losses on non-PCD loans of $13.0 million was recorded through the provision for loan losses within the unaudited interim consolidated statements of income. The following table provides details related to the fair value of acquired PCD loans.

(In thousands)		**PCD Loans**
Par value of PCD loans at acquisition	$	336,398
Allowance for credit losses at acquisition		7,726
Discount at acquisition		(36,584)
Fair value of PCD loans at acquisition	$	307,540

The non-PCD loans acquired from Evans had an acquisition date fair value of $1.37 billion, compared to $1.43 billion in gross contractual amounts receivable. At the acquisition date, the Company estimated that $13.0 million of the contractual cash flows were not expected to be collected.

Direct costs related to the acquisition were expensed as incurred. Acquisition integration-related expenses were $17.2 million and $18.4 million during the three and six months ended June 30, 2025, respectively. These amounts have been separately stated in the unaudited interim consolidated statements of income and are included in operating activities in the unaudited interim consolidated statements of cash flow.

Supplemental Pro Forma Financial Information (Unaudited)

The following table presents certain unaudited pro forma financial information for illustrative purposes only, for the three and six months ended June 30, 2025, as if Evans had been acquired on January 1, 2025. This unaudited pro forma information combines the historical results of Evans with the Company's consolidated historical results and includes certain adjustments reflecting the estimated impact of certain fair value adjustments for the respective periods. The pro forma information is not indicative of what would have occurred had the acquisition taken place at the beginning of the year prior to the acquisition. The unaudited pro forma information does not consider any changes to the provision expense resulting from recording loan assets at fair value, cost savings or business synergies. As a result, actual amounts would have differed from the unaudited pro forma information presented and the differences could be significant.

	Pro Forma (Unaudited)	
	Three Months Ended	Six Months Ended
(In thousands)	June 30, 2025	June 30, 2025
Total revenue, net of interest expense	$ 177,453	$ 349,366
Net income	12,930	52,859

5. Securities

The amortized cost, estimated fair value and unrealized gains (losses) of AFS securities are as follows:

(In thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
As of June 30, 2026				
U.S. treasury	**$ 104,422**	**$ -**	**$ (2,664)**	**$ 101,758**
Federal agency	**248,293**	**-**	**(17,164)**	**231,129**
State & municipal	**84,796**	**2**	**(3,676)**	**81,122**
Mortgage-backed:				
Government-sponsored enterprises	**589,968**	**506**	**(26,580)**	**563,894**
U.S. government agency securities	**175,232**	**275**	**(4,566)**	**170,941**
Collateralized mortgage obligations:				
Government-sponsored enterprises	**625,419**	**1,504**	**(28,390)**	**598,533**
U.S. government agency securities	**260,288**	**453**	**(23,626)**	**237,115**
Corporate	**22,500**	**-**	**(786)**	**21,714**
Total AFS securities	**$ 2,110,918**	**$ 2,740**	**$ (107,452)**	**$ 2,006,206**
As of December 31, 2025				
U.S. treasury	$ 79,330	$ 25	$ (2,533)	$ 76,822
Federal agency	248,312	-	(17,036)	231,276
State & municipal	90,654	4	(3,931)	86,727
Mortgage-backed:				
Government-sponsored enterprises	470,606	1,651	(23,532)	448,725
U.S. government agency securities	145,836	660	(3,659)	142,837
Collateralized mortgage obligations:				
Government-sponsored enterprises	653,512	2,137	(26,214)	629,435
U.S. government agency securities	247,908	335	(22,192)	226,051
Corporate	22,500	-	(1,535)	20,965
Total AFS securities	$ 1,958,658	$ 4,812	$ (100,632)	$ 1,862,838

There was no allowance for credit losses on AFS securities as of June 30, 2026 and December 31, 2025.

During the three and six months ended June 30, 2026 and 2025, there were no gains or losses reclassified out of accumulated other comprehensive income (loss) ("AOCI") and into earnings.

The amortized cost, estimated fair value and unrealized gains (losses) of HTM securities are as follows:

(In thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
As of June 30, 2026				
Federal agency	**$ 100,000**	**$ -**	**$ (11,268)**	**$ 88,732**
Mortgage-backed:				
Government-sponsored enterprises	**179,456**	**-**	**(23,892)**	**155,564**
U.S. government agency securities	**12,021**	**-**	**(176)**	**11,845**
Collateralized mortgage obligations:				
Government-sponsored enterprises	**127,009**	**72**	**(6,394)**	**120,687**
U.S. government agency securities	**55,640**	**-**	**(9,073)**	**46,567**
State & municipal	**280,960**	**56**	**(11,722)**	**269,294**
Total HTM securities	**$ 755,086**	**$ 128**	**$ (62,525)**	**$ 692,689**
As of December 31, 2025				
Federal agency	$ 100,000	$ -	$ (10,705)	$ 89,295
Mortgage-backed:				
Government-sponsored enterprises	188,942	-	(23,273)	165,669
U.S. government agency securities	13,659	1	(106)	13,554
Collateralized mortgage obligations:				
Government-sponsored enterprises	136,464	115	(5,293)	131,286
U.S. government agency securities	57,309	-	(9,396)	47,913
State & municipal	266,382	76	(11,598)	254,860
Total HTM securities	$ 762,756	$ 192	$ (60,371)	$ 702,577

At June 30, 2026 and December 31, 2025 all of the mortgage-backed HTM securities were comprised of U.S. government agency and government-sponsored enterprises securities.

The Company recorded no gains from calls on HTM securities for the three and six months ended June 30, 2026 and 2025.

AFS and HTM securities with amortized costs totaling $1.80 billion at June 30, 2026 and $1.87 billion at December 31, 2025, were pledged to secure public deposits and for other purposes required or permitted by law. Additionally, at June 30, 2026 and December 31, 2025, AFS and HTM securities with an amortized cost of $209.6 million and $207.6 million, respectively, were pledged as collateral for securities sold under repurchase agreements.

The following tables set forth information with regard to gains and (losses) on equity securities:

	Three Months Ended June 30,	
(In thousands)	2026	2025
Net gains (losses) recognized on equity securities	**$ 175**	$ 112
Less: Net gains (losses) recognized on equity securities sold during the period	**-**	(35)
Unrealized gains (losses) recognized on equity securities still held	**$ 175**	$ 147

	Six Months Ended June 30,	
(In thousands)	2026	2025
Net gains (losses) recognized on equity securities	**$ 617**	$ 8
Less: Net gains (losses) recognized on equity securities sold during the period	**-**	(35)
Unrealized gains (losses) recognized on equity securities still held	**$ 617**	$ 43

As of June 30, 2026 and December 31, 2025, the carrying value of equity securities without readily determinable fair values was $1.0 million. The Company performed a qualitative assessment to determine whether the investments were impaired and identified no areas of credit concern as of June 30, 2026 and 2025. There were no impairments, or downward or upward adjustments recognized for equity securities without readily determinable fair values during the three and six months ended June 30, 2026 and 2025.

The following table sets forth information with regard to contractual maturities of debt securities at June 30, 2026:

(In thousands)	Amortized Cost	Estimated Fair Value
AFS debt securities:		
Within one year	$ 79,941	$ 78,871
From one to five years	688,941	656,741
From five to ten years	303,675	284,892
After ten years	1,038,361	985,702
Total AFS debt securities	$ 2,110,918	$ 2,006,206
HTM debt securities:		
Within one year	$ 122,217	$ 122,161
From one to five years	222,517	206,822
From five to ten years	93,543	85,389
After ten years	316,809	278,317
Total HTM debt securities	$ 755,086	$ 692,689

Maturities of mortgage-backed, collateralized mortgage obligations and asset-backed securities are stated based on their estimated average lives. Actual maturities may differ from estimated average lives or contractual maturities because, in certain cases, borrowers have the right to call or prepay obligations, with or without call or prepayment penalties.

Except for U.S. government securities and government-sponsored enterprises securities, there were no holdings, when taken in the aggregate, of any single issuer that exceeded 10% of consolidated stockholders' equity at June 30, 2026 and December 31, 2025.

The following table sets forth information with regard to investment securities with unrealized losses, for which an allowance for credit losses has not been recorded, segregated according to the length of time the securities were in a continuous unrealized loss position:

	Less Than 12 Months			12 Months or Longer			Total		
(In thousands)	Fair Value	Unrealized Losses	Number of Positions	Fair Value	Unrealized Losses	Number of Positions	Fair Value	Unrealized Losses	Number of Positions
As of June 30, 2026									
AFS securities:									
U.S. treasury	**$ 29,700**	**$ (237)**	**3**	**$ 72,058**	**$ (2,427)**	**4**	**$ 101,758**	**$ (2,664)**	**7**
Federal agency	**-**	**-**	**-**	**231,129**	**(17,164)**	**16**	**231,129**	**(17,164)**	**16**
State & municipal	**-**	**-**	**-**	**80,364**	**(3,676)**	**59**	**80,364**	**(3,676)**	**59**
Mortgage-backed	**317,746**	**(3,411)**	**41**	**311,311**	**(27,735)**	**126**	**629,057**	**(31,146)**	**167**
Collateralized mortgage obligations	**197,645**	**(2,683)**	**28**	**376,126**	**(49,333)**	**100**	**573,771**	**(52,016)**	**128**
Corporate	**-**	**-**	**-**	**21,714**	**(786)**	**7**	**21,714**	**(786)**	**7**
Total securities with unrealized losses	**$ 545,091**	**$ (6,331)**	**72**	**$ 1,092,702**	**$ (101,121)**	**312**	**$ 1,637,793**	**$ (107,452)**	**384**
HTM securities:									
Federal agency	**$ -**	**$ -**	**-**	**$ 88,732**	**$ (11,268)**	**4**	**$ 88,732**	**$ (11,268)**	**4**
Mortgage-backed	**9,878**	**(143)**	**3**	**157,509**	**(23,925)**	**33**	**167,387**	**(24,068)**	**36**
Collateralized mortgage obligation	**5,576**	**(72)**	**1**	**156,717**	**(15,395)**	**46**	**162,293**	**(15,467)**	**47**
State & municipal	**16,562**	**(514)**	**19**	**120,834**	**(11,208)**	**121**	**137,396**	**(11,722)**	**140**
Total securities with unrealized losses	**$ 32,016**	**$ (729)**	**23**	**$ 523,792**	**$ (61,796)**	**204**	**$ 555,808**	**$ (62,525)**	**227**
As of December 31, 2025									
AFS securities:									
U.S. treasury	$ -	$ -	-	$ 71,796	$ (2,533)	4	$ 71,796	$ (2,533)	4
Federal agency	-	-	-	231,276	(17,036)	16	231,276	(17,036)	16
State & municipal	-	-	-	85,965	(3,931)	64	85,965	(3,931)	64
Mortgage-backed	49,453	(161)	7	338,370	(27,030)	135	387,913	(27,191)	142
Collateralized mortgage obligations	80,781	(131)	12	418,983	(48,275)	105	499,764	(48,406)	117
Corporate	-	-	-	20,965	(1,535)	7	20,965	(1,535)	7
Total securities with unrealized losses	$ 130,234	$ (292)	19	$ 1,167,355	$ (100,340)	331	$ 1,297,679	$ (100,632)	350
HTM securities:									
Federal agency	$ -	$ -	-	$ 89,295	$ (10,705)	4	$ 89,295	$ (10,705)	4
Mortgage-backed	10,771	(71)	1	168,422	(23,308)	33	179,193	(23,379)	34
Collateralized mortgage obligations	-	-	-	173,333	(14,689)	47	173,333	(14,689)	47
State & municipal	4,381	(245)	7	142,139	(11,353)	146	146,520	(11,598)	153
Total securities with unrealized losses	$ 15,152	$ (316)	8	$ 573,189	$ (60,055)	230	$ 588,341	$ (60,371)	238

The Company does not believe the AFS securities that were in an unrealized loss position as of June 30, 2026 and December 31, 2025, which consisted of 384 and 350 individual securities, respectively, represented a credit loss impairment. AFS debt securities in unrealized loss positions are evaluated for impairment related to credit losses at least quarterly. As of June 30, 2026 and December 31, 2025, the majority of the AFS securities in an unrealized loss position consisted of debt securities issued by U.S. government agencies or U.S. government-sponsored enterprises that carry the explicit and/or implicit guarantee of the U.S. government, which are widely recognized as “risk-free” and have a long history of zero credit losses. Total gross unrealized losses were primarily attributable to changes in interest rates, relative to when the investment securities were purchased, and not due to the credit quality of the investment securities. The Company does not intend to sell, nor is it more likely than not that the Company will be required to sell the securities before recovery of their amortized cost bases, which may be at maturity. The Company elected to exclude accrued interest receivable (“AIR”) from the amortized cost basis of debt securities. AIR on AFS debt securities totaled $6.5 million and $5.6 million at June 30, 2026 and December 31, 2025, respectively, and is excluded from the estimate of credit losses and reported in the other assets financial statement line.

None of the Bank’s HTM debt securities were past due or on nonaccrual status as of June 30, 2026 and December 31, 2025. There was no accrued interest reversed against interest income for the three and six months ended June 30, 2026 or the year ended December 31, 2025 as all securities remained in accrual status. In addition, there were no collateral-dependent HTM debt securities as of June 30, 2026 and December 31, 2025. There was no allowance for credit losses on HTM securities as of June 30, 2026 and December 31, 2025. As of June 30, 2026 and December 31, 2025, 63% and 65%, respectively, of the Company’s HTM debt securities were issued by U.S. government agencies or U.S. government-sponsored enterprises with bond ratings of A to AAA. These securities carry the explicit and/or implicit guarantee of the U.S. government, which are widely recognized as “risk-free” and have a long history of zero credit losses. Therefore, the Company did not record an allowance for credit losses for these securities as of June 30, 2026 and December 31, 2025. The remaining HTM debt securities at June 30, 2026 and December 31, 2025 were comprised of state and municipal obligations with bond ratings of A to AAA excluding the $113.9 million and $85.7 million, respectively, of local municipal bonds which are not rated. Based on the Company’s current expected credit losses (“CECL”) methodology, the expected credit loss on the HTM municipal bond portfolio was deemed immaterial, therefore no allowance for credit loss was recorded as of June 30, 2026 and December 31, 2025. AIR on HTM debt securities totaled $4.0 million at June 30, 2026 and $3.9 million at December 31, 2025 and is excluded from the estimate of credit losses and reported in the other assets financial statement line.

6. Loans

A summary of loans, net of deferred fees and origination costs, by category[1] is as follows:

(In thousands)	**June 30, 2026**	**December 31, 2025**
Commercial & industrial	**$ 1,755,123**	$ 1,671,974
Commercial real estate	**4,893,543**	4,798,957
Residential mortgage	**2,558,338**	2,537,593
Home equity	**465,340**	448,113
Indirect auto	**1,450,482**	1,340,524
Residential solar	**693,177**	736,970
Other consumer	**58,078**	63,983
Total loans	**$ 11,874,081**	$ 11,598,114

(1) Loans are summarized by business line which does not align to how the Company assesses credit risk in the allowance for credit losses under CECL.

Included in the above loans are net deferred loan origination (fees) costs totaling $(27.6) million and $(37.9) million at June 30, 2026 and December 31, 2025, respectively.

7. Allowance for Credit Losses and Credit Quality of Loans

The allowance for credit losses totaled $140.5 million at June 30, 2026, compared to $138.0 million at December 31, 2025. The allowance for credit losses as a percentage of loans was 1.18% at June 30, 2026, compared to 1.19% at December 31, 2025.

The allowance for credit losses calculation incorporated a 6-quarter forecast period to account for forecast economic conditions under each scenario utilized in the measurement. For periods beyond the 6-quarter forecast, the model reverts to long-term economic conditions over a 4-quarter reversion period on a straight-line basis. The Company considers a baseline, upside and downside economic forecast in measuring the allowance. From the second quarter of 2025 through the fourth quarter of 2025, the Company included an additional downside scenario with stagflation conditions, which is characterized as an economic environment where inflation rises alongside unemployment. Stagflation was identified as an emerging risk as tariff policies impacted the economy.

The quantitative model as of June 30, 2026 incorporated a baseline economic outlook along with alternative upside and downside scenarios sourced from a reputable third-party to accommodate other potential economic conditions in the model. At June 30, 2026, the weightings were 60%, 5% and 35% for the baseline, upside and downside economic forecast scenarios, respectively. The baseline outlook reflected an economic environment where the northeast unemployment rate increases from 4.46% in the second quarter of 2026 to 4.65% by the end of the forecast period, with a peak northeast unemployment rate of 4.69% in the second quarter of 2027. National Gross Domestic Product (“GDP”) annualized growth (on a quarterly basis) is expected to start the third quarter of 2026 at approximately 1.95% and decrease to 1.93% by the end of the forecast period. Key assumptions in the baseline economic outlook included the Federal Reserve keeping their policy rate in the current range of 3.50%-3.75% and the economy remaining at full employment. The alternative upside scenario assumes improved economic conditions from the baseline outlook. Under this scenario, northeast unemployment falls from 4.46% in the second quarter of 2026 to 3.85% in the third quarter of 2027 and eventually settles at 3.90% by the end of the forecast period. The alternative downside scenario with recessionary conditions assumes deteriorated economic conditions from the baseline outlook. Under this scenario, northeast unemployment rises from 4.46% in the second quarter of 2026 to a peak of 7.81% in the third quarter of 2027. These scenarios and their respective weightings are evaluated at each measurement date and reflect management’s expectations as of June 30, 2026. Additional qualitative adjustments were made for factors not incorporated in the forecasts or the model, such as loss rate expectations for certain loan pools.

The quantitative model as of March 31, 2026 incorporated a baseline economic outlook along with alternative upside and downside scenarios sourced from a reputable third-party to accommodate other potential economic conditions in the model. At March 31, 2026, the weightings were 60%, 5% and 35% for the baseline, upside and downside economic forecast scenarios, respectively. The baseline outlook reflected an economic environment where the northeast unemployment rate decreases from 4.6% in the second quarter of 2026 to 4.56% by the end of the forecast period, with a peak northeast unemployment rate of 4.6% in the third quarter of 2026. National GDP annualized growth (on a quarterly basis) is expected to start the second quarter of 2026 at approximately 2.75% and decrease to 1.72% by the end of the forecast period. Key assumptions in the baseline economic outlook included the Federal Reserve cutting rates with two 25 basis point cuts at the June and September meetings and the economy remaining at full employment. The alternative upside scenario assumes improved economic conditions from the baseline outlook. Under this scenario, northeast unemployment falls from 4.6% in the first quarter of 2026 to 3.7% in the second quarter of 2027 and eventually settles at 3.8% by the end of the forecast period. The alternative downside scenario with recessionary conditions assumes deteriorated economic conditions from the baseline outlook. Under this scenario, northeast unemployment rises from 4.6% in the first quarter of 2026 to a peak of 7.8% in the second quarter of 2027. The alternative downside stagflation scenario was removed in the first quarter of 2026 following a recalibration of the scenario’s narrative and model by the reputable third-party, which no longer provided a relevant stagflation scenario. These scenarios and their respective weightings are evaluated at each measurement date and reflect management’s expectations as of March 31, 2026. Additional qualitative adjustments were made for factors not incorporated in the forecasts or the model, such as loss rate expectations for certain loan pools and recent trends in asset value indices. Additional monitoring for industry concentrations, loan growth and policy exceptions was also conducted.

