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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: June 30, 2026

☐ **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: 001-13349



BAR HARBOR BANKSHARES
(Exact name of registrant as specified in its charter)

Maine	**01-0393663**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
PO Box 400 **82 Main Street, Bar Harbor, ME**	**04609-0400**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(207) 288-3314**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $2.00 per share	BHB	NYSE American

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 definition 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 ☒

The registrant had 16,766,080 shares of common stock, par value $2.00 per share, outstanding as of August 3, 2026.

BAR HARBOR BANKSHARES AND SUBSIDIARIES
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Bar Harbor Bankshares conducts business operations principally through Bar Harbor Bank & Trust, which may be referred to as the "Bank" and which is a subsidiary of Bar Harbor Bankshares. Unless the context requires otherwise, references in this report to "the Company," "our," "us," and similar terms refer to Bar Harbor Bankshares and its subsidiaries, including the Bank, collectively.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q (this "Form 10-Q") that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. When used in this Form 10-Q the words "believe," "anticipate," "expect," "may," "will," "assume," "should," "predict," "could," "would," "intend," "targets," "estimates," "projects," "plans," and "potential," and other similar words and expressions of the future, are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking, including statements about the Company's future financial and operating results and the Company's plans, objectives, and intentions. All forward-looking statements are subject to risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to differ materially from any results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including, but not limited to:

- changes in general business and economic conditions on a national basis and in our markets throughout Northern New England;
- changes in consumer behavior due to political, business, and economic conditions, including ongoing armed conflicts, inflation and concerns about liquidity;
- the possibility that our asset quality could decline or that we experience greater loan losses than anticipated;
- the impact of liquidity needs on our results of operations and financial condition; changes in the size and nature of our competition;
- the effect of interest rate increases on the cost of deposits;
- unanticipated weakness in loan demand, pricing or collectability;
- the possibility that future credit losses are higher than currently expected due to changes in economic assumptions or adverse economic developments;
- operational risks including, but not limited to, changes in information technology, cybersecurity incidents, fraud, natural disasters, climate change, war, terrorism, civil unrest, and future pandemics;
- lack of strategic growth opportunities or our failure to execute on available opportunities;
- failure to realize the expected synergies, cost savings and other financial benefits from the acquisition of Guaranty Bancorp, Inc.;
- our ability to effectively manage problem credits;
- our ability to successfully develop new products and implement efficiency initiatives on time and with the results projected;
- our ability to retain executive officers and key employees and their customer and community relationships;
- regulatory, litigation, and reputational risks and the applicability of insurance coverage;
- changes in the reliability of our vendors, internal control systems or information systems;
- the impacts of tariffs, sanctions and other trade policies of the United States and its global trading counterparts;
- changes in legislation or regulation and accounting principles, policies, and guidelines;
- reductions in the market value or outflows of wealth management assets under management; and
- changes in the assumptions used in making such forward-looking statements.

Other factors not identified above, including those described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "Form 10-K"), our Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the Securities and Exchange Commission (the "SEC") and available on the SEC's website at http://www.sec.gov, may also cause actual results to differ materially from those described in our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our control. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements, and you should consider these factors in connection with considering any forward-looking statements that may be made by us. We undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

BAR HARBOR BANKSHARES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share data)	June 30, 2026	December 31, 2025
Assets		
Cash and cash equivalents:		
Cash and due from banks	$ 46,270	$ 44,947
Interest-earning deposits with other banks	58,118	35,890
Total cash and cash equivalents	104,388	80,837
Securities:		
Available-for-sale debt securities	601,772	597,424
Less: Allowance for credit losses on available-for-sale debt securities	—	—
Net securities	601,772	597,424
Federal Home Loan Bank stock	13,423	11,308
Loans held for sale	10,203	5,283
Total loans held for investment	3,614,180	3,605,859
Less: Allowance for credit losses	(32,231)	(34,052)
Net loans held for investment	3,581,949	3,571,807
Premises and equipment, net	61,170	58,188
Other real estate owned	8,170	—
Goodwill	141,819	141,819
Other intangible assets	15,242	16,407
Cash surrender value of bank-owned life insurance	88,728	96,250
Deferred tax assets, net	28,859	29,926
Other assets	86,779	74,642
Total assets	$ 4,742,502	$ 4,683,891
Liabilities		
Deposits:		
Non-interest bearing demand	$ 678,081	$ 670,786
Interest-bearing demand	1,141,043	1,137,730
Savings	635,316	635,329
Money market	481,815	464,843
Time	917,694	912,594
Total deposits	3,853,949	3,821,282
Borrowings:		
Senior	227,541	216,818
Subordinated	53,620	52,825
Total borrowings	281,161	269,643
Other liabilities	57,840	60,425
Total liabilities	4,192,950	4,151,350
Shareholders' equity		
Capital stock, par value $2.00; authorized 30,000,000 shares; issued 17,734,817 shares; outstanding 16,753,831 shares and 16,702,063 shares at June 30, 2026 and December 31, 2025, respectively	35,470	35,470
Additional paid-in capital	234,878	233,335
Retained earnings	331,997	314,372
Accumulated other comprehensive loss	(37,056)	(35,409)
Less: 980,986 and 1,032,754 shares of treasury stock, at cost, at June 30, 2026 and December 31, 2025, respectively	(15,737)	(15,227)
Total shareholders' equity	549,552	532,541
Total liabilities and shareholders' equity	$ 4,742,502	$ 4,683,891

The accompanying notes are an integral part of these consolidated financial statements.

BAR HARBOR BANKSHARES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except earnings 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 and dividend income				
Loans	$ 49,151	$ 42,726	$ 97,809	$ 84,530
Securities and other	6,319	5,474	12,523	10,757
Federal Home Loan Bank stock	183	212	338	349
Interest-earning deposits with other banks	253	276	486	590
Total interest and dividend income	55,906	48,688	111,156	96,226
Interest expense				
Deposits	14,638	15,511	29,527	31,023
Borrowings	3,349	3,282	6,838	6,301
Total interest expense	17,987	18,793	36,365	37,324
Net interest income	37,919	29,895	74,791	58,902
Provision for credit losses on available-for-sale debt securities	—	—	—	636
Provision for credit losses on loans	1,250	528	1,555	471
Net interest income after provision for credit losses	36,669	29,367	73,236	57,795
Non-interest income				
Trust and investment management fee income	4,577	4,263	8,692	8,179
Customer service fees	4,715	3,589	8,817	7,114
Loss on available-for-sale debt securities, net	(25)	(4,942)	(1,033)	(4,942)
Mortgage banking income	741	605	1,423	1,061
Bank-owned life insurance income	1,417	602	3,404	1,216
Customer derivative income	76	104	405	316
Other income	231	425	438	620
Total non-interest income	11,732	4,646	22,146	13,564
Non-interest expense				
Salaries and employee benefits	16,833	14,274	32,606	28,007
Occupancy and equipment	4,292	3,546	8,328	6,871
Depreciation	1,088	1,023	2,222	2,072
Loss on premises and equipment, net	—	3	134	93
Outside services	528	457	992	939
Professional services	388	514	737	1,106
Communication	211	194	459	360
Marketing	570	682	1,175	1,200
Amortization of intangible assets	582	233	1,164	466
FDIC assessment	537	464	1,114	920
Acquisition, conversion and other expenses	(36)	1,205	1,419	1,444
Provision (credit) for unfunded commitments	(650)	—	(876)	(74)
Other expenses	4,839	3,943	9,535	7,785
Total non-interest expense	29,182	26,538	59,009	51,189
Income before income taxes	19,219	7,475	36,373	20,170
Income tax expense	3,998	1,383	7,615	3,867
Net income	$ 15,221	$ 6,092	$ 28,758	$ 16,303
Earnings per share:				
Basic	$ 0.91	$ 0.40	$ 1.72	$ 1.06
Diluted	0.91	0.40	$ 1.71	$ 1.06
Weighted average common shares outstanding:				
Basic	16,751	15,321	16,740	15,312
Diluted	16,808	15,372	16,806	15,382

The accompanying notes are an integral part of these consolidated financial statements.

BAR HARBOR BANKSHARES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income	$ 15,221	$ 6,092	$ 28,758	$ 16,303
Other comprehensive (loss) income, before tax:				
Changes in unrealized (loss) gain on available-for-sale debt securities	728	1,128	(3,271)	6,193
Changes in unrealized (loss) gain on hedging derivatives	1,424	(1,105)	1,013	(3,059)
Changes in unrealized gain (loss) on pension	—	—	—	—
Income taxes related to other comprehensive (income) loss:				
Changes in unrealized loss (gain) on available-for-sale debt securities	(176)	(271)	841	(1,154)
Changes in unrealized loss (gain) on hedging derivatives	(346)	263	(230)	747
Changes in unrealized loss (gain) on pension	—	—	—	—
Total other comprehensive (loss) income	1,630	15	(1,647)	2,727
Total comprehensive income	$ 16,851	$ 6,107	$ 27,111	$ 19,030

The accompanying notes are an integral part of these consolidated financial statements.

BAR HARBOR BANKSHARES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(in thousands, except per share data)	Common stock amount	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total
Balance at December 31, 2024	$ 32,857	$ 194,607	$ 297,857	$ (51,536)	$ (15,357)	$ 458,428
Net income	—	—	10,211	—	—	10,211
Other comprehensive income	—	—	—	2,712	—	2,712
Cash dividends declared ($0.30 per share)	—	—	(4,620)	—	—	(4,620)
Net issuance (37,439 shares) to employee stock plans, including related tax effects	—	(167)	—	—	240	73
Reclassification of shares	(88)	(171)	—	—	259	—
Recognition of stock based compensation	—	507	—	—	—	507
Balance at March 31, 2025	$ 32,769	$ 194,776	$ 303,448	$ (48,824)	$ (14,858)	$ 467,311
Net income	—	—	6,092	—	—	6,092
Other comprehensive income	—	—	—	15	—	15
Cash dividends declared ($0.32 per share)	—	—	(5,040)	—	—	(5,040)
Net issuance (4,541 shares) to employee stock plans, including related tax effects	—	323	—	—	(540)	(217)
Recognition of stock based compensation	—	699	—	—	—	699
Balance at June 30, 2025	$ 32,769	$ 195,798	$ 304,500	$ (48,809)	$ (15,398)	$ 468,860
Balance at December 31, 2025	$ 35,470	$ 233,335	$ 314,372	$ (35,409)	$ (15,227)	$ 532,541
Net income	—	—	13,537	—	—	13,537
Other comprehensive loss	—	—	—	(3,277)	—	(3,277)
Cash dividends declared ($0.32 per share)	—	—	(5,404)	—	—	(5,404)
Net issuance (40,041 shares) to employee stock plans, including related tax effects	—	(490)	—	—	205	(285)
Recognition of stock based compensation	—	825	—	—	—	825
Balance at March 31, 2026	$ 35,470	$ 233,670	$ 322,505	$ (38,686)	$ (15,022)	$ 537,937
Net income	—	—	15,221	—	—	15,221
Other comprehensive income	—	—	—	1,630	—	1,630
Cash dividends declared ($0.34 per share)	—	—	(5,729)	—	—	(5,729)
Net issuance (11,727 shares) to employee stock plans, including related tax effects	—	(75)	—	—	(715)	(790)
Recognition of stock based compensation	—	1,283	—	—	—	1,283
Balance at June 30, 2026	$ 35,470	$ 234,878	$ 331,997	$ (37,056)	$ (15,737)	$ 549,552

The accompanying notes are an integral part of these consolidated financial statements.

BAR HARBOR BANKSHARES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Six Months Ended June 30, 2026	2025
Cash flows from operating activities:		
Net income	$ 28,758	$ 16,303
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses on loans	1,555	471
Provision for credit losses on available-for-sale debt securities	—	636
Net (accretion) amortization of securities	(841)	406
Change in unamortized net loan costs and premiums	(67)	167
Premises and equipment depreciation	2,222	2,072
Stock-based compensation expense	2,108	1,206
Accretion of purchase accounting entries, net	(2,126)	—
Amortization of other intangibles	1,164	466
Income from cash surrender value of bank-owned life insurance policies	(3,404)	(1,216)
Loss (gain) on available-for-sale debt securities	1,033	4,942
Decrease (increase) right-of-use lease assets	733	(819)
(Decrease) increase in lease liabilities	(683)	858
(Gain) loss and other expenses on other real estate owned	273	—
Loss on premises and equipment, net	134	93
Originations of loans held for sale	(47,338)	(22,880)
Proceeds from loans held for sale	42,828	21,366
Net change in other assets and liabilities	4,056	(9,483)
Net cash provided by operating activities	30,405	14,588
Cash flows from investing activities:		
Proceeds from maturities, calls and prepayments of available-for-sale debt securities	44,341	41,656
Proceeds from sales of available-for-sale debt securities	970	—
Purchases of available-for-sale debt securities	(52,594)	(52,559)
Purchase of loans held for investment	(12,035)	—
Net change in loans	(19,378)	(6,065)
Purchase of Federal Home Loan Bank stock	(14,262)	(8,583)
Proceeds from redemption of Federal Home Loan Bank stock	12,147	8,125
Purchase of premises and equipment	(5,639)	(3,533)
Proceeds from death benefit of bank-owned life insurance policy	8,420	—
Net cash used in investing activities	(38,030)	(20,959)
Cash flows from financing activities:		
Net change in deposits	32,667	24,300
Net change in short-term borrowings	10,717	6,465
Repayments of long-term borrowings	—	(5)
Net issuance to employee stock plans	(1,075)	144
Cash dividends paid on common stock	(11,133)	(9,660)
Net cash provided by financing activities	31,176	21,244
Net change in cash and cash equivalents	23,551	14,873
Cash and cash equivalents at beginning of year	80,837	72,162
Cash and cash equivalents at end of period	$ 104,388	$ 87,035

(in thousands)	Six Months Ended June 30, 2026	2025
Supplemental cash flow information:		
Interest paid	$ 38,682	$ 37,915
Income taxes paid, net	9,473	7,054
Transfer of non-cash assets	—	1,000
Transfer from loans held for sale to held for investment	1,100	—
Non-cash transfer between loans and other assets	14,436	—
Non-cash transfer between other assets and cash surrender value of bank-owned life insurance	1,773	—
Transfer from loans to other real estate owned	8,170	—

The accompanying notes are an integral part of these consolidated financial statements.

BAR HARBOR BANKSHARES AND SUBSIDIARIES
CONDENSED NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The consolidated financial statements (unaudited) (the "financial statements") of Bar Harbor Bankshares and its subsidiaries (the "Company," "we," "our," "us" or similar terms) have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company is a Maine financial institution holding company for the purposes of the laws of the State of Maine, and as such is subject to the jurisdiction of the Superintendent of the Maine Bureau of Financial Institutions. These financial statements include our accounts, the accounts of our wholly owned subsidiary Bar Harbor Bank & Trust (the "Bank") and the Bank's consolidated subsidiaries. The results of operations of companies or assets acquired are included only from the dates of acquisition. All material wholly owned and majority owned subsidiaries are consolidated unless GAAP requires otherwise.

In addition, these interim financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X, and accordingly, certain information and footnote disclosures normally included in financial statements prepared according to GAAP have been omitted.

The results for any interim period are not necessarily indicative of results for the full year. The consolidated financial statements should be read in conjunction with the audited financial statements and note disclosures in the Form 10-K previously filed with the SEC. In management's opinion, all adjustments necessary for a fair statement are reflected in the interim periods presented.

Reclassifications: Whenever necessary, amounts in the consolidated financial statements are reclassified to conform to current presentation. The reclassifications had no impact on net income, total shareholders' equity or total assets and liabilities in the Company's consolidated financial statements.

Segment Reporting: The Company's reportable segment is determined by the Chief Executive Officer, who is designated as the chief operating decision maker ("CODM"), based upon information provided about the Company's products and services offered, primarily banking operations. Operations of the Company are solely within community banking industry and include traditional community banking services, including lending activities, acceptance of demand, savings and time deposits, business services, investment management, trust and third-party brokerage services. These products and services have similar distribution methods, types of customers and regulatory responsibilities. An operating segment is defined as a component of a business for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and evaluate performance. Consolidated net income of the company is the primary performance metric utilized by the CODM. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate return on assets. The CODM uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessment performance and in establishing compensation. The majority of the Company's revenue is from the business of banking. While the Company has assigned certain management responsibilities by business lines, the Company's CODM monitors and evaluates financial performance on a Company-wide basis. Accordingly, segment information is not presented in the Consolidated Financial Statements. Therefore, the Company has determined that its business is conducted in one reportable segment and represents the consolidated financial statements of the Company.

Recent Accounting Pronouncements

The following provides a brief description of recently issued accounting pronouncements that have yet to be adopted by the Company:

Standard	Description	Required Date of Adoption	Effect on financial statements
ASU 2025-12 Codification Improvements	This Update is part of the Board's ongoing effort to address technical corrections, clarifications, and minor improvements across the FASB Accounting Standards Codification. These improvements refine the application of existing guidance, resolve inconsistencies, and improve the usability of the Codification without introducing significant changes to accounting practice or requiring substantial implementation effort. The amendments are not expected to significantly affect current practice. However, updates will be reviewed for any potential effects on accounting policies or disclosure processes.	Annual periods beginning after December 15, 2026 and interim periods within those reporting periods	We do not expect adoption of this ASU to have a material impact on our consolidated financial statements.
ASU 2025-11 Interim Reporting (Topic 270): Narrow-Scope Improvements	The amendments in this Update are intended to improve the navigability and clarity of interim reporting requirements under Topic 270. The Update clarifies when Topic 270 applies, adds a comprehensive list of required interim disclosures, and introduces a disclosure principle requiring entities to disclose events occurring after the most recent annual period that have a material impact on the entity. The Update does not expand or reduce overall interim disclosure requirements but instead compiles and organizes them to improve consistency and comparability. The guidance also clarifies form and content expectations for interim financial statements, including the use of condensed statements, and aligns GAAP with prior SEC requirements regarding material events.	Interim periods beginning after December 15, 2027	We do not expect adoption of this ASU to have a material impact on our consolidated financial statements.
ASU 2025-09 Derivatives and Hedging (Topic 815): Hedging Accounting Improvements	The amendments in this Update enhance and clarify several aspects of hedge accounting to better align financial reporting with the economics of an entity's risk management activities. The guidance addresses key areas including similar risk assessments for groups of forecasted transactions, hedging of forecasted interest payments on "choose your rate" debt instruments, hedging of nonfinancial forecasted transactions, use of net written options as hedging instruments, and the treatment of foreign currency denominated debt in certain dual hedging strategies. The amendments allow a broader set of forecasted transactions to qualify for hedge accounting by focusing on "similar risk exposure" rather than requiring identical risk characteristics. Entities must evaluate this criterion at hedge inception and on an ongoing basis, using qualitative assessments where appropriate.	Annual periods beginning after December 15, 2026	We do not expect adoption of this ASU to have a material impact on our consolidated financial statements.
ASU 2025-07 Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606)	The amendments in this Update apply to all entities that enter into non exchange-traded contracts with underlyings based on operations or activities specific to one of the parties to the contract. The amendments in this Update exclude from derivative accounting non exchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. However, this scope exception does not apply to (1) variables based on a market rate, market price, or market index, (2) variables based on the price or performance of a financial asset or financial liability of one of the parties to the contract, (3) contracts (or features) involving the issuer's own equity that are evaluated under the guidance in Subtopic 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity, and (4) call options and put options on debt instruments.	Annual periods beginning after December 15, 2026 and interim periods within those reporting periods	We do not expect adoption of this ASU to have a material impact on our consolidated financial statements.

NOTE 2. ACQUISITION

Guaranty Bancorp, Inc.

On July 31, 2025, the Company completed its acquisition of Guaranty Bancorp, Inc. ("Guaranty"), the holding company of Woodsville Guaranty Savings Bank ("Woodsville"). The acquisition was accounted for as a business combination under ASC Topic 805, and Guaranty's results of operations have been included in the Company's consolidated financial statements since the acquisition date.

As of June 30, 2026, the acquisition accounting remains provisional primarily with respect to the valuation of loans, identifiable intangible assets, deposits, and certain assumed liabilities. The measurement period will not exceed one year from the acquisition date. No measurement-period adjustments were recognized during the three months ended June 30, 2026.

Included in acquisition, conversion and other expenses on the Consolidated Statements of Income were acquisition and integration related costs, expensed as incurred, totaling $93 thousand and $1.2 million for the three months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026 and 2025, direct acquisition and integration related costs totaled $1.4 million respectively and are recorded in acquisition, conversion and other expenses on the Consolidated Statements of Income.

The following provides the unaudited pro forma results of operations for the three months ended June 30, 2025, as if the acquisition had occurred on January 1, 2025. The pro forma results combine the historical results of Guaranty into our Condensed Consolidated Statements of Income, including the impact of certain acquisition accounting adjustments, which includes loan discount accretion, intangible assets amortization, and deposit premium amortization. The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the results that would have been obtained had the acquisition actually occurred on January 1, 2025. No assumptions have been applied to the pro forma results of operations regarding possible revenue enhancements, provision for credit losses, expense efficiencies or asset dispositions. Recognized acquisition-related expenses and other adjustments related to the timing of expenses, are included in net income. For the three months ended June 30, 2025 total revenue would have been $41.9 million and net income would have been $6.8 million. For the six months ended June 30, 2025 total revenue would have been $86.4 million and net income would have been $14.2 million.

