

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 March 31, 2026

OR

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

For the transition period from _____ to _____



(Exact Name of Company as Specified in its Charter)

Maryland

(State of Other Jurisdiction of Incorporation)

001-36695

(Commission File No.)

38-3941859

(I.R.S. Employer Identification No.)

214 West First Street

Oswego, NY 13126

(315) 343-0057

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	PBHC	The NASDAQ Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically 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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of May 11, 2026, there were 4,876,213 shares outstanding of the registrant's Voting common stock and 1,380,283 shares outstanding of the registrant's Series A Non-Voting common stock.

PATHFINDER BANCORP, INC.
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PART I - FINANCIAL INFORMATION
Item 1 – Consolidated Financial Statements

Pathfinder Bancorp, Inc.
Consolidated Statements of Condition
(Unaudited)

<i>(In thousands, except share and per share data)</i>	March 31, 2026	December 31, 2025
ASSETS:		
Cash and due from banks	\$ 13,915	\$ 11,521
Interest-earning deposits	25,244	19,649
Total cash and cash equivalents	39,159	31,170
Available-for-sale securities, at fair value	272,971	276,815
Held-to-maturity securities, at amortized cost (fair value of \$117,076 and \$125,198, respectively)	122,432	130,324
Marketable equity securities, at fair value	6,207	6,034
Federal Home Loan Bank stock, at cost	2,169	2,560
Loans held-for-sale	5,700	5,900
Loans, net of deferred fees	895,202	896,670
Less: Allowance for credit losses	28,966	29,436
Loans receivable, net	866,236	867,234
Premises and equipment, net	17,882	18,008
Operating lease right-of-use assets	1,072	1,098
Finance lease right-of-use assets	15,687	15,885
Accrued interest receivable	5,832	6,328
Foreclosed real estate	137	137
Intangible assets, net	5,205	5,362
Goodwill	5,056	5,056
Bank owned life insurance	31,631	31,374
Other assets	24,606	23,351
Total assets	\$ 1,421,982	\$ 1,426,636
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Deposits:		
Interest-bearing	\$ 1,005,092	\$ 987,471
Noninterest-bearing	206,635	196,377
Total deposits	1,211,727	1,183,848
Short-term borrowings	15,000	44,000
Long-term borrowings	12,374	14,074
Subordinated debt	30,155	30,155
Accrued interest payable	451	424
Operating lease liabilities	1,282	1,304
Finance lease liabilities	16,295	16,390
Other liabilities	11,115	13,990
Total liabilities	1,298,399	1,304,185
Shareholders' equity:		
Voting common stock, par value \$0.01; 25,000,000 authorized shares; 4,876,213 and 4,805,361 shares issued and outstanding, respectively	49	48
Non-Voting common stock, par value \$0.01; 1,505,283 authorized shares; 1,380,283 shares issued and outstanding, respectively	14	14
Additional paid in capital	55,095	54,390
Retained earnings	75,140	73,366
Accumulated other comprehensive loss	(6,715)	(5,367)
Total shareholders' equity	123,583	122,451
Total liabilities and shareholders' equity	\$ 1,421,982	\$ 1,426,636

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

Pathfinder Bancorp, Inc.
Consolidated Statements of Income
(Unaudited)

<i>(In thousands, except per share data)</i>	For the three months ended	
	March 31, 2026	March 31, 2025
Interest and dividend income:		
Loans, including fees	\$ 12,357	\$ 13,672
Debt securities:		
Taxable	4,599	5,185
Tax-exempt	335	402
Dividends	49	93
Federal funds sold and interest earning deposits	162	89
Total interest and dividend income	17,502	19,441
Interest expense:		
Interest on deposits	6,133	6,945
Interest on short-term borrowings	266	545
Interest on long-term borrowings	114	65
Interest on subordinated debt	649	475
Total interest expense	7,162	8,030
Net interest income	10,340	11,411
(Benefit from) provision for credit losses:		
Loans	(186)	504
Unfunded commitments	18	(47)
Total (benefit from) provision for credit losses, net	(168)	457
Net interest income after provision for credit losses	10,508	10,954
Noninterest income:		
Service charges on deposit accounts	376	374
Earnings and gain on bank owned life insurance	256	162
Loan servicing fees	89	101
Net realized losses on sales and redemptions of investment securities	(5)	(8)
Net unrealized gains on marketable equity securities	76	218
Gains on sales of loans and foreclosed real estate	186	65
Fair value adjustment to loans held-for-sale ¹	(203)	-
Debit card interchange fees	139	1
Other charges, commissions & fees	213	284
Total noninterest income	1,127	1,197
Noninterest expense:		
Salaries and employee benefits	4,857	4,450
Building and occupancy	1,327	1,347
Data processing	733	666
Professional and other services	680	606
Advertising	89	141
FDIC assessments	204	229
Audits and exams	140	114
Amortization expense	157	157
Community service activities	21	11
Foreclosed real estate expenses	9	21
Other expenses	475	691
Total noninterest expense	8,692	8,433
Income before provision for income taxes	2,943	3,718
Provision for income taxes	530	744
Net income	\$ 2,413	\$ 2,974
Voting Earnings per common share - basic	\$ 0.38	\$ 0.48
Voting Earnings per common share - diluted	\$ 0.38	\$ 0.47
Series A Non-Voting Earnings per common share - basic	\$ 0.38	\$ 0.48
Series A Non-Voting Earnings per common share - diluted	\$ 0.38	\$ 0.47
Dividends per common share (Voting and Series A Non-Voting)	\$ 0.10	\$ 0.10

¹ Lower-of-cost-or-market (LOCOM) adjustment on loans held-for-sale to the estimated market value based on sale negotiation terms.