The quantitative model as of December 31, 2025 incorporated a baseline economic outlook along with alternative upside scenario and two equally weighted downside scenarios, recessionary conditions and stagflation, sourced from a reputable third-party to accommodate other potential economic conditions in the model. At December 31, 2025, the weightings were 65%, 5% and 30% for the baseline, upside and downside economic forecast scenarios, respectively. The baseline outlook reflected an economic environment where the northeast unemployment rate increases from 4.5% in the first quarter of 2026 to 4.8% by the end of the forecast period, with a peak northeast unemployment rate of 4.9% in the fourth quarter of 2026. National GDP annualized growth (on a quarterly basis) is expected to start the first quarter of 2026 at approximately 2.55% and decrease to 1.8% by the end of the forecast period. Key assumptions in the baseline economic outlook included the Federal Reserve cutting rates with one 25 basis point cut at the December meeting and the economy remaining at full employment. The alternative upside scenario assumes improved economic conditions from the baseline outlook. Under this scenario, northeast unemployment falls from 4.4% in the fourth quarter of 2025 to 4.0% in the second quarter of 2026 and eventually settles at 4.1% by the end of the forecast period. The alternative downside scenario with recessionary conditions assumes deteriorated economic conditions from the baseline outlook. Under this scenario, northeast unemployment rises from 4.4% in the fourth quarter of 2025 to a peak of 7.8% in the first quarter of 2027. The alternative downside stagflation scenario assumes deteriorated economic conditions from the baseline outlook. Under this scenario, northeast unemployment rises from 4.4% in the fourth quarter of 2025 to 6% by the end of the forecast period in the second quarter of 2027, with a peak northeast unemployment rate of 8.2% in the first quarter of 2028. These scenarios and their respective weightings are evaluated at each measurement date and reflect management’s expectations as of December 31, 2025. Additional qualitative adjustments were made for factors not incorporated in the forecasts or the model, such as loss rate expectations for certain loan pools, reversion adjustments for the stagflation scenario and recent trends in asset value indices. Additional monitoring for industry concentrations, loan growth and policy exceptions was also conducted.

There were no loans purchased with credit deterioration during the three and six months ended June 30, 2026. There were $336.4 million of PCD loans acquired from Evans during the year ended December 31, 2025, which resulted in an allowance for credit losses at acquisition of $7.7 million. During six months ended June 30, 2026, the Company purchased $7.7 million of residential loans at a 4.5% premium with an $82 thousand allowance for credit losses recorded for these loans. During 2025, the Company purchased $21.3 million of residential loans at a 4.5% premium with a $234 thousand allowance for credit losses recorded for these loans.

The Company made a policy election to report AIR in the other assets line item on the consolidated balance sheets. AIR on loans totaled $42.0 million at June 30, 2026 and $42.5 million at December 31, 2025 and with no estimated allowance for credit losses related to AIR at June 30, 2026 and December 31, 2025 as it is excluded from amortized cost.

The following tables present the activity in the allowance for credit losses by our portfolio segments:

(In thousands)	Commercial Loans	Consumer Loans	Residential	Total
Balance as of March 31, 2026	**$ 63,096**	**$ 44,047**	**$ 31,457**	**$ 138,600**
Charge-offs	**(1,379)**	**(4,424)**	**(193)**	**(5,996)**
Recoveries	**107**	**1,478**	**175**	**1,760**
Provision	**2,738**	**2,706**	**692**	**6,136**
Ending balance as of June 30, 2026	**$ 64,562**	**$ 43,807**	**$ 32,131**	**$ 140,500**
Balance as of March 31, 2025	$ 48,730	$ 41,696	$ 26,574	$ 117,000
Allowance for credit loss on PCD acquired loans	7,355	-	371	7,726
Charge-offs	(533)	(3,837)	(61)	(4,431)
Recoveries	409	1,566	95	2,070
Provision	10,060	1,444	6,331	17,835
Ending balance as of June 30, 2025	$ 66,021	$ 40,869	$ 33,310	$ 140,200

(In thousands)	Commercial Loans	Consumer Loans	Residential	Total
Balance as of December 31, 2025	**$ 61,725**	**$ 42,583**	**$ 33,692**	**$ 138,000**
Charge-offs	**(3,865)**	**(8,782)**	**(205)**	**(12,852)**
Recoveries	**304**	**3,049**	**286**	**3,639**
Provision	**6,398**	**6,957**	**(1,642)**	**11,713**
Ending balance as of June 30, 2026	**$ 64,562**	**$ 43,807**	**$ 32,131**	**$ 140,500**
Balance as of December 31, 2024	$ 45,453	$ 43,987	$ 26,560	$ 116,000
Allowance for credit loss on PCD acquired loans	7,355	-	371	7,726
Charge-offs	(2,755)	(9,713)	(118)	(12,586)
Recoveries	516	2,972	183	3,671
Provision	15,452	3,623	6,314	25,389
Ending balance as of June 30, 2025	$ 66,021	$ 40,869	$ 33,310	$ 140,200

The allowance for credit losses as of June 30, 2026 increased compared to December 31, 2025 and June 30, 2025 primarily due to providing for current year loan growth, change in scenario weightings and the establishment of specific reserves during the first quarter of 2026 for newly identified individually evaluated loans. These increases to the allowance for credit losses were partially offset by model adjustment, accelerated prepayment speeds and changes in loan composition and balances, including reductions driven by other consumer and residential solar portfolios that are in a planned run-off status. First quarter 2026 model adjustments lowered the allowance, as updates from the annual model review and recalibration process incorporated recent delinquency and loss experience which reflected improved default estimates across most portfolio segments.

Individually Evaluated Loans

The threshold for evaluating commercial loans risk graded substandard or doubtful, and nonperforming loans specifically evaluated for individual credit loss is $1.0 million. As of June 30, 2026, ten relationships were identified for individual credit loss evaluation with an amortized cost basis of $31.8 million, with $3.1 million of allowance for credit loss. As of June 30, 2026, there were $26.4 million of loans in nonaccrual status that were specifically evaluated for individual credit loss with no allowance for credit loss as the fair value of the underlying collateral supported the amortized cost. As of December 31, 2025, five relationships with an amortized cost basis of $12.2 million were identified for individual credit loss evaluation. These relationships were in nonaccrual status and with no allowance for credit loss as the fair value of the underlying collateral supported the amortized cost.

The following table sets forth information with regard to past due and nonperforming loans by loan segment:

(In thousands)	31–60 Days Past Due Accruing	61–90 Days Past Due Accruing	Greater Than 90 Days Past Due Accruing	Total Past Due Accruing	Nonaccrual	Current	Recorded Total Loans
As of June 30, 2026							
Commercial loans:							
C&I	$ 1,549	$ 676	$ -	$ 2,225	$ 10,051	$ 1,719,036	$ 1,731,312
CRE	26,266	12,398	-	38,664	30,508	4,642,122	4,711,294
Total commercial loans	$ 27,815	$ 13,074	$ -	$ 40,889	$ 40,559	$ 6,361,158	$ 6,442,606
Consumer loans:							
Auto	$ 12,082	$ 2,183	$ 590	$ 14,855	$ 2,677	$ 1,412,524	$ 1,430,056
Residential solar	3,525	1,763	934	6,222	55	686,900	693,177
Other consumer	801	465	205	1,471	117	75,096	76,684
Total consumer loans	$ 16,408	$ 4,411	$ 1,729	$ 22,548	$ 2,849	$ 2,174,520	$ 2,199,917
Residential	$ 8,392	$ 2,390	$ 681	$ 11,463	$ 19,490	$ 3,200,605	$ 3,231,558
Total loans	$ 52,615	$ 19,875	$ 2,410	$ 74,900	$ 62,898	$ 11,736,283	$ 11,874,081

(In thousands)	31–60 Days Past Due Accruing	61–90 Days Past Due Accruing	Greater Than 90 Days Past Due Accruing	Total Past Due Accruing	Nonaccrual	Current	Recorded Total Loans
As of December 31, 2025							
Commercial loans:							
C&I	$ 761	$ 126	$ 103	$ 990	$ 1,947	$ 1,645,794	$ 1,648,731
CRE	1,802	5,112	2,117	9,031	17,987	4,592,983	4,620,001
Total commercial loans	$ 2,563	$ 5,238	$ 2,220	$ 10,021	$ 19,934	$ 6,238,777	$ 6,268,732
Consumer loans:							
Auto	$ 12,884	$ 2,106	$ 965	$ 15,955	$ 2,940	$ 1,298,470	$ 1,317,365
Residential solar	4,846	1,396	1,241	7,483	90	729,397	736,970
Other consumer	1,200	467	339	2,006	63	80,824	82,893
Total consumer loans	$ 18,930	$ 3,969	$ 2,545	$ 25,444	$ 3,093	$ 2,108,691	$ 2,137,228
Residential	$ 5,203	$ 666	$ 2,366	$ 8,235	$ 21,565	$ 3,162,354	$ 3,192,154
Total loans	$ 26,696	$ 9,873	$ 7,131	$ 43,700	$ 44,592	$ 11,509,822	$ 11,598,114

Credit Quality Indicators

The Company has developed an internal loan grading system to evaluate and quantify the Company’s loan portfolio with respect to quality and risk, focusing on, among other things, borrower’s financial strength, experience and depth of borrower’s management, primary and secondary sources of repayment, payment history, nature of the business and industry outlook. The internal grading system enables the Company to monitor the quality of the entire loan portfolio on a consistent basis and provide management with an early warning system, which facilitates recognition of and response to problem loans and potential problem loans.

Commercial Grading System

For Commercial & Industrial (“C&I”) and Commercial Real Estate (“CRE”) loans, the Company uses a grading system that relies on quantifiable and measurable characteristics when available. This includes comparison of financial strength to available industry averages, comparison of transaction factors (loan terms and conditions) to loan policy and comparison of credit history to stated repayment terms and industry averages. Some grading factors are necessarily more subjective such as economic and industry factors, regulatory environment and management. C&I and CRE loans are graded Doubtful, Substandard, Special Mention and Pass.

Doubtful - A Doubtful loan has a high probability of total or substantial loss, but because of specific pending events that may strengthen the asset, its classification as a loss is deferred. Doubtful borrowers are usually in default, lack adequate liquidity or capital and lack the resources necessary to remain an operating entity. Pending events can include mergers, acquisitions, liquidations, capital injections, the perfection of liens on additional collateral, the valuation of collateral and refinancing. Generally, pending events should be resolved within a relatively short period and the ratings will be adjusted based on the new information. Nonaccrual treatment is required for Doubtful assets because of the high probability of loss.

Substandard - Substandard loans have a high probability of payment default or they have other well-defined weaknesses. They require more intensive supervision by bank management. Substandard loans are generally characterized by current or expected unprofitable operations, inadequate debt service coverage, inadequate liquidity or marginal capitalization. Repayment may depend on collateral or other credit risk mitigants. For some Substandard loans, the likelihood of full collection of interest and principal may be in doubt and those loans should be placed on nonaccrual. Although Substandard assets in the aggregate will have a distinct potential for loss, an individual asset’s loss potential does not have to be distinct for the asset to be rated Substandard.

Table of Contents

Special Mention - Special Mention loans have potential weaknesses that may, if not checked or corrected, weaken the asset or inadequately protect the Company's position at some future date. These loans pose elevated risk, but their weakness does not yet justify a Substandard classification. Borrowers may be experiencing adverse operating trends (i.e., declining revenues or margins) or may be struggling with an ill-proportioned balance sheet (i.e., increasing inventory without an increase in sales, high leverage and/or tight liquidity). Adverse economic or market conditions, such as interest rate increases or the entry of a new competitor, may also support a Special Mention rating. Although a Special Mention loan has a higher PD than a Pass asset, its default is not imminent.

Pass - Loans graded as Pass encompass all loans not graded as Doubtful, Substandard or Special Mention. Pass loans are in compliance with loan covenants and payments are generally made as agreed. Pass loans range from superior quality to fair quality. Pass loans also include any portion of a government guaranteed loan.

Consumer and Residential Grading System

Consumer and Residential loans are graded as either Nonperforming or Performing.

Nonperforming - Nonperforming loans are loans that are (1) over 90 days past due and interest is still accruing or (2) on nonaccrual status.

Performing - All loans not meeting any of the above criteria are considered Performing.

The following tables illustrate the Company's credit quality by loan class by vintage and includes gross charge-offs by loan class by vintage. Included in other consumer gross charge-offs for the six months ended June 30, 2026, the Company recorded $0.4 million in overdrawn deposit accounts reported as 2025 originations and $0.3 million in overdrawn deposit accounts reported as 2026 originations. Included in other consumer gross charge-offs for the year ended December 31, 2025, the Company recorded $0.3 million in overdrawn deposit accounts reported as 2024 originations and $0.8 million in overdrawn deposit accounts reported as 2025 originations.

(In thousands)	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Loans Amortized Cost Basis**	**Revolving Loans Converted to Term**	**Total**
As of June 30, 2026									
C&I									
By internally assigned grade:									
Pass	$ 169,129	$ 219,469	$ 177,007	$ 118,326	$ 107,129	$ 245,568	$ 576,276	$ 16,721	$ 1,629,625
Special Mention	190	2,081	6,168	1,866	905	3,337	6,436	-	20,983
Substandard	2,253	602	3,603	6,025	10,939	13,818	37,631	390	75,261
Doubtful	-	1,250	4,137	30	25	1	-	-	5,443
Total C&I	$ 171,572	$ 223,402	$ 190,915	$ 126,247	$ 118,998	$ 262,724	$ 620,343	$ 17,111	$ 1,731,312
Current-period gross charge-offs	$ -	$ (399)	$ (84)	$ (1,276)	$ (48)	$ (192)	$ -	$ -	$ (1,999)
CRE									
By internally assigned grade:									
Pass	$ 302,180	$ 366,113	$ 453,376	$ 408,916	$ 619,133	$1,800,135	$ 353,987	$ 44,074	$ 4,347,914
Special mention	-	2,950	7,021	28,612	55,777	67,831	7,964	8,678	178,833
Substandard	299	4,647	26,980	24,091	25,557	90,661	12,069	243	184,547
Total CRE	$ 302,479	$ 373,710	$ 487,377	$ 461,619	$ 700,467	$1,958,627	$ 374,020	$ 52,995	$ 4,711,294
Current-period gross charge-offs	$ -	$ -	$ -	$ -	$ (806)	$ (1,060)	$ -	$ -	$ (1,866)
Auto									
By payment activity:									
Performing	$ 406,028	$ 461,494	$ 293,880	$ 148,916	$ 91,504	$ 24,967	$ -	$ -	$ 1,426,789
Nonperforming	32	688	805	959	536	247	-	-	3,267
Total auto	$ 406,060	$ 462,182	$ 294,685	$ 149,875	$ 92,040	$ 25,214	$ -	$ -	$ 1,430,056
Current-period gross charge-offs	$ (1)	$ (542)	$ (649)	$ (582)	$ (539)	$ (199)	$ -	$ -	$ (2,512)
Residential solar									
By payment activity:									
Performing	$ 904	$ 1,878	$ 2,091	$ 102,747	$ 346,409	$ 238,159	$ -	$ -	$ 692,188
Nonperforming	-	-	-	92	554	343	-	-	989
Total residential solar	$ 904	$ 1,878	$ 2,091	$ 102,839	$ 346,963	$ 238,502	$ -	$ -	$ 693,177
Current-period gross charge-offs	$ -	$ -	$ -	$ (381)	$ (2,867)	$ (1,312)	$ -	$ -	$ (4,560)
Other consumer									
By payment activity:									
Performing	$ 12,794	$ 9,685	$ 5,054	$ 2,197	$ 2,481	$ 17,215	$ 26,911	$ 25	$ 76,362
Nonperforming	-	41	18	16	57	147	4	39	322
Total other consumer	$ 12,794	$ 9,726	$ 5,072	$ 2,213	$ 2,538	$ 17,362	$ 26,915	$ 64	$ 76,684
Current-period gross charge-offs	$ (325)	$ (379)	$ (85)	$ (51)	$ (140)	$ (730)	$ -	$ -	$ (1,710)
Residential									
By payment activity:									
Performing	$ 148,655	$ 197,230	$ 232,276	$ 233,051	$ 392,812	$1,615,444	$ 377,831	$ 14,088	$ 3,211,387
Nonperforming	-	88	1,436	2,382	3,050	12,961	-	254	20,171
Total residential	$ 148,655	$ 197,318	$ 233,712	$ 235,433	$ 395,862	$1,628,405	$ 377,831	$ 14,342	$ 3,231,558
Current-period gross charge-offs	$ -	$ -	$ (23)	$ -	$ -	$ (182)	$ -	$ -	$ (205)
Total loans	$1,042,464	$1,268,216	$1,213,852	$1,078,226	$1,656,868	$4,130,834	$ 1,399,109	$ 84,512	$11,874,081
Current-period gross charge-offs	$ (326)	$ (1,320)	$ (841)	$ (2,290)	$ (4,400)	$ (3,675)	$ -	$ -	$ (12,852)