NOTE 3. SECURITIES AVAILABLE FOR SALE

The following is a summary of available-for-sale debt securities ("AFS"):

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2026				
Debt securities:				
Obligations of US Government-sponsored enterprises	$ 780	$ —	$ (22)	$ 758
Mortgage-backed securities and collateralized mortgage obligations:				
US Government-sponsored enterprises	279,508	1,491	(23,499)	257,500
US Government agency	169,062	141	(11,786)	157,417
Private label	10,299	—	(735)	9,564
Obligations of states and political subdivisions thereof	119,613	2	(14,294)	105,321
Corporate bonds	72,895	331	(2,014)	71,212
Total available-for-sale debt securities	$ 652,157	$ 1,965	$ (52,350)	$ 601,772

(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2025				
Debt securities:				
Obligations of US Government-sponsored enterprises	$ 1,113	$ 1	$ (12)	$ 1,102
Mortgage-backed securities and collateralized mortgage obligations:				
US Government-sponsored enterprises	268,976	2,734	(22,168)	249,542
US Government agency	163,369	347	(9,816)	153,900
Private label	11,793	—	(794)	10,999
Obligations of states and political subdivisions thereof	120,447	4	(15,912)	104,539
Corporate bonds	79,255	233	(2,146)	77,342
Total available-for-sale debt securities	$ 644,953	$ 3,319	$ (50,848)	$ 597,424

Included in mortgage-backed securities and collateralized mortgage obligations are securities backed by residential and commercial loans. As of June 30, 2026, securities backed by commercial mortgages had an amortized cost of $84.6 million and a fair value of $76.1 million and securities backed by residential mortgages had an amortized cost of $374.2 million and a fair value of $348.3 million. As of December 31, 2025, securities backed by commercial mortgages had an amortized cost of $85.5 million and a fair value of $78.2 million and securities backed by residential mortgages had an amortized cost of $358.6 million and a fair value of $336.2 million.

Credit Quality Information

We monitor the credit quality of available-for-sale debt securities through credit ratings from various rating agencies and substantial price changes. In an effort to make informed decisions, we utilize credit ratings that express opinions about the credit quality of a security. Securities are triggered for further review in the quarter if the security has significant fluctuations in ratings, significant pricing changes, or drops below investment-grade. For securities without credit ratings, we utilize other financial information indicating the financial health of the underlying municipality, agency, or organization associated with the underlying security.

The Company has one previously identified nonaccrual corporate bond with a carrying value of $1.3 million as of June 30, 2026 and $2.2 million as of December 31, 2025.

The table below presents a rollforward for the three and six months ended June 30, 2026 and 2025 of the allowance for credit losses on available-for-sale debt securities held at period end:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2026**	**2025**	**2026**	**2025**
Beginning Balance	$ —	$ 1,204	$ —	$ 568
Provision for credit losses on available-for-sale debt securities	—	—	—	636
Charge-offs	—	(1,204)	—	(1,204)
Ending Balance	$ —	$ —	$ —	$ —

The amortized cost and estimated fair value of available-for-sale debt securities segregated by contractual maturity at June 30, 2026 are presented below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Mortgage-backed securities and collateralized mortgage obligations are shown in total, as their maturities are highly variable.

	Available for sale	
(in thousands)	**Amortized Cost**	**Fair Value**
Within 1 year	$ 6,081	$ 5,997
Over 1 year to 5 years	28,070	27,734
Over 5 years to 10 years	41,166	39,531
Over 10 years	117,971	104,029
Total bonds and obligations	193,288	177,291
Mortgage-backed securities and collateralized mortgage obligations	458,869	424,481
Total available-for-sale debt securities	$ 652,157	$ 601,772

The proceeds from sales, calls and maturities of available-for-sale debt securities, gross realized gains and losses for the three and six months ended June 30, 2026 and 2025 are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2026**	**2025**	**2026**	**2025**
Proceeds from sales	$ 970	$ —	$ 970	$ —
Proceeds from calls/paydowns	21,025	13,321	40,341	41,656
Proceeds from maturities	4,000	—	4,000	—
Gross realized gains	—	—	—	—
Gross realized losses	(25)	—	(25)	—
Gross impairment losses	—	(4,393)	(896)	(4,393)

Accrued interest receivable on available-for-sale debt securities totaled $3.3 million at June 30, 2026 and $3.2 million at December 31, 2025, which is reported in other assets on the consolidated balance sheets.

The following tables summarize available-for-sale debt securities in an unrealized loss position for which an allowance for credit losses has not been recorded at June 30, 2026 and December 31, 2025, aggregated by major security type and length of time in continuous unrealized loss position:

	Less Than Twelve Months		Over Twelve Months		Total	
(in thousands)	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
June 30, 2026						
Debt securities:						
Obligations of US Government-sponsored enterprises	$ 9	$ 516	$ 13	$ 242	$ 22	$ 758
Mortgage-backed securities and collateralized mortgage obligations:						
US Government-sponsored enterprises	482	37,248	23,017	140,341	23,499	177,589
US Government agency	980	51,491	10,806	94,528	11,786	146,019
Private label	1	1,998	734	7,552	735	9,550
Obligations of states and political subdivisions thereof	38	4,778	14,256	94,322	14,294	99,100
Corporate bonds	210	14,290	1,804	37,196	2,014	51,486
Total available-for-sale debt securities	$ 1,720	$ 110,321	$ 50,630	$ 374,181	$ 52,350	$ 484,502

	Less Than Twelve Months		Over Twelve Months		Total	
(in thousands)	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
December 31, 2025						
Debt securities:						
Obligations of US Government-sponsored enterprises	$ —	$ —	$ 12	$ 413	$ 12	$ 413
Mortgage-backed securities and collateralized mortgage obligations:						
US Government-sponsored enterprises	7	1,241	22,161	150,629	22,168	151,870
US Government agency	970	39,343	8,846	72,849	9,816	112,192
Private label	1	2,000	793	8,984	794	10,984
Obligations of states and political subdivisions thereof	—	—	15,912	97,856	15,912	97,856
Corporate bonds	82	6,911	2,064	53,936	2,146	60,847
Total available-for-sale debt securities	$ 1,060	$ 49,495	$ 49,788	$ 384,667	$ 50,848	$ 434,162

The following summarizes, by investment security type, the impact of performing securities in an unrealized loss position at June 30, 2026:

Obligations of US Government-sponsored enterprises

6 out of the total 6 securities in our portfolio of AFS obligations of US Government-sponsored enterprises were in unrealized loss positions. Aggregate unrealized losses represented 2.79% of the amortized cost of securities in unrealized loss positions. The US Small Business Administration guarantees the contractual cash flows of all of our obligations of US Government-sponsored enterprises. The securities are investment grade rated and there were no material underlying credit downgrades during the quarter. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the securities are investment grade rated and there were no material underlying credit downgrades during the quarter. All securities are performing.

US Government-sponsored enterprises

413 out of the total 504 securities in our portfolio of AFS US Government-sponsored enterprises were in unrealized loss positions. Aggregate unrealized losses represented 11.69% of the amortized cost of securities in unrealized loss positions. The Federal National Mortgage Association and Federal Home Loan Mortgage Corporation guarantee the contractual cash flows of all of our US Government-sponsored enterprises. The securities are investment grade rated and there were no material underlying credit downgrades during the quarter. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the securities are investment grade rated and there were no material underlying credit downgrades during the quarter. All securities are performing.

US Government agency

142 out of the total 167 securities in our portfolio of AFS US Government agency securities were in unrealized loss positions. Aggregate unrealized losses represented 7.47% of the amortized cost of securities in unrealized loss positions. The Government National Mortgage Association guarantees the contractual cash flows of all of our US Government agency securities. The securities are investment grade rated and there were no material underlying credit downgrades during the quarter. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the securities are investment grade rated and there were no material underlying credit downgrades during the quarter. All securities are performing.

Private label

13 of the total 14 securities in our portfolio of AFS private label mortgage-backed securities were in unrealized loss positions. Aggregate unrealized losses represented 7.15% of the amortized cost of securities in unrealized loss positions. We expect to receive all of the future contractual cash flows related to the amortized cost on these securities. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the securities are investment grade rated and there were no material underlying credit downgrades during the quarter. All securities are performing.

Obligations of states and political subdivisions thereof

51 of the total 64 securities in our portfolio of AFS municipal bonds and obligations were in unrealized loss positions. Aggregate unrealized losses represented 12.61% of the amortized cost of securities in unrealized loss positions. We continually monitor the municipal bond sector of the market carefully and periodically evaluate the appropriate level of exposure to the market. At this time, we believe (i) the bonds in this portfolio carry minimal risk of default and (ii) we are appropriately compensated for the risk. There were no material underlying credit downgrades during the quarter. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the securities are investment grade rated and there were no material underlying credit downgrades during the quarter. All securities are performing.

Corporate bonds

18 out of the total 30 securities in our portfolio of AFS corporate bonds were in an unrealized loss position. The aggregate unrealized loss represents 3.76% of the amortized cost of bonds in unrealized loss positions. We review the financial strength of all of these bonds, and we have concluded that the amortized cost remains supported by the expected future cash flows of these securities. The most recent review includes all bond issuers and their current credit ratings, financial performance and capitalization. For the securities in an unrealized loss position, the decline in fair value is attributable to changes in interest rates, not credit quality, and the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the securities are investment grade rated,

and there were no material underlying credit downgrades during the quarter. All but the one corporate bond discussed above are performing.

We expect to recover the amortized cost basis on all securities in our AFS portfolio. Furthermore, we do not intend to sell nor do we anticipate that we will be required to sell any securities in an unrealized loss position as of June 30, 2026, prior to this recovery.

A summary of securities pledged as collateral for certain deposits and borrowing arrangements for the months ended June 30, 2026 and December 31, 2025 is as follows:

	June 30, 2026		December 31, 2025	
(in thousands)	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Securities pledged for deposits	$ 12,265	$ 10,726	$ 16,204	$ 14,475
Securities pledged for repurchase agreements	14,183	12,163	15,110	13,207
Securities pledged for borrowings [1]	28,518	28,090	14,831	14,515
Total securities pledged	$ 54,966	$ 50,979	$ 46,145	$ 42,197

(1) The Bank pledged securities as collateral for certain borrowing arrangements with the Federal Home Loan Bank of Boston and the Federal Reserve Bank of Boston (the "Reserve Bank").

NOTE 4. LOANS AND ALLOWANCE FOR CREDIT LOSSES

We evaluate risk characteristics of loans based on regulatory call report code with segmentation based on the underlying collateral for certain loan types. The following is a summary of total loans based on regulatory call report code segmentation for certain loan types:

(in thousands)	June 30, 2026	December 31, 2025
Commercial construction	$ 248,821	$ 213,779
Commercial real estate owner occupied	352,692	385,843
Commercial real estate non-owner occupied	1,432,262	1,450,597
Municipal and other	36,798	43,106
Commercial and industrial	360,268	315,370
Residential real estate	1,050,059	1,068,413
Home equity	120,612	114,484
Consumer other	12,668	14,267
Total loans	3,614,180	3,605,859
Allowance for credit losses	32,231	34,052
Net loans	$ 3,581,949	$ 3,571,807

Total unamortized net costs and premiums included in loan totals were as follows:

(in thousands)	June 30, 2026	December 31, 2025
Net unamortized loan origination costs	$ 1,996	$ 1,929
Net unamortized fair value discount on acquired loans	(33,214)	(36,739)
Total	$ (31,218)	$ (34,810)

We exclude accrued interest receivable from the amortized cost basis of loans disclosed throughout this footnote. As of June 30, 2026 and December 31, 2025, accrued interest receivable for loans totaled $12.4 million and $11.5 million, respectively, and is included in the "other assets" line item on the consolidated balance sheets.

Characteristics of each loan portfolio segment, including acquired loans, are as follows:

Commercial construction - Loans in this segment primarily include raw land, land development and construction of commercial and multifamily residential properties. Collateral values are determined based upon appraisals and evaluations of the completed structure in accordance with established policy guidelines. Maximum loan-to-value ratios at origination are governed by established policy guidelines that are more restrictive than on stabilized commercial real estate transactions. Construction loans are primarily paid by the cash flow generated from the completed structure, such as operating leases, rents, or other operating cash flows from the borrower.

Commercial real estate owner occupied and non-owner occupied - Loans in these segments are primarily owner-occupied or income-producing properties. Loans to Real Estate Investment Trusts and unsecured loans to developers that closely correlate to the inherent risk in commercial real estate markets are also included. Commercial real estate loans are typically written with amortizing payment structures. Collateral values are determined based upon appraisals and evaluations in accordance with established policy guidelines. Maximum loan-to-value ratios at origination are governed by established policy and regulatory guidelines. Commercial real estate loans are primarily paid by the cash flow generated from the real property, such as operating leases, rents, or other operating cash flows from the borrower.

Municipal and other - Loans in this segment primarily include loans to various state and municipal government entities. Loans made to these borrowers may provide us with tax-exempt income. While governed and underwritten similar to commercial loans they do have unique requirements based on established polices. Almost all state and municipal loans are considered a general obligation of the issuing entity. Given the size of many municipal borrowers, borrowings are normally not rated by major rating agencies. Municipal loans are primarily repaid by taxes collected by the municipality.

Commercial and industrial loans - Loans consist of revolving and term loan obligations extended to business and corporate enterprises for the purpose of financing working capital and/or capital investment in this segment. Generally loans are secured by assets of the business such as accounts receivable, inventory, marketable securities, other liquid collateral, equipment and other business assets. Some loans in this category may be unsecured or guaranteed by government agencies such as the U.S. Small Business Administration. Loans are primarily paid by the operating cash flows of the borrower.

Residential real estate - All loans in this segment are collateralized by one-to-four family homes. Residential real estate loans held in the loan portfolio are made to borrowers who demonstrate the ability to make scheduled payments with full consideration to various underwriting factors. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan-to-value ratios within established policy guidelines. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels.

Home equity - All loans and lines of credit are made to qualified individuals and are secured by senior or junior mortgage liens on owner-occupied one- to four-family homes, condominiums, or vacation homes. The home equity loan has a fixed rate and is billed as equal payments comprised of principal and interest. The home equity line of credit has a variable rate and is billed as interest-only payments during the draw period. At the end of the draw period, the home equity line of credit is billed as a percentage of the principal balance plus all accrued interest. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan-to-value ratios within established policy guidelines. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels.

Consumer other - Loans in this segment include personal lines of credit and amortizing loans made to qualified individuals for various purposes such as auto loans, recreational equipment, overdraft protection or other consumer loans. Borrower qualifications include favorable credit history combined with supportive income and collateral requirements within established policy guidelines, as applicable. Consumer loans may be secured or unsecured. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas such as unemployment levels.

Allowance for Credit Losses

The Allowance for Credit Losses ("ACL") is comprised of the allowance for loan losses and the allowance for unfunded commitments which is accounted for as a separate liability in other liabilities on our consolidated balance sheets. The level of the ACL represents management's estimate of expected credit losses over the expected life of the loans at the consolidated balance sheet date.

The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the allowance when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. The allowance is comprised of reserves measured on a collective (pool) basis based on a lifetime loss-rate model when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated on an individual basis.

The estimate of expected credit losses on collectively evaluated loans is based on relevant information about current conditions, past events, and reasonable and supportable forward-looking forecasts regarding collectability of the reported amounts. Management employs a process and methodology to estimate the allowance for credit losses on collectively evaluated loans that evaluates both quantitative and qualitative components. The methodology for evaluating the quantitative component involves pooling loans into portfolio segments for loans that share similar risk characteristics.

For all loan segments measured on a collective basis, the Company utilizes a discounted cash flow ("DCF") methodology to estimate credit losses over the expected life of the loan. The DCF methodology applies the probability of default ("PD") and the loss given default ("LGD") assumptions over the remaining contractual life of the loan which is adjusted for prepayment speeds, curtailment rate and time to recovery assumptions to estimate a reserve for each loan. For all loan segments, the quantitative loss rates are supplemented by qualitative factors reflecting management's view of how losses may vary from those represented by quantitative loss rates. Qualitative factors are applied to each portfolio segment to reflect management's estimate of expected changes in current conditions at the balance sheet date relative to historical performance.

The Company uses regression models to develop the PD and LGD assumptions, which are derived primarily from segment-specific selected peers. The loss rates are adjusted by an economic forecast over the reasonable and supportable forecast period after which time they revert back to the historical mean. Key economic indicators used in the model include unemployment rates, commercial real estate values, and housing prices. Management currently applies a two-quarter reasonable and supportable forecast period, followed by a six-quarter straight-line reversion to historical mean for each economic indicator. The combination of adjustments for credit expectations (PD and LGD) and timing expectations (prepayment, curtailment, and time to recovery) produces an expected cash flow stream at the instrument level. Specific instrument effective yields are calculated, net of the impacts of prepayment assumptions, and the instrument expected cash flows are then discounted at that effective yield to produce an instrument-level Net Present Value ("NPV"). An allowance is established for the difference between the instrument's NPV and amortized cost basis. The allowance is also adjusted for current conditions through the use qualitative factors. The qualitative factors consider both relevant internal and external information in their application.

The activity in the ACL for the periods ended are as follows:

	At or for the Three Months Ended June 30, 2026					
(in thousands)	Balance at Beginning of Period	Charge Offs	Recoveries	Acquired PSL Loans	Provision/ (Credit)	Balance at End of Period
Commercial construction	$ 4,328	$ —	$ —	$ —	$ 549	$ 4,877
Commercial real estate owner occupied	3,627	—	—	—	(168)	3,459
Commercial real estate non-owner occupied	13,809	(3,283)	—	—	986	11,512
Municipal and other	111	—	—	—	(16)	95
Commercial and industrial	5,549	(32)	17	—	195	5,729
Residential real estate	5,972	(52)	31	72	(383)	5,640
Home equity	777	—	7	—	(6)	778
Consumer other	142	(96)	2	—	93	141
Total	$ 34,315	$ (3,463)	$ 57	$ 72	$ 1,250	$ 32,231

	At or for the Six Months Ended June 30, 2026					
(in thousands)	Balance at Beginning of Period	Charge Offs	Recoveries	Acquired PSL Loans	Provision/ (Credit)	Balance at End of Period
Commercial construction	$ 4,371	$ —	$ —	$ —	$ 506	$ 4,877
Commercial real estate owner occupied	4,045	—	—	—	(586)	3,459
Commercial real estate non-owner occupied	12,837	(3,283)	—	—	1,958	11,512
Municipal and other	119	—	—	—	(24)	95
Commercial and industrial	5,378	(32)	52	—	331	5,729
Residential real estate	6,350	(55)	42	72	(769)	5,640
Home equity	814	(9)	9	—	(36)	778
Consumer other	138	(181)	9	—	175	141
Total	$ 34,052	$ (3,560)	$ 112	$ 72	$ 1,555	$ 32,231

	At or for the Three Months Ended June 30, 2025				
(in thousands)	Balance at Beginning of Period	Charge Offs	Recoveries	Provision/ (Credit)	Balance at End of Period
Commercial construction	$ 2,065	$ —	$ —	$ (33)	$ 2,032
Commercial real estate owner occupied	2,830	—	—	(7)	2,823
Commercial real estate non-owner occupied	10,923	—	—	57	10,980
Municipal and other	112	—	—	(2)	110
Commercial and industrial	5,414	(205)	1	454	5,664
Residential real estate	6,447	—	6	(47)	6,406
Home equity	744	—	2	40	786
Consumer other	79	(61)	—	66	84
Total	$ 28,614	$ (266)	$ 9	$ 528	$ 28,885

	At or for the Six Months Ended June 30, 2025				
(in thousands)	Balance at Beginning of Period	Charge Offs	Recoveries	Provision/ (Credit)	Balance at End of Period
Commercial construction	$ 2,096	$ —	$ —	$ (64)	$ 2,032
Commercial real estate owner occupied	2,794	—	—	29	2,823
Commercial real estate non-owner occupied	11,104	—	—	(124)	10,980
Municipal and other	128	—	—	(18)	110
Commercial and industrial	5,064	(244)	3	841	5,664
Residential real estate	6,732	—	10	(336)	6,406
Home equity	741	—	7	38	786
Consumer other	85	(106)	—	105	84
Total	$ 28,744	$ (350)	$ 20	$ 471	$ 28,885

Unfunded Commitments

The ACL on unfunded commitments is recognized as a liability (other liabilities on the consolidated balance sheets), with adjustments to the reserve recognized in other non-interest expense in the consolidated statements of income. Unfunded commitments to extend credit include unused portions of lines of credit and standby and commercial letters of credit. The process used to determine the allowance for these exposures is consistent with the process for determining the allowance for loans, as adjusted for estimated funding probabilities or loan equivalency factors. A charge (credit) to provision for credit losses on the consolidated statements of income is made to account for the change in the allowance on off-balance sheet exposures between reporting periods.