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

Pathfinder Bancorp, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)

<i>(In thousands)</i>	For the three months ended	
	March 31, 2026	March 31, 2025
Net income	\$ 2,413	\$ 2,974
Other Comprehensive Income		
Retirement Plans:		
Retirement plan net (losses) gains recognized in plan expenses	(1)	33
Net unrealized (losses) gains on retirement plans	(1)	33
Unrealized holding (losses) gains on available-for-sale securities:		
Unrealized holding (losses) gains arising during the period	(1,742)	1,006
Reclassification adjustment for net gains included in net income	-	5
Net unrealized (losses) gains on available-for-sale securities	(1,742)	1,011
Derivatives and hedging activities:		
Unrealized holding losses arising during the period	(80)	(81)
Net unrealized losses on derivatives and hedging activities	(80)	(81)
Other comprehensive (loss) income, before tax	(1,823)	963
Tax effect	475	(251)
Other comprehensive (loss) income, net of tax	(1,348)	712
Comprehensive income	\$ 1,065	\$ 3,686
Tax Effect Allocated to Each Component of Other Comprehensive (Income) Loss		
Retirement plan net gains recognized in plan expenses	\$ -	\$ (8)
Unrealized holding losses (gains) on available-for-sale securities arising during the period	455	(263)
Reclassification adjustment for net gains on available-for-sale securities included in net income	-	(1)
Unrealized losses on derivatives and hedging arising during the period	20	21
Income tax effect related to other comprehensive loss (income)	\$ 475	\$ (251)

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

Pathfinder Bancorp, Inc.
Consolidated Statements of Changes in Shareholders' Equity
Three months ended March 31, 2026 and March 31, 2025
(Unaudited)

<i>(In thousands, except share and per share data)</i>	Common Stock	Non-Voting Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehen sive Loss	Total
Balance, January 1, 2026	\$ 48	\$ 14	\$ 54,390	\$ 73,366	\$ (5,367)	\$ 122,451
Net income	-	-	-	2,413	-	2,413
Other comprehensive loss, net of tax	-	-	-	-	(1,348)	(1,348)
Stock based compensation	-	-	260	-	-	260
Stock options exercised	1	-	445	-	-	446
Voting common stock dividends declared (\$0.10 per share)	-	-	-	(488)	-	(488)
Non-Voting common stock dividends declared (\$0.10 per share)	-	-	-	(138)	-	(138)
Warrant dividends declared (\$0.10 per share)	-	-	-	(13)	-	(13)
Balance, March 31, 2026	\$ 49	\$ 14	\$ 55,095	\$ 75,140	\$ (6,715)	\$ 123,583
Balance, January 1, 2025	\$ 47	\$ 14	\$ 52,750	\$ 77,816	\$ (9,144)	\$ 121,483
Net income	-	-	-	2,974	-	2,974
Other comprehensive income, net of tax	-	-	-	-	712	712
Stock based compensation	-	-	174	-	-	174
Stock options exercised	1	-	179	-	-	180
Voting common stock dividends declared (\$0.10 per share)	-	-	-	(476)	-	(476)
Non-Voting common stock dividends declared (\$0.10 per share)	-	-	-	(138)	-	(138)
Warrant dividends declared (\$0.10 per share)	-	-	-	(13)	-	(13)
Balance, March 31, 2025	\$ 48	\$ 14	\$ 53,103	\$ 80,163	\$ (8,432)	\$ 124,896

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

Pathfinder Bancorp, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

<i>(In thousands)</i>	For the three months ended March 31,	
	2026	2025
OPERATING ACTIVITIES		
Net income	\$ 2,413	\$ 2,974
Adjustments to reconcile net income to net cash flows from operating activities:		
(Benefit from) provision for credit losses	(168)	457
Proceeds from sales of loans held-for-sale	5,401	2,600
Originations of loans held-for-sale	(5,215)	(2,535)
Realized (gains) losses on sales, redemptions and calls of:		
Loans	(186)	(65)
Available-for-sale investment securities	-	5
Held-to-maturity investment securities	5	3
Marketable securities	(76)	(218)
Depreciation	374	413
Amortization of mortgage servicing rights	15	(3)
Amortization of deferred loan fees and costs	21	6
Amortization of operating and finance leases, net	107	112
Amortization of deferred financing fees from subordinated debt	-	49
Earnings on bank owned life insurance	(256)	(162)
Net amortization of premiums and discounts on investment securities	(143)	(46)
Net amortization of premiums on intangible assets	143	143
Stock based compensation expense	260	174
Net change in accrued interest receivable	496	133
Net change in other assets and liabilities	(3,432)	1,657
Net cash (outflows) inflows from operating activities	(241)	5,697
INVESTING ACTIVITIES		
Purchase of available-for-sale securities	(20,576)	(25,882)
Purchase of held-to-maturity securities	-	(6,196)
Purchase of marketable securities	(97)	(107)
Purchase of Federal Home Loan Bank stock	(1,112)	(1,788)
Proceeds from redemption of Federal Home Loan Bank stock	1,503	3,472
Proceeds from maturities and principal reductions of available-for-sale securities	22,585	10,473
Proceeds from maturities and principal reductions of held-to-maturity securities	5,771	6,612
Proceeds from sales, redemptions and calls of:		
Available-for-sale securities	-	2,995
Held-to-maturity securities	2,065	2,507
Net change in loans	1,345	6,679
Purchase of premises and equipment	(248)	(637)
Net cash inflows (outflows) from investing activities	11,236	(1,872)
FINANCING ACTIVITIES		
Net change in demand deposits, NOW accounts, savings accounts, money management deposit accounts, MMDA accounts and escrow deposits	62,297	63,551
Net change in time deposits	(19,642)	8,347
Net change in brokered deposits	(14,776)	(11,942)
Net change in short-term borrowings	(29,000)	(34,000)
Payments on long-term borrowings	-	(9,440)
Proceeds from long-term borrowings	(1,700)	-
Proceeds from exercise of stock options	446	180
Cash dividends paid to common voting shareholders	(480)	(474)
Cash dividends paid to common non-voting shareholders	(138)	(138)
Cash dividends paid on warrants	(13)	(13)
Net cash (outflows) inflows from financing activities	(3,006)	16,071
Change in cash and cash equivalents	7,989	19,896
Cash and cash equivalents at beginning of period	31,170	31,572
Cash and cash equivalents at end of period	\$ 39,159	\$ 51,468
CASH PAID DURING THE PERIOD FOR:		
Interest	\$ 7,135	\$ 7,732
NON-CASH INVESTING ACTIVITY		
Fair value adjustment to loans held-for-sale	(200)	-

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

Note 1: Basis of Presentation

The accompanying unaudited consolidated financial statements of Pathfinder Bancorp, Inc., (the “Company”), Pathfinder Bank (the “Bank”) and its other wholly owned subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information, the instructions for Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes necessary for a complete presentation of consolidated financial condition, results of operations and cash flows in conformity with generally accepted accounting principles. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for a fair presentation, have been included. Certain amounts in the 2025 consolidated financial statements may have been reclassified to conform to the current period presentation. These reclassifications had no effect on net income or comprehensive income as previously reported. Operating results for the three months ended March 31, 2026 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2026 or any other interim period.