(In thousands)	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
As of December 31, 2025									
C&I									
By internally assigned grade:									
Pass	$ 264,031	$ 212,997	$ 147,722	$ 147,300	$ 127,598	$ 166,819	$ 475,710	$ 6,820	$ 1,548,997
Special mention	1,063	7,729	4,131	7,010	807	2,809	7,405	-	30,954
Substandard	722	3,150	5,122	7,322	11,744	2,208	37,794	611	68,673
Doubtful	-	-	58	33	16	-	-	-	107
Total C&I	$ 265,816	$ 223,876	$ 157,033	$ 161,665	$ 140,165	$ 171,836	$ 520,909	$ 7,431	$ 1,648,731
Current-period gross charge-offs	$ -	$ (497)	$ (477)	$ (63)	$ (263)	$ (1,218)	$ -	$ -	$ (2,518)
CRE									
By internally assigned grade:									
Pass	$ 360,858	$ 483,504	$ 436,790	$ 627,582	$ 577,221	$ 1,362,602	$ 329,111	$ 49,483	$ 4,227,151
Special mention	5,509	7,351	22,545	50,020	15,226	62,542	7,053	-	170,246
Substandard	5,080	16,539	17,226	44,496	19,266	102,861	17,136	-	222,604
Total CRE	$ 371,447	$ 507,394	$ 476,561	$ 722,098	$ 611,713	$ 1,528,005	$ 353,300	$ 49,483	$ 4,620,001
Current-period gross charge-offs	$ -	$ -	$ (178)	$ -	$ -	$ (2,105)	$ -	$ -	$ (2,283)
Auto									
By payment activity:									
Performing	$ 563,305	$ 371,367	$ 199,608	$ 132,355	$ 40,036	$ 6,789	$ -	$ -	$ 1,313,460
Nonperforming	547	1,185	982	738	375	78	-	-	3,905
Total auto	$ 563,852	$ 372,552	$ 200,590	$ 133,093	$ 40,411	$ 6,867	$ -	$ -	$ 1,317,365
Current-period gross charge-offs	$ (263)	$ (1,526)	$ (1,320)	$ (1,494)	$ (609)	$ (262)	$ -	$ -	$ (5,474)
Residential solar									
By payment activity:									
Performing	$ 1,978	$ 2,200	$ 108,529	$ 365,629	$ 150,757	$ 106,546	$ -	$ -	$ 735,639
Nonperforming	-	-	58	761	384	128	-	-	1,331
Total Residential solar	$ 1,978	$ 2,200	$ 108,587	$ 366,390	$ 151,141	$ 106,674	$ -	$ -	$ 736,970
Current-period gross charge-offs	$ -	$ -	$ (1,012)	$ (5,153)	$ (1,619)	$ (844)	$ -	$ -	$ (8,628)
Other consumer									
By payment activity:									
Performing	$ 16,080	$ 7,334	$ 3,257	$ 4,465	$ 11,689	$ 13,636	$ 25,995	$ 35	$ 82,491
Nonperforming	-	29	26	37	135	126	15	34	402
Total other consumer	$ 16,080	$ 7,363	$ 3,283	$ 4,502	$ 11,824	$ 13,762	$ 26,010	$ 69	$ 82,893
Current-period gross charge-offs	$ (815)	$ (404)	$ (95)	$ (941)	$ (1,940)	$ (1,195)	$ -	$ -	$ (5,390)
Residential									
By payment activity:									
Performing	$ 192,323	$ 237,485	$ 244,007	$ 404,751	$ 473,304	$ 1,242,708	$ 346,079	$ 27,566	$ 3,168,223
Nonperforming	-	1,629	2,419	3,126	3,238	13,278	76	165	23,931
Total residential	$ 192,323	$ 239,114	$ 246,426	$ 407,877	$ 476,542	$ 1,255,986	$ 346,155	$ 27,731	$ 3,192,154
Current-period gross charge-offs	$ -	$ (16)	$ (272)	$ (574)	$ -	$ (54)	$ -	$ -	$ (916)
Total loans	$ 1,411,496	$ 1,352,499	$ 1,192,480	$ 1,795,625	$ 1,431,796	$ 3,083,130	$ 1,246,374	$ 84,714	$ 11,598,114
Current-period gross charge-offs	$ (1,078)	$ (2,443)	$ (3,354)	$ (8,225)	$ (4,431)	$ (5,678)	$ -	$ -	$ (25,209)

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The allowance for credit losses on unfunded commitments totaled $5.5 million as of June 30, 2026, compared to $5.8 million as of December 31, 2025. There was no reserve for unfunded loan commitments for the three months ended June 30, 2026, compared to $1.7 million for the three months ended June 30, 2025. The reserve for unfunded loan commitments was $(0.3) million for the six months ended June 30, 2026, compared to $1.8 million for the six months ended June 30, 2025. The reserve for unfunded loan commitments was recorded within other noninterest expense in the unaudited interim consolidated statements of income. Included in the reserve for unfunded loan commitments for the three and six months ended June 30, 2025, was $0.5 million of acquisition-related provision for unfunded loan commitments due to the Evans acquisition.

Loan Modifications to Borrowers Experiencing Financial Difficulties

When the Company modifies a loan with financial difficulty, such modifications generally include one or a combination of the following: an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; a change in scheduled payment amount; or principal forgiveness.

The following tables show the amortized cost basis at the end of the reporting period of the loans modified to borrowers experiencing financial difficulty, disaggregated by class of financing receivable and type of concession granted:

	Three Months Ended June 30, 2026	
	Term Extension	
(Dollars in thousands)	Amortized Cost	% of Total Class of Financing Receivables
Consumer loans:		
Auto	**$ 9**	**0.001%**
Total consumer loans	**$ 9**	
Residential	**$ 593**	**0.018%**
Total	**$ 602**	

	Three Months Ended June 30, 2025			
	Term Extension		Combination - Term Extension and Interest Rate Reduction	
(Dollars in thousands)	Amortized Cost	% of Total Class of Financing Receivables	Amortized Cost	% of Total Class of Financing Receivables
Residential	$ 117	0.004%	$ 28	0.001%
Total	$ 117		$ 28	

	Six Months Ended June 30, 2026	
	Term Extension	
(Dollars in thousands)	Amortized Cost	% of Total Class of Financing Receivables
Consumer loans:		
Auto	**$ 9**	**0.001%**
Total consumer loans	**$ 9**	
Residential	**$ 1,237**	**0.038%**
Total	**$ 1,246**	

	Six Months Ended June 30, 2025			
	Term Extension		Combination - Term Extension and Interest Rate Reduction	
(Dollars in thousands)	Amortized Cost	% of Total Class of Financing Receivables	Amortized Cost	% of Total Class of Financing Receivables
Residential	$ 894	0.028%	$ 28	0.001%
Total	$ 894		$ 28	

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulties:

Loan Type	Three Months Ended June 30, 2026
	Term Extension
Auto	**Added a weighted-average 1.8 years to the life of loans, which reduced monthly payment amounts for the borrowers**
Residential	**Added a weighted-average 8.0 years to the life of loans, which reduced monthly payment amounts for the borrowers**

Loan Type	Three Months Ended June 30, 2025	
	Term Extension	**Interest Rate Reduction**
Residential	Added a weighted-average 9.8 years to the life of loans, which reduced monthly payment amounts for the borrowers	Reduced interest by weighted average of 0.62%, which reduced the monthly payment amount for the borrowers

Loan Type	Six Months Ended June 30, 2026
	Term Extension
Auto	**Added a weighted-average 1.8 years to the life of loans, which reduced monthly payment amounts for the borrowers**
Residential	**Added a weighted-average 5.4 years to the life of loans, which reduced monthly payment amounts for the borrowers**

Loan Type	Six Months Ended June 30, 2025	
	Term Extension	**Interest Rate Reduction**
Residential	Added a weighted-average 7.5 years to the life of loans, which reduced monthly payment amounts for the borrowers	Reduced interest by weighted average of 0.62%, which reduced the monthly payment amount for the borrowers

There were no financing receivables that had a payment default during the three and six months ended June 30, 2026 that were modified to borrowers experiencing financial difficulty in the twelve months prior to the default. During the three and six months ended June 30, 2025, there were $11 thousand and $69 thousand, respectively, of residential financing receivables with term extension modifications that had payment defaults during the period, that were modified to borrowers experiencing financial difficulty in the twelve months prior to the default.

The following tables depict the performance of loans that have been modified to borrowers experiencing financial difficulty that were modified in the prior twelve months:

(In thousands)	Payment Status (Amortized Cost Basis) Current	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due
As of June 30, 2026				
Consumer loans:				
Auto	**$ -**	**$ -**	**$ 9**	**$ -**
Total consumer loans	**$ -**	**$ -**	**$ 9**	**$ -**
Residential	**$ 1,839**	**$ -**	**$ -**	**$ -**
Total	**$ 1,839**	**$ -**	**$ 9**	**$ -**

(In thousands)	Payment Status (Amortized Cost Basis) Current	31-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due
As of June 30, 2025				
Residential	$ 1,692	$ 11	$ 58	$ -
Total	$ 1,692	$ 11	$ 58	$ -

8. Borrowings

Short-Term Borrowings

In addition to the liquidity provided by balance sheet cash flows, liquidity must also be supplemented with additional sources such as credit lines from correspondent banks as well as borrowings from the Federal Home Loan Bank ("FHLB") and the Federal Reserve Bank. Other funding alternatives may also be appropriate from time to time, including wholesale and retail repurchase agreements and brokered certificate of deposit accounts.

Information related to short-term borrowings is summarized as follows:

(In thousands)	June 30, 2026	December 31, 2025
Federal funds purchased	**$ 40,000**	$ -
Securities sold under repurchase agreements	**119,438**	148,069
Other short-term borrowings	**157,000**	-
Total short-term borrowings	**$ 316,438**	$ 148,069

See Note 5 for additional information regarding securities pledged as collateral for securities sold under the repurchase agreements.

Subordinated Debt

The subordinated notes assumed in connection with the Salisbury Bancorp, Inc. acquisition included $25.0 million of 3.50% fixed-to-floating rate subordinated notes due 2031. The subordinated notes, which qualified as Tier 2 capital, had a maturity date of March 31, 2031 and bore interest at an annual rate of 3.50%, payable quarterly in arrears commencing on June 30, 2021, and a floating rate of interest equivalent to the three-month Secured Overnight Financing Rate ("SOFR") plus a spread of 2.80%, payable quarterly in arrears commencing on June 30, 2026. The subordinated notes were redeemable, without penalty, on or after March 31, 2026. On June 30, 2026, the Company redeemed these subordinated notes in full using existing liquidity sources.

The following table summarizes the Company's subordinated debt:

(Dollars in thousands)	June 30, 2026	December 31, 2025
Subordinated notes issued March 2021 and acquired August 2023 - fixed interest rate of 3.50% through June 2026 and a variable interest rate equivalent to three-month SOFR plus 2.80% thereafter, maturing March 31, 2031	**$ -**	$ 25,000
Unamortized debt issuance costs and unamortized fair value discount	**-**	(491)
Total subordinated debt, net	**$ -**	$ 24,509

9. Defined Benefit Post-Retirement Plans

The Company has a qualified, noncontributory, defined benefit pension plan (the "Plan") covering substantially all of its employees at June 30, 2026. Benefits paid from the Plan are based on age, years of service, compensation and social security benefits and are determined in accordance with defined formulas. The Company's policy is to fund the Plan in accordance with Employee Retirement Income Security Act of 1974 standards. Assets of the Plan are invested in publicly traded stocks, bonds and mutual funds. In addition to the Plan, the Company provides supplemental employee retirement plans to certain current and former executives. These supplemental employee retirement plans and the Plan are collectively referred to herein as "Pension Benefits."

In addition, the Company provides certain health care benefits for retired employees. Benefits were accrued over the employees' active service period. Only employees that were employed by the Company on or before January 1, 2000 are eligible to receive post-retirement health care benefits. These post-retirement benefits are referred to herein as "Other Benefits."

In connection with the Evans acquisition, the Company assumed the non-contributory, qualified, defined benefit pension plan and the nonqualified supplemental executive retirement plans. Effective May 2, 2025, the Evans defined benefit pension plan was merged into the Plan. The merging of the plans required a valuation as of the merger date and resulted in a $0.9 million adjustment to AOCI. The merging of the plans did not have a significant impact on the Company's financial statements and related footnotes.

Accounting standards require an employer to: (1) recognize the overfunded or underfunded status of defined benefit post-retirement plans, which is measured as the difference between plan assets at fair value and the benefit obligation, as an asset or liability in its balance sheet; (2) recognize changes in that funded status in the year in which the changes occur through comprehensive income; and (3) measure the defined benefit plan assets and obligations as of the date of its year-end balance sheet.

The Company made no voluntary contributions to the Pension Benefits and Other Benefits plans during the three and six months ended June 30, 2026 and 2025.

The components of expense for Pension Benefits and Other Benefits are set forth below:

	Pension Benefits		**Other Benefits**	
	Three Months Ended June 30,		**Three Months Ended June 30,**	
(In thousands)	**2026**	**2025**	**2026**	**2025**
Components of net periodic (benefit) cost:				
Service cost	**$ 671**	$ 676	**$ -**	$ 1
Interest cost	**1,164**	1,137	**58**	59
Expected return on plan assets	**(2,312)**	(2,091)	**-**	-
Net amortization	**32**	308	**-**	(1)
Total net periodic (benefit) cost	**$ (445)**	$ 30	**$ 58**	$ 59

	Pension Benefits		**Other Benefits**	
	Six Months Ended June 30,		**Six Months Ended June 30,**	
(In thousands)	**2026**	**2025**	**2026**	**2025**
Components of net periodic (benefit) cost:				
Service cost	**$ 1,343**	$ 1,369	**$ 1**	$ 2
Interest cost	**2,329**	2,206	**116**	118
Expected return on plan assets	**(4,625)**	(4,136)	**-**	-
Net amortization	**65**	633	**(1)**	(2)
Total net periodic (benefit) cost	**$ (888)**	$ 72	**$ 116**	$ 118

The service cost component of the net periodic (benefit) cost is included in salaries and employee benefits and the interest cost, expected return on plan assets and net amortization components are included in other noninterest expense on the unaudited interim consolidated statements of income.

10. Earnings Per Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity (such as the Company's dilutive restricted stock units).

The following is a reconciliation of basic and diluted EPS for the periods presented in the unaudited interim consolidated statements of income:

	Three Months Ended June 30,	
(In thousands)	**2026**	**2025**
Basic EPS:		
Weighted average common shares outstanding	**51,981**	50,575
Net income available to common stockholders	**$ 53,030**	$ 22,510
Basic EPS	**$ 1.02**	$ 0.45
Diluted EPS:		
Weighted average common shares outstanding	**51,981**	50,575
Dilutive effect of common stock options and restricted stock	**258**	212
Weighted average common shares and common share equivalents	**52,239**	50,787
Net income available to common stockholders	**$ 53,030**	$ 22,510
Diluted EPS	**$ 1.02**	$ 0.44

	Six Months Ended June 30,	
(In thousands)	**2026**	**2025**
Basic EPS:		
Weighted average common shares outstanding	**52,052**	48,919
Net income available to common stockholders	**$ 104,172**	$ 59,255
Basic EPS	**$ 2.00**	$ 1.21
Diluted EPS:		
Weighted average common shares outstanding	**52,052**	48,919
Dilutive effect of common stock options and restricted stock	**238**	224
Weighted average common shares and common share equivalents	**52,290**	49,143
Net income available to common stockholders	**$ 104,172**	$ 59,255
Diluted EPS	**$ 1.99**	$ 1.21

There were twenty-three thousand shares of anti-dilutive restricted stock outstanding for the three months ended June 30, 2025 that were not considered in the calculation of diluted EPS. There were no shares of anti-dilutive restricted stock outstanding for the three and six months ended June 30, 2026 and the six months ended June 30, 2025.

11. Reclassification Adjustments Out of Other Comprehensive Income (Loss)

The following table summarizes the reclassification adjustments out of AOCI:

Detail About AOCI Components	Amount Reclassified from AOCI		Affected line item in the Consolidated Statement of Comprehensive Income (Loss)
	Three Months Ended		
(In thousands)	June 30, 2026	June 30, 2025	
AFS securities:			
Amortization of unrealized gains related to securities transfer	**$ 55**	$ 70	Interest income
Tax effect	**$ (13)**	$ (17)	Income tax (benefit)
Net of tax	**$ 42**	$ 53	
Pension and other benefits:			
Amortization of net losses	**$ 29**	$ 305	Other noninterest expense
Amortization of prior service costs	**3**	2	Other noninterest expense
Tax effect	**$ (8)**	$ (77)	Income tax (benefit)
Net of tax	**$ 24**	$ 230	
Total reclassifications, net of tax	**$ 66**	$ 283	

Detail About AOCI Components	Amount Reclassified from AOCI		Affected line item in the Consolidated Statement of Comprehensive Income (Loss)
	Six Months Ended		
(In thousands)	June 30, 2026	June 30, 2025	
AFS securities:			
Amortization of unrealized gains related to securities transfer	**$ 113**	$ 145	Interest income
Tax effect	**$ (28)**	$ (36)	Income tax (benefit)
Net of tax	**$ 85**	$ 109	
Pension and other benefits:			
Amortization of net losses	**$ 58**	$ 626	Other noninterest expense
Amortization of prior service costs	**6**	5	Other noninterest expense
Tax effect	**$ (16)**	$ (158)	Income tax (benefit)
Net of tax	**$ 48**	$ 473	
Total reclassifications, net of tax	**$ 133**	$ 582	

12. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate risk, primarily by managing the amount, sources and duration of its assets and liabilities and through the use of derivative instruments. Specifically, the Company may enter into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which is determined by interest rates. Generally, the Company may use derivative financial instruments to manage differences in the amount, timing and duration of the Company's known or expected cash receipts and its known or expected cash payments. Currently, the Company has interest rate derivatives resulting from a service provided to certain qualifying customers and, therefore, are not used to manage interest rate risk in the Company's assets or liabilities. The Company manages a matched book with respect to its derivative instruments in order to minimize its net risk exposure resulting from such transactions.

Derivatives Not Designated as Hedging Instruments

The Company enters into interest rate swaps to facilitate customer transactions and meet their financing needs. These swaps are considered derivatives, but are not designated as hedging instruments. These instruments have interest rate and credit risk associated with them. To mitigate the interest rate risk, the Company enters into offsetting interest rate swaps with counterparties. The counterparty swaps are also considered derivatives and are also not designated as hedging instruments. Interest rate swaps are recorded within other assets or other liabilities on the consolidated balance sheets at their estimated fair value. Changes to the fair value of assets and liabilities arising from these derivatives are included, net, in other operating income in the consolidated statements of income.

The Company is subject to over-the-counter derivative clearing requirements, which require certain derivatives to be cleared through central clearing houses. Accordingly, the Company clears certain derivative transactions through the Chicago Mercantile Exchange Clearing House (“CME”). The CME requires the Company to post initial and variation margin payments to mitigate the risk of non-payment, the latter of which is received or paid daily based on the net asset or liability position of the contracts. A daily settlement occurs through the CME for changes in the fair value of centrally cleared derivatives. Not all of the derivatives are required to be cleared through the daily clearing agent. As a result, the total fair values of loan level derivative assets and liabilities recognized on the Company’s financial statements are not equal and offsetting.

As of June 30, 2026 and December 31, 2025, the Company had twenty-four and twenty-two risk participation agreements, respectively, with financial institution counterparties for interest rate swaps related to participated loans. Risk participation agreements provide credit protection to the financial institution that originated the swap transaction should the borrower fail to perform on its obligation. The Company enters into both risk participation agreements in which it purchases credit protection from other financial institutions and those in which it provides credit protection to other financial institutions.