The activity in the ACL on unfunded commitments for the periods ended was as follows:

(in thousands)	Three Months Ended June 30, 2026	2025
Beginning Balance	$ 3,619	$ 2,975
Provision (credit) for credit losses	(650)	—
Ending Balance	$ 2,969	$ 2,975

(in thousands)	Six Months Ended June 30, 2026	2025
Beginning Balance	$ 3,845	$ 3,049
Provision for credit losses	(876)	(74)
Ending Balance	$ 2,969	$ 2,975

Credit Quality Indicators: In monitoring the credit quality of the portfolio, management applies a credit quality indicator and uses an internal risk rating system to categorize commercial loans. These credit quality indicators range from one through nine, with a higher number correlating to increasing risk of loss. Consistent with regulatory guidelines, the Company provides for the classification of loans which are considered to be of lesser quality as special mention, substandard, doubtful, or loss (i.e. risk-rated 6, 7, 8 and 9, respectively). Residential, home equity and consumer loans are classified as performing or non-performing based on payment performance.

The following are the definitions of our credit quality indicators:

Pass: Loans we consider in the commercial portfolio segments that are not adversely rated, are contractually current as to principal and interest, and are otherwise in compliance with the contractual terms of the loan agreement. Management believes there is a low risk of loss related to these loans considered pass-rated.

Special Mention: Loans considered having some potential weaknesses, but are deemed to not carry levels of risk inherent in one of the subsequent categories, are designated as special mention. A special mention loan has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. This might include loans which may require a higher level of supervision or internal reporting because of: (i) declining industry trends; (ii) increasing reliance on secondary sources of repayment; (iii) the poor condition of or lack of control over collateral; or (iv) failure to obtain proper documentation or any other deviations from prudent lending practices. Economic or market conditions which may, in the future, affect the obligor may warrant special mention of the asset. Loans for which an adverse trend in the borrower's operations or an imbalanced position in the balance sheet which has not reached a point where the liquidation is jeopardized may be included in this classification. Special mention loans are not adversely classified and do not expose us to sufficient risks to warrant classification.

Substandard: Loans we consider as substandard are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Substandard loans have a well-defined weakness that jeopardizes liquidation of the debt. Substandard loans include those loans where there is the distinct possibility of some loss of principal, if the deficiencies are not corrected.

Doubtful: Loans we consider as doubtful have all of the weaknesses inherent in those loans that are classified as substandard. These loans have the added characteristic of a well-defined weakness which is inadequately protected by the current sound worth and paying capacity of borrower or of the collateral pledged, if any, and calls into question the collectability of the full balance of the loan. The possibility of loss is high but because of certain important and reasonably specific pending factors, which may work to the advantage and strengthening of the loan, its classification as loss is deferred until its more exact status is determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans. The entire amount of the loan might not be classified as doubtful when collection of a specific portion appears highly probable. Loans are generally not classified doubtful for an extended period of time (i.e., over a year).

Loss: Loans we consider as losses are those considered uncollectible and of such little value that their continuance as an asset is not warranted and the uncollectible amounts are charged-off. This classification does not mean the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this worthless asset even though partial recovery may be effected in the future. Losses are taken in the period in which they are determined to be uncollectible.

The following table presents our loans by year of origination, loan segmentation and risk indicator as of June 30, 2026:

(in thousands)	2026	2025	2024	2023	2022	Prior	Total
Commercial construction							
Risk rating:							
Pass	$ 2,699	$ 108,130	$ 61,436	$ 49,238	$ 22,327	$ 4,839	$ 248,669
Special mention	—	—	—	—	—	124	124
Substandard	—	—	—	—	—	28	28
Total	$ 2,699	$ 108,130	$ 61,436	$ 49,238	$ 22,327	$ 4,991	$ 248,821
Current period gross write-offs	—	—	—	—	—	—	—
Commercial real estate owner occupied							
Risk rating:							
Pass	$ 16,653	$ 42,332	$ 37,254	$ 40,309	$ 71,749	$ 126,827	$ 335,124
Special mention	—	—	—	865	585	14,484	15,934
Substandard	—	—	—	—	—	1,583	1,583
Doubtful	—	—	—	—	—	51	51
Total	$ 16,653	$ 42,332	$ 37,254	$ 41,174	$ 72,334	$ 142,945	$ 352,692
Current period gross write-offs	—	—	—	—	—	—	—
Commercial real estate non-owner occupied							
Risk rating:							
Pass	$ 101,487	$ 239,307	$ 74,320	$ 56,603	$ 326,973	$ 515,372	$ 1,314,062
Special mention	—	—	26,531	397	32,753	34,643	94,324
Substandard	—	—	—	7,532	—	16,344	23,876
Doubtful	—	—	—	—	—	—	—
Total	$ 101,487	$ 239,307	$ 100,851	$ 64,532	$ 359,726	$ 566,359	$ 1,432,262
Current period gross write-offs	—	—	—	—	—	3,283	3,283
Municipal and other							
Risk rating:							
Pass	$ 2,091	$ 2,794	$ 2,662	$ 4,299	$ 5,693	$ 19,259	$ 36,798
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Total	$ 2,091	$ 2,794	$ 2,662	$ 4,299	$ 5,693	$ 19,259	$ 36,798
Current period gross write-offs	—	—	—	—	—	—	—
Commercial and industrial							
Risk rating:							
Pass	$ 45,423	$ 42,063	$ 67,368	$ 47,548	$ 42,640	$ 98,807	$ 343,849
Special mention	176	10,031	82	810	758	1,088	12,945
Substandard	—	67	517	61	335	2,250	3,230
Doubtful	—	—	—	—	85	159	244
Total	$ 45,599	$ 52,161	$ 67,967	$ 48,419	$ 43,818	$ 102,304	$ 360,268
Current period gross write-offs	—	—	20	—	12	—	32

Residential real estate							
Performing	$ 41,281	$ 44,675	$ 40,044	$ 70,866	$ 200,240	$ 644,448	$ 1,041,554
Nonperforming	—	—	93	1,233	1,850	5,329	8,505
Total	$ 41,281	$ 44,675	$ 40,137	$ 72,099	$ 202,090	$ 649,777	$ 1,050,059
Current period gross write-offs	—	—	—	—	2	53	55
Home equity							
Performing	$ 8,152	$ 23,322	$ 21,893	$ 14,976	$ 11,848	$ 39,323	$ 119,514
Nonperforming	—	20	—	94	218	766	1,098
Total	$ 8,152	$ 23,342	$ 21,893	$ 15,070	$ 12,066	$ 40,089	$ 120,612
Current period gross write-offs	—	—	—	—	—	9	9
Consumer other							
Performing	$ 3,486	$ 3,903	$ 1,888	$ 1,903	$ 463	$ 923	$ 12,566
Nonperforming	—	46	19	37	—	—	102
Total	$ 3,486	$ 3,949	$ 1,907	$ 1,940	$ 463	$ 923	$ 12,668
Current period gross write-offs	—	29	27	11	1	113	181
Total Loans	$ 221,448	$ 516,690	$ 334,107	$ 296,771	$ 718,517	$ 1,526,647	$ 3,614,180

The following table presents our loans by year of origination, loan segmentation and risk indicator as of December 31, 2025:

(in thousands)	2025	2024	2023	2022	2021	Prior	Total
Commercial construction							
Risk rating:							
Pass	$ 62,267	$ 62,422	$ 43,824	$ 22,609	$ 2,373	$ 5,819	$ 199,314
Special mention	—	14,434	—	—	—	—	14,434
Substandard	—	—	—	—	—	31	31
Total	$ 62,267	$ 76,856	$ 43,824	$ 22,609	$ 2,373	$ 5,850	$ 213,779
Current period gross write-offs	—	—	—	—	—	—	—
Commercial real estate owner occupied							
Risk rating:							
Pass	$ 60,013	$ 37,785	$ 47,601	$ 74,993	$ 31,512	$ 115,774	$ 367,678
Special mention	—	—	878	596	13,377	1,329	16,180
Substandard	—	—	—	—	—	1,895	1,895
Doubtful	—	—	—	—	—	90	90
Total	$ 60,013	$ 37,785	$ 48,479	$ 75,589	$ 44,889	$ 119,088	$ 385,843
Current period gross write-offs	—	—	—	—	—	—	—
Commercial real estate non-owner occupied							
Risk rating:							
Pass	$ 234,960	$ 78,781	$ 56,134	$ 329,779	$ 188,810	$ 420,958	$ 1,309,422
Special mention	—	25,392	—	32,650	21,930	25,313	105,285
Substandard	—	—	7,596	—	—	28,294	35,890
Doubtful	—	—	—	—	—	—	—
Total	$ 234,960	$ 104,173	$ 63,730	$ 362,429	$ 210,740	$ 474,565	$ 1,450,597
Current period gross write-offs	—	—	—	—	—	—	—
Municipal and other							
Risk rating:							
Pass	$ 7,824	$ 2,852	$ 4,629	$ 6,030	$ 918	$ 20,853	$ 43,106
Special mention	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—
Total	$ 7,824	$ 2,852	$ 4,629	$ 6,030	$ 918	$ 20,853	$ 43,106
Current period gross write-offs	—	—	—	—	—	—	—
Commercial and industrial							
Risk rating:							
Pass	$ 54,711	$ 67,007	$ 45,202	$ 41,687	$ 9,046	$ 88,496	$ 306,149
Special mention	127	104	1,366	1,766	431	1,108	4,902
Substandard	70	581	56	395	395	2,576	4,073
Doubtful	—	—	—	85	5	156	246
Total	$ 54,908	$ 67,692	$ 46,624	$ 43,933	$ 9,877	$ 92,336	$ 315,370
Current period gross write-offs	—	86	—	—	25	626	737
Residential real estate							
Performing	$ 45,303	$ 47,589	$ 76,856	$ 211,153	$ 187,848	$ 491,752	$ 1,060,501
Nonperforming	—	—	1,279	1,289	1,229	4,115	7,912
Total	$ 45,303	$ 47,589	$ 78,135	$ 212,442	$ 189,077	$ 495,867	$ 1,068,413
Current period gross write-offs	—	—	—	—	—	—	—
Home equity							
Performing	$ 20,279	$ 22,933	$ 15,121	$ 12,304	$ 6,672	$ 35,992	$ 113,301
Nonperforming	—	—	99	227	89	768	1,183
Total	$ 20,279	$ 22,933	$ 15,220	$ 12,531	$ 6,761	$ 36,760	$ 114,484
Current period gross write-offs	—	—	—	—	—	—	—
Consumer other							
Performing	$ 6,764	$ 2,538	$ 2,848	$ 971	$ 328	$ 742	$ 14,191
Nonperforming	46	11	17	—	—	2	76
Total	$ 6,810	$ 2,549	$ 2,865	$ 971	$ 328	$ 744	$ 14,267
Current period gross write-offs	—	26	27	16	4	211	284
Total Loans	$ 492,364	$ 362,429	$ 303,506	$ 736,534	$ 464,963	$ 1,246,063	$ 3,605,859

Past Dues

The following is a summary of past due loans for the periods ended:

	June 30, 2026					
(in thousands)	30-59	60-89	90+	Total Past Due	Current	Total Loans
Commercial construction	$ —	$ 28	$ —	$ 28	$ 248,793	$ 248,821
Commercial real estate owner occupied	123	—	—	123	352,569	352,692
Commercial real estate non-owner occupied	—	175	110	285	1,431,977	1,432,262
Municipal and other	—	—	—	—	36,798	36,798
Commercial and industrial	451	53	610	1,114	359,154	360,268
Residential real estate	1,182	2,585	3,679	7,446	1,042,613	1,050,059
Home equity	109	165	490	764	119,848	120,612
Consumer other	48	25	62	135	12,533	12,668
Total	$ 1,913	$ 3,031	$ 4,951	$ 9,895	$ 3,604,285	$ 3,614,180

	December 31, 2025					
(in thousands)	30-59	60-89	90+	Total Past Due	Current	Total Loans
Commercial construction	$ 162	$ —	$ —	$ 162	$ 213,617	$ 213,779
Commercial real estate owner occupied	641	—	723	1,364	384,479	385,843
Commercial real estate non-owner occupied	—	—	122	122	1,450,475	1,450,597
Municipal and other	—	—	—	—	43,106	43,106
Commercial and industrial	899	26	893	1,818	313,552	315,370
Residential real estate	9,162	1,190	4,640	14,992	1,053,421	1,068,413
Home equity	876	549	476	1,901	112,583	114,484
Consumer other	33	45	51	129	14,138	14,267
Total	$ 11,773	$ 1,810	$ 6,905	$ 20,488	$ 3,585,371	$ 3,605,859

Non-Accrual Loans

The following is a summary of non-accrual loans for the periods ended:

	June 30, 2026		
(in thousands)	Nonaccrual	Nonaccrual With No Related Allowance	90+ Days Past Due and Accruing
Commercial construction	$ 28	$ —	$ —
Commercial real estate owner occupied	517	—	—
Commercial real estate non-owner occupied	164	—	—
Municipal and other	—	—	—
Commercial and industrial	1,003	2	—
Residential real estate	8,505	949	—
Home equity	1,098	1	—
Consumer other	102	1	—
Total	$ 11,417	$ 953	$ —

(in thousands)	December 31, 2025		
	Nonaccrual	Nonaccrual With No Related Allowance	90+ Days Past Due and Accruing
Commercial construction	$ 31	$ —	$ —
Commercial real estate owner occupied	829	237	—
Commercial real estate non-owner occupied	184	—	—
Municipal and other	—	—	—
Commercial and industrial	1,371	141	—
Residential real estate	7,912	1,044	—
Home equity	1,183	1	—
Consumer other	76	4	—
Total	$ 11,586	$ 1,427	$ —

Our policy is to reverse previously recorded interest income when a loan is placed on non-accrual, as such, the Company did not record any interest income on its non-accrual loans for the three and six months ended June 30, 2026 and 2025.

Collateral Dependent Loans

Loans that do not share risk characteristics are evaluated on an individual basis. For loans that are individually evaluated and collateral dependent, financial loans where we have determined that foreclosure of the collateral is probable, or where the borrower is experiencing financial difficulty and we expect repayment of the financial asset to be provided substantially through the operation or sale of the collateral, the ACL is measured based on the difference between the fair value of the collateral and the amortized cost basis of the asset as of the measurement date.

The following table presents the amortized cost basis of collateral-dependent loans by loan portfolio segment for the periods ended:

(in thousands)	June 30, 2026		December 31, 2025	
	Real Estate	Other	Real Estate	Other
Commercial construction	$ —	$ —	$ —	$ —
Commercial real estate owner occupied	360	—	378	—
Commercial real estate non-owner occupied	1,956	—	1,985	—
Municipal and other	—	—	—	—
Commercial and industrial	—	1,665	—	2,410
Residential real estate	1,563	—	318	—
Home equity	120	—	119	—
Consumer other	—	—	—	—
Total	$ 3,999	$ 1,665	$ 2,800	$ 2,410

Loan Modifications to Borrowers Experiencing Financial Difficulty

Modifications to borrowers experiencing financial difficulty typically result from loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance, or other actions.

The following table presents the amortized cost basis of loans that were both experiencing financial difficulty and modified during the three and six months ended June 30, 2026 and 2025, by class and by type of modification.

(in thousands)	Payment Delay	Term Extension	Interest Only Payments	% of Total Class of Loans
Three Months Ended June 30, 2026				
Commercial construction	$ —	$ —	$ —	— %
Commercial real estate owner occupied	—	—	133	0.04
Commercial real estate non-owner occupied	—	—	—	—
Municipal and other	—	—	—	—
Commercial and industrial	—	—	—	—
Residential real estate	—	—	—	—
Home equity	—	—	—	—
Consumer other	—	—	—	—
Total	$ —	$ —	$ 133	0.00 %
Six Months Ended June 30, 2026				
Commercial construction	$ —	$ —	$ —	— %
Commercial real estate owner occupied	—	—	133	0.04
Commercial real estate non-owner occupied	—	—	—	—
Municipal and other	—	—	—	—
Commercial and industrial	32	67	—	0.03
Residential real estate	—	—	—	—
Home equity	—	—	—	—
Consumer other	—	—	—	—
Total	$ 32	$ 67	$ 133	0.01 %

(in thousands)	Payment Delay	Term Extension	Interest Only Payments	% of Total Class of Loans
Three Months Ended June 30, 2025				
Commercial construction	$ —	$ —	$ —	— %
Commercial real estate owner occupied	—	—	—	—
Commercial real estate non-owner occupied	—	—	—	—
Municipal and other	—	—	—	—
Commercial and industrial	—	38	—	0.01
Residential real estate	—	—	—	—
Home equity	—	—	—	—
Consumer other	—	—	—	—
Total	$ —	$ 38	$ —	0.01 %
Six Months Ended June 30, 2025				
Commercial construction	$ —	$ —	$ —	— %
Commercial real estate owner occupied	—	—	—	—
Commercial real estate non-owner occupied	—	—	—	—
Municipal and other	—	—	—	—
Commercial and industrial	—	321	—	0.10
Residential real estate	—	—	—	—
Home equity	—	—	—	—
Consumer other	—	—	—	—
Total	$ —	$ 321	$ —	0.01 %

The following table presents the financial effect of loan modifications made to borrowers experiencing financial difficulty during the three and six months ended June 30, 2026 and 2025.

	Weighted-Average Months of Payment Delay	Weighted-Average Months of Term Extension	Weighted-Average Interest Rate Reduction
Three Months Ended June 30, 2026			
Commercial construction	—	—	— %
Commercial real estate owner occupied	—	—	—
Commercial real estate non-owner occupied	—	—	—
Municipal and other	—	—	—
Commercial and industrial	—	—	—
Residential real estate	—	—	—
Home equity	—	—	—
Consumer other	—	—	—
Six Months Ended June 30, 2026			
Commercial construction	—	—	— %
Commercial real estate owner occupied	—	—	—
Commercial real estate non-owner occupied	—	—	—
Municipal and other	—	—	—
Commercial and industrial	4	12	—
Residential real estate	—	—	—
Home equity	—	—	—
Consumer other	—	—	—

	Weighted-Average Months of Payment Delay	Weighted-Average Months of Term Extension	Weighted-Average Interest Rate Reduction
Three Months Ended June 30, 2025			
Commercial construction	—	—	— %
Commercial real estate owner occupied	—	—	—
Commercial real estate non-owner occupied	—	—	—
Municipal and other	—	—	—
Commercial and industrial	—	2	—
Residential real estate	—	—	—
Home equity	—	—	—
Consumer other	—	—	—
Six Months Ended June 30, 2025			
Commercial construction	—	—	— %
Commercial real estate owner occupied	—	—	—
Commercial real estate non-owner occupied	—	—	—
Municipal and other	—	—	—
Commercial and industrial	—	47	—
Residential real estate	—	—	—
Home equity	—	—	—
Consumer other	—	—	—

As of June 30, 2026 the Bank had no loans that were modified during the current period that defaulted within 12 months of the modification date.

PCD Loans

PCD loans were recorded at their amortized cost, less an allowance for credit losses on the Acquisition Date. 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 loans. The remaining difference between the net amortized cost basis and the allowance for credit losses and the fair value allocated to the loans on the date of acquisition is recognized as a non-credit-related discount that will be accreted into interest income over the life of the loans.

The following tables presents the unpaid principal balance and carrying amount of PCD loans. The balances do not include an allowance for credit losses which was $745 thousand as of June 30, 2026 and $751 thousand as of December 31, 2025.

	June 30, 2026		December 31, 2025	
(in thousands)	Unpaid Principal Balance	Carrying Value	Unpaid Principal Balance	Carrying Value
Commercial real estate owner occupied	$ 1,052	$ 985	$ 1,103	$ 1,032
Commercial real estate non-owner occupied	4,563	4,320	4,632	4,359
Commercial and industrial	1,651	1,625	2,139	2,104
Residential real estate	1,265	1,181	1,306	1,221
Home equity	504	497	506	479
Consumer other	40	39	40	39
Total	$ 9,075	$ 8,647	$ 9,726	$ 9,234

The following table presents a reconciliation of acquired Guaranty PCD loans between their purchase price and par value at the time of the acquisition:

(in thousands)	
Fair value of PCD loans at acquisition	$ 8,887
Non-credit related discount	713
Allowance for credit losses on PCD loans	1,622
Par value of PCD loans at acquisition	$ 11,222

Foreclosure

There were $1.2 million of residential mortgage loans collateralized by real estate that are in the process of foreclosure as of June 30, 2026. Residential mortgage loans collateralized by real estate that were in the process of foreclosure as of December 31, 2025 totaled $171 thousand.