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States and follow practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the consolidated financial statements; accordingly, as this information changes, the consolidated financial statements could reflect different estimates, assumptions, and judgments. Certain accounting policies inherently have a greater reliance on the use of estimates, assumptions, and judgments and as such, have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The fair values and information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices or are provided by unaffiliated third-party sources, when available. When third party information is not available, valuation adjustments are estimated in good faith by management.

Note 2: New Accounting Pronouncements

The Financial Accounting Standards Board (“FASB”) and, to a lesser extent, other authoritative rulemaking bodies promulgate generally accepted accounting principles (“GAAP”) to regulate the standards of accounting in the United States. From time to time, the FASB issues new GAAP standards, known as Accounting Standards Updates (“ASUs”) some of which, upon adoption, may have the potential to change the way in which the Company recognizes or reports within its consolidated financial statements. The following table provides a description of the accounting standards that are not currently effective, but could have an impact on the Company's consolidated financial statements upon adoption.

Standards Not Yet Adopted as of March 31, 2026

Standard	Description	Required Date of Implementation	Effect on Consolidated Financial Statements
Income Statement ASU 2024-03 (<i>Subtopic 220-40</i>): <i>Disaggregation of Income Statement Expenses</i>	ASU 2024-03 was issued to address requests from investors for more detailed information about the types of expenses in commonly presented income statement captions. The ASU requires new financial statement disclosures, disaggregating certain expense categories, such as compensation, depreciation, and amortization of intangible assets. This disaggregation is to be presented in a tabular format and aims to provide enhanced transparency into the relevant components of income statement expenses.	Fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027.	Management is evaluating the adoption of the ASU but does not expect it will have a material impact to the Company's consolidated financial statements.
Financial Instruments - Credit Losses ASU 2025-08 (<i>Topic 326</i>): <i>Purchased Loans</i>	ASU 2025-08 simplifies accounting for acquired loans under Current Expected Credit Loss (“CECL”) framework by expanding use of the gross-up method to a new category of purchased seasoned loans (“PSLs”). PSLs are acquired loans purchased more than 90 days after origination (or acquired in a business combination) when the acquirer was not involved in origination. For PSLs, an allowance for credit losses (“ACL”) is recorded at acquisition with an equal increase to amortized cost, eliminating Day 1 credit loss expense. Excludes credit cards, Topic 606 trade receivables, and debt securities.	The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods.	Management is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements.
Derivatives and Hedging ASU 2025-09 (<i>Topic 815</i>): <i>Hedge Accounting Improvements</i>	Provides targeted updates including a new “similar risk exposure” criterion for grouping forecasted transactions in cash flow hedges, an optional model for hedging forecasted interest payments on choose-your-rate debt, expanded eligibility to hedge price components and subcomponents of nonfinancial forecasted transactions using the clearly-and-closely-related principle, revised eligibility for certain compound derivatives containing written options, and corrected effectiveness assessment for dual hedges involving foreign-currency-denominated debt.	Public business entities are required to apply this guidance to annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods.	Management is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements.
Codification Improvements ASU 2025-12	Makes targeted technical corrections and clarifications across the codification to address unintended application, outdated references, and minor inconsistencies. The ASU affects 33 issues spanning multiple topics, including earnings per share, beneficial interests, receivables, transfers and servicing, and not-for-profit accounting, and generally is not expected to significantly change current practice.	The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods.	Management is currently evaluating the impact of adopting this guidance on the Company's consolidated financial statements.

Note 3: Earnings per Common Share

Following shareholder approval received on June 4, 2021, the Company converted 1,380,283 shares of its Series B Convertible Perpetual Preferred Stock ("Convertible Perpetual Preferred Stock") to an equal number of shares of its newly-created Series A Non-Voting Common Stock. The conversion, which was effective on June 28, 2021, represented 100% of the Company's Convertible Perpetual Preferred Stock outstanding at the time of the conversion and retired the Convertible Perpetual Preferred Stock in perpetuity.

The Company has voting common stock, non-voting common stock and a warrant that are all eligible to participate in dividends equal to the voting common stock dividends on a per share basis. Securities that participate in dividends, such as the Company's non-voting common stock and warrant, are considered "participating securities". The Company calculates net income available to voting common shareholders using the two-class method required for capital structures that include participating securities.

In applying the two-class method, basic net income per share was calculated by dividing net income (less any dividends on participating securities) by the weighted average number of shares of voting common stock and participating securities outstanding for the period. Diluted earnings per share may include the additional effect of other securities, if dilutive, in which case the dilutive effect of such securities is calculated by applying either the two-class method or the treasury stock method to the assumed exercise or vesting of potentially dilutive common shares. The method yielding the more dilutive result is ultimately reported for the applicable period. Potentially dilutive common stock equivalents primarily consist of employee stock options and restricted stock units.

Anti-dilutive shares are common stock equivalents with average exercise prices in excess of the weighted average market price for the period presented. There were no anti-dilutive stock options excised for the three months ended March 31, 2026.

The following table sets forth the calculation of basic and diluted earnings per share:

<i>(In thousands, except share and per share data)</i>	Three months ended March 31,	
	2026	2025
Net income	\$ 2,413	\$ 2,974
Series A Non-Voting Common Stock dividends	138	138
Warrant dividends	13	13
Undistributed earnings allocated to participating securities	421	565
Net income available to common shareholders - Voting	\$ 1,841	\$ 2,258
Net income	\$ 2,413	\$ 2,974
Voting Common Stock dividends	488	476
Warrant dividends	13	13
Undistributed earnings allocated to participating securities	1,388	1,829
Net income available to common shareholders - Non-Voting	\$ 524	\$ 656
Basic weighted average common shares outstanding - Voting	4,838	4,749
Basic weighted average common shares outstanding - Series A Non-Voting	1,380	1,380
Diluted weighted average common shares outstanding - Voting	4,885	4,819
Diluted weighted average common shares outstanding - Series A Non-Voting	1,380	1,380
Basic and diluted earnings per common share - Voting	\$ 0.38	\$ 0.48
Basic and diluted earnings per common share - Series A Non-Voting	\$ 0.38	\$ 0.48
Diluted earnings per common share - Voting	\$ 0.38	\$ 0.47
Diluted earnings per common share - Series A Non-Voting	\$ 0.38	\$ 0.47

Note 4: Investment Securities

The amortized cost and estimated fair value of investment securities are summarized as follows:

<i>(In thousands)</i>	March 31, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-Sale Portfolio				
Debt investment securities:				
US Treasury, agencies and GSEs	\$ 64,997	\$ 284	\$ (2,502)	\$ 62,779
State and political subdivisions	35,457	33	(2,424)	33,066
Corporate	6,819	169	(86)	6,902
Asset backed securities	15,140	6	(106)	15,040
Residential mortgage-backed - US agency	52,467	360	(1,283)	51,544
Collateralized mortgage obligations - US agency	21,177	101	(718)	20,560
Collateralized mortgage obligations - Private label	84,276	242	(1,644)	82,874
Total	280,333	1,195	(8,763)	272,765
Equity investment securities:				
Common stock - financial services industry	206	-	-	206
Total	206	-	-	206
Total available-for-sale	\$ 280,539	\$ 1,195	\$ (8,763)	\$ 272,971
Held-to-Maturity Portfolio				
Debt investment securities:				
US Treasury, agencies and GSEs	\$ 3,546	\$ -	\$ (186)	\$ 3,360
State and political subdivisions	14,515	12	(1,250)	13,277
Corporate	23,524	6	(1,358)	22,172
Asset backed securities	14,607	12	(954)	13,665
Residential mortgage-backed - US agency	7,554	38	(360)	7,232
Collateralized mortgage obligations - US agency	9,873	2	(969)	8,906
Collateralized mortgage obligations - Private label	48,989	271	(796)	48,464
Total	122,608	341	(5,873)	117,076
Less: Allowance for credit losses	176	-	-	-
Total held-to-maturity, net of allowance for credit losses	\$ 122,432	\$ 341	\$ (5,873)	\$ 117,076
December 31, 2025				
<i>(In thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Available-for-Sale Portfolio				
Debt investment securities:				
US Treasury, agencies and GSEs	\$ 67,067	\$ 408	\$ (2,460)	\$ 65,015
State and political subdivisions	35,580	94	(1,756)	33,918
Corporate	7,737	286	(81)	7,942
Asset backed securities	15,705	19	(112)	15,612
Residential mortgage-backed - US agency	49,632	437	(1,054)	49,015
Collateralized mortgage obligations - US agency	18,882	183	(682)	18,383
Collateralized mortgage obligations - Private label	87,832	513	(1,621)	86,724
Total	282,435	1,940	(7,766)	276,609
Equity investment securities:				
Common stock - financial services industry	206	-	-	206
Total	206	-	-	206
Total available-for-sale	\$ 282,641	\$ 1,940	\$ (7,766)	\$ 276,815
Held-to-Maturity Portfolio				
Debt investment securities:				
US Treasury, agencies and GSEs	\$ 3,559	\$ -	\$ (162)	\$ 3,397
State and political subdivisions	14,594	22	(1,241)	13,375
Corporate	25,530	14	(1,345)	24,199
Asset backed securities	15,064	16	(874)	14,206
Residential mortgage-backed - US agency	7,640	42	(371)	7,311
Collateralized mortgage obligations - US agency	10,035	2	(913)	9,124
Collateralized mortgage obligations - Private label	54,078	294	(786)	53,586
Total	130,500	390	(5,692)	125,198
Less: Allowance for credit losses	176	-	-	-
Total held-to-maturity	\$ 130,324	\$ 390	\$ (5,692)	\$ 125,198

The amortized cost and estimated fair value of debt securities at March 31, 2026 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Amounts disclosed are gross values and do not include any allowance for credit losses.

<i>(In thousands)</i>	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 4,202	\$ 4,364	\$ 426	\$ 426
Due after one year through five years	35,395	32,939	25,920	25,338
Due after five years through ten years	12,598	11,718	13,702	11,718
Due after ten years	70,218	68,766	16,144	14,992
Sub-total	122,413	117,787	56,192	52,474
Residential mortgage-backed - US agency	52,467	51,544	7,554	7,232
Collateralized mortgage obligations - US agency	21,177	20,560	9,873	8,906
Collateralized mortgage obligations - Private label	84,276	82,874	48,989	48,464
Totals	\$ 280,333	\$ 272,765	\$ 122,608	\$ 117,076

The Company's investment securities' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

<i>(Dollars in thousands)</i>	March 31, 2026								
	Less than Twelve Months			Twelve Months or More			Total		
	Number of Individual Securities	Unrealized Losses	Fair Value	Number of Individual Securities	Unrealized Losses	Fair Value	Number of Individual Securities	Unrealized Losses	Fair Value
Available-for-Sale Portfolio									
US Treasury, agencies and GSEs	2	\$ (27)	\$ 16,909	8	\$ (2,475)	\$ 26,095	10	\$ (2,502)	\$ 43,004
State and political subdivisions	-	-	-	22	(2,424)	30,777	22	(2,424)	30,777
Corporate	-	-	-	1	(86)	672	1	(86)	672
Asset backed securities	4	(15)	6,594	6	(91)	5,060	10	(106)	11,654
Residential mortgage-backed - US agency	9	(198)	16,055	11	(1,085)	13,689	20	(1,283)	29,744
Collateralized mortgage obligations - US agency	1	(40)	1,565	11	(678)	5,931	12	(718)	7,496
Collateralized mortgage obligations - Private label	14	(73)	23,296	19	(1,571)	22,983	33	(1,644)	46,279
Totals	30	\$ (353)	\$ 64,419	78	\$ (8,410)	\$ 105,207	108	\$ (8,763)	\$ 169,626
Held-to-Maturity Portfolio									
US Treasury, agencies and GSEs	-	\$ -	\$ -	2	\$ (186)	\$ 3,361	2	\$ (186)	\$ 3,361
State and political subdivisions	3	(1)	418	12	(1,249)	11,219	15	(1,250)	11,637
Corporate	1	(7)	984	14	(1,351)	12,963	15	(1,358)	13,947
Asset backed securities	2	(6)	3,590	5	(948)	4,863	7	(954)	8,453
Residential mortgage-backed - US agency	1	(18)	2,859	5	(342)	3,265	6	(360)	6,124
Collateralized mortgage obligations - US agency	-	-	-	8	(969)	8,610	8	(969)	8,610
Collateralized mortgage obligations - Private label	2	(30)	4,174	14	(766)	19,128	16	(796)	23,302
Totals	9	\$ (62)	\$ 12,025	60	\$ (5,811)	\$ 63,409	69	\$ (5,873)	\$ 75,434