The following table summarizes the derivatives outstanding:

(In thousands)	Notional Amount	Balance Sheet Location	Fair Value	Notional Amount	Balance Sheet Location	Fair Value
As of June 30, 2026						
Derivatives not designated as hedging instruments						
Interest rate derivatives	**$ 1,279,476**	Other assets	**$ 72,126**	**$ 1,279,476**	Other liabilities	**$ 72,037**
Risk participation agreements	**96,259**	Other assets	**44**	**37,673**	Other liabilities	**16**
Total derivatives not designated as hedging instruments			**$ 72,170**			**$ 72,053**
Netting adjustments[1]			**17,471**			-
Net derivatives in the balance sheet			**$ 54,699**			**$ 72,053**
Derivatives not offset on the balance sheet			**$ 1,957**			**$ 1,957**
Cash collateral[2]			**-**			-
Net derivative amounts			**$ 52,742**			**$ 70,096**
As of December 31, 2025						
Derivatives not designated as hedging instruments						
Interest rate derivatives	$ 1,332,295	Other assets	$ 68,061	$ 1,332,295	Other liabilities	$ 68,050
Risk participation agreements	97,319	Other assets	53	15,791	Other liabilities	16
Total derivatives not designated as hedging instruments			$ 68,114			$ 68,066
Netting adjustments[1]			16,010			-
Net derivatives in the balance sheet			$ 52,104			$ 68,066
Derivatives not offset on the balance sheet			$ 5,722			$ 5,722
Cash collateral[2]			-			-
Net derivative amounts			$ 46,382			$ 62,344

(1) Netting adjustments represent the amounts recorded to convert derivative assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance on the settle to market rules for cleared derivatives. The CME legally characterizes the variation margin posted between counterparties as settlements of the outstanding derivative contracts instead of cash collateral.

(2) Cash collateral represents the amount that cannot be used to offset our derivative assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance. The other collateral consists of securities and is exchanged under bilateral collateral and master netting agreements that allow us to offset the net derivative position with the related collateral. The application of the other collateral cannot reduce the net derivative position below zero. Therefore, excess other collateral, if any, is not reflected above.

The following table indicates the gain or loss recognized in income on derivatives not designated as hedging instruments:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2026**	2025	**2026**	2025
Derivatives not designated as hedging instruments:				
(Decrease) increase in other income	**$ (3)**	$ (4)	**$ 31**	$ 17

13. Fair Value Measurements and Fair Value of Financial Instruments

GAAP states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value measurements are not adjusted for transaction costs. A fair value hierarchy exists within GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The types of instruments valued based on quoted market prices in active markets include most U.S. government and agency securities, many other sovereign government obligations, liquid mortgage products, active listed equities and most money market securities. Such instruments are generally classified within Level 1 or Level 2 of the fair value hierarchy. The Company does not adjust the quoted prices for such instruments.

The types of instruments valued based on quoted prices in markets that are not active, broker or dealer quotations or quotes from alternative pricing sources with reasonable levels of price transparency include most investment-grade and high-yield corporate bonds, less liquid mortgage products, less liquid agency securities, less liquid listed equities, state, municipal and provincial obligations and certain physical commodities. Such instruments are generally classified within Level 2 of the fair value hierarchy. Certain common equity securities are reported at fair value utilizing Level 1 inputs (exchange quoted prices). Other investment securities are reported at fair value utilizing Level 1 and Level 2 inputs. The prices for Level 2 instruments are obtained through an independent pricing service or dealer market participants with whom the Company has historically transacted both purchases and sales of investment securities. Prices obtained from these sources include prices derived from market quotations and matrix pricing. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other factors. Management reviews the methodologies used by its third-party providers in pricing the securities.

Level 3 is for positions that are not traded in active markets or are subject to transfer restrictions. Valuations are adjusted to reflect illiquidity and/or non-transferability and such adjustments are generally based on available market evidence. In the absence of such evidence, management's best estimate will be used. Management's best estimate consists of both internal and external support on certain Level 3 investments. Subsequent to inception, management only changes Level 3 inputs and assumptions when corroborated by evidence such as transactions in similar instruments, completed or pending third-party transactions in the underlying investment or comparable entities, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt markets and changes in financial ratios or cash flows.

The following tables set forth the Company's financial assets and liabilities measured on a recurring basis that were accounted for at fair value. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

(In thousands)	Level 1	Level 2	Level 3	June 30, 2026
Assets:				
AFS securities:				
U.S. treasury	**$ 101,758**	**$ -**	**$ -**	**$ 101,758**
Federal agency	**-**	**231,129**	**-**	**231,129**
State & municipal	**-**	**81,122**	**-**	**81,122**
Mortgage-backed	**-**	**734,835**	**-**	**734,835**
Collateralized mortgage obligations	**-**	**835,648**	**-**	**835,648**
Corporate	**-**	**21,714**	**-**	**21,714**
Total AFS securities	**$ 101,758**	**$ 1,904,448**	**$ -**	**$ 2,006,206**
Equity securities	**49,732**	**1,000**	**-**	**50,732**
Derivatives	**-**	**54,699**	**-**	**54,699**
Total	**$ 151,490**	**$ 1,960,147**	**$ -**	**$ 2,111,637**
Liabilities:				
Derivatives	**$ -**	**$ 72,053**	**$ -**	**$ 72,053**
Total	**$ -**	**$ 72,053**	**$ -**	**$ 72,053**

(In thousands)	Level 1	Level 2	Level 3	December 31, 2025
Assets:				
AFS securities:				
U.S. treasury	$ 76,822	$ -	$ -	$ 76,822
Federal agency	-	231,276	-	231,276
State & municipal	-	86,727	-	86,727
Mortgage-backed	-	591,562	-	591,562
Collateralized mortgage obligations	-	855,486	-	855,486
Corporate	-	20,965	-	20,965
Total AFS securities	$ 76,822	$ 1,786,016	$ -	$ 1,862,838
Equity securities	47,760	1,000	-	48,760
Derivatives	-	52,104	-	52,104
Total	$ 124,582	$ 1,839,120	$ -	$ 1,963,702
Liabilities:				
Derivatives	$ -	$ 68,066	$ -	$ 68,066
Total	$ -	$ 68,066	$ -	$ 68,066

GAAP requires disclosure of assets and liabilities measured and recorded at fair value on a non-recurring basis such as goodwill, loans held for sale, other real estate owned, collateral-dependent loans individually evaluated for expected credit losses and HTM securities. As of June 30, 2026, the Company had collateral dependent individually evaluated loans with a carrying value of $31.8 million which were classified within Level 3 of the fair value hierarchy. Included in this amount were loans with fair value of $17.8 million where the amortized cost was adjusted to fair value. As of December 31, 2025, the Company had collateral dependent individually evaluated loans with a carrying value of $12.2 million which were classified within Level 3 of the fair value hierarchy. These loans with fair value of $12.2 million had their amortized cost adjusted to fair value. The Company uses the fair value of underlying collateral, less costs to sell, to estimate the allowance for credit losses for individually evaluated collateral dependent loans. The appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses ranging from 10% to 50%. Based on the valuation techniques used, the fair value measurements for collateral dependent individually evaluated loans are classified as Level 3.

The following table sets forth information with regard to estimated fair values of financial instruments. This table excludes financial instruments for which the carrying amount approximates fair value. Financial instruments for which the fair value approximates carrying value include cash and cash equivalents, AFS securities, equity securities, AIR, non-maturity deposits, short-term borrowings, accrued interest payable and derivatives.

		June 30, 2026		December 31, 2025	
(In thousands)	Fair Value Hierarchy	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:					
HTM securities	2	**$ 755,086**	**$ 692,689**	$ 762,756	$ 702,577
Net loans	3	**11,733,581**	**11,528,110**	11,461,222	11,337,753
Financial liabilities:					
Time deposits	2	**$ 1,328,884**	**$ 1,315,245**	$ 1,492,445	$ 1,484,165
Long-term debt	2	**43,043**	**42,965**	43,176	43,395
Subordinated debt	1	**-**	**-**	24,509	24,016
Junior subordinated debt	2	**111,714**	**97,775**	111,668	98,841

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. For example, the Company has a substantial wealth operation that contributes net fee income annually. The wealth management operation is not considered a financial instrument and its value has not been incorporated into the fair value estimates. Other significant assets and liabilities include the benefits resulting from the low-cost funding of deposit liabilities as compared to the cost of borrowing funds in the market and premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimate of fair value.

HTM Securities - The fair value of the Company's HTM securities is primarily measured using information from a third-party pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other factors.

Net Loans - Net loans include portfolio loans and loans held for sale. Loans were first segregated by type and then further segmented into fixed and variable rate and loan quality categories. Expected future cash flows were projected based on contractual cash flows, adjusted for estimated prepayments, and those expected future cash flows also includes credit risk, illiquidity risk and other market factors to calculate the exit price fair value in accordance with ASC 820.

Time Deposits - The fair value of time deposits was estimated using a discounted cash flow approach that applies prevailing market interest rates for similar maturity instruments. The fair values of the Company's time deposit liabilities do not take into consideration the value of the Company's long-term relationships with depositors, which may have significant value.

Long-Term Debt - The fair value of long-term debt was estimated using a discounted cash flow approach that applies prevailing market interest rates for similar maturity instruments.

Subordinated Debt - The fair value of subordinated debt has been measured using the observable market price as of the period reported.

Junior Subordinated Debt - The fair value of junior subordinated debt has been estimated using a discounted cash flow analysis.

14. Commitments and Contingencies

The Company is a party to certain financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, unused lines of credit, standby letters of credit and certain agricultural real estate loans sold to investors with recourse, with the sold portion having a government guarantee that is assignable back to the Company upon repurchase of the loan in the event of default. The Company's exposure to credit loss in the event of nonperformance by the other party to the commitments to extend credit, unused lines of credit, standby letters of credit and loans sold with recourse is represented by the contractual amount of those instruments. The credit risk associated with commitments to extend credit and standby and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's creditworthiness. Commitments to extend credit and unused lines of credit totaled $3.59 billion at June 30, 2026 and $3.40 billion at December 31, 2025.

Since many loan commitments, standby letters of credit and guarantees and indemnification contracts expire without being funded in whole or in part, the contract amounts are not necessarily indicative of future cash flows. The Company does not issue any guarantees that would require liability-recognition or disclosure, other than its standby letters of credit.

The Company guarantees the obligations or performance of customers by issuing standby letters of credit to third-parties. These standby letters of credit are generally issued in support of third-party debt, such as corporate debt issuances, industrial revenue bonds and municipal securities. The risk involved in issuing standby letters of credit is essentially the same as the credit risk involved in extending loan facilities to customers and letters of credit are subject to the same credit origination, portfolio maintenance and management procedures in effect to monitor other credit and off-balance sheet products. Typically, these instruments have one year expirations with an option to renew upon annual review; therefore, the total amounts do not necessarily represent future cash requirements. Standby letters of credit totaled $63.5 million at June 30, 2026 and $58.5 million at December 31, 2025. As of June 30, 2026 and December 31, 2025, the fair value of the Company's standby letters of credit was not significant.

In the normal course of business there are various outstanding legal proceedings. The Company accrues for material estimated losses from loss contingencies if the information available indicates that it is probable that a liability had been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

15. Segment Reporting

Management assesses its operating segment structure to enhance transparency in how financial performance is evaluated and resources are allocated by the chief operating decision maker ("CODM"). Segments are components of an enterprise that are regularly evaluated by the CODM to allocate resources and assess performance. The Company's CODM is its Chief Executive Officer.

The Company has determined that it operates through two reportable segments:

Banking – Provides commercial banking, retail banking, and wealth management services primarily to customers in its market area, offering a broad array of banking and financial services to retail, commercial, and municipal customers. Included in Banking are the revenue and expenses from the wealth management business and the parent holding company. The parent company's principal activities include the direct and indirect ownership of banking and non-banking subsidiaries, as well as the issuance of debt and equity. The parent company's principal sources of revenue are the management fees and dividends it receives from its subsidiaries. Banking also includes corporate shared service costs such as the majority of equity compensation expense, as well as other general and administrative shared services costs including pension, retirement plan and supplemental retirement plan costs. Currently there is no allocation of these costs to other operating segments.

Retirement Plan Administration – Includes retirement plan and health savings account recordkeeping and administration, investment management, third-party administration, and actuarial services.

Our CODM reviews actual net income versus budgeted net income to assess segment performance and to make decisions about allocating capital and personnel to the segments. The CODM regularly receives expense information at a level consistent with that disclosed in the Company's consolidated statements of income.

Reported segments and their financial information are not necessarily comparable to similar information reported by other financial institutions. Additionally, due to interrelationships among the various segments, the information presented is not indicative of how the segments would perform as independent entities. Changes in management structure, allocation methodologies, or procedures may result in future revisions to previously reported segment financial data. There have been no changes to the Company's operating segments since those disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. The Company will continue to evaluate its segment disclosures and make necessary adjustments as business operations evolve.

Information about reportable segments and reconciliation of the information to the consolidated financial statements follows:

	Three Months Ended June 30, 2026			
(In thousands)	**Banking**	**Retirement Plan Administration**	**All Other(1)**	**Consolidated**
Net interest income	**$ 136,944**	**$ 19**	**$ -**	**$ 136,963**
Provision for loan losses	**6,136**	**-**	**-**	**6,136**
Net interest income after provision for loan losses	**$ 130,808**	**$ 19**	**$ -**	**$ 130,827**
Noninterest income				
Service charges on deposit accounts	**$ 5,194**	**$ -**	**$ -**	**$ 5,194**
Card services income	**6,613**	**-**	**-**	**6,613**
Retirement plan administration fees	**-**	**17,347**	**(419)**	**16,928**
Wealth management	**10,345**	**600**	**3**	**10,948**
Insurance services	**-**	**-**	**4,177**	**4,177**
Bank owned life insurance income	**2,505**	**-**	**-**	**2,505**
Net securities gains	**175**	**-**	**-**	**175**
Other	**4,643**	**155**	**(1,611)**	**3,187**
Total noninterest income	**$ 29,475**	**$ 18,102**	**$ 2,150**	**$ 49,727**
Noninterest expense				
Salaries and employee benefits	**$ 56,941**	**$ 9,240**	**$ 2,823**	**$ 69,004**
Technology and data services	**11,411**	**270**	**169**	**11,850**
Occupancy	**9,183**	**224**	**68**	**9,475**
Professional fees and outside services	**5,380**	**687**	**(405)**	**5,662**
Office supplies and postage	**1,961**	**78**	**21**	**2,060**
FDIC assessment	**1,984**	**-**	**-**	**1,984**
Marketing	**972**	**(41)**	**6**	**937**
Amortization of intangible assets	**2,729**	**408**	**54**	**3,191**
Loan collection and other real estate owned, net	**544**	**-**	**-**	**544**
Acquisition expenses	**-**	**-**	**-**	**-**
Other	**8,078**	**280**	**(1,627)**	**6,731**
Total noninterest expense	**$ 99,183**	**$ 11,146**	**$ 1,109**	**$ 111,438**
Income before income tax expense	**$ 61,100**	**$ 6,975**	**$ 1,041**	**$ 69,116**
Income tax expense	**14,604**	**1,482**	**-**	**16,086**
Net income	**$ 46,496**	**$ 5,493**	**$ 1,041**	**$ 53,030**
Goodwill	**$ 414,865**	**$ 23,877**	**$ 14,536**	**$ 453,278**
Intangible assets, net	**45,465**	**4,711**	**941**	**51,117**
Total assets	**18,192,349**	**47,189**	**(2,024,581)**	**16,214,957**

(1) Included in All Other is the revenue and expenses from certain other non-bank subsidiaries of the parent, including the insurance subsidiary, along with eliminating amounts that do not meet the definition of an operating segment.

(In thousands)	Three Months Ended June 30, 2025 Banking	Retirement Plan Administration	All Other(1)	Consolidated
Net interest income	$ 124,202	$ 18	$ -	$ 124,220
Provision for loan losses	17,835	-	-	17,835
Net interest income after provision for loan losses	$ 106,367	$ 18	$ -	$ 106,385
Noninterest income				
Service charges on deposit accounts	$ 4,578	$ -	$ -	$ 4,578
Card services income	6,077	-	-	6,077
Retirement plan administration fees	-	16,081	(371)	15,710
Wealth management	10,153	517	8	10,678
Insurance services	1	-	4,096	4,097
Bank owned life insurance income	2,180	-	-	2,180
Net securities gains	112	-	-	112
Other	5,018	145	(1,663)	3,500
Total noninterest income	$ 28,119	$ 16,743	$ 2,070	$ 46,932
Noninterest expense				
Salaries and employee benefits	$ 52,659	$ 8,700	$ 2,796	$ 64,155
Technology and data services	10,341	303	160	10,804
Occupancy	8,687	284	67	9,038
Professional fees and outside services	4,851	521	(351)	5,021
Office supplies and postage	1,783	73	15	1,871
FDIC assessment	1,820	-	-	1,820
Marketing	952	21	1	974
Amortization of intangible assets	2,500	485	57	3,042
Loan collection and other real estate owned, net	489	-	-	489
Acquisition expenses	17,180	-	-	17,180
Other	9,684	274	(1,742)	8,216
Total noninterest expense	$ 110,946	$ 10,661	$ 1,003	$ 122,610
Income before income tax expense	$ 23,540	$ 6,100	$ 1,067	$ 30,707
Income tax expense	6,917	1,280	-	8,197
Net income	$ 16,623	$ 4,820	$ 1,067	$ 22,510
Goodwill	$ 415,659	$ 23,877	$ 14,536	$ 454,072
Intangible assets, net	56,785	6,504	1,158	64,447
Total assets	18,013,397	48,642	(2,047,258)	16,014,781

(1) Included in All Other is the revenue and expenses from certain other non-bank subsidiaries of the parent, including the insurance subsidiary, along with eliminating amounts that do not meet the definition of an operating segment.

(In thousands)	Six Months Ended June 30, 2026 Banking	Retirement Plan Administration	All Other [1]	Consolidated
Net interest income	$ 271,275	$ 36	$ -	$ 271,311
Provision for loan losses	11,713	-	-	11,713
Net interest income after provision for loan losses	$ 259,562	$ 36	$ -	$ 259,598
Noninterest income				
Service charges on deposit accounts	$ 10,462	$ -	$ -	$ 10,462
Card services income	12,641	-	-	12,641
Retirement plan administration fees	-	34,319	(825)	33,494
Wealth management	20,880	1,196	6	22,082
Insurance services	-	-	8,659	8,659
Bank owned life insurance income	5,164	-	-	5,164
Net securities gains	617	-	-	617
Other	11,105	306	(4,667)	6,744
Total noninterest income	$ 60,869	$ 35,821	$ 3,173	$ 99,863
Noninterest expense				
Salaries and employee benefits	$ 113,800	$ 18,131	$ 5,832	$ 137,763
Technology and data services	22,526	488	346	23,360
Occupancy	19,878	469	138	20,485
Professional fees and outside services	10,648	1,349	(781)	11,216
Office supplies and postage	4,002	182	43	4,227
FDIC assessment	3,994	-	-	3,994
Marketing	1,864	(18)	9	1,855
Amortization of intangible assets	5,574	857	108	6,539
Loan collection and other real estate owned, net	1,154	-	-	1,154
Acquisition expenses	-	-	-	-
Other	16,985	581	(4,489)	13,077
Total noninterest expense	$ 200,425	$ 22,039	$ 1,206	$ 223,670
Income before income tax expense	$ 120,006	$ 13,818	$ 1,967	$ 135,791
Income tax expense	28,623	2,996	-	31,619
Net income	$ 91,383	$ 10,822	$ 1,967	$ 104,172
Goodwill	$ 414,865	$ 23,877	$ 14,536	$ 453,278
Intangible assets, net	45,465	4,711	941	51,117
Total assets	18,192,349	47,189	(2,024,581)	16,214,957

(1) Included in All Other is the revenue and expenses from certain other non-bank subsidiaries of the parent, including the insurance subsidiary, along with eliminating amounts that do not meet the definition of an operating segment.