Mortgage Banking

Loans Held for Sale

Loans held for sale at June 30, 2026 had an unpaid principal balance of $10.1 million and $5.2 million as of December 31, 2025. The interest rate exposure on loans held for sale is mitigated through forward sale commitments with certain approved secondary market investors. Forward sale commitments had a notional amount of $17.9 million at June 30, 2026, and $5.2 million at December 31, 2025. Refer to Note 9 for further discussion of forward sale commitments.

Loans Sold

For the three months ended June 30, 2026 and 2025, we sold $26.2 million and $11.6 million, respectively, of residential mortgage loans on the secondary market, which resulted in a net gain on sale of loans (net of costs, including direct and indirect origination costs) of $151 thousand and $275 thousand, respectively.

For the six months ended June 30, 2026 and 2025, we sold $42.8 million and $21.4 million, respectively, of residential mortgage loans on the secondary market, which resulted in a net gain on sale of loans (net of costs, including direct and indirect origination costs) of $386 thousand and $449 thousand, respectively.

We sell residential loans on the secondary market while primarily retaining the servicing of these loans. Servicing retained loans helps to maintain customer relationships and earn fees over the servicing period. Loans serviced for others are not included in the accompanying consolidated balance sheets. The risks inherent in servicing assets relate primarily to level of prepayments that result from shifts in interest rates. We obtain third-party valuations of our servicing assets portfolio quarterly, and the assumptions are reflected in Fair Value disclosures.

NOTE 5. BORROWED FUNDS

Borrowed funds at June 30, 2026 and December 31, 2025 are summarized, as follows:

	June 30, 2026		December 31, 2025	
(dollars in thousands)	**Carrying Value**	**Weighted Average Rate**	**Carrying Value**	**Weighted Average Rate**
Short-term borrowings				
Advances from the FHLB	$ 142,000	3.85 %	$ 130,000	3.90 %
Other borrowings	3,520	0.28	4,802	0.17
Total short-term borrowings	145,520	3.76	134,802	3.77
Long-term borrowings				
Advances from the FHLB	82,021	4.14	82,016	2.81
Subordinated borrowings	53,620	8.84	52,825	11.31
Total long-term borrowings	135,641	6.00	134,841	6.14
Total	$ 281,161	4.87 %	$ 269,643	4.93 %

Short-term debt includes FHLB advances with an original term of one year or less. We also maintain a $1.0 million secured line of credit with the FHLB that bears a daily adjustable rate calculated by the FHLB. There was no outstanding balance on the FHLB line of credit for the periods ended June 30, 2026 and December 31, 2025. There are no variable rate short-term FHLB borrowings.

We have the capacity to borrow funds on a secured basis utilizing the Borrower in Custody program, and the Discount Window at the Reserve Bank. At June 30, 2026, our available secured line of credit at the Reserve Bank was $105.6 million versus $94.0 million at December 31, 2025. We have pledged certain loans and securities to the Reserve Bank to support this arrangement.

We maintain an unused unsecured federal funds line of credit with a correspondent bank that has an aggregate overnight borrowing capacity of $40.0 million as of June 30, 2026 and December 31, 2025. There was no outstanding balance on the line of credit as of June 30, 2026 and December 31, 2025.

Long-term FHLB advances consist of advances with an original term of more than one year. The advances outstanding at June 30, 2026 include callable advances of $80.0 million, non-callable advances of $1.0 million and amortizing advances of $997 thousand. There were $80.0 million of callable advances outstanding, non-callable advances of $1.0 million and $1.0 million of amortizing advances at December 31, 2025. All FHLB borrowings, including the line of credit, are secured by a blanket security agreement on certain qualified collateral, principally residential first mortgage loans and certain securities. There are no variable rate long-term FHLB borrowings.

A summary of maturities of FHLB advances as of June 30, 2026 is, as follows:

(in thousands, except rates)	Amount	Weighted Average Rate
2026	$ 142,000	3.85 %
2027	56,024	4.21
2028	25,000	4.05
2029	—	—
2030	—	—
Thereafter	997	2.81
Total FHLB advances	$ 224,021	3.96 %

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. The advances were collateralized by $1.0 billion and $740.7 million of loans under a blanket lien arrangement as of June 30, 2026 and December 31, 2025, respectively. Based on this collateral and the Company's holdings of FHLB stock, the Company had unused borrowing capacity of $521.9 million at June 30, 2026, compared to $259.1 million at December 31, 2025.

At months ended June 30, 2026 and December 31, 2025, subordinated borrowings was as follows:

	June 30, 2026		December 31, 2025	
(in thousands)	Principal	Unamortized Discount and Debt Issuance Costs	Principal	Unamortized Discount and Debt Issuance Costs
NHTB Capital Trust II Variable Debentures	$ 10,310	$ —	$ 10,310	$ —
NHTB Capital Trust III Fixed Debentures	10,310	—	10,310	—
Subordinated Notes due 2029	20,000	—	20,000	—
Subordinated Notes due 2031	13,000	—	13,000	(795)
Total	$ 53,620	$ —	$ 53,620	$ (795)

We executed a Subordinated Note Purchase Agreement with an aggregate of $40.0 million of subordinated notes (the "2029 Notes") to accredited investors on November 26, 2019. The 2029 Notes have a maturity date of December 1, 2029 and bear a fixed interest rate of 4.63% through December 1, 2024 payable semi-annually in arrears. From December 1, 2024 and thereafter the interest rate shall be reset quarterly to an interest rate per annum equal to the then current three-month Secured Overnight Financing Rate ("SOFR") plus 3.27%. We have the option beginning with the interest payment date of December 1, 2024, and on any scheduled payment date thereafter, to redeem the 2029 Notes, in whole or in part upon prior approval of the Board of Governors of the Federal Reserve System ("Federal Reserve"). During 2024, we paid down $20.0 million of the outstanding subordinated notes. As of June 30, 2026, we have an outstanding subordinated note balance under the 2029 Notes of $20.0 million.

We also have $20.6 million in floating Junior Subordinated Deferrable Interest Debentures ("Debentures") issued by NHTB Capital Trust II Variable ("Trust II") and NHTB Capital Trust III Fixed ("Trust III"), which are both Connecticut statutory trusts. The Debentures issued on March 30, 2004 now carry a variable interest rate of three-month SOFR plus 2.79%, and mature in 2034. The Debentures are callable by the Company at the time when any interest payment is made. Trust II and Trust III are considered variable interest entities for which we are not the primary beneficiary. Accordingly, Trust II and Trust III are not consolidated into our financial statements.

In connection with the acquisition, the Company assumed $13.0 million in fixed-to-floating rate subordinated notes, that had a fair value of $11.2 million (the "2031 Notes") issued by Guaranty. The 2031 Notes were originally issued on March 23, 2021 with a maturity date of April 1, 2031. The 2031 Notes bear a fixed-to-floating interest rate of 4.875% through April 1, 2026, payable quarterly in arrears. Beginning April 1, 2026 and thereafter, the interest rate shall be reset quarterly to an interest rate per annum equal to the then current three-month SOFR plus 4.82%. We have the option beginning with the interest payment date of April 1, 2026, and on any scheduled payment date thereafter, to redeem the 2031 Notes, in whole or in part upon prior approval of the Federal Reserve.

Repurchase Agreements

We can raise additional liquidity by entering into repurchase agreements at our discretion. In a security repurchase agreement transaction, we will generally sell a security, agreeing to repurchase either the same or substantially identical security on a specified later date, at a greater price than the original sales price. The difference between the sale price and purchase price is the cost of the proceeds, which is recorded as interest expense on the consolidated statements of income. The securities underlying the agreements are delivered to counterparties as security for the repurchase obligations. Since the securities are treated as collateral and the agreement does not qualify for a full transfer of effective control, the transactions do not meet the criteria to be classified as sales, and are therefore considered secured borrowing transactions for accounting purposes. Payments on such borrowings are interest only until the scheduled repurchase date. In a repurchase agreement, we are subject to the risk that the purchaser may default at maturity and not return the securities underlying the agreements. In order to minimize this potential risk, we either deal with established firms when entering into these transactions or with customers whose agreements stipulate that the securities underlying the agreement are not delivered to the customer and instead are held in segregated safekeeping accounts by our safekeeping agents.

(in thousands)	June 30, 2026	December 31, 2025
Customer Repurchase Agreements		
US Government-sponsored enterprises	$ 3,520	$ 4,802
Total	$ 3,520	$ 4,802

NOTE 6. DEPOSITS

A summary of time deposits is, as follows:

(in thousands)	June 30, 2026	December 31, 2025
Time less than $100	$ 403,596	$ 384,042
Time $100 through $250	289,938	298,447
Time $250 or more	224,160	230,105
Total	$ 917,694	$ 912,594

At June 30, 2026 and December 31, 2025, the scheduled maturities by year for time deposits are, as follows:

(in thousands)	June 30, 2026	December 31, 2025
Within 1 year	$ 891,601	$ 876,348
Over 1 year to 2 years	16,433	25,438
Over 2 years to 3 years	4,314	4,933
Over 3 years to 4 years	2,706	2,845
Over 4 years to 5 years	2,597	3,001
Over 5 years	43	29
Total	$ 917,694	$ 912,594

Included in time deposits are brokered deposits of $167.4 million and $151.6 million at June 30, 2026 and December 31, 2025, respectively. Also included in time deposits are reciprocal deposits of $81.9 million and $88.7 million at June 30, 2026 and December 31, 2025, respectively.

NOTE 7. CAPITAL RATIOS AND SHAREHOLDERS' EQUITY

The Company and the Bank are subject to various regulatory capital requirements administered by the Federal Reserve and the FDIC. Failure to meet minimum capital requirements can result in mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's unaudited Consolidated Financial Statements.

Under the capital rules, risk-based capital ratios are calculated by dividing Tier 1, common equity Tier 1, and total risk-based capital, respectively, by risk-weighted assets. Assets and off-balance sheet credit equivalents are assigned to one of several risk-weight categories, based primarily on relative risk. The rules require banks and bank holding companies to maintain a minimum common equity Tier 1 capital ratio of 4.5%, a minimum Tier 1 capital ratio of 6.0% and a total capital ratio of 8.0%. In addition, a Tier 1 leverage ratio of 4.0% is required. Additionally, the capital rules require a bank holding company to maintain a capital conservation buffer of common equity Tier 1 capital in an amount above the minimum risk-based capital requirements equal to 2.5% of total risk weighted assets, or face restrictions on the ability to pay dividends, pay discretionary bonuses, and to engage in share repurchases.

Under the FDIC's prompt corrective action rules, an insured state nonmember bank is considered "well capitalized" if its capital ratios meet or exceed the ratios as set forth in the following table and is not subject to any written agreement, order, capital directive, or prompt corrective action directive to meet and maintain a specific capital level for any capital measure. The Bank must meet well capitalized requirements under prompt corrective action provisions. Prompt corrective action provisions are not applicable to bank holding companies.

A bank holding company is considered "well capitalized" if the bank holding company (i) has a total risk-based capital ratio of at least 10.0%, (ii) has a Tier 1 risk-based capital ratio of at least 6.0%, and (iii) is not subject to any written agreement order, capital directive or prompt corrective action directive to meet and maintain a specific capital level for any capital measure.

At June 30, 2026, the capital levels of both the Company and the Bank exceeded all regulatory capital requirements, and their regulatory capital ratios were above the minimum levels required to be considered well capitalized for regulatory purposes. The actual and required capital ratios are, as follows:

	June 30, 2026					
	Actual		Minimum Required for Capital Adequacy purposes		Minimum Required to be Well Capitalized	
(in thousands, except ratios)	Amount	Ratio	Amount	Ratio	Amount	Ratio
Company (consolidated)						
Total capital to risk-weighted assets	$ 507,021	13.52 %	$ 300,001	8.00 %	$ N/A	N/A %
Common equity Tier 1 capital to risk-weighted assets	429,547	11.45	168,750	4.50	N/A	N/A
Tier 1 capital to risk-weighted assets	450,167	12.00	225,001	6.00	N/A	N/A
Tier 1 capital to average assets (leverage ratio)	450,167	9.92	181,557	4.00	N/A	N/A
Bank						
Total capital to risk-weighted assets	$ 510,070	13.64 %	$ 299,183	8.00 %	$ 373,979	10.00 %
Common equity Tier 1 capital to risk-weighted assets	475,616	12.72	168,291	4.50	243,087	6.50
Tier 1 capital to risk-weighted assets	475,616	12.72	224,388	6.00	299,184	8.00
Tier 1 capital to average assets (leverage ratio)	475,616	10.49	181,408	4.00	226,760	5.00

	December 31, 2025					
	Actual		Minimum Required for Capital Adequacy purposes		Minimum Required to be Well Capitalized	
(in thousands, except ratios)	Amount	Ratio	Amount	Ratio	Amount	Ratio
Company (consolidated)						
Total capital to risk-weighted assets	$ 491,619	13.18 %	$ 298,331	8.00 %	$ N/A	N/A %
Common equity Tier 1 capital to risk-weighted assets	409,725	10.99	167,812	4.50	N/A	N/A
Tier 1 capital to risk-weighted assets	430,345	11.54	223,752	6.00	N/A	N/A
Tier 1 capital to average assets (leverage ratio)	430,345	9.45	182,147	4.00	N/A	N/A
Bank						
Total capital to risk-weighted assets	$ 486,568	13.08 %	$ 297,675	8.00 %	$ 372,093	10.00 %
Common equity Tier 1 capital to risk-weighted assets	450,294	12.10	167,443	4.50	241,861	6.50
Tier 1 capital to risk-weighted assets	450,294	12.10	223,257	6.00	297,676	8.00
Tier 1 capital to average assets (leverage ratio)	450,294	9.90	181,970	4.00	227,463	5.00

Accumulated other comprehensive income (loss)

Components of accumulated other comprehensive income (loss) are as follows:

(in thousands)	June 30, 2026	December 31, 2025
Accumulated other comprehensive loss, before tax:		
Net unrealized loss on AFS securities, net of reclassifications	$ (44,976)	$ (41,705)
Net unrealized loss on hedging derivatives	(2,772)	(3,785)
Net unrealized loss on post-retirement plans	(1,288)	(1,288)
Income taxes related to items of accumulated other comprehensive loss:		
Net unrealized loss on AFS securities, net of reclassifications	10,948	10,107
Net unrealized loss on hedging derivatives	674	904
Net unrealized loss on post-retirement plans	358	358
Accumulated other comprehensive loss	$ (37,056)	$ (35,409)

The following table presents the components of other comprehensive income (loss) for the three and six months ended June 30, 2026 and 2025:

(in thousands)	Before Tax	Tax Effect	Net of Tax
Three Months Ended June 30, 2026			
Net unrealized gain (loss) on AFS securities, net of reclassifications:			
Net unrealized gain (loss) arising during the period	$ 703	$ (170)	$ 533
Less: reclassification adjustment for gains (losses) realized in net income	(25)	6	(19)
Net unrealized gain (loss) on AFS securities	728	(176)	552
Net unrealized gain (loss) on hedging derivatives:			
Net unrealized gain (loss) arising during the period	1,424	(346)	1,078
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—
Net unrealized gain (loss) on cash flow hedging derivatives	1,424	(346)	1,078
Net unrealized gain (loss) on post-retirement plans:			
Net unrealized gain (loss) arising during the period	—	—	—
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—
Net unrealized gain (loss) on post-retirement plans	—	—	—
Other comprehensive income (loss)	$ 2,152	$ (522)	$ 1,630
Three Months Ended June 30, 2025			
Net unrealized gain (loss) on AFS securities, net of reclassifications:			
Net unrealized gain (loss) arising during the period	$ (868)	$ 213	$ (655)
Less: reclassification adjustment for gains (losses) realized in net income	(1,996)	484	(1,512)
Net unrealized gain (loss) on AFS securities	1,128	(271)	857
Net unrealized gain (loss) on hedging derivatives:			
Net unrealized gain (loss) arising during the period	(1,105)	263	(842)
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—
Net unrealized gain (loss) on cash flow hedging derivatives	(1,105)	263	(842)
Net unrealized gain (loss) on post-retirement plans:			
Net unrealized gain (loss) arising during the period	—	—	—
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—
Net unrealized gain (loss) on post-retirement plans	—	—	—
Other comprehensive income (loss)	$ 23	$ (8)	$ 15

(in thousands)	Before Tax	Tax Effect	Net of Tax
Six Months Ended June 30, 2026			
Net unrealized gain (loss) on AFS securities:			
Net unrealized gain (loss) arising during the period	$ (3,296)	$ 847	$ (2,449)
Less: reclassification adjustment for gains (losses) realized in net income	(25)	6	(19)
Net unrealized gain (loss) on AFS securities	(3,271)	841	(2,430)
Net unrealized gain (loss) on hedging derivatives:			
Net unrealized gain (loss) arising during the period	1,013	(230)	783
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—

Net unrealized gain (loss) on hedging derivatives	1,013	(230)	783
Net unrealized gain (loss) on post-retirement plans:			
Net unrealized gain (loss) arising during the period	—	—	—
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—
Net unrealized gain (loss) on post-retirement plans	—	—	—
Other comprehensive income (loss)	$ (2,258)	$ 611	$ (1,647)
Six Months Ended June 30, 2025			
Net unrealized gain (loss) on AFS securities:			
Net unrealized gain (loss) arising during the period	$ 2,993	$ (378)	$ 2,615
Less: reclassification adjustment for gains (losses) realized in net income	(3,200)	776	(2,424)
Net unrealized gain (loss) on AFS securities	6,193	(1,154)	5,039
Net unrealized gain (loss) on hedging derivatives:			
Net unrealized gain (loss) arising during the period	(3,059)	747	(2,312)
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—
Net unrealized gain (loss) on hedging derivatives	(3,059)	747	(2,312)
Net unrealized gain (loss) on post-retirement plans:			
Net unrealized gain (loss) arising during the period	—	—	—
Less: reclassification adjustment for gains (losses) realized in net income	—	—	—
Net unrealized gain (loss) on post-retirement plans	—	—	—
Other comprehensive income (loss)	$ 3,134	$ (407)	$ 2,727

The following table presents the changes in each component of accumulated other comprehensive income (loss), net of tax impacts, for the three and six months ended June 30, 2026 and 2025:

(in thousands)	Net unrealized gain (loss) on AFS Securities	Net unrealized gain (loss) on hedging derivatives	Net unrealized loss on pension plans	Total
Three Months Ended June 30, 2026				
Balance at beginning of period	$ (34,580)	$ (3,176)	$ (930)	$ (38,686)
Other comprehensive gain (loss) before reclassifications	533	1,078	—	1,611
Less: amounts reclassified from accumulated other comprehensive income	(19)	—	—	(19)
Total other comprehensive income (loss)	552	1,078	—	1,630
Balance at end of period	$ (34,028)	$ (2,098)	$ (930)	$ (37,056)
Three Months Ended June 30, 2025				
Balance at beginning of period	$ (43,559)	$ (4,052)	$ (1,213)	$ (48,824)
Other comprehensive gain (loss) before reclassifications	(655)	(842)	—	(1,497)
Less: amounts reclassified from accumulated other comprehensive income	(1,512)	—	—	(1,512)
Total other comprehensive income (loss)	857	(842)	—	15
Balance at end of period	$ (42,702)	$ (4,894)	$ (1,213)	$ (48,809)
Six Months Ended June 30, 2026				
Balance at beginning of period	$ (31,598)	$ (2,881)	$ (930)	$ (35,409)
Other comprehensive gain (loss) before reclassifications	(2,449)	783	—	(1,666)
Less: amounts reclassified from accumulated other comprehensive income	(19)	—	—	(19)
Total other comprehensive income (loss)	(2,430)	783	—	(1,647)
Balance at end of period	$ (34,028)	$ (2,098)	$ (930)	$ (37,056)
Six Months Ended June 30, 2025				
Balance at beginning of period	$ (47,741)	$ (2,582)	$ (1,213)	$ (51,536)
Other comprehensive gain (loss) before reclassifications	2,615	(2,312)	—	303
Less: amounts reclassified from accumulated other comprehensive income	(2,424)	—	—	(2,424)
Total other comprehensive income (loss)	5,039	(2,312)	—	2,727
Balance at end of period	$ (42,702)	$ (4,894)	$ (1,213)	$ (48,809)

The following table presents the amounts reclassified out of each component of accumulated other comprehensive income for the three and six months ended June 30, 2026 and 2025:

(in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Affected Line Item where Net Income is Presented
Net realized (losses) gains on AFS securities:					
Before tax	$ (25)	$ (1,996)	$ (25)	$ (3,200)	Non-interest income
Tax effect	6	484	6	776	Tax expense
Total reclassifications for the period	$ (19)	$ (1,512)	$ (19)	$ (2,424)	

NOTE 8. EARNINGS PER SHARE

The following table presents the calculation of earnings per share:

(in thousands, except per share and share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income	$ 15,221	$ 6,092	$ 28,758	$ 16,303
Average number of basic common shares outstanding[1]	16,750,996	15,320,665	16,739,703	15,312,202
Plus: dilutive effect of stock options and awards outstanding	57,478	51,536	65,913	69,864
Average number of diluted common shares outstanding[2]	16,808,474	15,372,201	16,805,616	15,382,066
Earnings per share:				
Basic	$ 0.91	$ 0.40	$ 1.72	$ 1.06
Diluted	0.91	0.40	1.71	1.06

(1) In the third quarter of 2025, the Company issued 1,350,464 shares of common stock in consideration for the acquisition of Guaranty.
(2) Average diluted shares outstanding are computed using the treasury stock method.

NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

We use derivative instruments to minimize fluctuations in earnings and cash flows caused by interest rate volatility. Our interest rate risk management strategy involves modifying the re-pricing characteristics of certain assets or liabilities so the changes in interest rates do not have a significant effect on net interest income. Thus, all of our derivative contracts are considered to be interest rate contracts.

We recognize our derivative instruments on the Consolidated Balance Sheets at fair value. On the date the derivative instrument is entered into, we designate whether the derivative is part of a hedging relationship (i.e., cash flow or fair value hedge). We formally document relationships between hedging instruments and hedged items, as well as our risk management objective and strategy for undertaking hedge transactions. We also assess, both at the hedge's inception and on an ongoing basis, whether the derivatives used in hedging transactions are highly effective in offsetting the changes in cash flows or fair values of hedged items. Changes in fair value of derivative instruments that are highly effective and qualify as cash flow hedges are recorded in other comprehensive income or loss.

We offer derivative products in the form of interest rate swaps, to commercial loan customers to facilitate their risk management strategies. These instruments are executed through Master Netting Arrangements ("MNAs") with financial institution counterparties or Risk Participation Agreements ("RPAs") with commercial bank counterparties, for which we assume a pro rata share of the credit exposure associated with a borrower's performance related to the derivative contract with the counterparty.

Information about derivative assets and liabilities at June 30, 2026 and December 31, 2025, follows:

	June 30, 2026			
	Notional Amount (in thousands)	Weighted Average Maturity (in years)	Fair Value Asset (Liability) (in thousands)	Location Fair Value Asset (Liability)
Cash flow hedges:				
Interest rate swap on wholesale funding	$ —	—	$ —	Other assets
Interest rate swap on variable rate loans	—	—	—	Other liabilities
Total cash flow hedges	—		—	
Fair value hedges:				
Interest rate swap on securities	37,190	3.1	2,637	Other assets
Total fair value hedges	37,190		2,637	
Economic hedges:				
Forward sale commitments	17,855	—	(34)	Other liabilities
Customer Loan Swaps-MNA Counterparty	392,397	4.6	(9,416)	Other liabilities
Customer Loan Swaps-RPA Counterparty	193,324	4.0	(675)	Other liabilities
Customer Loan Swaps-MNA Customer	392,397	4.6	9,416	Other assets
Customer Loan Swaps-RPA Customer	193,324	4.0	675	Other liabilities
Total economic hedges	1,189,297		(34)	
Non-hedging derivatives:				
Interest rate lock commitments	14,174	0.1	282	Other assets
Total non-hedging derivatives	14,174		282	
Total	$ 1,240,661		$ 2,885	

	December 31, 2025			
	Notional Amount (in thousands)	Weighted Average Maturity (in years)	Fair Value Asset (Liability) (in thousands)	Location Fair Value Asset (Liability)
Cash flow hedges:				
Interest rate swap on wholesale funding	$ —	—	$ —	Other assets
Interest rate swap on variable rate loans	50,000	0.2	(336)	Other liabilities
Total cash flow hedges	50,000		(336)	
Fair value hedges:				
Interest rate swap on securities	37,190	3.6	2,374	Other assets
Total fair value hedges	37,190		2,374	
Economic hedges:				
Forward sale commitments	5,248	—	(14)	Other liabilities
Customer Loan Swaps-MNA Counterparty	358,846	4.8	(4,264)	Other liabilities
Customer Loan Swaps-RPA Counterparty	195,546	4.5	(2,070)	Other liabilities
Customer Loan Swaps-MNA Customer	358,846	4.8	4,264	Other assets
Customer Loan Swaps-RPA Customer	195,546	4.5	2,070	Other liabilities
Total economic hedges	1,114,032		(14)	
Non-hedging derivatives:				
Interest rate lock commitments	2,698	0.1	98	Other assets
Total non-hedging derivatives	2,698		98	
Total	$ 1,203,920		$ 2,122	

As of June 30, 2026 and December 31, 2025, the following amounts were recorded on the balance sheet related to cumulative basis adjustments for fair value hedges:

	Location of Hedged Item on Balance Sheet	Carrying Amount of Hedged Assets	Cumulative Amount of Fair Value Hedging Adjustment in Carrying Amount
June 30, 2026			
Interest rate swap on securities	Securities available for sale	$ 31,781	$ (5,409)
December 31, 2025			
Interest rate swap on securities	Securities available for sale	$ 31,366	$ (5,824)

Information about derivative assets and liabilities for the three and six months ended June 30, 2026 and 2025, follows:

	Three Months Ended June 30, 2026				
(in thousands)	Amount of Gain (Loss) Recognized in Other Comprehensive Income	Location of Gain (Loss) Reclassified from Other Comprehensive Income	Amount of Gain (Loss) Reclassified from Other Comprehensive Income	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) Recognized in Income
Cash flow hedges:					
Interest rate swap on wholesale funding	$ —	Interest expense	$ —	Interest expense	$ —
Interest rate swap on variable rate loans	—	Interest income	—	Interest income	—
Total cash flow hedges	—		—		—
Fair value hedges:					
Interest rate swap on securities	1,078	Interest income	—	Interest income	210
Total fair value hedges	1,078		—		210
Economic hedges:					
Forward commitments	—	Other income	—	Mortgage banking income	(62)
Total economic hedges	—		—		(62)
Non-hedging derivatives:					
Interest rate lock commitments	—	Other income	—	Mortgage banking income	134
Total non-hedging derivatives	—		—		134
Total	$ 1,078		$ —		$ 282

	Three Months Ended June 30, 2025				
(in thousands)	Amount of Gain (Loss) Recognized in Other Comprehensive Income	Location of Gain (Loss) Reclassified from Other Comprehensive Income	Amount of Gain (Loss) Reclassified from Other Comprehensive Income	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) Recognized in Income
Cash flow hedges:					
Interest rate swap on wholesale funding	$ (12)	Interest expense	$ —	Interest expense	$ 17
Interest rate swap on variable rate loans	285	Interest income	—	Interest income	(459)
Total cash flow hedges	273		—		(442)
Fair value hedges:					
Interest rate swap on securities	(1,115)	Interest income	—	Interest income	278
Total fair value hedges	(1,115)		—		278
Economic hedges:					
Forward commitments	—	Other income	—	Mortgage banking income	(46)
Total economic hedges	—		—		(46)
Non-hedging derivatives:					
Interest rate lock commitments	—	Other income	—	Mortgage banking income	124
Total non-hedging derivatives	—		—		124
Total	$ (842)		$ —		$ (86)

	Six Months Ended June 30, 2026				
(in thousands)	Amount of Gain (Loss) Recognized in Other Comprehensive Income	Location of Gain (Loss) Reclassified from Other Comprehensive Income	Amount of Gain (Loss) Reclassified from Other Comprehensive Income	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) Recognized in Income
Cash flow hedges:					
Interest rate swap on wholesale funding	$ —	Interest expense	$ —	Interest expense	$ —
Interest rate swap on variable rate loans	254	Interest income	—	Interest income	(339)
Total cash flow hedges	254		—		(339)
Fair value hedges:					
Interest rate swap on securities	529	Interest income	—	Interest income	420
Total fair value hedges	529		—		420
Economic hedges:					
Forward commitments	—	Other income	—	Mortgage banking income	(20)
Total economic hedges	—		—		(20)
Non-hedging derivatives:					
Interest rate lock commitments	—	Other income	—	Mortgage banking income	184
Total non-hedging derivatives	—		—		184
Total	$ 783		$ —		$ 245

	Six Months Ended June 30, 2025				
(in thousands)	Amount of Gain (Loss) Recognized in Other Comprehensive Income	Location of Gain (Loss) Reclassified from Other Comprehensive Income	Amount of Gain (Loss) Reclassified from Other Comprehensive Income	Location of Gain (Loss) Recognized in Income	Amount of Gain (Loss) Recognized in Income
Cash flow hedges:					
Interest rate swap on wholesale funding	$ (200)	Interest expense	$ —	Interest expense	$ 269
Interest rate swap on variable rate loans	656	Interest income	—	Interest income	(914)
Total cash flow hedges	456		—		(645)
Fair value hedges:					
Interest rate swap on securities	(2,768)	Interest income	—	Interest income	552
Total fair value hedges	(2,768)		—		552
Economic hedges:					
Forward commitments	—	Other income	—	Mortgage banking income	(67)
Total economic hedges	—		—		(67)
Non-hedging derivatives:					
Interest rate lock commitments	—	Other income	—	Mortgage banking income	153
Total non-hedging derivatives	—		—		153
Total	$ (2,312)		$ —		$ (7)

The effect of cash flow hedging and fair value accounting on the consolidated statements of income for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30, 2026				
	Interest and Dividend Income		Interest Expense		
(in thousands)	Loans	Securities and other	Deposits	Borrowings	Non-interest Income
Income and expense line items presented in the consolidated statements of income	$ 49,151	$ 6,319	$ 14,638	$ 3,349	$ 11,732
The effects of cash flow and fair value hedging:					
Gain (loss) on cash flow hedges:					
Interest rate swap on wholesale funding	—	—	—	—	—
Interest rate swap on variable rate loans	—	—	—	—	—
Gain (loss) on fair value hedges:					
Interest rate swap on securities	—	210	—	—	—

	Three Months Ended June 30, 2025				
	Interest and Dividend Income		Interest Expense		
(in thousands)	Loans	Securities and other	Deposits	Borrowings	Non-interest Income
Income and expense line items presented in the consolidated statements of income	$ 42,726	$ 5,474	$ 15,511	$ 3,282	$ 4,646
The effects of cash flow and fair value hedging:					
Gain (loss) on cash flow hedges:					
Interest rate swap on wholesale funding	—	—	—	17	—
Interest rate swap on variable rate loans	(459)	—	—	—	—
Gain (loss) on fair value hedges:					
Interest rate swap on securities	—	278	—	—	—

	Six Months Ended June 30, 2026				
	Interest and Dividend Income		Interest Expense		
(in thousands)	Loans	Securities and other	Deposits	Borrowings	Non-interest Income
Income and expense line items presented in the consolidated statements of income	$ 97,809	$ 12,523	$ 29,527	$ 6,838	$ 22,146
The effects of cash flow and fair value hedging:					
Gain (loss) on cash flow hedges:					
Interest rate swap on wholesale funding	—	—	—	—	—
Interest rate swap on variable rate loans	(339)	—	—	—	—
Gain (loss) on fair value hedges:					
Interest rate swap on securities	—	420	—	—	—

	Six Months Ended June 30, 2025				
	Interest and Dividend Income		Interest Expense		
(in thousands)	Loans	Securities and other	Deposits	Borrowings	Non-interest Income
Income and expense line items presented in the consolidated statements of income	$ 84,530	$ 10,757	$ 31,023	$ 6,301	$ 13,564
The effects of cash flow and fair value hedging:					
Gain (loss) on cash flow hedges:					
Interest rate swap on wholesale funding	—	—	—	269	—
Interest rate swap on variable rate loans	(914)	—	—	—	—
Gain (loss) on fair value hedges:					
Interest rate swap on securities	—	552	—	—	—

The effect of economic hedges and derivatives not designated as hedging instruments on the consolidated statements of income for three and six months ended June 30, 2026 and 2025 is as follows:

		Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	Location of Gain (Loss) Recognized in Non-interest Income	2026	2025	2026	2025
Economic hedges:					
Forward commitments	Mortgage banking income	$ (62)	$ (46)	$ (20)	$ (67)
Non-hedging derivatives:					
Interest rate lock commitments	Mortgage banking income	134	124	184	153

Cash flow hedges

Interest rate swaps on wholesale funding

As of June 30, 2026, we have no remaining interest rate swaps on wholesale borrowings.

Interest rate swap on variable rate loans

As of June 30, 2026, we have no remaining interest rate swaps on loans. The $50 million loan swap we entered into in March 2021 matured effective March 2026.

Fair value hedges

Interest rate swap on securities

For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged asset or liability attributable to the hedged risk are recognized in current earnings. We utilize interest rate swaps designated as fair value hedges to mitigate the effect of changing interest rates on the fair values of fixed rate callable securities available-for-sale. The hedging strategy on securities converts the fixed interest rates to SOFR based variable interest rates. These derivatives are designated as partial term hedges of selected cash flows covering specified periods of time prior to the call dates of the hedged securities. These derivatives are intended to protect against the effects of changing interest rates on the fair values of fixed rate securities. The fixed rates on the transactions have a weighted average rate of 1.70%.

Economic hedges

Forward sale commitments
We utilize forward sale commitments on residential mortgage loans to hedge interest rate risk and the associated effects on the fair value of interest rate lock commitments and loans originated for sale. The forward sale commitments are accounted for as derivatives. We typically use a combination of best efforts and mandatory delivery contracts. The contracts are loan sale agreements where we commit to deliver a certain principal amount of mortgage loans to an investor at a specified price on or before a specified date. Generally, we enter into contracts just prior to the loan closing with a customer.

Customer loan derivatives
We enter into customer loan derivatives to facilitate the risk management strategies for commercial banking customers. We mitigate this risk by entering into equal and offsetting loan swap agreements with highly rated third-party financial institutions. The loan swap agreements are free standing derivatives and are recorded at fair value in our consolidated balance sheets. We are party to MNAs with our financial institutional counterparties; however, we do not offset assets and liabilities under these arrangements for financial statement presentation purposes.

The MNAs provide for a single net settlement of all loan swap agreements, as well as collateral or cash funds, in the event of default on, or termination of, any one contract. Collateral is provided by cash or securities received or posted by the counterparty with net liability positions, respectively, in accordance with contract thresholds.

The below tables describe the potential effect of master netting arrangements on the Consolidated Balance Sheets and the financial collateral pledged for these arrangements:

	Gross Amounts Offset in the Consolidated Balance Sheet			
(in thousands)	Derivative Liabilities	Derivative Assets	Cash Collateral Pledged	Net Amount
As of June 30, 2026				
Customer Loan Derivatives:				
RPA counterparty	(675)	675	—	—
Total	$ (675)	$ 675	$ —	$ —

	Gross Amounts Offset in the Consolidated Balance Sheet			
(in thousands)	Derivative Liabilities	Derivative Assets	Cash Collateral Pledged	Net Amount
As of December 31, 2025				
Customer Loan Derivatives:				
RPA counterparty	(2,070)	2,070	—	—
Total	$ (2,070)	$ 2,070	$ —	$ —

Non-hedging derivatives

Interest rate lock commitments
We enter into interest rate lock commitments ("IRLCs") for residential mortgage loans, which commit us to lend funds to a potential borrower at a specific interest rate and within a specified period of time. IRLCs relate to the origination of residential mortgage loans that are held for sale and are considered derivative financial instruments under applicable accounting guidance. Outstanding IRLCs expose us to the risk that the price of the mortgage loans underlying the commitments may decline due to increases in mortgage interest rates from inception of the rate lock to the funding of the loan. The IRLCs are free standing derivatives, which are carried at fair value with changes recorded in non-interest income in our Consolidated Statements of Income. Changes in the fair value of IRLCs subsequent to inception are based on (i) changes in the fair value of the underlying loan resulting from the fulfillment of the commitment and (ii) changes in the probability when the loan will fund within the terms of the commitment, which is affected primarily by changes in interest rates and the passage of time.

NOTE 10. FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2026 and December 31, 2025, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	June 30, 2026			
(in thousands)	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Available-for-sale debt securities:				
Obligations of US Government-sponsored enterprises	$ —	$ 758	$ —	$ 758
Mortgage-backed securities:				
US Government-sponsored enterprises	—	257,500	—	257,500
US Government agency	—	157,417	—	157,417
Private label	—	9,564	—	9,564
Obligations of states and political subdivisions thereof	—	105,321	—	105,321
Corporate bonds	—	69,883	1,329	71,212
Loans held for sale	—	10,203	—	10,203
Derivative assets	—	12,728	282	13,010
Derivative liabilities	—	(10,091)	(34)	(10,125)

	December 31, 2025			
(in thousands)	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Available-for-sale debt securities:				
Obligations of US Government-sponsored enterprises	$ —	$ 1,102	$ —	$ 1,102
Mortgage-backed securities:				
US Government-sponsored enterprises	—	249,542	—	249,542
US Government agency	—	153,900	—	153,900
Private label	—	10,999	—	10,999
Obligations of states and political subdivisions thereof	—	104,539	—	104,539
Corporate bonds	—	75,139	2,203	77,342
Loans held for sale	—	5,283	—	5,283
Derivative assets	—	8,708	98	8,806
Derivative liabilities	—	(6,670)	(14)	(6,684)

Available-for-sale Debt Securities: All securities and major categories of securities classified as available-for-sale are reported at fair value utilizing Level 2 inputs, unless otherwise disclosed. For these securities, we obtain fair value measurements from independent pricing providers. The fair value measurements used by the pricing providers consider observable data that may include dealer quotes, market maker quotes and live trading systems. If quoted prices are not readily available, fair values are determined using matrix pricing models, or other model-based valuation techniques requiring observable inputs other than quoted prices such as market pricing spreads, credit information, callable features, cash flows, the US Treasury yield curve, trade execution data, market consensus prepayment speeds, default rates, and the securities' terms and conditions, among other things. For securities where fair value is calculated using a discounted cash flow model or other market indicators are reported at fair value utilizing Level 3 inputs.

Corporate Bonds

At June 30, 2026, the Company held one corporate bond investment classified as available-for-sale for which the fair value was determined using unobservable inputs, resulting in a Level 3 classification under the fair value hierarchy. During the quarter ended June 30, 2025, management identified a change in the estimated future cash flows associated with this security. As a result, the Company recognized an impairment loss of $4.4 million and charged off an allowance for credit losses of $1.2 million. In the third quarter 2025, the Company wrote down an additional $200 thousand resulting in a fair value of $2.2 million as of September 30, 2025. In the first quarter of 2026, the Company wrote down an additional $874

thousand resulting in a fair value of $1.3 million. These losses were recorded in net gain (loss) on available-for-sale debt securities in the consolidated statements of income. There was no activity during the second quarter of 2026.

The fair value of the corporate bond was determined using a present value discounted cash flow approach. This method incorporated management's current expectations about the timing and amount of future cash flows, which were adjusted for expected prepayments and credit-related losses. The revised cash flows were then discounted using the bond's original effective interest rate. Unobservable inputs used in the fair value measurement included the discount rate, expected cash flows, and loss severity. The discount rate reflects the original effective yield at the time of purchase, adjusted for changes in market conditions and issuer-specific risk. Expected cash flows were developed based on management's assessment of the issuer's current financial condition, forward-looking performance expectations, and relevant macroeconomic indicators. Loss severity was estimated based on the Company's expectations regarding the potential shortfall in principal and interest in the event of default, taking into account the nature of the issuer's collateral, if any.

Loans Held for Sale: The valuation of the Company's loans held for sale are determined on an individual basis using quoted secondary market prices and are classified as Level 2 measurements.

Derivative Assets and Liabilities

Cash Flow Hedges: The valuations of our cash flow hedges are obtained from a third party. The pricing analysis is based on observable inputs for the contractual terms of the derivatives, including the period to maturity and interest rate curves. The inputs used to value the cash flow hedges are all classified as Level 2 measurements.

Interest Rate Lock Commitments: We enter into IRLCs for residential mortgage loans, which commit us to lend funds to potential borrowers at a specific interest rate and within a specified period of time. The estimated fair value of commitments to originate residential mortgage loans for sale is based on quoted prices for similar loans in active markets. However, this value is adjusted by a factor which considers the likelihood of a loan in a lock position will ultimately close. The closing ratio is derived from internal data and is adjusted using significant management judgment. As such, IRLCs are classified as Level 3 measurements.

***Forward Sale Commitments*:** We utilize forward sale commitments as economic hedges against potential changes in the values of the IRLCs and loans originated for sale. The fair values of mandatory delivery loan sale commitments are determined similarly to the IRLCs using quoted prices in the market place that are observable. However, closing ratios included in the calculation are internally generated and are based on management's judgment and prior experience, which are not considered observable factors. As such, mandatory delivery forward commitments are classified as Level 3 measurements.