	December 31, 2025								
	Less than Twelve Months			Twelve Months or More			Total		
	Number of Individual Securities	Unrealized Losses	Fair Value	Number of Individual Securities	Unrealized Losses	Fair Value	Number of Individual Securities	Unrealized Losses	Fair Value
<i>(Dollars in thousands)</i>									
Available-for-Sale Portfolio									
US Treasury, agencies and GSEs	1	\$ (63)	\$ 17,336	8	\$ (2,397)	\$ 26,573	9	\$ (2,460)	\$ 43,909
State and political subdivisions	-	-	-	21	(1,756)	27,811	21	(1,756)	27,811
Corporate	-	-	-	1	(81)	676	1	(81)	676
Asset backed securities	5	(28)	8,009	6	(84)	5,199	11	(112)	13,208
Residential mortgage-backed - US agency	1	(43)	1,594	15	(1,011)	19,946	16	(1,054)	21,540
Collateralized mortgage obligations - US agency	1	(6)	1,653	11	(676)	6,156	12	(682)	7,809
Collateralized mortgage obligations - Private label	15	(72)	24,918	17	(1,549)	18,869	32	(1,621)	43,787
Totals	23	\$ (212)	\$ 53,510	79	\$ (7,554)	\$ 105,230	102	\$ (7,766)	\$ 158,740
Held-to-Maturity Portfolio									
US Treasury, agencies and GSE's	-	\$ -	\$ -	2	\$ (162)	\$ 3,397	2	\$ (162)	\$ 3,397
State and political subdivisions	2	(1)	296	12	(1,240)	11,304	14	(1,241)	11,600
Corporate	-	-	-	18	(1,345)	15,475	18	(1,345)	15,475
Asset backed securities	-	-	-	6	(874)	6,637	6	(874)	6,637
Residential mortgage-backed - US agency	1	(20)	2,868	5	(351)	3,296	6	(371)	6,164
Collateralized mortgage obligations - US agency	-	-	-	8	(913)	8,776	8	(913)	8,776
Collateralized mortgage obligations - Private label	3	(23)	5,505	15	(763)	20,011	18	(786)	25,516
Totals	6	\$ (44)	\$ 8,669	66	\$ (5,648)	\$ 68,896	72	\$ (5,692)	\$ 77,565

Excluding the effects of changes in the characteristics of individual debt securities that potentially give rise to credit losses, as described below, the fair market value of a debt security as of a particular measurement date is highly dependent upon prevailing market and economic environmental factors at the measurement date relative to the prevailing market and economic environmental factors present at the time the debt security was acquired. The most significant market and environmental factors include, but are not limited to (1) the general level of interest rates, (2) the relationship between shorter-term interest rates and longer-term interest rates (referred to as the "slope" or "shape" of the interest rate yield curve), (3) general bond market liquidity, (4) the recent and expected near-term volume of new issuances of similar debt securities, and (5) changes in the market values of individual loan collateral underlying mortgage-backed an asset-backed debt securities. Changes in interest rates affect the fair market values of debt securities by influencing the discount rate applied to the securities' future expected cash flows. The higher the discount rate, the lower the resultant security fair value at the measurement date. Conversely, the lower the discount rate, the higher the resultant security fair value at the measurement date. In addition, the cumulative amount and timing of undiscounted cash flows of debt securities may also be affected by changes in interest rates. For any given level of movement in the general market and economic environmental factors described above, the magnitude of any particular debt security's price changes will also depend heavily upon security-specific factors such as (1) the duration of the security, (2) imbedded optionality contractually granted to the issuer of the security with respect to principal prepayments, and (3) changes in the level of market premiums demanded by investors for securities with imbedded credit risk (where applicable).

When the fair value of any individual security categorized as available-for-sale ("AFS") or held-to-maturity ("HTM") is less than its amortized cost basis, an assessment is made as to whether or not a charge to current earnings for credit losses is required. In assessing potential credit losses, management also makes a quantitative determination of potential credit losses for all HTM securities even if the risk of credit loss is considered remote and uses a best estimate threshold for securities categorized as AFS. The Company considers numerous factors when determining whether a potential credit loss exists. The principal factors considered are (1) the financial condition of the issuer and (guarantor, if any) any adverse conditions specifically related to the security, industry or geographic area, (2) failure of the issuer of the security to make scheduled interest or principal payments, (3) any changes to the rating of the security by a nationally recognized statistical rating organization ("NRSRO"), and (4) the presence of contractual credit enhancements, if any, including the guarantee of the federal government or any of its agencies.

The Company carries all of its AFS investments at fair value with any unrealized gains or losses reported, net of income tax effects, as an adjustment to shareholders' equity and included in accumulated other comprehensive income (loss), except for the credit-related portion of debt securities' credit losses, if any, which are charged to earnings. The Company's ability to fully realize the value of its investments in various securities, including corporate debt securities, is dependent on the underlying creditworthiness of the issuing organization. In evaluating the debt securities portfolio (both AFS and HTM) for credit losses, management considers (1) if we intend to sell the security; (2) if it is "more likely than not" we will be required to sell the security before recovery of its amortized cost basis; or (3) if the present value of expected cash flows is insufficient to recover the entire amortized cost basis.

The portion of the investment securities portfolio, categorized as AFS, with an aggregate amortized historical cost of \$208.5 million, had an aggregate fair value that was less than its aggregate amortized historical cost by \$7.6 million, decreasing 2.7%, at March 31, 2026. The AFS securities portfolio, with an aggregate amortized historical cost of \$282.6 million, had an aggregate fair value that was less than its aggregate amortized historical cost by \$5.8 million, or a decrease of 2.1%, at December 31, 2025. The resultant \$1.8 million total improvement in the fair value of the AFS investment portfolio's aggregate fair value, relative to its aggregate amortized historical cost, in the three months ended March 31, 2026, was primarily due to changes in the interest rate environment (the general interest rate level and the relationships between shorter-term and longer-term interest rates, known as the "yield curve") that occurred in that period. These changes in aggregate fair value relative to aggregate amortized historical cost that occurred in the three months ended March 31, 2026 did not represent any changes in credit loss estimations within the portfolio.