(In thousands)	Six Months Ended June 30, 2025 Banking	Retirement Plan Administration	All Other[1]	Consolidated
Net interest income	$ 231,407	$ 36	$ -	$ 231,443
Provision for loan losses	25,389	-	-	25,389
Net interest income after provision for loan losses	$ 206,018	$ 36	$ -	$ 206,054
Noninterest income				
Service charges on deposit accounts	$ 8,821	$ -	$ -	$ 8,821
Card services income	11,394	-	-	11,394
Retirement plan administration fees	-	32,337	(769)	31,568
Wealth management	20,490	1,115	19	21,624
Insurance services	1	-	8,857	8,858
Bank owned life insurance income	5,577	-	-	5,577
Net securities gains	8	-	-	8
Other	10,631	300	(4,397)	6,534
Total noninterest income	$ 56,922	$ 33,752	$ 3,710	$ 94,384
Noninterest expense				
Salaries and employee benefits	$ 102,207	$ 17,154	$ 5,488	$ 124,849
Technology and data services	20,142	573	327	21,042
Occupancy	17,379	552	134	18,065
Professional fees and outside services	9,666	1,025	(718)	9,973
Office supplies and postage	3,664	120	29	3,813
FDIC assessment	3,514	-	-	3,514
Marketing	2,070	40	2	2,112
Amortization of intangible assets	4,008	1,029	116	5,153
Loan collection and other real estate owned, net	1,148	-	-	1,148
Acquisition expenses	18,401	-	-	18,401
Other	18,224	508	(4,292)	14,440
Total noninterest expense	$ 200,423	$ 21,001	$ 1,086	$ 222,510
Income before income tax expense	$ 62,517	$ 12,787	$ 2,624	$ 77,928
Income tax expense	15,968	2,705	-	18,673
Net income	$ 46,549	$ 10,082	$ 2,624	$ 59,255
Goodwill	$ 415,659	$ 23,877	$ 14,536	$ 454,072
Intangible assets, net	56,785	6,504	1,158	64,447
Total assets	18,013,397	48,642	(2,047,258)	16,014,781

(1) Included in All Other is the revenue and expenses from certain other non-bank subsidiaries of the parent, including the insurance subsidiary, along with eliminating amounts that do not meet the definition of an operating segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this discussion and analysis is to provide a concise description of the consolidated financial condition and results of operations of NBT Bancorp Inc. ("NBT") and its wholly-owned subsidiaries, including NBT Bank, National Association (the "Bank"), NBT Financial Services, Inc. ("NBT Financial") and NBT Holdings, Inc. ("NBT Holdings") (collectively referred to herein as the "Company"). When references to "NBT," "we," "our," "us," and "the Company" are made in this report, we mean NBT Bancorp Inc. and our consolidated subsidiaries, unless the context indicates that we refer only to the parent company, NBT Bancorp Inc. When we refer to the "Bank" in this report, we mean our only bank subsidiary, NBT Bank, National Association, and its subsidiaries. This discussion will focus on results of operations and financial condition, including capital resources and asset/liability management. Reference should be made to the Company's consolidated financial statements and footnotes thereto included in this Form 10-Q as well as to the Company's Annual Report on Form 10-K for the year ended December 31, 2025 for an understanding of the following discussion and analysis. Operating results for the three and six months ended June 30, 2026 are not necessarily indicative of the results of the full year ending December 31, 2026 or any future period.

Forward-Looking Statements

Certain statements in this filing and future filings by the Company with the SEC, in the Company's press releases or other public or stockholder communications or in oral statements made with the approval of an authorized executive officer, contain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of phrases such as "anticipate," "believe," "expect," "forecasts," "projects," "will," "can," "would," "should," "could," "may," or other similar terms. There are a number of factors, many of which are beyond the Company's control, that could cause actual results to differ materially from those contemplated by any forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) local, regional, national and international economic conditions, including actual or potential stress in the banking industry, and the impact they may have on the Company and its customers, and the Company's assessment of that impact; (2) changes in the level of nonperforming assets and charge-offs; (3) changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; (4) the effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the FRB and international trade disputes (including threatened or implemented tariffs imposed by the U.S. and threatened or implemented tariffs imposed by foreign countries in retaliation); (5) inflation, interest rate, securities market and monetary fluctuations; (6) political instability; (7) acts of war, including international military conflicts, or terrorism; (8) the timely development and acceptance of new products and services and the perceived overall value of these products and services by users; (9) changes in consumer spending, borrowing and saving habits; (10) changes in the financial performance and/or condition of the Company's borrowers; (11) technological changes; (12) acquisition and integration of acquired businesses; (13) the ability to increase market share and control expenses; (14) changes in the competitive environment among financial holding companies; (15) the effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which the Company and its subsidiaries must comply, including those under the Dodd-Frank Act, and the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018; (16) the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters; (17) changes in the Company's organization, compensation and benefit plans; (18) the costs and effects of legal and regulatory developments, including the resolution of legal proceedings or regulatory or other governmental inquiries, and the results of regulatory examinations or reviews; (19) greater than expected costs or difficulties related to the integration of new products and lines of business; and (20) the Company's success at managing the risks involved in the foregoing items.

The Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made, and advises readers that various factors, including, but not limited to, those described above and other factors discussed in the Company's annual and quarterly reports previously filed with the SEC, could affect the Company's financial performance and could cause the Company's actual results or circumstances for future periods to differ materially from those anticipated or projected.

Unless required by law, the Company does not undertake, and specifically disclaims any obligations to, publicly release any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Non-GAAP Measures

This Quarterly Report on Form 10-Q contains financial information determined by methods other than in accordance with GAAP. Where non-GAAP disclosures are used in this Form 10-Q, the comparable GAAP measure, as well as a reconciliation to the comparable GAAP measure, is provided in the accompanying tables. Management believes that these non-GAAP measures provide useful information that is important to an understanding of the results of the Company's core business as well as provide information standard in the financial institution industry. Non-GAAP measures should not be considered a substitute for financial measures determined in accordance with GAAP and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Amounts previously reported in the consolidated financial statements are reclassified whenever necessary to conform to current period presentation.

Critical Accounting Estimates

SEC guidance requires disclosure of "critical accounting estimates." The SEC defines "critical accounting estimates" as those estimates made in accordance with GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations of the registrant. The Company follows financial accounting and reporting policies that are in accordance with GAAP. The more significant of these policies are summarized in Note 1 to the consolidated financial statements presented in our 2025 Annual Report on Form 10-K. Management has reviewed the application of these estimates with the Audit Committee of NBT's Board of Directors. The allowance for credit losses and unfunded commitments policies are deemed to meet the SEC's definition of a critical accounting estimate.

Allowance for Credit Losses and Unfunded Commitments

The allowance for credit losses consists of the allowance for credit losses and the allowance for losses on unfunded commitments. The measurement of CECL on financial instruments requires an estimate of the credit losses expected over the life of an exposure (or pool of exposures). The estimate of expected credit losses under the CECL methodology is based on relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. Historical loss experience is generally the starting point for estimating expected credit losses. The Company then considers whether the historical loss experience should be adjusted for asset-specific risk characteristics or current conditions at the reporting date that did not exist over the period from which historical experience was used. Finally, the Company considers forecasts about future economic conditions that are reasonable and supportable. The allowance for credit losses for loans, as reported in our consolidated statements of financial condition, is adjusted by an expense for credit losses, which is recognized in earnings, and reduced by the charge-off of loan amounts, net of recoveries. The allowance for losses on unfunded commitments represents the expected credit losses on off-balance sheet commitments such as unfunded commitments to extend credit and standby letters of credit. However, a liability is not recognized for commitments unconditionally cancellable by the Company. The allowance for losses on unfunded commitments is determined by estimating future draws and applying the expected loss rates on those draws.

Management of the Company considers the accounting policy relating to the allowance for credit losses to be a critical accounting estimate given the uncertainty in evaluating the level of the allowance required to cover management's estimate of all expected credit losses over the expected contractual life of our loan portfolio. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the then-existing loan portfolio, in light of the factors then prevailing, may result in significant changes in the allowance for credit losses in those future periods. While management's current evaluation of the allowance for credit losses indicates that the allowance is appropriate, the allowance may need to be increased under adversely different conditions or assumptions. The impact of utilizing the CECL methodology to calculate the reserve for credit losses will be significantly influenced by the composition, characteristics and quality of our loan portfolio, as well as the prevailing economic conditions and forecasts utilized. Material changes to these and other relevant factors may result in greater volatility to the reserve for credit losses, and therefore, greater volatility to our reported earnings.

One of the most significant judgments involved in estimating the Company's allowance for credit losses relates to the macroeconomic forecasts used to estimate expected credit losses over the forecast period. At June 30, 2026, the weightings were 60%, 5% and 35% for the baseline, upside and downside economic forecast scenarios, respectively. The baseline outlook reflected an economic environment where the northeast unemployment rate increases from 4.46% in the second quarter of 2026 to 4.65% by the end of the forecast period, with a peak northeast unemployment rate of 4.69% in the second quarter of 2027. National GDP annualized growth (on a quarterly basis) is expected to start the third quarter of 2026 at approximately 1.95% and decrease to 1.93% by the end of the forecast period. Key assumptions in the baseline economic outlook included the Federal Reserve keeping their policy rate in the current range of 3.50%-3.75% and the economy remaining at full employment. The alternative upside scenario assumes improved economic conditions from the baseline outlook. Under this scenario, northeast unemployment falls from 4.46% in the second quarter of 2026 to 3.85% in the third quarter of 2027 and eventually settles at 3.90% by the end of the forecast period. The alternative downside scenario with recessionary conditions assumes deteriorated economic conditions from the baseline outlook. Under this scenario, northeast unemployment rises from 4.46% in the second quarter of 2026 to a peak of 7.81% in the third quarter of 2027. These scenarios and their respective weightings are evaluated at each measurement date and reflect management's expectations as of June 30, 2026. Additional qualitative adjustments were made for factors not incorporated in the forecasts or the model, such as loss rate expectations for certain loan pools.

To demonstrate the sensitivity of the allowance for credit losses estimate to macroeconomic forecast weightings assumptions as of June 30, 2026, the Company changed the scenario weightings, with a 10% increase to the downside scenario and a 10% decrease to the baseline scenario causing a 3.6% increase in the overall estimated allowance for credit losses. If instead the upside scenario was increased 10% and the baseline scenario was decreased 10%, the overall estimated allowance for credit losses decreased 0.8%. To further demonstrate the sensitivity of the allowance for credit losses estimate to macroeconomic forecast weightings assumptions as of June 30, 2026, the Company increased the downside scenario to 100% which resulted in a 23.8% increase in the overall estimated allowance for credit losses.

The Company's policies on the CECL methodology for allowance for credit losses are disclosed in Note 1 to the consolidated financial statements presented in our 2025 Annual Report on Form 10-K. All accounting policies are important and as such, the Company encourages the reader to review each of the policies included in Note 1 to the consolidated financial statements presented in our 2025 Annual Report on Form 10-K to obtain a better understanding of how the Company's financial performance is reported. The Company's critical accounting policies are described in detail in Part II Item 7. in the 2025 Annual Report on Form 10-K and there have been no material changes in such policies since the date of that report. Refer to Note 3 to the unaudited interim consolidated financial statements in this Quarterly Report on Form 10-Q for recently adopted accounting standards.

Evans Bancorp, Inc. Merger

On May 2, 2025, the Company completed the acquisition of Evans, through the merger of Evans with and into the Company, with the Company surviving the merger. Total consideration for the acquisition was $221.8 million in common stock. Evans, with assets of $2.19 billion at December 31, 2024, was headquartered in Williamsville, New York. Its primary subsidiary, Evans Bank, was a federally-chartered national banking association operating 18 banking locations in Western New York. The acquisition enhances the Company's presence in Western New York, including the Buffalo and Rochester communities. In connection with the acquisition, the Company issued 5.1 million shares of common stock and acquired approximately $131.2 million of identifiable net assets, including $1.67 billion of loans, $255.5 million in AFS investment securities, which were sold during the second quarter of 2025, $33.2 million of core deposit intangibles and $1.86 billion in deposits. As of the acquisition date, the fair value discount was $95.2 million for loans, net of the reclassification of the PCD allowance and $0.6 million net discount related to long-term debt.

The Company incurred acquisition expenses related to the merger of $17.2 million and $18.4 million for the three and six months ended June 30, 2025, respectively.

Executive Summary

Significant factors management reviews to evaluate the Company's operating results and financial condition include, but are not limited to, net income and EPS, return on average assets and equity, NIM, noninterest income, operating expenses, asset quality indicators, loan and deposit growth, capital management, liquidity and interest rate sensitivity, enhancements to customer products and services, technology advancements, market share and peer comparisons.

Net income for the three months ended June 30, 2026 was $53.0 million, up $1.9 million from the first quarter of 2026 and up $30.5 million from the second quarter of 2025. Diluted earnings per share were $1.02 for the three months ended June 30, 2026, up $0.04 from the first quarter of 2026 and up $0.58 from the second quarter of 2025. Net income for the six months ended June 30, 2026 was $104.2 million, or $1.99 per diluted common share, up $44.9 million from $59.3 million, or $1.21 per diluted common share for the six months ended June 30, 2025.

Operating net income(1), a non-GAAP measure, was $52.9 million, or $1.01 per diluted common share, for the three months ended June 30, 2026, compared to $0.97 per diluted common share for the first quarter of 2026 and $0.88 per diluted common share for the second quarter of 2025. Operating net income(1) for the six months ended June 30, 2026 was $103.7 million, or $1.98 per diluted common share, up $20.3 million from $83.4 million, or $1.70 per diluted common share for the six months ended June 30, 2025.

The following information should be considered in connection with the Company's results for the three and six months ended June 30, 2026:

- Net interest income for the three months ended June 30, 2026 was $137.0 million, up $2.6 million, or 1.9%, from the first quarter of 2026 and up $12.7 million, or 10.3%, from the second quarter of 2025. Net interest income for the six months ended June 30, 2026 was $271.3 million, up $39.9 million, or 17.2%, from the same period in 2025.
- FTE NIM(1), a non-GAAP measure, was 3.73% for the three months ended June 30, 2026, an increase of 1 bp from the previous quarter and an increase of 14 bps from the second quarter of 2025. FTE NIM was 3.73% for the six months ended June 30, 2026, an increase of 21 bps from the same period in 2025.
- The Company recorded a provision for loan losses of $6.1 million for the three months ended June 30, 2026, compared to $5.6 million in the first quarter of 2026 and $17.8 million in the second quarter of 2025. Provision for loan losses was $11.7 million for the six months ended June 30, 2026, down $13.7 million from the same period in 2025. Included in the provision expense for the three and six months ended June 30, 2025 was $13.0 million of acquisition-related provision for loan losses.
- Excluding securities gains, noninterest income represented 27% of total revenues and was $49.6 million for the three months ended June 30, 2026, consistent with the first quarter of 2026 and up $2.7 million, or 5.8%, from the second quarter of 2025. Excluding securities gains, noninterest income was $99.2 million for the six months ended June 30, 2026 up $4.9 million from the same period in 2025.
- Noninterest expense, excluding acquisition expenses, was down $0.8 million, or 0.7%, from the first quarter of 2026 and was up $6.0 million, or 5.7%, from the second quarter of 2025. Noninterest expense, excluding acquisition expenses, was $223.7 million for the six months ended June 30, 2026, up $19.6 million from the same period in 2025.
- Period end total loans were $11.87 billion, up $276.0 million, or 2.4%, from December 31, 2025.
- Credit quality metrics including net charge-offs to average loans were 0.16%, annualized, and allowance for loan losses to total loans was 1.18%.
- Period end total deposits were $13.54 billion, up $38.1 million from December 31, 2025. The loan to deposit ratio was 87.7% as of June 30, 2026 and 85.9% as of December 31, 2025.
- On June 30, 2026, the Company redeemed $25 million of subordinated debt that had a fixed rate of 3.50% using existing liquidity sources. The $25 million of subordinated debt converted to a floating rate at 6.50% in the second quarter of 2026.
- The acquisition of Evans through the merger of Evans with and into the Company was completed on May 2, 2025. The Company incurred acquisition expenses of $17.2 million and $18.4 million for the three and six months ended June 30, 2025, respectively, related to the merger with Evans in 2025.

(1) Non-GAAP measure - Refer to non-GAAP reconciliation below.

[Table of Contents](#)

Results of Operations

The following table sets forth certain financial highlights:

	Three Months Ended			Six Months Ended	
	June 30, 2026	**March 31, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Performance:					
Diluted earnings per share	**$ 1.02**	$ 0.98	$ 0.44	**$ 1.99**	$ 1.21
Return on average assets (2)	**1.32%**	1.30%	0.59%	**1.31%**	0.82%
Return on average equity (2)	**11.04%**	10.89%	5.27%	**10.96%**	7.35%
Return on average tangible common equity (1)(2)	**15.65%**	15.59%	8.01%	**15.62%**	10.69%
Net interest margin, (FTE) (1)(2)	**3.73%**	3.72%	3.59%	**3.73%**	3.52%
Capital:					
Equity to assets	**11.99%**	11.81%	11.27%	**11.99%**	11.27%
Tangible equity ratio (1)	**9.16%**	8.96%	8.30%	**9.16%**	8.30%
Book value per share	**$ 37.42**	$ 36.81	$ 34.46	**$ 37.42**	$ 34.46
Tangible book value per share (1)	**$ 27.71**	$ 27.05	$ 24.57	**$ 27.71**	$ 24.57
Leverage ratio	**9.85%**	9.70%	9.55%	**9.85%**	9.55%
Common equity tier 1 capital ratio	**12.24%**	12.34%	11.37%	**12.24%**	11.37%
Tier 1 capital ratio	**12.24%**	12.34%	11.37%	**12.24%**	11.37%
Total risk-based capital ratio	**14.18%**	14.52%	14.48%	**14.18%**	14.48%

(1) Non-GAAP measure - Refer to non-GAAP reconciliation below.
(2) Annualized.