The table below presents the changes in Level 3 assets and liabilities that were measured at fair value on a recurring basis for the three and six months ended June 30, 2026 and 2025:

	Assets (Liabilities)		
(in thousands)	Interest Rate Lock Commitments	Forward Commitments	Corporate Bond
Three Months Ended June 30, 2026			
Balance at beginning of period	$ 148	$ 28	$ 1,329
Transfer into level 3 at the end of the period	—	—	—
Realized gain (loss) recognized in non-interest income	134	(62)	—
Balance at end of period	$ 282	$ (34)	$ 1,329
Three Months Ended June 30, 2025			
Balance at beginning of period	$ 114	$ (8)	$ —
Transfer into level 3 at the end of the period	—	—	2,403
Realized gain (loss) recognized in non-interest income	124	(46)	—
Balance at end of period	$ 238	$ (54)	$ 2,403
Six Months Ended June 30, 2026			
Balance at beginning of period	$ 98	$ (14)	$ 2,203
Transfer into level 3 at the end of the period	—	—	—
Realized gain (loss) recognized in non-interest income	184	(20)	(874)
Balance at end of period	$ 282	$ (34)	$ 1,329
Six Months Ended June 30, 2025			
Balance at beginning of period	$ 85	$ 13	$ —
Transfer into level 3 at the end of the period	—	—	2,403
Realized gain (loss) recognized in non-interest income	153	(67)	—
Balance at end of period	$ 238	$ (54)	$ 2,403

Quantitative information about the significant unobservable inputs within Level 3 recurring assets and liabilities is, as follows:

(in thousands, except ratios)	Fair Value June 30, 2026	Valuation Techniques	Unobservable Inputs	Significant Unobservable Input Value
Assets (Liabilities)				
Interest Rate Lock Commitment	$ 282	Pull-through Rate Analysis	Closing Ratio	93 %
		Pricing Model	Origination Costs, per loan	$ 1.7
		Discount Cash Flows	Mortgage Servicing Asset	1.0 %
Forward Commitments	(34)	Quoted prices for similar loans in active markets	Freddie Mac pricing system	$97.8 to $101.9
Corporate bond	1,329	Discounted Cash Flows	Discount Rate	7.39 %
			Cash Flows	$0 to $1,329
			Loss Severity	83 %
Total	$ 1,577			

(in thousands, except ratios)	Fair Value December 31, 2025	Valuation Techniques	Unobservable Inputs	Significant Unobservable Input Value
Assets (Liabilities)				
Interest Rate Lock Commitment	$ 98	Pull-through Rate Analysis	Closing Ratio	96 %
		Pricing Model	Origination Costs, per loan	$ 1.7
		Discount Cash Flows	Mortgage Servicing Asset	1.0 %
Forward Commitments	(14)	Quoted prices for similar loans in active markets	Freddie Mac pricing system	$100.7 to $103.4
Corporate bond	2,203	Discounted Cash Flows	Discount Rate	7.39 %
			Cash Flows	$0 to $2,203
			Loss Severity	65 %
Total	$ 2,287			

Non-Recurring Fair Value Measurements

We are required, on a non-recurring basis, to adjust the carrying value or provide valuation allowances for certain assets using fair value measurements in accordance with GAAP. The following is a summary of applicable non-recurring fair value measurements:

(in thousands)	June 30, 2026 Level 3 Inputs	Dec 31, 2025 Level 3 Inputs	Fair Value Measurement Date as of June 30, 2026 Level 3 Inputs
Assets			
Individually evaluated loans	$ 4,145	$ 5,091	June 2026
Capitalized servicing rights	7,683	6,832	June 2026
Other real estate owned	8,170	—	June 2026
Premises held for sale	285	—	June 2026
Total	$ 20,283	$ 11,923	

There are no liabilities measured at fair value on a non-recurring basis as of June 30, 2026 and December 31, 2025.

Individually evaluated loans

Loans are generally not recorded at fair value on a recurring basis. Periodically, we record non-recurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Non-recurring adjustments can also include certain impairment amounts for collateral-dependent loans calculated when establishing the ACL. Such amounts are generally based on the fair value of the underlying collateral supporting the loan and, as a result, the carrying value of the loan less the calculated valuation amount does not necessarily represent the fair value of the loan. Real estate collateral is typically valued using appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace. However, the choice of observable data is subject to significant judgment, and there are often adjustments based on judgment in order to make observable data comparable and to consider the impact of time, the condition of properties, interest rates, and other market factors on current values. Additionally, commercial real estate appraisals frequently involve discounting of projected cash flows, which relies inherently on unobservable data. Therefore, non-recurring fair value measurement adjustments relating to real estate collateral have generally been classified as Level 3. Estimates of fair value for other collateral supporting commercial loans are generally based on assumptions not observable in the marketplace and therefore such valuations have been classified as Level 3.

Capitalized loan servicing rights

A loan servicing right asset represents the amount by which the present value of the estimated future net cash flows to be received from servicing loans exceed adequate compensation for performing the servicing. The fair value of loan servicing rights is estimated using a present value cash flow model. The most important assumptions used in the valuation model are the anticipated rate of the loan prepayments and discount rates. Adjustments are only recorded when the discounted cash flows derived from the valuation model are less than the carrying value of the asset. Although some assumptions in determining fair value are based on standards used by market participants, some are based on unobservable inputs and therefore are classified in Level 3 of the valuation hierarchy.

Other real estate owned ("OREO")

OREO results from the foreclosure process on residential or commercial loans issued by the Company. Upon assuming the real estate, we record the property at the fair value of the asset less the estimated sales cost. Thereafter, OREO properties are recorded at the lower of cost or fair value less the estimated sales costs. OREO fair values are primarily determined based on Level 3 data including sales comparables and appraisals. As of June 30, 2026, the Company maintained a bank-owned commercial real estate property with a fair value of $8.2 million. During the quarter there was an associated charge-off of $3.3 million at the time of the transfer into other real estate owned and related expenses of $273 thousand. As of December 31, 2025, the Company had no bank-owned real estate property.

Premises held for sale

Assets held for sale, identified as part of our strategic review and branch optimization exercise, were transferred from premises and equipment at the lower of amortized cost or fair value less the estimated sales cost. Assets held for sale fair values are primarily determined based on Level 3 data including sales comparables and appraisals.

Quantitative information about the significant unobservable inputs within Level 3 non-recurring assets follows:

(in thousands, except ratios)	Fair Value June 30, 2026	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)[a]
Assets				
Individually evaluated loans				
Commercial Real Estate Owner Occupied	$ 360	Fair value of collateral-appraised value	Loss severity	43% to 60%
			Appraised value	$250 to $975
Commercial Real Estate Non-Owner Occupied	1,956	Fair value of collateral-appraised value	Loss severity	20% to 40%
			Appraised value	$1,700 to $1,775
Commercial and Industrial	1,665	Fair value of collateral-appraised value	Loss severity	15% to 80%
			Appraised value	$212 to $1,057
Residential Real Estate	164	Fair value of collateral-appraised value	Loss severity	25%
			Appraised value	$240
Capitalized servicing rights	7,683	Discounted cash flow	Constant prepayment rate	7.08%
			Discount rate	9.62%
Other real estate owned	8,170	Fair value of collateral less selling costs	Appraised value	8,600
Premises held for sale	285	Fair value of asset less selling costs	Appraised value	$299
			Selling Costs	5%
Total	$ 20,283			

(a) Where dollar amounts are disclosed, the amounts represent the lowest and highest fair value of the respective assets in the population except for adjustments for market/property conditions, which represents the range of adjustments to individual properties.

(in thousands, except ratios)	Fair Value December 31, 2025	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)[a]
Assets				
Individually evaluated loans				
Commercial Real Estate Owner Occupied	$ 378	Fair value of collateral-appraised value	Loss severity	33% to 60%
			Appraised value	$250 to $975
Commercial Real Estate Non-Owner Occupied	1,985	Fair value of collateral-appraised value	Loss severity	20% to 40%
			Appraised value	$1,700 to $1,775
Commercial and Industrial	2,410	Fair value of collateral-appraised value	Loss severity	5% to 80%
			Appraised value	$212 to $1,112
Residential Real Estate	318	Fair value of collateral-appraised value	Loss severity	20%
			Appraised value	$240
Capitalized servicing rights	6,832	Discounted cash flow	Constant prepayment rate	8.97%
			Discount rate	9.62%
Total	$ 11,923			

(a) Where dollar amounts are disclosed, the amounts represent the lowest and highest fair value of the respective assets in the population except for adjustments for market/property conditions, which represents the range of adjustments to individual properties.

There were no Level 1 or Level 2 non-recurring fair value measurements for the periods ended June 30, 2026 and December 31, 2025.

Summary of Estimated Fair Values of Financial Instruments

The estimated fair values, and related carrying amounts, of our financial instruments are included in the table below. Certain financial instruments and all non-financial instruments are excluded from disclosure requirements. Accordingly, the aggregate fair value amounts presented herein may not necessarily represent the underlying fair value of the Company.

	June 30, 2026				
(in thousands)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 104,388	$ 104,388	$ 104,388	$ —	$ —
Available-for-sale debt securities	601,772	601,772	—	600,443	1,329
FHLB stock	13,423	n/a	n/a	n/a	n/a
Loans held for sale	10,203	10,203	—	10,203	—
Net loans	3,581,949	3,525,617	—	—	3,525,617
Accrued interest receivable	16,050	16,050	25	3,603	12,422
Derivative assets	13,010	13,010	—	12,728	282
Financial Liabilities					
Non-maturity deposits	$ 2,936,255	$ 2,742,147	$ —	$ 2,742,147	$ —
Time deposits	917,694	913,713	—	913,713	—
Securities sold under agreements to repurchase	3,520	3,520	—	3,520	—
FHLB advances	224,021	224,015	—	224,015	—
Subordinated borrowings	53,620	49,872	—	49,872	—
Accrued interest payable	3,905	3,905	—	3,905	—
Derivative liabilities	10,125	10,125	—	10,091	34

	December 31, 2025				
(in thousands)	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 80,837	$ 80,837	$ 80,837	$ —	$ —
Available-for-sale debt securities	597,424	597,424	—	595,221	2,203
FHLB stock	11,308	n/a	n/a	n/a	n/a
Loans held for sale	5,283	5,283	—	5,283	—
Net loans	3,571,807	3,505,278	—	—	3,505,278
Accrued interest receivable	15,047	15,047	13	3,496	11,538
Derivative assets	8,806	8,806	—	8,708	98
Financial Liabilities					
Non-maturity deposits	$ 2,908,688	$ 2,740,925	$ —	$ 2,740,925	$ —
Time deposits	912,594	910,213	—	910,213	—
Securities sold under agreements to repurchase	4,801	4,801	—	4,801	—
FHLB advances	212,016	211,988	—	211,756	232
Subordinated borrowings	52,825	49,746	—	49,746	—
Accrued interest payable	6,256	6,256	—	6,256	—
Derivative liabilities	6,684	6,684	—	6,670	14

NOTE 11. REVENUE FROM CONTRACTS WITH CUSTOMERS

We account for our various non-interest revenue streams and related contracts in accordance with "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 is based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue is recognized when we satisfy our performance obligation, which is generally when services are rendered and can be either satisfied at a point in time or over time. We recognize revenue at a point in time that is transactional in nature. We recognize revenue over time that is earned as services are performed and performance obligations are satisfied over time.

A substantial portion of our revenue is specifically excluded from the scope of ASC 606. This exclusion is associated with financial instruments, including interest income on loans and investment securities, in addition to loan derivative income and gains on loan and investment sales.

Disaggregation of Revenue

The following presents non-interest income, segregated by revenue streams in-scope and out-of-scope of Topic 606:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2026	2025	2026	2025
Non-interest income within the scope of ASC 606:				
Trust management fees	$ 4,132	$ 3,865	$ 7,808	$ 7,324
Financial services fees	445	398	885	855
Interchange fees	2,028	1,850	3,939	3,771
Customer deposit fees	1,887	1,470	3,643	2,847
Other customer service fees	805	269	1,246	496
Total non-interest income within the scope of ASC 606	9,297	7,852	17,521	15,293
Total non-interest income not within the scope of ASC 606	2,435	(3,206)	4,625	(1,729)
Total non-interest income	$ 11,732	$ 4,646	$ 22,146	$ 13,564

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2026	2025	2026	2025
Timing of Revenue Recognition				
Products and services transferred at a point in time	$ 4,428	$ 3,813	$ 8,584	$ 7,622
Products and services transferred over time	4,869	4,039	8,937	7,671
Total	$ 9,297	$ 7,852	$ 17,521	$ 15,293

Trust Management Fees

The trust management business generates revenue through a range of fiduciary services including trust and estate administration and investment management to individuals, businesses, not-for-profit organizations, and municipalities. These fees are primarily earned over time as we charge our customers on a monthly or quarterly basis in accordance with investment advisory agreements. Fees are generally assessed based on a tiered scale of the average monthly market value of assets under management. Certain fees, such as bill paying fees, distribution fees, real estate sale fees, and supplemental tax service fees, are recorded as revenue at a point in time upon the completion of the service.

Financial Services Fees

Bar Harbor Financial Services is a branch office of Osaic Institutions, Inc. ("Osaic"), a full-service third-party broker-dealer, conducting business under the assumed business name "Bar Harbor Financial Services." Osaic is an independent registered broker-dealer and is not affiliated with the Company or its subsidiaries. We have a revenue sharing agreement with Osaic for any financial service fee income generated. Financial services fees are recognized at a point in time upon the completion of service requirements.

Interchange Fees

We earn interchange fees from transaction fees that merchants pay whenever a customer uses a debit card to make a purchase from their store. The fees are paid to the card-issuing bank to cover handling costs, fraud, bad debt costs and the

risk involved in approving the payment. Interchange fees are generally recognized as revenue at a point in time upon the completion of a debit card transaction.

Customer Deposit Fees

The Customer Deposit business offers a variety of deposit accounts with a range of interest rates, fee schedules and other terms, which are designed to meet the customer's financial needs. Additional depositor-related services provided to customers include ATM, bank-by-phone, internet banking, internet bill pay, mobile banking, and other cash management services, which include remote deposit capture, ACH origination, and wire transfers. These customer deposit fees are generally recognized at a point in time upon the completion of the service.

Other Customer Service Fees

We have certain incentive and referral fee arrangements with independent third parties in which fees are earned for new account activity, product sales, or transaction volume generated for the respective third parties. We also earn a percentage of the fees generated from third-party credit card plans promoted through the Bank. Revenue from these incentive and referral fee arrangements are recognized over time using the right to invoice measure of progress.

Contract Balances from Contracts with Customers

The following table provides information about contract assets or receivables and contract liabilities or deferred revenues from contracts with customers:

(in thousands)	June 30, 2026	December 31, 2025
Balances from contracts with customers only:		
Other Assets	$ 1,692	$ 1,541
Other Liabilities	3,129	3,340

The timing of revenue recognition, billings and cash collections results in contract assets or receivables and contract liabilities or deferred revenue on the consolidated balance sheets. For most customer contracts, fees are deducted directly from customer accounts and, therefore, there is no associated impact on the accounts receivable balance. For certain types of service contracts, we have an unconditional right to consideration under the service contract and an accounts receivable balance is recorded for services completed. When consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded. Contract liabilities are recognized as revenue after control of the products or services is transferred to the customer and all revenue recognition criteria have been met.

Costs to Obtain and Fulfill a Contract

We currently expense contract costs for processing and administrative fees for debit card transactions. We also expense custody fees and transactional costs associated with securities transactions as well as third-party tax preparation fees. We have elected the practical expedient in ASC 340-40-25-4, whereby we recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets we otherwise would have recognized is one year or less.

NOTE 12. GOODWILL AND OTHER INTANGIBLES

The activity impacting goodwill as of June 30, 2026 and December 31, 2025 is as follows:

(in thousands)	June 30, 2026	December 31, 2025
Balance at beginning of period	$ 141,819	$ 119,477
Acquisition [1]	—	22,342
Balance at end of period	$ 141,819	$ 141,819

(1) In the third quarter 2025, the Company completed its acquisition of Woodsville and recorded $22.3 million in goodwill. Refer to Note 2 for further details.

The components of other intangible assets as of June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026		
(in thousands)	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Core deposit intangible (non-maturity deposits) [1]	$ 22,691	$ (8,037)	$ 14,654
Customer list and other intangibles	2,120	(1,532)	588
Total	$ 24,811	$ (9,569)	$ 15,242

(1) In the third quarter 2025, the Company completed its acquisition of Woodsville and recorded $14.0 million in CDI assets that will amortize over a ten-year period.

	December 31, 2025		
(in thousands)	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Core deposit intangible (non-maturity deposits)	$ 22,691	$ (6,969)	$ 15,722
Customer list and other intangibles	2,120	(1,435)	685
Total	$ 24,811	$ (8,404)	$ 16,407

Other intangible assets are amortized on a straight-line basis over their estimated lives, which range from five years to 11 years. Amortization expenses related to intangibles for the three months ended June 30, 2026 and 2025 were $582 thousand and $233 thousand, respectively. Amortization expenses related to intangibles for the six months ended June 30, 2026 and 2025 were $1.2 million and $466 thousand, respectively.

The estimated aggregate future amortization expense for other intangible assets remaining at June 30, 2026 is as follows:

(in thousands)	Other Intangible Assets
2026	$ 1,165
2027	2,330
2028	2,357
2029	1,583
2030	1,398
2031 and thereafter	6,409
Total	$ 15,242

NOTE 13. LEASES

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Most of our leases are for branches, ATM locations, and office space and have terms extending through 2046. All leases are classified as operating leases, and are recognized on the consolidated balance sheets as a right-of-use ("ROU") asset with a corresponding lease liability.

The following table presents the consolidated balance sheets classification of the ROU assets and lease liabilities:

(in thousands)	Classification	June 30, 2026	December 31, 2025
Lease Right-of-Use Assets			
Operating lease right-of-use assets	Other assets	$ 8,518	$ 9,251
Lease Liabilities			
Operating lease liabilities	Other liabilities	9,307	9,990

The calculated amount of the ROU assets and lease liabilities in the table above are impacted by the length of the lease term and the discount rate used for the present value of the minimum lease payments. The lease agreements often include one or more options to renew at our discretion. If at lease inception, we consider the exercising of a renewal option to be reasonably certain, we will include the extended term in the calculation of the ROU asset and lease liability.

The following table presents the weighted average lease term and discount rate of the leases:

	June 30, 2026	December 31, 2025
Weighted-average remaining lease term (in years)		
Operating leases	10.89	10.94
Weighted-average discount rate		
Operating leases	3.11 %	3.15 %

The following table represents lease costs and other lease information. As we have elected, for all classes of underlying assets, not to separate lease and non-lease components and instead to account for them as a single lease component, the variable lease cost primarily represents variable payments such as real estate taxes, common area maintenance and utilities.

	Three Months Ended		Six Months Ended	
(in thousands)	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Lease Costs				
Operating lease cost	$ 430	$ 424	$ 865	$ 799
Variable lease cost	40	28	238	240
Total lease cost	$ 470	$ 452	$ 1,103	$ 1,039
Supplemental cash flow information related to leases was as follows:				
Cash paid for amounts included in the measurement of operating lease liabilities	408	376	819	752
Right-of-use assets obtained in exchange for new operating lease obligations	346	309	693	622

Future minimum payments for operating leases with initial or remaining terms of one year or more as of June 30, 2026 are, as follows:

(in thousands)	Payments
Twelve Months Ended:	
June 30, 2027	$ 1,629
June 30, 2028	1,396
June 30, 2029	1,089
June 30, 2030	825
June 30, 2031	705
Thereafter	4,521
Total future minimum lease payments	10,165
Amounts representing interest	(858)
Present value of net future minimum lease payments	$ 9,307

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

The following is management's discussion and analysis of the major factors that influenced our results of operations and financial condition as of and for the three and six months ended June 30, 2026 and should be read in conjunction with our unaudited consolidated financial statements and condensed notes thereto included elsewhere in this Form 10-Q as well as our audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. Factors that could cause such differences are discussed in the sections titled "Cautionary Statement Regarding Forward-Looking Statements", "Part I, Item 1.A. Risk Factors" in the Form 10-K, and "Part II, Item 1A. Risk Factors" in this Form 10-Q. All amounts, dollars and percentages presented in this Form 10-Q are rounded and therefore approximate.

GENERAL

The Company is a bank holding company headquartered in Maine, providing a broad array of banking and nonbanking products and services to businesses and consumers primarily within our three-state footprint. The Company's primary sources of revenue, through the Bank, are net interest income (predominantly from loans and investment securities) and noninterest income (principally fees and other revenue from financial services provided to customers or ancillary services tied to loans and deposits).

NON-GAAP FINANCIAL MEASURES

Our accounting and reporting policies conform to GAAP and the prevailing practices in the financial services industry. However, we also evaluate our performance by reference to certain additional financial measures discussed in this Form 10-Q that we identify as being "non-GAAP financial measures." In accordance with SEC rules, we classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the United States in our statements of income, balance sheets or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures or ratios or statistical measures calculated using exclusively either financial measures calculated in accordance with GAAP, operating measures or other measures that are not non-GAAP financial measures or both.

The non-GAAP financial measures that we discuss in this Form 10-Q should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss in this Form 10-Q may differ from that of other companies reporting measures with similar names. You should understand how such other banking organizations calculate their financial measures similar or with names similar to the non-GAAP financial measures we have discussed in this Form 10-Q when comparing such non-GAAP financial measures.