The portion of the investment securities portfolio, categorized as HTM, with an aggregate amortized historical cost of \$122.6 million, had an aggregate fair value that was less than its aggregate amortized historical cost by \$5.5 million, decreasing 4.5%, at March 31, 2026. The portion of the investment securities portfolio, categorized as HTM, with an aggregate amortized historical cost of \$130.5 million, had an aggregate fair value that was less than its aggregate amortized historical cost by \$5.3 million, or a decrease of 4.1%, at December 31, 2025. The resultant \$230,000 improvement in the aggregate fair value of the HTM investment portfolio, relative to its aggregate amortized historical cost, during the three months ended March 31, 2026, was primarily due to changes in the interest rate environment (the general interest rate level and the relationships between shorter-term and longer-term interest rates, known as the "yield curve") that occurred in that period. These changes in aggregate fair value relative to aggregate amortized historical cost that occurred in the three months ended March 31, 2026 did not represent any changes in credit loss estimations within the portfolio. The Company does not intend to sell these securities, nor is it more likely than not that the Company will be required to sell these securities prior to the recovery of the amortized cost.

The following tables represent a rollforward of the allowance for credit losses on investment securities classified as held-to-maturity for the three months ended March 31, 2026 and 2025:

<i>(In thousands)</i>	Government Issued and Government Sponsored Enterprise Securities		Mortgage and Asset- backed Securities	Securities Issued By State and Political Subdivisions		Corporate Securities	Total
Balance, December 31, 2025	\$	-	\$	-	\$	175	\$ 176
Provision for credit losses		-		-		-	-
Allowance on purchased financial assets with credit deterioration		-		-		-	-
Charge-offs of securities		-		-		-	-
Recoveries		-		-		-	-
Balance, March 31, 2026	\$	-	\$	-	\$	175	\$ 176

<i>(In thousands)</i>	Government Issued and Government Sponsored Enterprise Securities		Mortgage and Asset- backed Securities	Securities Issued By State and Political Subdivisions		Corporate Securities	Total
Balance, December 31, 2024	\$	-	\$	-	\$	256	\$ 257
Provision for credit losses		-		-		-	-
Allowance on purchased financial assets with credit deterioration		-		-		-	-
Charge-offs of securities		-		-		-	-
Recoveries		-		-		-	-
Balance, March 31, 2025	\$	-	\$	-	\$	256	\$ 257

The Company monitors the credit quality of the debt securities categorized as HTM primarily through the use of NRSRO credit ratings. These assessments are made on a quarterly basis. The following tables summarize the amortized cost of debt securities categorized as HTM at March 31, 2026 and December 31, 2025, aggregated by credit quality indicators:

<i>(In thousands)</i>		March 31, 2026		December 31, 2025
AAA or equivalent	\$	33,180	\$	36,521
AA or equivalent, including securities issued by the United States Government or Government Sponsored Enterprises		34,650		32,443
A or equivalent		6,979		9,204
BBB or equivalent		5,969		7,488
BB or equivalent		1,491		1,490
Unrated		40,339		43,354
Total	\$	122,608	\$	130,500

Gross realized losses on sales and redemptions of available-for-sale and held-to-maturity securities for the indicated periods are detailed below:

<i>(In thousands)</i>		For the three months ended March 31,	
		2026	2025
Realized gains on investments	\$	-	\$ -
Realized losses on investments		(5)	(8)
Total net realized losses	\$	(5)	\$ (8)

As of March 31, 2026 and December 31, 2025, securities with a fair value of \$154.4 million and \$118.3 million, respectively, were pledged to collateralize certain municipal deposit relationships. As of the same dates, securities with a fair value of \$97.2 million and \$121.3 million, respectively, were pledged against certain borrowing arrangements.

Management has reviewed its loan and mortgage-backed securities portfolios and determined that, to the best of its knowledge, only minimal exposure exists to sub-prime or other high-risk residential mortgages. With limited exceptions in the Company's investment portfolio involving the most senior tranches of securitized bonds, the Company is not in the practice of investing in, or originating, these types of investment securities.

Note 5: Pension and Postretirement Benefits

The Company has a noncontributory defined benefit pension plan covering most employees. The plan provides defined benefits based on years of service and final average salary. On May 14, 2012, the Company informed its employees of its decision to freeze participation and benefit accruals under the plan, primarily to reduce some of the volatility in earnings that can accompany the maintenance of a defined benefit plan. The plan was frozen on June 30, 2012. Compensation earned by employees up to June 30, 2012 is used for purposes of calculating benefits under the plan but there are no future benefit accruals after this date. Participants as of June 30, 2012 will continue to earn vesting credit with respect to their frozen accrued benefits as they continue to work. In addition, the Company provides certain health and life insurance benefits for a limited number of eligible retired employees. The healthcare plan is contributory with participants' contributions adjusted annually; the life insurance plan is noncontributory. Employees with less than 14 years of service as of January 1, 1995 are not eligible for the health and life insurance retirement benefits.

The composition of net periodic pension plan and postretirement plan costs for the indicated periods is as follows:

<i>(In thousands)</i>	Pension Benefits		Postretirement Benefits	
	For the three months ended March 31,			
	2026	2025	2026	2025
Service cost	\$ -	\$ -	\$ -	\$ -
Interest cost	141	144	2	2
Expected return on plan assets	(274)	(256)	-	-
Amortization of prior service credits	-	-	(1)	(1)
Amortization of net losses (gains)	-	35	-	(1)
Net periodic benefit plan (benefit) cost	\$ (133)	\$ (77)	\$ 1	\$ -

The Company will evaluate the need for further contributions to the defined benefit pension plan during 2026. The prepaid pension asset of \$9.3 million and \$9.2 million as of March 31, 2026 and December 31, 2025 respectively, is recorded in other assets on the consolidated statements of condition.

Note 6: Loans

Major classifications of loans at the indicated dates are as follows:

<i>(In thousands)</i>	March 31, 2026	December 31, 2025
Residential mortgage loans:		
1-4 family first-lien residential mortgages	\$ 234,027	\$ 239,692
Construction	1,259	2,039
Total residential mortgage loans	235,286	241,731
Commercial loans:		
Real estate	384,739	380,311
Lines of credit	80,238	75,371
Other commercial and industrial	77,863	81,210
Paycheck Protection Program loans	49	63
Tax exempt loans	6,581	6,716
Total commercial loans	549,470	543,671
Consumer loans:		
Home equity and junior liens	51,442	49,783
Other consumer	60,278	62,825
Total consumer loans	111,720	112,608
Subtotal loans	896,476	898,010
Net deferred loan fees	(1,274)	(1,340)
Loans, net of deferred fees	895,202	896,670
Less allowance for credit losses	28,966	29,436
Loans receivable, net	\$ 866,236	\$ 867,234

Although the Bank may sometimes purchase or fund loan participation interests outside of its primary market areas, the Bank generally originates residential mortgage, commercial, and consumer loans largely to customers throughout Oswego and Onondaga counties. Although the Bank has a diversified loan portfolio, a substantial portion of its borrowers' abilities to honor their loan contracts is dependent upon the counties' employment and economic conditions.