Table of Contents

The following table provides non-GAAP reconciliations:

(In thousands, except per share data)	Three Months Ended June 30, 2026	Three Months Ended March 31, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Return on average tangible common equity:					
Net income	**$ 53,030**	$ 51,142	$ 22,510	**$ 104,172**	$ 59,255
Amortization of intangible assets (net of tax)	**2,393**	2,511	2,282	**4,904**	3,865
Net income, excluding intangible amortization	**$ 55,423**	$ 53,653	$ 24,792	**$ 109,076**	$ 63,120
Average stockholders' equity	**$ 1,927,088**	$ 1,905,022	$ 1,712,508	**$ 1,916,116**	$ 1,626,132
Less: average goodwill and other intangibles	**506,308**	509,643	471,159	**507,966**	434,897
Average tangible common equity	**$ 1,420,780**	$ 1,395,379	$ 1,241,349	**$ 1,408,150**	$ 1,191,235
Return on average tangible common equity(2)	**15.65%**	15.59%	8.01%	**15.62%**	10.69%
Tangible equity ratio:					
Stockholders' equity	**$ 1,943,919**	$ 1,914,397	$ 1,805,166	**$ 1,943,919**	$ 1,805,166
Intangibles	**504,395**	507,586	518,519	**504,395**	518,519
Assets	**$ 16,214,957**	$ 16,204,406	$ 16,014,781	**$ 16,214,957**	$ 16,014,781
Tangible equity ratio	**9.16%**	8.96%	8.30%	**9.16%**	8.30%
Tangible book value per share:					
Stockholders' equity	**$ 1,943,919**	$ 1,914,397	$ 1,805,166	**$ 1,943,919**	$ 1,805,166
Intangibles	**504,395**	507,586	518,519	**504,395**	518,519
Tangible equity	**$ 1,439,524**	$ 1,406,811	$ 1,286,647	**$ 1,439,524**	$ 1,286,647
Diluted common shares outstanding	**51,955**	52,010	52,377	**51,955**	52,377
Tangible book value per share	**$ 27.71**	$ 27.05	$ 24.57	**$ 27.71**	$ 24.57
Operating net income:					
Net income	**$ 53,030**	$ 51,142	$ 22,510	**$ 104,172**	$ 59,255
Acquisition expenses	**-**	-	17,180	**-**	18,401
Acquisition-related provision for credit losses	**-**	-	13,022	**-**	13,022
Acquisition-related reserve for unfunded loan commitments	**-**	-	532	**-**	532
Securities (gains)	**(175)**	(442)	(112)	**(617)**	(8)
Adjustments to net income	**$ (175)**	$ (442)	$ 30,622	**$ (617)**	$ 31,947
Adjustments to net income (net of tax)	**$ (134)**	$ (338)	$ 22,413	**$ (472)**	$ 24,120
Operating net income	**$ 52,896**	$ 50,804	$ 44,923	**$ 103,700**	$ 83,375
Operating diluted earnings per share	**$ 1.01**	$ 0.97	$ 0.88	**$ 1.98**	$ 1.70
FTE adjustment:					
Net interest income	**$ 136,963**	$ 134,348	$ 124,220	**$ 271,311**	$ 231,443
FTE adjustment	**614**	578	655	**1,192**	1,291
Net interest income (FTE)	**$ 137,577**	$ 134,926	$ 124,875	**$ 272,503**	$ 232,734
Average earnings assets	**$ 14,804,621**	$ 14,694,823	$ 13,958,413	**$ 14,750,025**	$ 13,333,248
Net interest margin (FTE)(2)	**3.73%**	3.72%	3.59%	**3.73%**	3.52%

(2) Annualized.

Net Interest Income

Net interest income is the difference between the interest and dividend income earned on interest-earning assets, primarily loans and securities and the interest expense paid on interest-bearing liabilities, primarily deposits and borrowings. Net interest income is affected by the interest rate spread, the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities, as well as the volumes of such assets and liabilities. Net interest income is one of the key determining factors in a financial institution's performance as it is the principal source of earnings.

Net interest income was $137.0 million for the second quarter of 2026, up $2.6 million, or 1.9%, from the previous quarter. The FTE NIM was 3.73% for the three months ended June 30, 2026, an increase of 1 bp from the previous quarter. Interest income increased $3.1 million, or 1.7%, as average interest-earning assets of $14.80 billion increased $109.8 million from the prior quarter, while the yield on average interest-earning assets decreased 1 bp from the prior quarter to 5.05%. The increase in interest income was primarily due to one additional day in the second quarter of 2026 and organic growth in interest-earning assets. Interest expense increased $0.5 million, or 1.0%, as the cost of interest-bearing liabilities decreased 1 bp to 1.94% for the three months ended June 30, 2026 as compared to the prior quarter, primarily due to a 3 bps decrease in interest-bearing deposit costs. Included in net interest income was $5.7 million of acquisition-related net accretion for the three months ended June 30, 2026, compared to $6.7 million of acquisition-related net accretion for the three months ended March 31, 2026.

Net interest income was $137.0 million for the second quarter of 2026, up $12.7 million, or 10.3%, from the second quarter of 2025. The FTE NIM was 3.73% for the three months ended June 30, 2026, an increase of 14 bps from the second quarter of 2025. Interest income increased $8.2 million, or 4.6%, as average interest-earning assets increased $846.2 million, or 6.1%, from the second quarter of 2025, primarily due to the addition of $1.95 billion in interest-earning assets in May 2025 from the Evans acquisition and organic earning asset growth. The yield on average interest-earning assets decreased 7 bps from the same period in 2025 to 5.05%, primarily due to the Federal Reserve interest rates cuts in 2025. Interest expense decreased $4.6 million, or 8.5%, primarily due to the decrease in the cost of interest-bearing liabilities and the redemption of $118 million of subordinated debt in the third quarter of 2025. Included in net interest income was $5.7 million of acquisition-related net accretion for the three months ended June 30, 2026, compared to $5.0 million of acquisition-related net accretion for the three months ended June 30, 2025.

Net interest income for the six months ended June 30, 2026 was $271.3 million, up $39.9 million, or 17.2%, from the same period in 2025. The FTE NIM was 3.73% for the six months ended June 30, 2026, an increase of 21 bps from the same period in 2025. Interest income increased $36.4 million, or 11.0%, as the yield on average interest-earning assets increased 1 bp from the same period in 2025 to 5.05%. Average interest-earning assets of $14.75 billion increased $1.42 billion primarily due to the addition of $1.95 billion in interest-earning assets in May 2025 from the Evans acquisition and organic earning asset growth. Interest expense decreased $3.4 million, or 3.4%, for the six months ended June 30, 2026 as compared to the same period in 2025 driven by interest-bearing deposit costs decreasing 25 bps and lower average balances of subordinated debt. The decrease in interest expense was partially offset by the addition of $1.62 billion in interest-bearing liabilities in May 2025 from the Evans acquisition and organic growth. Included in net interest income was $12.4 million of acquisition-related net accretion for the six months ended June 30, 2026, compared to $7.2 million of acquisition-related net accretion for the six months ended June 30, 2025.

Table of Contents

Average Balances and Net Interest Income

The following tables include the condensed consolidated average balance sheet, an analysis of interest income/expense and average yield/rate for each major category of earning assets and interest-bearing liabilities on a taxable equivalent basis.

Three Months Ended	**June 30, 2026**			**June 30, 2025**		
(Dollars in thousands)	**Average Balance**	**Interest**	**Yield/ Rates**	**Average Balance**	**Interest**	**Yield/ Rates**
Assets:						
Short-term interest-bearing accounts	**$ 248,882**	**$ 2,155**	**3.47%**	$ 146,640	$ 1,686	4.61%
Securities taxable[1]	**2,633,502**	**17,713**	**2.70%**	2,486,349	14,890	2.40%
Securities tax-exempt[1] [3]	**209,441**	**1,877**	**3.59%**	221,328	2,012	3.65%
FRB and FHLB stock	**45,925**	**646**	**5.64%**	39,176	500	5.12%
Loans[2] [3]	**11,666,871**	**163,984**	**5.64%**	11,064,920	159,144	5.77%
Total interest-earning assets	**$ 14,804,621**	**$ 186,375**	**5.05%**	$ 13,958,413	$ 178,232	5.12%
Other assets	**1,300,564**			1,242,690		
Total assets	**$ 16,105,185**			$ 15,201,103		
Liabilities and stockholders' equity:						
Money market deposits	**$ 4,273,336**	**$ 28,115**	**2.64%**	$ 3,808,024	$ 28,521	3.00%
Interest-bearing checking deposits	**2,118,007**	**5,372**	**1.02%**	1,902,392	4,642	0.98%
Savings deposits	**2,015,461**	**2,353**	**0.47%**	1,852,027	1,618	0.35%
Time deposits	**1,351,024**	**9,039**	**2.68%**	1,600,908	13,438	3.37%
Total interest-bearing deposits	**$ 9,757,828**	**$ 44,879**	**1.84%**	$ 9,163,351	$ 48,219	2.11%
Federal funds purchased	**15,330**	**143**	**3.74%**	14,231	160	4.51%
Repurchase agreements	**112,557**	**716**	**2.55%**	89,957	565	2.52%
Short-term borrowings	**31,291**	**306**	**3.92%**	27,845	321	4.62%
Long-term debt	**43,072**	**445**	**4.14%**	30,705	296	3.87%
Subordinated debt, net	**24,259**	**611**	**10.10%**	134,684	2,001	5.96%
Junior subordinated debt	**111,702**	**1,698**	**6.10%**	107,948	1,795	6.67%
Total interest-bearing liabilities	**$ 10,096,039**	**$ 48,798**	**1.94%**	$ 9,568,721	$ 53,357	2.24%
Demand deposits	**3,814,717**			3,634,517		
Other liabilities	**267,341**			285,357		
Stockholders' equity	**1,927,088**			1,712,508		
Total liabilities and stockholders' equity	**$ 16,105,185**			$ 15,201,103		
Net interest income (FTE)		**$ 137,577**			$ 124,875	
Interest rate spread			**3.11%**			2.88%
Net interest margin (FTE)			**3.73%**			3.59%
Taxable equivalent adjustment		**$ 614**			$ 655	
Net interest income		**$ 136,963**			$ 124,220	

(1) Securities are shown at average amortized cost.
(2) For purposes of these computations, nonaccrual loans and loans held for sale are included in the average loan balances outstanding.
(3) Interest income for tax-exempt securities and loans have been adjusted to an FTE basis using the statutory Federal income tax rate of 21%.

Six Months Ended	June 30, 2026			June 30, 2025		
(Dollars in thousands)	Average Balance	Interest	Yield/ Rates	Average Balance	Interest	Yield/ Rates
Assets:						
Short-term interest-bearing accounts	$ 302,346	$ 5,282	3.52%	$ 105,150	$ 2,389	4.58%
Securities taxable[1]	2,590,908	34,186	2.66%	2,444,791	28,520	2.35%
Securities tax-exempt[1] [3]	200,982	3,598	3.61%	220,772	3,968	3.62%
FRB and FHLB stock	45,260	1,231	5.48%	36,338	973	5.40%
Loans[2] [3]	11,610,529	325,302	5.65%	10,526,197	297,422	5.70%
Total interest-earning assets	$ 14,750,025	$ 369,599	5.05%	$ 13,333,248	$ 333,272	5.04%
Other assets	1,307,859			1,165,806		
Total assets	$ 16,057,884			$ 14,499,054		
Liabilities and stockholders’ equity:						
Money market deposits	$ 4,230,993	$ 55,340	2.64%	$ 3,653,148	$ 54,719	3.02%
Interest-bearing checking deposits	2,117,645	10,824	1.03%	1,792,937	8,135	0.91%
Savings deposits	1,984,451	4,358	0.44%	1,712,624	1,806	0.21%
Time deposits	1,402,795	19,192	2.76%	1,526,292	26,147	3.45%
Total interest-bearing deposits	$ 9,735,884	$ 89,714	1.86%	$ 8,685,001	$ 90,807	2.11%
Federal funds purchased	7,707	143	3.74%	8,287	185	4.50%
Repurchase agreements	119,253	1,539	2.60%	98,678	1,327	2.71%
Short-term borrowings	15,732	305	3.91%	17,498	400	4.61%
Long-term debt	43,105	886	4.14%	29,198	562	3.88%
Subordinated debt, net	24,456	1,121	9.24%	128,044	3,823	6.02%
Junior subordinated debt	111,691	3,388	6.12%	104,590	3,434	6.62%
Total interest-bearing liabilities	$ 10,057,828	$ 97,096	1.95%	$ 9,071,296	$ 100,538	2.23%
Demand deposits	3,813,319			3,510,487		
Other liabilities	270,621			291,139		
Stockholders’ equity	1,916,116			1,626,132		
Total liabilities and stockholders’ equity	$ 16,057,884			$ 14,499,054		
Net interest income (FTE)		$ 272,503			$ 232,734	
Interest rate spread			3.10%			2.81%
Net interest margin (FTE)			3.73%			3.52%
Taxable equivalent adjustment		$ 1,192			$ 1,291	
Net interest income		$ 271,311			$ 231,443	

(1) Securities are shown at average amortized cost.
(2) For purposes of these computations, nonaccrual loans and loans held for sale are included in the average loan balances outstanding.
(3) Interest income for tax-exempt securities and loans have been adjusted to an FTE basis using the statutory Federal income tax rate of 21%.

The following tables present changes in interest income and interest expense attributable to changes in volume (change in average balance multiplied by prior year rate), changes in rate (change in rate multiplied by prior year volume) and the net change in net interest income. The net change attributable to the combined impact of volume and rate has been allocated to each in proportion to the absolute dollar amounts of change.

Three Months Ended June 30,	**Increase (Decrease) 2026 over 2025**		
(In thousands)	**Volume**	**Rate**	**Total**
Short-term interest-bearing accounts	**$ 961**	**$ (492)**	**$ 469**
Securities taxable	**916**	**1,907**	**2,823**
Securities tax-exempt	**(107)**	**(28)**	**(135)**
FRB and FHLB stock	**92**	**54**	**146**
Loans	**8,519**	**(3,679)**	**4,840**
Total FTE interest income	**$ 10,381**	**$ (2,238)**	**$ 8,143**
Money market deposits	**$ 3,273**	**$ (3,679)**	**$ (406)**
Interest-bearing checking deposits	**542**	**188**	**730**
Savings deposits	**153**	**582**	**735**
Time deposits	**(1,912)**	**(2,487)**	**(4,399)**
Federal funds purchased	**12**	**(29)**	**(17)**
Repurchase agreements	**144**	**7**	**151**
Short-term borrowings	**37**	**(52)**	**(15)**
Long-term debt	**126**	**23**	**149**
Subordinated debt, net	**(2,258)**	**868**	**(1,390)**
Junior subordinated debt	**61**	**(158)**	**(97)**
Total FTE interest expense	**$ 178**	**$ (4,737)**	**$ (4,559)**
Change in FTE net interest income	**$ 10,203**	**$ 2,499**	**$ 12,702**

Six Months Ended June 30,	**Increase (Decrease) 2026 over 2025**		
(In thousands)	**Volume**	**Rate**	**Total**
Short-term interest-bearing accounts	**$ 3,559**	**$ (666)**	**$ 2,893**
Securities taxable	**1,775**	**3,891**	**5,666**
Securities tax-exempt	**(354)**	**(16)**	**(370)**
FRB and FHLB stock	**242**	**16**	**258**
Loans	**30,400**	**(2,520)**	**27,880**
Total FTE interest income	**$ 35,622**	**$ 705**	**$ 36,327**
Money market deposits	**$ 8,046**	**$ (7,425)**	**$ 621**
Interest-bearing checking deposits	**1,583**	**1,106**	**2,689**
Savings deposits	**326**	**2,226**	**2,552**
Time deposits	**(1,994)**	**(4,961)**	**(6,955)**
Federal funds purchased	**(12)**	**(30)**	**(42)**
Repurchase agreements	**267**	**(55)**	**212**
Short-term borrowings	**(38)**	**(57)**	**(95)**
Long-term debt	**284**	**40**	**324**
Subordinated debt, net	**(4,089)**	**1,387**	**(2,702)**
Junior subordinated debt	**225**	**(271)**	**(46)**
Total FTE interest expense	**$ 4,598**	**$ (8,040)**	**$ (3,442)**
Change in net FTE interest income	**$ 31,024**	**$ 8,745**	**$ 39,769**

Noninterest Income

Noninterest income is a significant source of revenue for the Company and an important factor in the Company's results of operations. The following table sets forth information by category of noninterest income for the periods indicated:

	Three Months Ended			Six Months Ended	
(In thousands)	**June 30, 2026**	**March 31, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Service charges on deposit accounts	**$ 5,194**	$ 5,268	$ 4,578	**$ 10,462**	$ 8,821
Card services income	**6,613**	6,028	6,077	**12,641**	11,394
Retirement plan administration fees	**16,928**	16,566	15,710	**33,494**	31,568
Wealth management	**10,948**	11,134	10,678	**22,082**	21,624
Insurance services	**4,177**	4,482	4,097	**8,659**	8,858
Bank owned life insurance income	**2,505**	2,659	2,180	**5,164**	5,577
Net securities gains	**175**	442	112	**617**	8
Other	**3,187**	3,557	3,500	**6,744**	6,534
Total noninterest income	**$ 49,727**	$ 50,136	$ 46,932	**$ 99,863**	$ 94,384

Noninterest income for the three months ended June 30, 2026 was $49.7 million, down $0.4 million, or 0.8%, from the prior quarter and up $2.8 million, or 6.0%, from the second quarter of 2025. Excluding net securities gains, noninterest income for the three months ended June 30, 2026 was $49.6 million, down $0.1 million, or 0.3%, from the prior quarter and up $2.7 million, or 5.8%, from the second quarter of 2025.

The increase from the prior quarter was primarily driven by an increase in card services income and retirement plan administration fees. Card services income increased from the prior quarter driven by seasonal increased volumes. Retirement plan administration fees increased from the prior quarter driven by higher activity-based fees, additional fees from new customer relationships and increased market values of assets under administration.

The increase from the second quarter of 2025 was driven by an increase in service charges on deposit accounts and card services income due to the Evans acquisition. In addition, noninterest income increased from the second quarter of 2025 due to an increase in retirement plan administration fees driven by higher activity-based fees, additional fees from new customer relationships and increased market values of assets under administration.

Noninterest income for the six months ended June 30, 2026 was $99.9 million, up $5.5 million, or 5.8%, from the same period in 2025. Excluding net securities gains, noninterest income for the six months ended June 30, 2026 was $99.2 million, up $4.9 million, or 5.2%, from the same period in 2025. The increase from the prior year was primarily due to an increase in retirement plan administration fees, which were driven by higher activity-based fees, additional fees from new customer relationships and increased market values of assets under administration. Service charges on deposit accounts and card services income increased from the same period in 2025 primarily due to the Evans acquisition.