QUARTERLY PERFORMANCE SUMMARY

Financial Highlights *(quarter ended June 30, 2026, compared to the same period of 2025 unless otherwise stated)*

- $15.2 million net income compared to $6.1 million
- $0.91 diluted earnings per share compared to $0.40
- 3.61% net interest margin compared to 3.23%
- 55.76% efficiency ratio compared to 62.10%
- $4.7 billion in assets

COMPARISON OF FINANCIAL CONDITION AT JUNE 30, 2026 AND DECEMBER 31, 2025

Cash and cash equivalents
Total cash and cash equivalents were $104.4 million at the end of the second quarter 2026, compared to $80.8 million at the end of the fourth quarter 2025. Interest-earning deposits with other banks increased to $58.1 million at the end of the second quarter 2026, compared to $35.9 million at the end of the fourth quarter 2025 and yielded 3.92% and 4.53%, respectively. The increase in cash balances was driven primarily by loan payoffs as well as end of quarter timing.

Available for Sale Debt Securities
Available-for-sale debt securities were $601.8 million compared to $597.4 million at the end of the fourth quarter 2025. The increase was driven by $52.6 million in purchases offset in part by $30.2 million in paydowns and $15.2 million in sales, calls and maturities. Net unrealized losses increased to $50.4 million at quarter-end compared to $47.5 million at the end of the fourth quarter 2025 due to the interest rate environment. The total unrealized losses include $5.4 million in unrealized losses on fair value hedged municipal securities. The quarter-to-date weighted average yield of the securities portfolio was 4.06% compared to 4.03% at the end of the fourth quarter 2025. As of the second quarter 2026 and the fourth quarter 2025, the securities portfolio had an average life of 7.2 years and 7.1 years respectively, with an effective duration of 5.2 years for both periods. At the end of the second quarter 2026 all securities remain classified as available for sale.

Federal Home Loan Bank Stock
Federal Home Loan Bank stock increased $2.1 million to $13.4 million at the end of the second quarter 2026 compared to $11.3 million at the end of the fourth quarter 2025 primarily driven by the increase in wholesale borrowings.

Loans Held for Sale
Loans held for sale were $10.2 million in the second quarter 2026 compared to $5.3 million in the fourth quarter 2025 as we originated $47.3 million in loans held for sale and sold $42.4 million in loans during the first and second quarter 2026.

Loans
Total loans increased $8.3 million to $3.6 billion in the second quarter 2026. Commercial real estate loans decreased $10.0 million primarily due to $130.6 million in maturities, payoffs and paydowns and was offset in part by originations of $120.6 million. Commercial and industrial loans increased $39.5 million and included $48.5 million of originations during the first two quarters of 2026. Residential real estate loans decreased $18.5 million to $983.3 million at the end of the second quarter 2026 compared to $1.0 billion at the end of the fourth quarter 2025, primarily driven by increased prepayment activity. Consumer loans were $132.6 million at the end of the second quarter 2026 compared to $128.0 million at the end of the fourth quarter 2025 primarily driven by $10.6 million in originations during the period.

Allowance for Credit Losses
The allowance for credit losses (“ACL”) on loans was $32.2 million at the end of the second quarter 2026 compared to $34.1 million at the end of the fourth quarter 2025. The change in the allowance was primarily driven by a $3.3 million charge-off related to a previously disclosed non-accruing relationship that was transferred into other real estate owned in

the second quarter 2026. The loan was previously reserved for and the charge-offs recorded reflect the Company's best estimate of the property's fair value based on underlying appraisal and market information.

Other Assets
Premises and equipment increased in the first half of 2026 to $61.2 million compared to $58.2 million at the end of the fourth quarter 2025 driven by renovation projects. Other real estate owned was $8.2 million at the end of the second quarter 2026 due to the aforementioned non-accruing loan, there was no other real estate owned as of December 31, 2025. Bank owned life insurance decreased $7.5 million driven by death benefit payouts that occurred at the end of the first quarter 2026 as well as an additional death benefit that was recognized in the second quarter 2026. Other assets increased $12.1 million primarily due to a $5.2 million change in the fair value of customer loan swaps.

Deposits
Total deposits were $3.9 billion at the end of the second quarter 2026 compared to $3.8 billion at the end of the fourth quarter of 2025. The increase was driven primarily by $73.8 million in new customer non-maturity deposits. Non-interest bearing demand deposits increased $7.3 million, interest-bearing demand deposits increased $3.3 million, savings deposits remained flat at $635.3 million and money market deposits increased $17.0 million. The increase in money market deposits included $15.4 million in new accounts during 2026. Time deposits increased $5.1 million during the period primarily due to $6.5 million in new customer time deposits.

Borrowings
Total borrowings increased $11.5 million at the end of the second quarter 2026 to $281.2 million compared to $269.6 million in the fourth quarter 2025. The increase was driven by increased wholesale borrowings to fund loan originations. Included in total borrowings as of June 30, 2026 was a $20.0 million outstanding subordinated note balance under the 2029 Notes. On July 7, 2026 following receipt of Federal Reserve approval, we notified the holders of the 2029 Notes of our intent to fully redeem the 2029 Notes on September 1, 2026.

Equity
The Company's book value per share was $32.80 at the end of the second quarter 2026 compared to $31.88 at the end of the fourth quarter 2025. Tangible book value per share (non-GAAP) was $23.43 at the end of the second quarter 2026, compared to $22.41 at the end of the fourth quarter 2025.

COMPARISON OF OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2026 AND JUNE 30, 2025

Net Income
Second quarter 2026 GAAP net income was $15.2 million, or $0.91 per diluted share, and adjusted earnings (Non-GAAP) was $15.4 million, or $0.92 per diluted share, compared to GAAP net income of $6.1 million, or $0.40 per diluted share, and adjusted earnings (Non-GAAP) of $10.8 million or $0.70 per diluted share in the second quarter of 2025.

For the six months ended June 30, 2026, GAAP net income was $28.8 million, or $1.71 per diluted share, and adjusted earnings (Non-GAAP) was $30.2 million, or $1.79 per diluted share, compared to GAAP net income of $16.3 million, or $1.06 per diluted share, and adjusted earnings (Non-GAAP) of $21.2 million or $1.38 per diluted share for the six months ended June 30, 2025.

Interest and Dividend Income
Total interest and dividend income increased by 15% to $55.9 million in the second quarter 2026 compared to $48.7 million in the prior year. Yields on earning assets grew to 5.29% in the second quarter 2026 compared to 5.23% in the second quarter 2025. The increase is driven by the securities yield expansion of 20 basis points to 4.06% in the second quarter 2026 compared to 3.86% in the same period of 2025. The increase is primarily due to $115.6 million in acquired investments from the acquisition of Woodsville Guaranty Savings Bank (“Woodsville”). The loan yield increased in part due to the acquisition of $413.4 million in loans from Woodsville but also includes $48.1 million in organic growth. Residential loan yield expansion was the primary driver as the yield increased to 4.62% for the second quarter 2026 from 4.14% in the second quarter of 2025. Total loan yield growth was partially offset by a decrease in the commercial and

industrial yield to 6.17% for the second quarter 2026 from 6.41% in the second quarter 2025 driven by the decrease in rates of adjustable-rate loans.

Total interest and dividend income increased by 16% to $111.2 million for the six months ended June 30, 2026 compared to $96.2 million in the prior year primarily driven by the same reasons noted for the quarter. Yields on earning assets grew to 5.28% for the six months ended June 30, 2026 compared to 5.19% for the same period of 2025. The yield on available-for-sale debt securities increased 22 basis points to 4.05% primarily due to the aforementioned Woodsville securities. The loan yield increased to 5.51% in the six months ended June 30, 2026 compared to 5.45% for the same period of 2025 as average loan balances grew $451.7 million year-over-year and also benefitted from $1.9 million in accretion.

Interest Expense
Total interest expense decreased $806 thousand in the second quarter 2026 compared to the second quarter 2025. Deposit costs were down $873 thousand year-over-year as the cost of interest-bearing deposits decreased to 1.88% in the second quarter 2026 from 2.28% in the same period of 2025. Borrowing costs increased $67 thousand, or 2% year-over-year, driven by the subordinated debt acquired from Woodsville.

Total interest expense for the six months ended June 30, 2026 was $36.4 million compared to $37.3 million for the same period ended 2025 driven by a $1.5 million decrease in cost of interest-bearing deposits primarily driven by average brokered deposits which decreased $107.1 million year-over-year. Costs of borrowings increased in the first six months of 2026 to 5.33% from 4.75% in the same period of 2025.

Net Interest Margin
Net interest margin for the second quarter 2026 was 3.61% compared to 3.23% for the second quarter 2025. As loan balances grew year-over-year the yield on loans expanded 4 basis points to 5.52% compared to 5.48% in the same period of 2025. Interest-bearing deposit costs decreased year-over-year to 1.88% compared to 2.28% in the same period of 2025.

Net interest margin for the six months ended June 30, 2026 was 3.57% compared to 3.20% for the six months ended June 30, 2025. As total average loan balances grew 14%, the yield on loans grew to 5.51% for the six months ended June 30, 2026, up from 5.45% in the same period for 2025. Costs of interest-bearing deposits decreased year-over-year to 1.89% in 2026 from 2.30% in 2025. Total interest-bearing liabilities costs decreased in the first six months of 2026 to 2.16% from 2.52% in the same period of 2025.

Provision for Credit Losses
The provision for credit losses on loans in the second quarter 2026 was $1.3 million compared to $528 thousand in the same period of 2025. The provision for losses for the six months ended June 30, 2026 was $1.6 million compared to $471 thousand in the same period of 2025. The allowance for credit losses to total loans coverage ratio for the second quarter 2026 remains well-funded and was 0.89% compared to 0.92% in the second quarter 2025.

There was no provision for available-for-sale debt securities in the second quarter of 2026 and 2025 or for the six months ended June 30, 2026. For the six months ended June 30, 2025 there was a provision of $636 thousand related to one corporate debt security.

Non-Interest Income
Non-interest income increased $7.1 million in the second quarter 2026 to $11.7 million compared to $4.6 million in the same quarter 2025. The increase was primarily driven by increases in customer service fees in the second quarter 2026 compared to the same period of 2025 and a loss on available-for-sale debt securities of $25 thousand compared to $4.9 million for the same period of 2025. Trust management fee income increased $314 thousand driven by the 12%, or $330.0 million, increase in assets under management compared to the same period of 2025. Bank owned life insurance income increased $815 thousand in the second quarter of 2026 compared to the second quarter of 2025 primarily due to a death benefit during the quarter.

Non-interest income for the six months ended June 30, 2026 was $22.1 million compared to $13.6 million for the same period ended 2025 driven by the loss on available-for-sale debt security of $4.9 million in 2025 and the increase in bank owned life insurance income of $2.2 million in 2026 due to the payout and recognition of death benefits during the period.

Non-Interest Expense
Non-interest expenses increased $2.6 million to $29.2 million in the second quarter 2026 compared to $26.5 million in the second quarter 2025. The increase was driven by higher salaries and employee benefits costs of $16.8 million in the second quarter 2026 compared to $14.3 million in the second quarter 2025, as full-time equivalents increased to 530 as of June 30, 2026 from 455 as of June 30, 2025. Occupancy and equipment increased $746 thousand driven primarily by higher maintenance contract costs, as a result of the Woodsville acquisition. Amortization of intangible assets increased $349 thousand, reflecting incremental amortization associated with the Woodsville acquisition. Acquisition, conversion and other expenses decreased $1.2 million from the second quarter of 2025 as expenses related to the acquisition neared completion. Other expenses increased $896 thousand for the second quarter 2026 compared to the second quarter 2025 primarily due to expenses related to other real estate owned.

Non-interest expenses increased $7.8 million to $59.0 million for the six months ended June 30, 2026 compared to $51.2 million in the same period in 2025. The increases were primarily due to the $4.6 million increase in salary and employee benefits due to higher full time equivalents as discussed above. Occupancy and equipment expenses increased $1.5 million due to higher maintenance contracts as well as on-going renovation projects.

Income Tax Expense
Income tax expense was $4.0 million for the second quarter 2026 compared to $1.4 million for the second quarter of 2025. Our GAAP effective tax rate for the second quarter 2026 was 20.8% and 18.5% in the second quarter 2025. Income tax expense for the six months ended June 30, 2026 was $7.6 million compared to $3.9 million in the same period in 2025. The increase for both the quarter and the six months ended were driven by lower 2025 pre-tax income due to the loss on available-for-sale debt security.

Liquidity and Cash Flows
Liquidity is measured by our ability to meet short-term cash needs at a reasonable cost or minimal loss. We seek to obtain favorable sources of liabilities and to maintain prudent levels of liquid assets to satisfy varied liquidity demands. Besides serving as a funding source for maturing obligations, liquidity provides flexibility in responding to customer-initiated needs. Many factors affect our ability to meet liquidity needs, including variations in the markets served by our network of offices, mix of assets and liabilities, reputation and credit standing in the marketplace, and general economic conditions.

The Bank actively manages its liquidity position through target ratios established under its Asset-Liability Management Policy. Continual monitoring of these ratios, by using historical data and through forecasts under multiple rate and stress scenarios, allows the Bank to employ strategies necessary to maintain adequate liquidity. The Bank's policy is to maintain a liquidity position of at least 8% of total assets. A portion of the Bank’s deposit base has been historically seasonal in nature, with balances typically declining in the winter months through late spring, during which period the Bank’s liquidity position tightens.

As of June 30, 2026, available same-day liquidity totaled approximately $1.3 billion, including cash, borrowing capacity at FHLB and the Federal Reserve Discount Window and various lines of credit. Additional sources of liquidity include cash flows from operations, wholesale deposits, cash flow from our amortizing securities and loan portfolios. As of June 30, 2026, we had unused borrowing capacity at the FHLB of $521.9 million, unused borrowing capacity at the Reserve Bank of $105.6 million and unused lines of credit totaling $41.0 million, in addition to $104.4 million in cash.

The Bank maintains a liquidity contingency plan approved by the Bank’s Board of Directors. This plan addresses the steps that would be taken in the event of a liquidity crisis, and identifies other sources of liquidity available to us. Our management believes the level of liquidity is sufficient to meet current and future funding requirements. However, changes in economic conditions, including consumer savings habits and availability or access to the brokered deposit market could potentially have a significant impact on our liquidity position.

Capital Resources
Please refer to “Comparison of Financial Condition at June 30, 2026 and December 31, 2025- Equity” for a discussion of shareholders’ equity together with Note 7 - “Capital Ratios and Shareholders’ Equity” in the unaudited consolidated

financial statements. Additional information about regulatory capital is contained in the notes to the consolidated financial statements and in our most recent Form 10-K.

We expect to continue our current practice of paying quarterly cash dividends with respect to our common stock subject to our Board of Directors' discretion to modify or terminate this practice at any time and for any reason without prior notice. We believe our quarterly dividend rate per share as approved by our Board of Directors, enables us to balance our multiple objectives of managing our business and returning a portion of our earnings to our shareholders. Historically, and a practice we intend to continue, our principal cash expenditure is the payment of dividends on our common stock, if as and when declared by our Board of Directors. Dividends were paid to our shareholders in the aggregate amount of $11.1 million and $9.7 million for the six months ended June 30, 2026 and 2025, respectively. All dividends declared and distributed by us will be in compliance with applicable state corporate law and regulatory requirements.

Off-Balance Sheet Arrangements

We are, from time to time, a party to certain off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, that may be material to investors.

Our off-balance sheet arrangements are limited to standby letters of credit whereby the Bank guarantees the obligations or performance of certain customers. These letters of credit are sometimes issued in support of third-party debt. 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 such letters of credit are subject to the same origination, portfolio maintenance and management procedures in effect to monitor other credit products. The amount of collateral obtained, if deemed necessary by the Bank upon issuance of a standby letter of credit, is based upon management's credit evaluation of the customer.

Our off-balance sheet arrangements have not changed materially since previously reported in our Annual Report on Form 10-K.

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1 – "Basis of Presentation - Recent Accounting Pronouncements" of the Consolidated Financial Statements in this Form 10-Q and Note 1 - "Summary of Significant Accounting Policies" of the Consolidated Financial Statements to our Annual Report on Form 10-K.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Consolidated Financial Statements were prepared in accordance with GAAP and follow general practices within the industries in which we operate. The most significant accounting policies we follow are presented in Note 1—"Summary of Significant Accounting Policies" of the Consolidated Financial Statements to our Annual Report on Form 10-K. Application of these principles requires us to make estimates, assumptions, and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Most accounting policies are not considered by management to be critical accounting policies. Several factors are considered in determining whether or not a policy is critical in the preparation of the Consolidated Financial Statements. These factors include among other things, whether the policy requires management to make difficult, subjective, and complex judgments about matters that are inherently uncertain and because it is likely that materially different amounts would be reported under different conditions or using different assumptions. The accounting policies which we believe to be most critical in preparing our Consolidated Financial Statements are presented in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" included in our Annual Report on Form 10-K. There have been no significant changes in our application of critical accounting policies and estimates since December 31, 2025. Refer to Note 1 – "Basis of Presentation - Recent Accounting Pronouncements" of the consolidated financial statements for discussion of accounting pronouncements issued but yet to be adopted and implemented.

SELECTED FINANCIAL DATA

The following summary data is based in part on the unaudited consolidated financial statements and accompanying notes and other information appearing elsewhere in this Form 10-Q or prior SEC filings.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
PER SHARE DATA				
Net earnings, diluted	$ 0.91	$ 0.40	$ 1.71	$ 1.06
Adjusted earnings, diluted[1]	0.92	0.70	1.79	1.38
Total book value	32.80	30.60	32.80	30.60
Tangible book value per share[1]	23.43	22.58	23.43	22.58
Market price at period end	37.76	29.96	37.76	29.96
Dividends	0.34	0.32	0.66	0.62
PERFORMANCE RATIOS[2]				
Return on assets	1.31 %	0.60 %	1.24 %	0.81 %
Adjusted return on assets[1]	1.33	1.06	1.30	1.05
Pre-tax, pre-provision return on assets	1.76	0.79	1.64	1.05
Adjusted pre-tax, pre-provision return on assets [1]	1.79	1.39	1.72	1.37
Return on equity	11.16	5.21	10.63	7.03
Adjusted return on equity[1]	11.30	9.19	11.15	9.14
Return on tangible equity	16.11	7.26	15.41	9.74
Adjusted return on tangible equity[1]	16.31	12.66	16.14	12.61
Net interest margin, fully taxable equivalent[1] [3]	3.61	3.23	3.57	3.20
Efficiency ratio[1]	55.76	62.10	56.33	62.05
FINANCIAL DATA *(In millions)*				
Total assets	$ 4,743	$ 4,112	$ 4,743	$ 4,112
Total earning assets[4]	4,343	3,789	4,343	3,789
Total available-for-sale debt securities	602	529	602	529
Total loans	3,614	3,153	3,614	3,153
Total allowance for credit losses	32	29	32	29
Total goodwill and intangible assets	157	123	157	123
Total deposits	3,854	3,292	3,854	3,292
Total shareholders' equity	550	469	550	469
Net income	15	6	29	16
Adjusted income[1]	15	11	30	21
ASSET QUALITY AND CONDITION RATIOS				
Net charge-offs (recoveries)[5]/average loans	0.37 %	0.03 %	0.19 %	0.03 %
Allowance for credit losses/total loans	0.89	0.92	0.89	0.92
Loans/deposits	94	96	94	96
Shareholders' equity to total assets	11.59	11.40	11.59	11.40
Tangible shareholders' equity to total tangible assets[1]	8.56	8.67	8.56	8.67

(1) Non-GAAP financial measure. Refer to the Reconciliation of Non-GAAP Financial Measures section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations," in this Form 10-Q for additional information.
(2) All performance ratios are annualized and are based on average balance sheet amounts, where applicable.
(3) Fully taxable equivalent considers the impact of tax-advantaged investment securities and loans.
(4) Earning assets includes non-accruing loans and interest-bearing deposit with other banks. Securities are valued at amortized cost.
(5) Current quarter annualized.