Periodically, the Bank acquires diversified pools of loans and participation interests in credit facilities, originated by unrelated third parties, as part of the Company's overall balance sheet management strategies. During the first quarter of 2026, the Company acquired a participation interest in a revolving commercial line of credit. The following tables detail the purchased loan positions held by the Bank at March 31, 2026 and December 31, 2025. The date of earliest acquisition is depicted within the tables below:

(In thousands, except number of loans)

	March 31, 2026					
	Original Balance	Current Balance	Unamortized Premium/ (Discount)	Number of Loans	Maturity Range (in years)	Cumulative net charge-offs
Commercial and industrial loans (6/2019)	\$ 6,800	\$ 600	\$ -	15	1-4	\$ -
Home equity lines of credit (8/2019)	21,900	2,600	1	72	3-24	162
Residential real estate loans (12/2019)	4,300	3,800	256	51	15-25	-
Unsecured consumer loan pool 1 (12/2019)	5,400	45	-	20	0-1	-
Unsecured consumer installment loans pool 3 (12/2019)	10,300	40	-	29	0-7	145
Secured consumer installment loans pool 4 (12/2020)	14,500	7,900	(1,154)	448	19-23	49
Unsecured consumer loans pool 5 (1/2021) ¹	24,400	10,500	(300)	547	5-20	1,410
Secured consumer installment loans (11/2021)	21,300	14,300	(2,481)	766	15-23	936
Unsecured consumer loans pool 6 (11/2021) ¹	22,200	13,300	(1,786)	485	5-22	1,616
Revolving commercial line of credit 1 (7/2024)	1,050	13,900	17	1	0-1	-
Revolving commercial line of credit 2 (3/2026)	5,000	5,000	11	1	0-1	-
Total	\$ 137,150	\$ 71,985	\$ (5,436)	2,435		\$ 4,318

(In thousands, except number of loans)

	December 31, 2025					
	Original Balance	Current Balance	Unamortized Premium/ (Discount)	Number of Loans	Maturity Range (in years)	Cumulative net charge-offs
Commercial and industrial loans (6/2019)	\$ 6,800	\$ 700	\$ -	16	1-4	\$ -
Home equity lines of credit (8/2019)	21,900	2,700	2	74	3-24	103
Residential real estate loans (12/2019)	4,300	3,900	266	51	15-23	-
Unsecured consumer loan pool 1 (12/2019)	5,400	100	-	29	0-1	-
Unsecured consumer installment loans pool 3 (12/2019)	10,300	45	1	31	0-7	112
Secured consumer installment loans pool 4 (12/2020)	14,500	8,100	(1,189)	452	20-23	24
Unsecured consumer loans pool 5 (1/2021) ¹	24,400	10,800	(313)	552	5-20	1,361
Secured consumer installment loans (11/2021)	21,300	14,700	(2,537)	771	15-23	803
Unsecured consumer loans pool 6 (11/2021) ¹	22,200	13,500	(1,822)	490	5-20	1,573
Revolving commercial line of credit 1 (7/2024)	1,050	14,000	19	1	0-1	-
Total	\$ 132,150	\$ 68,545	\$ (5,573)	2,467		\$ 3,976

¹ On December 7, 2023, the Bank settled two pay-fixed interest rate swap derivative contracts, previously established with an unaffiliated third party and designated as fair value interest rate hedges. The hedging swap contracts were related to two purchased consumer installment loan pools comprised of loans secured by residential home solar power infrastructure. These contracts were entered into on February 13, 2021 (notional amount of \$12.2 million) and December 8, 2021 (notional amount of \$8.5 million). The Bank realized gains related to the settlement of these two hedging contracts were \$117,000 and \$694,000, respectively. These gains on the extinguishments of the hedging swap contracts are reported as a reduction of the carrying value of the hedged loan pools and will be recognized as an enhancement to the reported yield on those loan pools over the original contractual life of the hedging swap contracts. The unamortized portion of these gains totaled \$594,000 at March 31, 2026.

At March 31, 2026 and December 31, 2025, the ACL related to the purchased loan pools were \$2.4 million and \$2.8 million, respectively.

As of March 31, 2026, the Company had \$108.9 million in residential and commercial real estate mortgage loans pledged to the Federal Home Loan Bank of New York (“FHLB-NY”), and \$9.6 million in home equity loans pledged to the Federal Reserve Bank of New York (“FRB-NY”).

As of December 31, 2025, the Company had \$108.4 million in residential and commercial real estate mortgage loans pledged to the FHLB-NY, and \$9.9 million in home equity loans pledged to FRB-NY.

Loan Origination / Risk Management

The Company’s lending policies and procedures are presented in Note 5 to the audited consolidated financial statements included in the 2025 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2026 and have not changed. As part of the execution of the Company’s overall balance sheet management strategies, the Bank will acquire participating interests in loans originated by unrelated third parties on an occasional basis. The purchase of participations in loans that are originated by third parties only occurs after the completion of thorough pre-acquisition due diligence. Loans in which the Company acquires a participating interest are determined to meet, in all material respects, the Company’s internal underwriting policies, including credit and collateral suitability thresholds, prior to acquisition. In addition, the financial condition of the originating financial institutions, which are generally retained as the ongoing loan servicing provider for participations acquired by the Bank, are analyzed prior to the acquisition of the participating interests and monitored on a regular basis thereafter for the life of those interests.

To develop and document a systematic methodology for determining the allowance for credit losses, the Company has divided the loan portfolio into three portfolio segments, each with different risk characteristics but with similar methodologies for assessing risk. Each portfolio segment is broken down into loan classes where appropriate. Loan classes contain unique measurement attributes, risk characteristics, and methods for monitoring and assessing risk that are necessary to develop the allowance for credit losses. Unique characteristics such as borrower type, loan type, collateral type, and risk characteristics define each class.