Noninterest Expense

Noninterest expenses are also an important factor in the Company's results of operations. The following table sets forth the major components of noninterest expense for the periods indicated:

	Three Months Ended			Six Months Ended	
(In thousands)	**June 30, 2026**	**March 31, 2026**	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Salaries and employee benefits	**$ 69,004**	$ 68,759	$ 64,155	**$ 137,763**	$ 124,849
Technology and data services	**11,850**	11,510	10,804	**23,360**	21,042
Occupancy	**9,475**	11,010	9,038	**20,485**	18,065
Professional fees and outside services	**5,662**	5,554	5,021	**11,216**	9,973
Office supplies and postage	**2,060**	2,167	1,871	**4,227**	3,813
FDIC assessment	**1,984**	2,010	1,820	**3,994**	3,514
Marketing	**936**	918	974	**1,855**	2,112
Amortization of intangible assets	**3,191**	3,348	3,042	**6,539**	5,153
Loan collection and other real estate owned, net	**545**	610	489	**1,154**	1,148
Acquisition expenses	**-**	-	17,180	**-**	18,401
Other	**6,731**	6,346	8,216	**13,077**	14,440
Total noninterest expense	**$ 111,438**	$ 112,232	$ 122,610	**$ 223,670**	$ 222,510

Noninterest expense for the three months ended June 30, 2026 was $111.4 million, down $0.8 million, or 0.7%, from the prior quarter and down $11.2 million, or 9.1%, from the second quarter of 2025. Excluding acquisition expenses, noninterest expense for the three months ended June 30, 2026 was $111.4 million, down $0.8 million, or 0.7%, from the prior quarter and up $6.0 million, or 5.7%, from the second quarter of 2025.

The decrease from the prior quarter was primarily driven by a decrease in occupancy costs due to the first quarter of 2026 having higher seasonal maintenance and utilities costs due to harsh winter conditions across the footprint. The decrease from the prior quarter was partially offset by an increase in salaries and employee benefits driven by a full quarter of merit pay increases, one additional payroll day and higher medical expenses, which were partially offset by lower payroll taxes and stock-based compensation expenses which are seasonally higher in the first quarter.

The increase from the second quarter of 2025 was driven by the Evans acquisition. Salaries and employee benefits increased from the second quarter of 2025 driven by the impact of the Evans acquisition, annual merit pay increases and higher medical expenses. Technology and data services increased from the second quarter of 2025 primarily due to the Evans acquisition, timing of planned activities and ongoing investment in enterprise technology initiatives. In addition, the increase in occupancy expense was impacted by additional expenses from the Evans acquisition and higher facilities costs related to new banking locations. Professional fees and outside services increased from the second quarter of 2025 primarily due to the Evans acquisition and the timing of various initiatives. Other expense decreased from the second quarter of 2025 primarily due to the $1.7 million reserve for unfunded loan commitments for the three months ended June 30, 2025 including $0.5 million of acquisition-related provision for unfunded loan commitments due to the Evans acquisition.

Noninterest expense for the six months ended June 30, 2026 was $223.7 million, up $1.2 million, or 0.5%, from the same period in 2025. Excluding acquisition expenses, noninterest expense for the six months ended June 30, 2026 was $223.7 million, up $19.6 million, or 9.6%, from the same period in 2025. The increase from the prior year was driven by higher salaries and employee benefits due to the Evans acquisition, merit pay increases, higher medical expenses, higher incentive compensation expenses and other benefit costs. The increase in technology and data services was driven by the Evans acquisition, timing of planned activities and ongoing investment in enterprise technology initiatives. Occupancy expense was impacted by additional expenses from the Evans acquisition, higher utilities and higher facilities costs related to new banking locations. Professional fees and outside services increased from the prior year primarily due to the Evans acquisition and the timing of various initiatives. In addition, the increase in amortization of intangible assets was due to the amortization of the core deposit intangible asset related to the Evans acquisition.

Income Taxes

Income tax expense for the three months ended June 30, 2026 was $16.1 million, up $0.6 million from the prior quarter and up $7.9 million from the second quarter of 2025. The effective tax rate was 23.3% for the second quarter of 2026, which was consistent with the prior quarter and down from 26.7% for the second quarter of 2025. The decrease in the effective tax rate from the second quarter of 2025 was primarily due to the second quarter of 2025 estimated impact of nondeductible acquisition expenses related to the Evans acquisition and a lower level of tax-exempt income as a percentage of total pretax income.

Income tax expense for the six months ended June 30, 2026 was $31.6 million, up $12.9 million from the same period in 2025. The effective tax rate was 23.3% for the six months ended June 30, 2026, compared to 24.0% for the six months ended June 30, 2025. The decrease in the effective tax rate from 2025 was primarily due to the 2025 estimated impact of nondeductible acquisition expenses related to the Evans acquisition and a lower level of tax-exempt income as a percentage of total pretax income.

ANALYSIS OF FINANCIAL CONDITION

Securities

Total securities increased $137.7 million, or 5.1% from December 31, 2025 to June 30, 2026. The securities portfolio represented 17.3% of total assets as of June 30, 2026 as compared to 16.7% of total assets as of December 31, 2025.

The following table details the composition of securities AFS, securities HTM and equity securities for the periods indicated:

	June 30, 2026	December 31, 2025
Mortgage-backed securities:		
With maturities 15 years or less	**15%**	15%
With maturities greater than 15 years	**11%**	8%
Collateralized mortgage obligations	**39%**	42%
Municipal securities	**13%**	13%
U.S. agency notes	**19%**	19%
Corporate	**1%**	1%
Equity securities	**2%**	2%
Total	**100%**	100%

The Company's mortgage-backed securities, U.S. agency notes and collateralized mortgage obligations are all guaranteed by Fannie Mae, Freddie Mac, FHLB, Federal Farm Credit Banks or Ginnie Mae ("GNMA"). GNMA securities are considered similar in credit quality to U.S. Treasury securities, as they are backed by the full faith and credit of the U.S. government. Currently, there are no subprime mortgages in our investment portfolio.

Table of Contents

Loans

A summary of the loan portfolio by major categories[(1)], net of deferred fees and origination costs, for the periods indicated is as follows:

(In thousands)	June 30, 2026	December 31, 2025
Commercial & industrial	**$ 1,755,123**	$ 1,671,974
Commercial real estate	**4,893,543**	4,798,957
Residential mortgage	**2,558,338**	2,537,593
Home equity	**465,340**	448,113
Indirect auto	**1,450,482**	1,340,524
Residential solar	**693,177**	736,970
Other consumer	**58,078**	63,983
Total loans	**$ 11,874,081**	$ 11,598,114

(1) Loans are summarized by business line which does not align to how the Company assesses credit risk in the allowance for credit losses under CECL.

Total loans were $11.87 billion and $11.60 billion at June 30, 2026 and December 31, 2025, respectively. Period end loans increased by $276.0 million from December 31, 2025 to June 30, 2026, which included a $52.4 million decrease in the other consumer and residential solar portfolios, which are in a planned run-off status. From December 31, 2025 to June 30, 2026 C&I loans increased $83.1 million to $1.76 billion; CRE loans increased $94.6 million to $4.89 billion; and total consumer loans increased $98.2 million to $5.23 billion. Total loans represent approximately 73.2% of assets as of June 30, 2026, as compared to 72.5% as of December 31, 2025.

Loans in the C&I and CRE portfolios consist primarily of loans extended to small and medium-sized entities. The Company offers a variety of loan products tailored to meet the needs of commercial customers including term loans, time notes and lines of credit. Such loans are made available to businesses for working capital needs such as inventory and receivables, business expansion, equipment purchases, livestock purchases and seasonal crop expenses. These loans are typically collateralized by business assets such as equipment, accounts receivable and perishable agricultural products, which are inherently subject to industry price volatility. The Company extends CRE loans to support real estate transactions, including acquisitions, refinancings, expansions and property improvements to both commercial and agricultural properties. These loans are secured by liens on real estate assets, covering a spectrum of properties including apartments, commercial structures, healthcare facilities and others, whether occupied by owners or non-owners. Risks associated with the CRE portfolio pertain to the borrowers' ability to meet interest and principal payments over the life of the loan, as well as their ability to secure financing upon the loan's maturity. The Company has a risk management framework that includes rigorous underwriting standards, targeted portfolio stress testing, interest rate sensitivities on commercial borrowers and comprehensive credit risk monitoring mechanisms. The Company remains vigilant in monitoring market trends, economic indicators and regulatory developments to promptly adapt our risk management strategies as needed.

Within the CRE portfolio, approximately 79% are comprised of Non-Owner Occupied CRE, with the remaining 21% being Owner-Occupied CRE. Non-Owner Occupied CRE includes diverse sectors across the Company's markets such as residential rental properties (45%) and office spaces (13%), along with retail, manufacturing, mixed use, hotels and others. As of June 30, 2026 and December 31, 2025, the total CRE construction and development loans amounted to $431.1 million and $405.3 million, respectively.

Allowance for Credit Losses, Provision for Loan Losses and Nonperforming Assets

Management considers the accounting policy relating to the allowance for credit losses to be a critical estimate given the degree of judgment exercised in evaluating the level of the allowance required to estimate expected credit losses over the expected contractual life of our loan portfolio and the material effect that such judgments can have on the consolidated results of operations.

The CECL methodology requires an estimate of the credit losses expected over the life of a loan (or pool of loans). The allowance for credit losses is a valuation account that is deducted from, or added to, the loans' amortized cost basis to present the net, lifetime amount expected to be collected on the loans. Loan losses are charged off against the allowance when management believes a loan balance is confirmed to be uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Required additions or reductions to the allowance for credit losses are made periodically by charges or credits to the provision for loan losses. These are necessary to maintain the allowance at a level which management believes is reasonably reflective of the overall loss expected over the contractual life of the loan portfolio, adjusted for expected prepayments and curtailments. While management uses available information to recognize losses on loans, additions or reductions to the allowance may fluctuate from one reporting period to another. These fluctuations are reflective of changes in risk associated with portfolio content and/or changes in management's assessment of any or all of the determining factors discussed above. Management considers the allowance for credit losses to be appropriate based on evaluation and analysis of the loan portfolio.

Management estimates the allowance for credit losses using relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Company historical loss experience was supplemented with peer information when there was insufficient loss data for the Company. Significant management judgment is required at each point in the measurement process.

The allowance for credit losses is measured on a collective (pool) basis, with both a quantitative and qualitative analysis that is applied on a quarterly basis, when similar risk characteristics exist. The respective quantitative allowance for each segment is measured using an econometric, discounted PD and LGD modeling methodology in which distinct, segment-specific multi-variate regression models are applied to multiple, probabilistically weighted external economic forecasts. Under the discounted cash flows methodology, expected credit losses are estimated over the effective life of the loans by measuring the difference between the net present value of modeled cash flows and amortized cost basis. After quantitative considerations, management applies additional qualitative adjustments so that the allowance for credit loss is reflective of the estimate of lifetime losses that exist in the loan portfolio as of the balance sheet date.

Portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. Consistent with CECL guidance, management has pooled loans with similar risk characteristics and identified segments for estimating loss based on type of borrower and collateral which is generally based upon federal call report segmentation and have been combined or subsegmented as needed to ensure loans of similar risk profiles are appropriately pooled.

Additional information about our Allowance for Credit Losses is included in Note 7 to the unaudited interim consolidated financial statements in this Quarterly Report on Form 10-Q as well as in the “Critical Accounting Estimates” section of the Management’s Discussion and Analysis of Financial Condition and Results of Operations. The Company’s management considers the allowance for credit losses to be appropriate based on evaluation and analysis of the loan portfolio.

The allowance for credit losses totaled $140.5 million at June 30, 2026, compared to $138.6 million at March 31, 2026 and $140.2 million at June 30, 2025. The allowance for credit losses as a percentage of loans was 1.18% at June 30, 2026, compared to 1.20% at March 31, 2026 and 1.21% at June 30, 2025. The allowance for credit losses was 215.13% of nonperforming loans at June 30, 2026, compared to 226.27% at March 31, 2026 and to 302.21% at June 30, 2025. The allowance for credit losses as of June 30, 2026 increased compared to the allowance estimates as of March 31, 2026, primarily due to providing for loan growth and slight deterioration in the economic forecast. These increases to the allowance for credit losses were partially offset by accelerated prepayment speeds and the change in loan composition and balances including reductions driven by other consumer and residential solar portfolios that are in a planned run-off status.

The allowance for credit losses as of June 30, 2026 increased compared to the allowance estimates as of June 30, 2025, primarily due to providing for the second quarter of 2026 loan growth, change in scenario weightings and the establishment of specific reserves for individually evaluated loans in the first quarter of 2026. These increases to the allowance for credit losses were largely offset by model adjustments, accelerated prepayment speeds and the changes in loan composition and balances including reductions driven by other consumer and residential solar portfolios that are in a planned run-off status. First quarter 2026 model adjustments lowered the allowance, as updates from the annual model review and recalibration process incorporated recent delinquency and loss experience which reflected improved default estimates across most portfolio segments.

The provision for loan losses was $6.1 million for the three months ended June 30, 2026, compared to $5.6 million in the prior quarter and $17.8 million for the same period in the prior year. Provision expense increased from the prior quarter primarily due to providing for the second quarter of 2026 loan growth, which was partially offset by a decrease in net charge-offs in the current quarter. Provision expense decreased from the same period in the prior year primarily due to $13.0 million of acquisition-related provision for loan losses for non-PCD loans acquired from Evans recorded in the second quarter of 2025. Net charge-offs totaled $4.2 million during the three months ended June 30, 2026, compared to net charge-offs of $5.0 million during the first quarter of 2026 and $2.4 million in the second quarter of 2025. Net charge-offs to average loans were 15 bps for the three months ended June 30, 2026, compared to 17 bps for the first quarter of 2026 and 9 bps for the three months ended June 30, 2025.

The provision for loan losses was $11.7 million for the six months ended June 30, 2026, compared to $25.4 million for the six months ended June 30, 2025. Provision expense decreased from the same period in the prior year primarily due to $13.0 million of acquisition-related provision for loan losses for non-PCD loans acquired from Evans recorded in 2025. Net charge-offs totaled $9.2 million during the six months ended June 30, 2026, compared to net charge-offs of $8.9 million during the six months ended June 30, 2025. Net charge-offs to average loans were 16 bps for the six months ended June 30, 2026, compared to 17 bps for the six months ended June 30, 2025.

As of June 30, 2026 and March 31, 2026, the unfunded commitment reserve totaled $5.5 million, compared to $6.2 million as of June 30, 2025. The decrease from the same period in the prior year was caused by a decrease in expected loss rates, partially offset by a slight increase in pipeline exposure.

Nonperforming assets consist of nonaccrual loans, loans over 90 days past due and still accruing, troubled loan modifications, OREO and nonperforming securities. Loans are generally placed on nonaccrual when principal or interest payments become 90 days past due, unless the loan is well secured and in the process of collection. Loans may also be placed on nonaccrual when circumstances indicate that the borrower may be unable to meet the contractual principal or interest payments. The threshold for evaluating commercial loans risk graded substandard or doubtful, and nonperforming loans specifically evaluated for individual credit loss is $1.0 million. OREO represents property acquired through foreclosure and is valued at the lower of the carrying amount or fair value, less any estimated disposal costs.

	June 30, 2026		December 31, 2025	
(Dollars in thousands)	**Amount**	**%**	**Amount**	**%**
Nonaccrual loans:				
Commercial	**$ 40,559**	**64%**	$ 19,934	45%
Residential	**19,133**	**30%**	21,264	47%
Consumer	**2,849**	**5%**	3,093	7%
Troubled loan modifications	**357**	**1%**	301	1%
Total nonaccrual loans	**$ 62,898**	**100%**	$ 44,592	100%
Loans over 90 days past due and still accruing:				
Commercial	**$ -**	**-**	$ 2,220	31%
Residential	**681**	**28%**	2,366	33%
Consumer	**1,729**	**72%**	2,545	36%
Total loans over 90 days past due and still accruing	**$ 2,410**	**100%**	$ 7,131	100%
Total nonperforming loans	**$ 65,308**		$ 51,723	
OREO	**-**		402	
Total nonperforming assets	**$ 65,308**		$ 52,125	
Total nonaccrual loans to total loans	**0.53%**		0.38%	
Total nonperforming loans to total loans	**0.55%**		0.45%	
Total nonperforming assets to total assets	**0.40%**		0.33%	
Total allowance for loan losses to total nonperforming loans	**215.13%**		266.81%	
Total allowance for loan losses to nonaccrual loans	**223.38%**		309.47%	

Total nonperforming assets were $65.3 million at June 30, 2026, compared to $52.1 million at December 31, 2025 and $46.7 million at June 30, 2025. Nonperforming loans at June 30, 2026 were $65.3 million or 0.55% of total loans, compared with $51.7 million or 0.45% of total loans at December 31, 2025 and $46.4 million or 0.40% of total loans at June 30, 2025. The increase in nonperforming assets and nonperforming loans from the prior period was attributable to an increase in commercial nonaccrual loans, partially offset by a decrease in residential and consumer accruing loans past due over 90 days. The increase from June 30, 2025 is attributable to an increase in commercial nonaccrual loans. Total nonaccrual loans were $62.9 million or 0.53% of total loans at June 30, 2026, compared to $44.6 million or 0.38% of total loans at December 31, 2025 and $43.2 million or 0.37% of total loans at June 30, 2025. Past due loans as a percentage of total loans was 0.63% at June 30, 2026, up from 0.38% at December 31, 2025 and up from 0.38% at June 30, 2025.

In addition to nonperforming loans discussed above, the Company has also identified approximately $228.7 million in potential problem loans at June 30, 2026 as compared to $271.8 million at December 31, 2025. Potential problem loans are loans that are currently performing, with a possibility of loss if weaknesses are not corrected. Such loans may need to be disclosed as nonperforming at some time in the future. Potential problem loans are classified by the Company's loan rating system as "substandard." The decrease in potential problem loans from December 31, 2025 is primarily due to the net migration of $26.0 million in commercial loan balances to pass status, due to improved borrower performance and an increase in commercial nonaccrual loan balances. Management cannot predict the extent to which economic conditions may worsen or other factors, which may impact borrowers and the potential problem loans. Accordingly, there can be no assurance that other loans will not become over 90 days past due, be placed on nonaccrual, become troubled loan modifications or require increased allowance coverage and provision for loan losses. To mitigate this risk the Company maintains a diversified loan portfolio, has no significant concentration in any particular industry and originates loans primarily within its footprint.

Deposits

Total deposits were $13.54 billion at June 30, 2026, up $38.1 million, or 0.3%, from December 31, 2025. As of June 30, 2026, there were $25.0 million of brokered time deposits, down from $98.9 million as of December 31, 2025. Demand, interest-bearing checking, savings and money market deposits increased, partially offset by a decrease in time deposits. The Company continues to experience growth within consumer and municipal business lines. The Company's composition of total deposits is diverse and granular with over 611,000 accounts with an average per account balance of $22,129 as of June 30, 2026. As of June 30, 2026 and December 31, 2025 the estimated amounts of uninsured deposits based on the same methodologies and assumptions used for the bank regulatory reporting were $5.82 billion and $5.86 billion, respectively. Total average deposits increased $1.35 billion, or 11.1%, from the same period last year.