CONSOLIDATED LOAN AND DEPOSIT ANALYSIS (UNAUDITED)

The following tables present the quarterly trend in loans by collateral type and deposits and accompanying growth rates as of June 30, 2026 on an annualized basis:

LOAN ANALYSIS

(in thousands, except ratios)	Jun 30, 2026	Mar 31, 2026	Dec 31, 2025	Sept 30, 2025	Acquired WGSB Balances	Jun 30, 2025	Annualized Growth % Quarter to Date	Annualized Growth % Year to Date
Commercial real estate	$ 1,988,695	$ 1,968,403	$ 1,998,603	$ 1,942,659	$ 117,832	$ 1,767,206	4 %	(1)%
Commercial and industrial	433,371	417,657	393,851	405,759	25,651	400,908	15	20
Total commercial loans	2,422,066	2,386,060	2,392,454	2,348,418	143,483	2,168,114	6	2
Residential real estate	983,274	993,636	1,001,769	1,025,266	248,484	796,184	(4)	(4)
Consumer	132,570	127,681	128,029	126,345	16,215	111,036	15	7
Tax exempt and other	76,270	77,871	83,607	83,687	5,226	77,330	(8)	(18)
Total loans	$ 3,614,180	$ 3,585,248	$ 3,605,859	$ 3,583,716	$ 413,408	$ 3,152,664	3 %	— %

DEPOSIT ANALYSIS

(in thousands, except ratios)	Jun 30, 2026	Mar 31, 2026	Dec 31, 2025	Sept 30, 2025	Acquired WGSB Balances	Jun 30, 2025	Annualized Growth % Quarter to Date	Annualized Growth % Year to Date
Non-interest bearing demand	$ 678,081	$ 651,282	$ 670,786	$ 692,780	$ 89,274	$ 552,074	16 %	2 %
Interest-bearing demand	1,141,043	1,152,888	1,137,730	1,137,362	185,802	931,854	(4)	1
Savings	635,316	649,302	635,329	647,428	104,792	542,579	(9)	—
Money market	481,815	493,432	464,843	488,633	52,470	370,709	(9)	7
Total non-maturity deposits	2,936,255	2,946,904	2,908,688	2,966,203	432,338	2,397,216	(1)	2
Time	917,694	920,811	912,594	981,993	98,951	894,772	(1)	1
Total deposits	$ 3,853,949	$ 3,867,715	$ 3,821,282	$ 3,948,196	$ 531,289	$ 3,291,988	(1)%	2 %

AVERAGE BALANCES AND AVERAGE YIELDS/RATES (UNAUDITED)

The following tables present average balances and average yields and rates on an annualized fully taxable equivalent basis for the periods included:

	Three Months Ended June 30,					
	2026			2025		
(in thousands, except ratios)	Average Balance	Interest[3]	Yield/ Rate[3]	Average Balance	Interest[3]	Yield/ Rate[3]
Assets						
Interest-earning deposits with other banks	$ 25,896	$ 253	3.92 %	$ 23,643	$ 276	4.68 %
Available-for-sale debt securities	647,755	6,549	4.06	591,462	5,699	3.86
FHLB stock	11,592	183	6.33	11,804	212	7.20
Loans:						
Commercial real estate	1,975,080	28,158	5.72	1,766,720	25,358	5.76
Commercial and industrial	492,195	7,570	6.17	469,816	7,504	6.41
Residential	993,933	11,447	4.62	804,469	8,303	4.14
Consumer	130,890	2,302	7.05	109,023	1,896	6.98
Total loans [1]	3,592,098	49,477	5.52	3,150,028	43,061	5.48
Total earning assets	4,277,341	56,462	5.29 %	3,776,937	49,248	5.23 %
Cash and due from banks	37,089			29,861		
Allowance for credit losses	(33,242)			(28,786)		
Goodwill and other intangible assets	157,345			123,062		
Other assets	215,460			169,540		
Total assets	$ 4,653,993			$ 4,070,614		
Liabilities						
Interest-bearing demand	$ 1,119,195	$ 3,676	1.32 %	$ 906,557	$ 3,246	1.44 %
Savings	640,852	796	0.50	545,304	962	0.71
Money market	463,296	2,694	2.33	392,034	2,686	2.75
Time	902,363	7,472	3.32	883,491	8,617	3.91
Total interest bearing deposits	3,125,706	14,638	1.88	2,727,386	15,511	2.28
Borrowings	265,929	3,349	5.05	271,410	3,282	4.85
Total interest bearing liabilities	3,391,635	17,987	2.13 %	2,998,796	18,793	2.51 %
Non-interest bearing demand deposits	657,470			545,308		
Other liabilities	57,702			57,268		
Total liabilities	4,106,807			3,601,372		
Total shareholders' equity	547,186			469,242		
Total liabilities and shareholders' equity	$ 4,653,993			$ 4,070,614		
Net interest spread			3.16 %			2.72 %
Net interest margin			3.61			3.23

(1) The average balances of loans include non-accrual loans and unamortized deferred fees and costs.
(2) The average balance for securities available for sale is based on amortized cost.
(3) Fully taxable equivalent considers the impact of tax-advantaged securities and loans.

(in thousands, except ratios)	Six Months Ended June 30, 2026 Average Balance	2026 Interest (3)	2026 Yield/ Rate(3)	2025 Average Balance	2025 Interest (3)	2025 Yield/ Rate(3)
Assets						
Interest-earning deposits with other banks	$ 27,082	$ 486	3.62 %	$ 26,759	590	4.45 %
Available-for-sale debt securities(2)(3)	645,756	12,983	4.05	589,329	11,206	3.83
FHLB stock	11,333	338	6.01	11,691	349	6.02
Loans:						
Commercial real estate	1,988,196	56,200	5.70	1,763,833	49,561	5.67
Commercial and industrial(3)	489,950	14,917	6.14	469,599	15,102	6.49
Residential	996,275	22,867	4.63	811,660	16,842	4.18
Consumer	129,406	4,475	6.97	106,989	3,705	6.98
Total loans (1)	3,603,827	98,459	5.51	3,152,081	85,210	5.45
Total earning assets	4,287,998	112,266	5.28 %	3,779,860	97,355	5.19 %
Cash and due from banks	36,780			30,242		
Allowance for credit losses	(33,652)			(29,834)		
Goodwill and other intangible assets	157,607			123,161		
Other assets	216,060			171,553		
Total assets	$ 4,664,793			$ 4,074,982		
Liabilities						
Interest-bearing demand	$ 1,121,297	$ 7,265	1.31 %	$ 913,495	$ 6,424	1.42 %
Savings	641,803	1,689	0.53	546,470	1,917	0.71
Money market	466,890	5,339	2.31	394,886	5,423	2.77
Time	912,437	15,234	3.37	870,296	17,259	4.00
Total interest bearing deposits	3,142,427	29,527	1.89	2,725,147	31,023	2.30
Borrowings	258,835	6,838	5.33	267,536	6,301	4.75
Total interest bearing liabilities	3,401,262	36,365	2.16 %	2,992,683	37,324	2.52 %
Non-interest bearing demand deposits	659,603			553,246		
Other liabilities	58,523			61,182		
Total liabilities	4,119,388			3,607,111		
Total shareholders' equity	545,405			467,871		
Total liabilities and shareholders' equity	$ 4,664,793			$ 4,074,982		
Net interest spread			3.12 %			2.67 %
Net interest margin			3.57			3.20

(1) The average balances of loans include non-accrual loans and unamortized deferred fees and costs.
(2) The average balance for securities available for sale is based on amortized cost.
(3) Fully taxable equivalent considers the impact of tax-advantaged securities and loans.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (UNAUDITED)

The following reconciliation table provides a more detailed analysis of these, and reconciliation for, each of non-GAAP financial measures:

		Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**Calculations**	**2026**	**2025**	**2026**	**2025**
Net income	(R)	$ 15,221	$ 6,092	$ 28,758	$ 16,303
Non-recurring items:					
Loss (gain) on available-for-sale debt securities		25	4,942	25	4,942
Gain on sale of premises and equipment, net		—	3	134	93
(Gain) loss and other expenses on other real estate owned		273	—	273	—
Acquisition, conversion and other expenses		(36)	1,205	1,419	1,444
Income tax expense [1]		(65)	(1,492)	(456)	(1,572)
Total non-recurring items		197	4,658	1,395	4,907
Total adjusted income[2]	(A)	$ 15,418	$ 10,750	$ 30,153	$ 21,210
Net interest income	(B)	$ 37,919	$ 29,895	$ 74,791	$ 58,902
Plus: Non-interest income		11,732	4,646	22,146	13,564
Total Revenue		49,651	34,541	96,937	72,466
Loss (gain) on available-for-sale debt securities		25	4,942	25	4,942
Total adjusted revenue[2]	(C)	$ 49,676	$ 39,483	$ 96,962	$ 77,408
Total non-interest expense		$ 29,182	$ 26,538	$ 59,009	$ 51,189
Non-recurring expenses:					
Gain on sale of premises and equipment, net		—	(3)	(134)	(93)
Gain (loss) and other expenses on other real estate owned		(273)	—	(273)	—
Acquisition, conversion and other expenses		36	(1,205)	(1,419)	(1,444)
Total non-recurring expenses		(237)	(1,208)	(1,826)	(1,537)
Adjusted non-interest expense[2]	(D)	$ 28,945	$ 25,330	$ 57,183	$ 49,652
Total revenue		49,651	34,541	96,937	72,466
Total non-interest expense		29,182	26,538	59,009	51,189
Pre-tax, pre-provision net revenue[2]	(S)	$ 20,469	$ 8,003	$ 37,928	$ 21,277
Adjusted revenue[2]		49,676	39,483	96,962	77,408
Adjusted non-interest expense[2]		28,945	25,330	57,183	49,652
Adjusted pre-tax, pre-provision net revenue[2]	(U)	$ 20,731	$ 14,153	$ 39,779	$ 27,756
(in millions)					
Average earning assets	(E)	$ 4,277	$ 3,777	$ 4,288	$ 3,780
Average assets	(F)	4,654	4,071	4,665	4,075
Average shareholders' equity	(G)	547	469	545	468
Average tangible shareholders' equity[2][3]	(H)	390	346	388	345
Tangible shareholders' equity, period-end[2][3]	(I)	392	346	392	346
Tangible assets, period-end[2][3]	(J)	4,585	3,989	4,585	3,989

	Calculations	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
(in thousands)					
Common shares outstanding, period-end	(K)	16,754	15,322	16,754	15,322
Average diluted shares outstanding	(L)	16,808	15,372	16,806	15,382
Adjusted earnings per share, diluted[2]	(A/L)	$ 0.92	$ 0.70	$ 1.79	$ 1.38
Tangible book value per share, period-end[2]	(I/K)	23.43	22.58	23.43	22.58
Total tangible shareholders' equity/total tangible assets[2]	(I/J)	8.56	8.67	8.56	8.67
Performance ratios[4]					
Return on assets		1.31 %	0.60	1.24 %	0.81
Adjusted return on assets[2]	(A/F)	1.33	1.06	1.30	1.05
Pre-tax, pre-provision return on assets[2]	(S/F)	1.76	0.79	1.64	1.05
Adjusted pre-tax, pre-provision return on assets[2]	(U/F)	1.79	1.39	1.72	1.37
Return on equity		11.16	5.21	10.63	7.03
Adjusted return on equity[2]	(A/G)	11.30	9.19	11.15	9.14
Return on tangible equity [1] [2]	(R+Q)/H	16.11	7.26	15.41	9.74
Adjusted return on tangible equity[1][2]	(A+Q)/H	16.31	12.66	16.14	12.61
Efficiency ratio[1][2][5]	(D-O-Q)/(C+N)	55.76	62.10	56.33	62.05
Net interest margin, fully taxable equivalent[2]	(B+P)/E	3.61	3.23	3.57	3.20
Supplementary data (in thousands)					
Taxable equivalent adjustment for efficiency ratio	(N)	$ 905	$ 706	$ 1,949	$ 1,423
Franchise taxes included in non-interest expense	(O)	159	141	305	272
Tax equivalent adjustment for net interest margin	(P)	556	560	1,110	1,128
Intangible amortization	(Q)	582	233	1,164	466

(1) Assumes a marginal tax rate of 24.65% in the first and second quarter of 2026 and 24.26% in the first and second quarter of 2025.
(2) Non-GAAP financial measure.
(3) Tangible shareholders' equity is computed by taking total shareholders' equity less the intangible assets at period-end. Tangible assets is computed by taking total assets less the intangible assets at period-end.
(4) All performance ratios are based on average balance sheet amounts, where applicable.
(5) Efficiency ratio is computed by dividing adjusted non-interest expense net of franchise taxes and intangible amortization divided by adjusted revenue on a fully taxable equivalent basis.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates/prices, such as interest rates, foreign currency exchange rates, commodity prices and equity prices. The most significant market risk that affects us is interest rate risk. Other types of market risk do not arise in the normal course of our business activities.

The responsibility for interest rate risk management oversight is the function of the Bank's Asset and Liability Committee, or ALCO, chaired by the Bank's Chief Financial Officer and composed of various members of the Bank's senior management. ALCO meets regularly to review balance sheet structure, formulate strategies in light of current and expected economic conditions, adjust product prices as necessary, implement policy, monitor liquidity, and review performance against guidelines established to control exposure to the various types of inherent risk.

Interest Rate Risk

Interest rate risk can be defined as an exposure to movement in interest rates that could have an adverse impact on the Bank's net interest income. Interest rate risk arises from the imbalance in the re-pricing, maturity and/or cash flow characteristics of assets and liabilities. Management's objectives are to measure, monitor and develop strategies in response to the interest rate risk profile inherent in the Bank's balance sheet. The objectives in managing the Bank's balance sheet are to preserve the sensitivity of net interest income to actual or potential changes in interest rates, and to enhance profitability through strategies that promote sufficient reward for understood and controlled risk.

The Bank's interest rate risk measurement and management techniques incorporate the re-pricing and cash flow attributes of balance sheet and off-balance sheet instruments as each relate to current and potential changes in interest rates. The level of interest rate risk, measured in terms of the potential future effect on net interest income, is determined through the use of modeling and other techniques under multiple interest rate scenarios. Interest rate risk is evaluated in depth on a quarterly basis and reviewed by ALCO and the Bank's Board of Directors.

The Bank's Asset Liability Management Policy, approved annually by the Bank's Board of Directors, establishes interest rate risk limits in terms of variability of net interest income under rising, flat, and decreasing rate scenarios. It is the role of the ALCO to evaluate the overall risk profile and to determine actions to maintain and achieve a posture consistent with policy guidelines.

Interest Rate Sensitivity Modeling:

The Bank utilizes an interest rate risk model widely recognized in the financial industry to monitor and measure interest rate risk. The model simulates the behavior of interest income and expense for all balance sheet and off-balance sheet instruments, under different interest rate scenarios together with a dynamic future balance sheet. Interest rate risk is measured in terms of potential changes in net interest income based upon shifts in the yield curve.

The interest rate risk sensitivity model requires that assets and liabilities be broken down into components as to fixed, variable, and adjustable interest rates, as well as other homogeneous groupings, which are segregated as to maturity and type of instrument. The model includes assumptions about how the balance sheet is likely to evolve through time and in different interest rate environments. The model uses contractual re-pricing dates for variable products, contractual maturities for fixed rate products, and product-specific assumptions for deposit accounts, such as money market accounts, that are subject to re-pricing based on current market conditions. Re-pricing margins are also determined for adjustable rate assets and incorporated in the model. Investment securities and borrowings with option provisions are examined on an individual basis in each rate environment to estimate the likelihood of exercise. Prepayment assumptions for mortgage loans are calibrated using specific Bank experience while mortgage-backed securities are developed from industry standard models of prepayment speeds, based upon similar coupon ranges and degree of seasoning. Cash flows and maturities are then determined, and for certain assets, prepayment assumptions are estimated under different interest rate scenarios. Interest income and interest expense are then simulated under several hypothetical interest rate conditions.

The simulation models a parallel and pro rata shift in rates over a 12-month period. Using this approach, we are able to produce simulation results that illustrate the effect that both a gradual "rate ramp" and a "rate shock" have on earnings expectations. Our net interest income sensitivity analysis reflects changes to net interest income assuming no balance sheet

growth and a parallel shift in interest rates. All rate changes were “ramped” over the first 12-month period and then maintained at those levels over the remainder of the simulation horizon. Changes in net interest income based upon these simulations are measured against the flat interest rate scenario.

As of June 30, 2026, interest rate sensitivity modeling results indicate that the Bank’s balance sheet was asset sensitive over the one- and two-year horizons.

The following table presents the changes in sensitivities on net interest income for the periods ended June 30, 2026 and 2025:

Change in Interest Rates-Basis Points (Rate Ramp) (in thousands, except ratios)	1 - 12 Months		13 - 24 Months	
	$ Change	% Change	$ Change	% Change
As of June 30, 2026				
-200	$ (9,952)	(5.9)%	$ (24,226)	(13.6)%
-100	(5,229)	(3.1)	(11,874)	(6.6)
+100	5,193	3.1	10,762	6.0
+200	9,761	5.8	21,070	11.8
As of June 30, 2025				
-200	$ (7,185)	(5.6)%	$ (16,885)	(12.2)%
-100	(3,003)	(2.3)	(7,570)	(5.5)
+100	2,903	2.3	6,575	4.7
+200	5,711	4.4	12,735	9.2

Assuming short-term and long-term interest rates decline 200 basis points from current levels (i.e., a parallel yield curve shift) over the next twelve months and the Bank’s balance sheet structure and size remain at current levels, management believes net interest income would deteriorate over the one year horizon while deteriorating further from that level over the two year horizon.

Assuming short-term and long-term interest rates increase 200 basis points from current levels (i.e., a parallel yield curve shift) over the next twelve months and the Bank’s balance sheet structure and size remain at current levels, management believes net interest income would improve over the one year horizon while improving further from that level over the two year horizon.

As compared to June 30, 2025, asset sensitivity has increased in both year one and year two.

The preceding sensitivity analysis does not represent a forecast and should not be relied upon as being indicative of expected operating results. These hypothetical estimates are based upon numerous assumptions including: the nature and timing of interest rate levels and yield curve shape, prepayment speeds on loans and securities, deposit rates, pricing decisions on loans and deposits, reinvestment or replacement of asset and liability cash flows, and renegotiated loan terms with borrowers. While assumptions are developed based upon current economic and local market conditions, we cannot make any assurances as to the predictive nature of these assumptions including how customer preferences or competitor influences might change.

As market conditions vary from those assumed in the sensitivity analysis, actual results may also differ due to: prepayment and refinancing levels deviating from those assumed; the impact of interest rate changes, caps or floors on adjustable rate assets; the potential effect of changing debt service levels on customers with adjustable rate loans; depositor early withdrawals and product preference changes; and other such variables. The sensitivity analysis also does not reflect additional actions that the Bank’s Senior Executive Team and Board of Directors might take in responding to or anticipating changes in interest rates, and the anticipated impact on the Bank’s net interest income.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures.

Under the supervision and with the participation of our senior management, consisting of our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Form 10-Q. Based on this evaluation, our management, including our principal executive officer and principal financial officer, concluded that as of June 30, 2026, our disclosure controls and procedures were effective to ensure that information required to be disclosed by the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by using our Exchange Act reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We and our subsidiaries are parties to certain ordinary routine litigation incidental to the normal conduct of their respective businesses. Although the Company is not able to predict the outcome of such actions, at this time, in the opinion of management, the likelihood is remote that the impact of such proceedings, either individually or in the aggregate, would have a material adverse effect on the Company's consolidated financial position as a whole. However, one or more unfavorable outcomes in any claim or litigation against us could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management's attention and may materially adversely affect our reputation, even if resolved in our favor.

ITEM 1A. RISK FACTORS

There were no material changes to the risk factors discussed in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K.

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

No unregistered equity securities were sold by the Company during the quarter ended June 30, 2026.

On April 21, 2026, the Board of Directors approved a 12-month plan to repurchase up to 5% of the Company's outstanding shares of common stock, representing approximately 837,000 shares. No shares were repurchased by the Company in the first six months of 2026 and the maximum number of shares that may be purchased under the plan is 837,000 shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the quarter ended June 30, 2026, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as such terms are defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

31.1*	Certification of Chief Executive Officer under Rule 13a-14(a)/15d-14(a)
31.2*	Certification of Chief Financial Officer under Rule 13a-14(a)/15d-14(a)
32.1**	Certification of Chief Executive Officer under 18 U.S.C. Sec. 1350
32.2**	Certification of Chief Financial Officer under 18 U.S.C. Sec. 1350
101*	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 is formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) Consolidated Statements of Comprehensive Income (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Condensed Notes to the Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Filed herewith
**Furnished herewith

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.

BAR HARBOR BANKSHARES

Dated: August 5, 2026

By: /s/ Curtis C. Simard
Curtis C. Simard
President & Chief Executive Officer
(Principal Executive Officer)

Dated: August 5, 2026

/s/ Josephine Iannelli
Josephine Iannelli
Executive Vice President & Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14 OF THE SECURITIES EXCHANGE ACT
OF 1934 AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Curtis C. Simard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bar Harbor Bankshares (the "Registrant");
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 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 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 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 5, 2026

/s/ Curtis C. Simard

Name: Curtis C. Simard
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14 OF THE SECURITIES EXCHANGE ACT
OF 1934 AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Josephine Iannelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bar Harbor Bankshares (the "Registrant");
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 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 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 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 5, 2026

/s/ Josephine Iannelli

Name: Josephine Iannelli
Title: Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Bar Harbor Bankshares (the "Registrant") for the quarterly period ended June 30, 2026 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Curtis C. Simard, President and Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 5, 2026

/s/ Curtis C. Simard

Name: Curtis C. Simard
Title: President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Bar Harbor Bankshares (the "Registrant") for the quarterly period ended June 30, 2026 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, Josephine Iannelli, Executive Vice President and Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 5, 2026

/s/ Josephine Iannelli

Name: Josephine Iannelli
Title: Executive Vice President and Chief Financial Officer