Borrowed Funds

The Company's borrowed funds consist of short-term borrowings and long-term debt. Short-term borrowings totaled $316.4 million at June 30, 2026 compared to $148.1 million at December 31, 2025. Long-term debt was $43.0 million at June 30, 2026 compared to $43.2 million at December 31, 2025.

For more information about the Company's borrowing capacity and liquidity position, see "Liquidity Risk" below.

Subordinated Debt

The subordinated notes assumed in connection with the Salisbury Bancorp, Inc. acquisition included $25.0 million of 3.50% fixed-to-floating rate subordinated notes due 2031. The subordinated notes, which qualified as Tier 2 capital, bore interest at an annual rate of 3.50%, payable quarterly in arrears commencing on June 30, 2021, and a floating rate of interest equivalent to the three-month SOFR plus a spread of 2.80%, payable quarterly in arrears commencing on June 30, 2026. On June 30, 2026, the Company redeemed these subordinated notes in full using existing liquidity sources.

As of December 31, 2025 the subordinated debt net of fair value discount was $24.5 million.

Junior Subordinated Debt

In connection with the Evans acquisition, the Company acquired Evans Capital Trust I, a statutory business trust wholly-owned by the Company, which issued $11.0 million in aggregate principal amount of floating rate preferred capital securities due November 23, 2034 to various investors and $0.3 million of common securities. As of the acquisition date, the fair value discount was $0.9 million which is being amortized into interest expense over the life of the debt instrument.

Collectively, the Company sponsors six business trusts, CNBF Capital Trust I, NBT Statutory Trust I, NBT Statutory Trust II, Alliance Financial Capital Trust I, Alliance Financial Capital Trust II and Evans Capital Trust I (collectively, the "Trusts").

Despite the fact that the Trusts are not included in the Company's consolidated financial statements, $108 million of the $112 million in trust preferred securities issued by these subsidiary trusts was included in the Tier 1 capital of the Company for regulatory capital purposes as allowed by the FRB (NBT Bank owns $1.0 million of CNBF Trust I securities) through March 31, 2025. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires bank holding companies with assets greater than $500 million to be subject to the same capital requirements as insured depository institutions, meaning, for instance, that such bank holding companies will not be able to count trust preferred securities issued after May 19, 2010 as Tier 1 capital. The aforementioned Trusts are grandfathered with respect to this enactment based on their date of issuance. As of June 30, 2025 in connection with the completion of the Evans acquisition and the Company's assets exceeding $15 billion, the Trusts are now included in Tier 2 capital of the Company for regulatory capital purposes.

Capital Resources

Stockholders' equity of $1.94 billion represented 11.99% of total assets at June 30, 2026 compared with $1.90 billion, or 11.85% of total assets, as of December 31, 2025. Stockholders' equity increased $47.7 million from December 31, 2025 driven by net income generation of $104.2 million for the six months ended June 30, 2026, partially offset by dividends declared of $38.5 million, the repurchase of common stock of $14.0 million and a $6.5 million increase in accumulated other comprehensive loss reflecting the change in fair value securities available for sale.

The Company purchased 68,595 shares of its common stock during the three months ended June 30, 2026, for a total of $3.0 million at an average price of $43.96 per share under its previously announced stock repurchase program. Under its stock repurchase program, the Company may repurchase shares of its common stock from time to time to mitigate the potential dilutive effects of stock-based incentive plans and other potential uses of common stock for corporate purposes. As of June 30, 2026, there were 1,431,405 shares available for repurchase under this program authorized on October 27, 2025, which is set to expire on December 31, 2027.

As the capital ratios in the following table indicate, the Company remained "well capitalized" at June 30, 2026 under applicable bank regulatory requirements. Capital measurements are well in excess of regulatory minimum requirements and meet the standard to be considered well capitalized for all periods presented. To be considered well capitalized, tier 1 leverage, common equity tier 1 capital, tier 1 capital and total risk-based capital ratios must be 5%, 6.5%, 8% and 10%, respectively.

Capital Measurements	**June 30, 2026**	**December 31, 2025**
Tier 1 leverage ratio	**9.85%**	9.48%
Common equity tier 1 capital ratio	**12.24%**	12.07%
Tier 1 capital ratio	**12.24%**	12.07%
Total risk-based capital ratio	**14.18%**	14.24%
Cash dividends as a percentage of net income	**36.92%**	42.90%
Per common share:		
Book value	**$ 37.42**	$ 36.32
Tangible book value(1)	**$ 27.71**	$ 26.54
Tangible equity ratio(2)	**9.16%**	8.95%

(1) Non-GAAP measure - Stockholders' equity less goodwill and intangible assets divided by common shares outstanding.
(2) Non-GAAP measure - Stockholders' equity less goodwill and intangible assets divided by total assets less goodwill and intangible assets.

Liquidity and Interest Rate Sensitivity Management

Market Risk

Interest rate risk is the most significant market risk affecting the Company. Other types of market risk, such as foreign currency exchange rate risk and commodity price risk, do not arise in the normal course of the Company's business activities or are immaterial to the results of operations.

Interest rate risk is defined as an exposure to a movement in interest rates that could have an adverse effect on the Company's net interest income. Net interest income is susceptible to interest rate risk to the degree that interest-bearing liabilities mature or reprice on a different basis than earning assets. When interest-bearing liabilities mature or reprice more quickly than earning assets in a given period, a significant increase in market rates of interest could adversely affect net interest income. Similarly, when earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could result in a decrease in net interest income.

To manage the Company's exposure to changes in interest rates, management monitors the Company's interest rate risk. Management's Asset Liability Committee ("ALCO") meets monthly to review the Company's interest rate risk position and profitability and to recommend strategies for consideration by the Board of Directors (the "Board"). Management also reviews loan and deposit pricing and the Company's securities portfolio, formulates investment and funding strategies and oversees the timing and implementation of transactions to assure attainment of the Board's objectives in the most effective manner. Notwithstanding the Company's interest rate risk management activities, the potential for changing interest rates is an uncertainty that can have an adverse effect on net income.

In managing the Company’s asset/liability position, the Board and management aim to manage the Company’s interest rate risk while minimizing NIM compression. At times, depending on the level of general interest rates, the relationship between long and short-term interest rates, market conditions and competitive factors, the Board and management may determine to increase the Company’s interest rate risk position somewhat in order to increase its NIM. The Company’s results of operations and net portfolio values remain vulnerable to changes in interest rates and fluctuations in the difference between long and short-term interest rates.

The primary tool utilized by the ALCO to manage interest rate risk is earnings at risk modeling (interest rate sensitivity analysis). Information, such as principal balance, interest rate, maturity date, cash flows, next repricing date (if needed) and current rates are uploaded into the model to create an ending balance sheet. In addition, the ALCO makes certain assumptions regarding prepayment speeds for loans and mortgage related investment securities along with any optionality within the deposits and borrowings. The model is first run under an assumption of a flat rate scenario (e.g., no change in current interest rates) with a static balance sheet. Six additional models are run in which gradual increases of 300 bps, 200 bps and 100 bps, and gradual decreases of 100 bps, 200 bps and 300 bps takes place over a 12-month period with a static balance sheet. Under these scenarios, assets subject to prepayments are adjusted to account for faster or slower prepayment assumptions. Any investment securities or borrowings that have callable options embedded in them are handled accordingly based on the interest rate scenario. The resulting changes in net interest income are then measured against the flat rate scenario. The Company also runs other interest rate scenarios to highlight potential interest rate risk.

The Company’s Interest Rate Sensitivity has remained in a near neutral position. In the declining rate scenarios, net interest income is projected to modestly decrease when compared to the forecasted net interest income in the flat rate scenario through the simulation period. The decrease in net interest income is a result of earning assets repricing and rolling over at lower yields at a faster pace than interest-bearing liabilities decline and/or reach their floors. Conversely in the rising rate scenarios, net interest income increases modestly, impacted by slowing prepayment speeds and increased deposit reactivity; the magnitude of potential impact on earnings may be affected by the ability to lag deposit repricing on interest-bearing checking, savings, MMDA and time accounts. Net interest income for the next twelve months in the +300/+200/+100/-100/-200/-300 bps scenarios, as described above, is within the internal policy risk limits of not more than a 5.0% reduction in net interest income in the +100/-100 bps scenarios, of not more than a 7.5% reduction in net interest income in the +200/-200 bps scenarios and of not more than a 12.0% reduction in net interest income in the +300/-300 bps scenarios. The following table summarizes the percentage change in net interest income in the rising and declining rate scenarios over a 12-month period from the forecasted net interest income in the flat rate scenario using the June 30, 2026 balance sheet position:

Interest Rate Sensitivity Analysis

Change in interest rates *(in bps)*	Percent change in net interest income
+300	0.16%
+200	0.47%
+100	0.52%
-100	(0.49)%
-200	(0.46)%
-300	(0.34)%

The Company anticipates that the trajectory of net interest income will continue to depend significantly on the timing and path of short to mid-term interest rates which are heavily driven by inflationary pressures, employment levels and FOMC monetary policy. In 2025, the FOMC shifted to an easing cycle, cutting the federal funds rate three times (September, October and December) by 25 bps each, bringing the target range down from 4.25-4.50% towards a more neutral stance of 3.50-3.75% as inflation pressures eased but growth softened. Actions included rate cuts, open market operations to manage liquidity, and adjustments to reinvestment policies for Treasury and mortgage-backed securities. The Fed remains committed to its 2% inflation target and maximum employment goals. The 2025 federal funds rate reductions and initial expectations for continued reductions in 2026 provided the catalyst for the Company to begin reducing deposit rates in late 2025 and early 2026. However, the onset of the Iran War in 2026 has contributed to higher interest rates and an expectation for an elevated yield curve in the near term. The Company continues to focus on managing deposit expense in an environment of still elevated short-term interest rates (compared to recent years) while maintaining lending spreads in an effort to allow new and repricing asset yields to remain above existing portfolio asset yields where possible.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may not be able to satisfy current or future financial commitments or may become unduly reliant on alternate funding sources. The objective of liquidity management is to ensure the Company can fund balance sheet growth, meet the cash flow requirements of depositors wanting to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs. ALCO is responsible for liquidity management and has developed guidelines, which cover all assets and liabilities, as well as off-balance sheet items that are potential sources or uses of liquidity. Liquidity policies must also provide the flexibility to implement appropriate strategies, along with regular monitoring of liquidity and testing of the contingent liquidity plan. Requirements change as loans grow, deposits and securities mature and payments on borrowings are made. Liquidity management includes a focus on interest rate sensitivity management with a goal of avoiding widely fluctuating net interest margins through periods of changing economic conditions. Loan repayments and maturing investment securities are a relatively predictable source of funds. However, deposit flows, calls of investment securities and prepayments of loans and mortgage-related securities are strongly influenced by interest rates, the housing market, general and local economic conditions, and competition in the marketplace. Management continually monitors marketplace trends to identify patterns that might improve the predictability of the timing of deposit flows or asset prepayments.

The primary liquidity measurement the Company utilizes is called “Basic Surplus,” which captures the adequacy of its access to reliable sources of cash relative to the stability of its funding mix of average liabilities. This approach recognizes the importance of balancing levels of cash flow liquidity from short and long-term securities with the availability of dependable borrowing sources, which can be accessed when necessary. At June 30, 2026, the Company’s Basic Surplus measurement was 17.1% of total assets, or $2.77 billion, as compared to the December 31, 2025 Basic Surplus of 18.7%, or $2.98 billion, and was above the Company’s minimum of 5% (calculated at $810.7 million and $799.8 million of period end total assets as June 30, 2026 and December 31, 2025, respectively) set forth in its liquidity policies.

At June 30, 2026 and December 31, 2025, FHLB advances outstanding totaled $199.9 million and $43.0 million, respectively. At June 30, 2026 and December 31, 2025, the Bank had $379.0 million and $353.0 million, respectively, of collateral encumbered by municipal letters of credit. The Bank is a member of the FHLB system and had additional borrowing capacity from the FHLB of approximately $1.94 billion at June 30, 2026 and $2.10 billion at December 31, 2025. In addition, unpledged securities could have been used to increase borrowing capacity at the FHLB by an additional $1.31 billion and $1.11 billion at June 30, 2026 and December 31, 2025, respectively, or used to collateralize other borrowings, such as repurchase agreements. The Company also has the ability to issue brokered time deposits and to borrow against established borrowing facilities with other banks (federal funds), which could provide additional liquidity of $2.60 billion at June 30, 2026 and $2.53 billion at December 31, 2025. In addition, the Bank has a “Borrower-in-Custody” program with the FRB with the addition of the ability to pledge automobile and residential solar loans as collateral. At June 30, 2026 and December 31, 2025, the Bank had the capacity to borrow $1.12 billion and $1.18 billion, respectively, from this program. The Company’s internal policies authorize borrowing up to 25% of assets. Under this policy, remaining available borrowing capacity totaled $3.79 billion at June 30, 2026 and $3.94 billion at December 31, 2025.

This Basic Surplus approach enables the Company to appropriately manage liquidity from both operational and contingency perspectives. By tempering the need for cash flow liquidity with reliable borrowing facilities, the Company is able to operate with a more fully invested and, therefore, higher interest income generating securities portfolio. The makeup and term structure of the securities portfolio is, in part, impacted by the overall interest rate sensitivity of the balance sheet. Investment decisions and deposit pricing strategies are impacted by the liquidity position. The Company considers its Basic Surplus position to be strong. However, certain events may adversely impact the Company’s liquidity position in 2026. While short-term interest rates have declined, they remain elevated relative to recent history, which could result in deposit declines as depositors continue to have alternative opportunities for yield on their excess funds. In the current economic environment, draws against lines of credit could drive asset growth higher. Disruptions in wholesale funding markets could spark increased competition for deposits. These scenarios could lead to a decrease in the Company’s Basic Surplus measure below the minimum policy level of 5%.

At June 30, 2026, a portion of the Company’s loans and securities were pledged as collateral on borrowings. Therefore, once on-balance sheet liquidity is reduced, future growth of earning assets will depend upon the Company’s ability to obtain additional funding, through growth of core deposits and collateral management and may require further use of brokered time deposits or other higher cost borrowing arrangements.

The Company’s primary source of funds is dividends from its subsidiaries. Various laws and regulations restrict the ability of banks to pay dividends to their stockholders. Generally, the payment of dividends by the Company in the future as well as the payment of interest on the capital securities will require the generation of sufficient future earnings by its subsidiaries.

Certain restrictions exist regarding the ability of the Bank to transfer funds to the Company in the form of cash dividends. The approval of the OCC is required to pay dividends when a bank fails to meet certain minimum regulatory capital standards or when such dividends are in excess of a subsidiary bank’s earnings retained in the current year plus retained net profits for the preceding two years as specified in applicable OCC regulations. At June 30, 2026 and December 31, 2025, approximately $110.0 million and $115.9 million, respectively, of the total stockholders’ equity of the Bank was available for payment of dividends to the Company without approval by the OCC. The Bank’s ability to pay dividends is also subject to the Bank being in compliance with regulatory capital requirements. The Bank is currently in compliance with these requirements. Under the State of Delaware General Corporation Law, the Company may declare and pay dividends either out of accumulated net retained earnings or capital surplus.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information called for by Item 3 is contained in the Liquidity and Interest Rate Sensitivity Management section of the Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2026, the Company's disclosure controls and procedures were effective.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party or of which any of their property is subject.

ITEM 1A. RISK FACTORS

There are no material changes to the risk factors as previously discussed in Part I, Item 1A. of our 2025 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents stock purchases made during the quarter ended June 30, 2026:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs(1)
April 1-30, 2026	-	$ -	-	1,500,000
May 1-31, 2026	68,595	43.96	68,595	1,431,405
June 1-30, 2026	-	-	-	1,431,405
Total	**68,595**	**$ 43.96**	**68,595**	**1,431,405**

(1) On October 27, 2025, the Company's Board of Directors authorized and approved an amendment to the Company's stock repurchase program. Pursuant to the amended stock repurchase program, the Company may repurchase up to 2,000,000 shares of the Company's common stock with all repurchases under the stock repurchase program to be made by December 31, 2027. The Company may repurchase shares of its common stock from time to time to mitigate the potential dilutive effects of stock-based incentive plans and other potential uses of common stock for corporate purposes. The Company purchased 68,595 shares of its common stock during the second quarter of 2026 at an average price of $43.96 per share under its previously announced stock repurchase program. As of June 30, 2026, there were 1,431,405 shares available for repurchase under this plan authorized on October 27, 2025, which is set to expire on December 31, 2027.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2026, there were no Rule 10b5-1 plans or non-Rule 10b5-1 trading arrangements adopted, modified or terminated by any director or officer of the Company.

ITEM 6. EXHIBITS

3.1	Restated Certificate of Incorporation of NBT Bancorp Inc. as amended through July 1, 2015 (filed as Exhibit 3.1 to Registrant's Form 10-Q, filed on August 10, 2015 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of NBT Bancorp Inc. effective May 22, 2018 (filed as Exhibit 3.1 to Registrant's Form 8-K, filed on May 23, 2018 and incorporated herein by reference).
3.3	Certificate of Designation of the Series A Junior Participating Preferred Stock (filed as Exhibit A to Exhibit 4.1 of the Registrant's Form 8-K, filed on November 18, 2004 and incorporated herein by reference).
31.1	Certification of the Chief Executive Officer pursuant to Rules 13(a)-14(a)/15(d)-14(e) of the Securities and Exchange Act of 1934.
31.2	Certification of the Chief Financial Officer pursuant to Rules 13(a)-14(a)/15(d)-14(e) of the Securities and Exchange Act of 1934.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, this 7th day of August 2026.

NBT BANCORP INC.

By: /s/ Annette L. Burns
Annette L. Burns
Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott A. Kingsley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NBT Bancorp Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 7, 2026

By: /s/ Scott A. Kingsley
Scott A. Kingsley
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Annette L. Burns, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NBT Bancorp Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2026

By: /s/ Annette L. Burns

Annette L. Burns
Chief Financial Officer

EXHIBIT 32.1

Written Statement of the Chief Executive Officer Pursuant to Section 906 of the SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer of NBT Bancorp Inc. (the “Company”), hereby certifies that to his knowledge on the date hereof:

(a) the Form 10-Q of the Company for the Quarterly Period Ended June 30, 2026, filed on the date hereof with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott A. Kingsley

Scott A. Kingsley
Chief Executive Officer
August 7, 2026

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NBT Bancorp Inc. and will be retained by NBT Bancorp Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Written Statement of the Chief Financial Officer Pursuant to Section 906 of the SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Financial Officer of NBT Bancorp Inc. (the “Company”), hereby certifies that to her knowledge on the date hereof:

(a) the Form 10-Q of the Company for the Quarterly Period Ended June 30, 2026, filed on the date hereof with the Securities and Exchange Commission (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Annette L. Burns

Annette L. Burns
Chief Financial Officer
August 7, 2026

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NBT Bancorp Inc. and will be retained by NBT Bancorp Inc. and furnished to the Securities and Exchange Commission or its staff upon request.