The following table illustrates the portfolio segments and classes for the Company’s loan portfolio:

<u>Portfolio Segment</u>	<u>Class</u>
Residential Mortgage Loans	1-4 family first-lien residential mortgages Construction
Commercial Loans	Real estate Lines of credit Other commercial and industrial Tax exempt loans
Consumer Loans	Home equity and junior liens Other consumer

The following tables present the classes of the loan portfolio as of March 31, 2026, summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of the dates indicated:

	Term Loans By Origination Year						Revolving loans	Revolving loans converted to term loans	Total
(In thousands)	2026	2025	2024	2023	2022	Prior			
Commercial real estate:									
Pass	\$ 6,368	\$ 52,092	\$ 42,668	\$ 29,294	\$ 50,522	\$ 154,442	\$ -	\$ -	\$ 335,386
Special Mention	-	-	6,080	11,760	564	8,835	-	-	27,239
Substandard	-	3,474	824	1,235	9,399	7,131	-	-	22,063
Doubtful	-	-	-	-	-	51	-	-	51
Total commercial real estate	6,368	55,566	49,572	42,289	60,485	170,459	-	-	384,739
Commercial lines of credit:									
Pass	-	-	-	-	-	-	67,712	4,282	71,994
Special Mention	-	-	-	-	-	-	6,077	150	6,227
Substandard	-	-	-	-	-	-	1,924	78	2,002
Doubtful	-	-	-	-	-	-	15	-	15
Total commercial lines of credit	-	-	-	-	-	-	75,728	4,510	80,238
Other commercial and industrial:									
Pass	1,620	13,761	13,162	11,450	10,820	13,564	1,063	-	65,440
Special Mention	-	879	1,312	2,083	-	468	-	-	4,742
Substandard	-	-	189	177	-	4,960	-	-	5,326
Doubtful	-	-	-	2,355	-	-	-	-	2,355
Total other commercial and industrial	1,620	14,640	14,663	16,065	10,820	18,992	1,063	-	77,863
Paycheck Protection Program loans:									
Pass	-	-	-	-	-	49	-	-	49
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total Paycheck Protection Program loans	-	-	-	-	-	49	-	-	49
Tax exempt loans:									
Pass	-	2,613	3	-	-	3,965	-	-	6,581
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total tax exempt loans	-	2,613	3	-	-	3,965	-	-	6,581
1-4 family first-lien residential mortgages:									
Pass	3,516	11,510	10,214	14,582	26,113	163,367	-	-	229,302
Special Mention	-	123	-	-	158	2,087	-	-	2,368
Substandard	-	-	-	-	98	1,508	-	-	1,606
Doubtful	-	-	-	107	-	644	-	-	751
Total 1-4 family first-lien residential mortgages	3,516	11,633	10,214	14,689	26,369	167,606	-	-	234,027
Residential construction:									
Pass	8	1,251	-	-	-	-	-	-	1,259
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total residential construction	8	1,251	-	-	-	-	-	-	1,259
Home equity and junior liens:									
Pass	3,332	1,922	2,439	3,203	2,616	12,354	23,194	929	49,989
Special Mention	-	-	-	40	141	55	129	6	371
Substandard	-	-	-	-	91	203	776	-	1,070
Doubtful	-	-	-	-	-	12	-	-	12
Total home equity and junior liens	3,332	1,922	2,439	3,243	2,848	12,624	24,099	935	51,442
Other Consumer:									
Pass	425	2,429	2,217	49,392	2,425	3,172	-	-	60,060
Special Mention	-	-	27	-	-	81	-	-	108
Substandard	-	-	27	11	9	63	-	-	110
Doubtful	-	-	-	-	-	-	-	-	-
Total other consumer	425	2,429	2,271	49,403	2,434	3,316	-	-	60,278
Net deferred loan fees	(382)	83	55	(17)	(172)	(841)	-	-	(1,274)
Loans, net of deferred fees	\$ 14,887	\$ 90,137	\$ 79,217	\$ 125,672	\$ 102,784	\$ 376,170	\$ 100,890	\$ 5,445	\$ 895,202

The following tables present the classes of the loan portfolio as of December 31, 2025, summarized by the aggregate pass rating and the classified ratings of special mention, substandard and doubtful within the Company's internal risk rating system as of the dates indicated:

	Term Loans By Origination Year						Revolving loans	Revolving loans converted to term loans	Total
(In thousands)	2025	2024	2023	2022	2021	Prior			
Commercial real estate:									
Pass	\$ 49,693	\$ 42,604	\$ 29,527	\$ 51,634	\$ 35,764	\$ 121,653	\$ -	\$ -	\$ 330,875
Special Mention	-	6,113	11,761	7,747	-	4,875	-	-	30,496
Substandard	3,474	830	1,235	2,220	8,456	2,674	-	-	18,889
Doubtful	-	-	-	-	-	51	-	-	51
Total commercial real estate	53,167	49,547	42,523	61,601	44,220	129,253	-	-	380,311
Commercial lines of credit:									
Pass	-	-	-	-	-	-	64,594	2,516	67,110
Special Mention	-	-	-	-	-	-	6,080	-	6,080
Substandard	-	-	-	-	-	-	2,119	47	2,166
Doubtful	-	-	-	-	-	-	15	-	15
Total commercial lines of credit	-	-	-	-	-	-	72,808	2,563	75,371
Other commercial and industrial:									
Pass	14,970	14,164	12,205	11,416	2,234	12,413	999	-	68,401
Special Mention	959	1,422	2,013	-	21	1,339	-	-	5,754
Substandard	-	189	310	-	9	4,192	-	-	4,700
Doubtful	-	-	2,355	-	-	-	-	-	2,355
Total other commercial and industrial	15,929	15,775	16,883	11,416	2,264	17,944	999	-	81,210
Paycheck Protection Program loans:									
Pass	-	-	-	-	-	63	-	-	63
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total Paycheck Protection Program loans	-	-	-	-	-	63	-	-	63
Tax exempt loans:									
Pass	2,619	4	-	-	-	4,093	-	-	6,716
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total tax exempt loans	2,619	4	-	-	-	4,093	-	-	6,716
1-4 family first-lien residential mortgages:									
Pass	14,993	10,769	14,905	26,481	42,090	125,533	-	-	234,771
Special Mention	123	-	-	160	949	1,317	-	-	2,549
Substandard	-	-	107	100	89	1,429	-	-	1,725
Doubtful	-	-	-	-	-	647	-	-	647
Total 1-4 family first-lien residential mortgages	15,116	10,769	15,012	26,741	43,128	128,926	-	-	239,692
Residential construction:									
Pass	2,039	-	-	-	-	-	-	-	2,039
Special Mention	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total residential construction	2,039	-	-	-	-	-	-	-	2,039
Home equity and junior liens:									
Pass	4,623	2,502	3,298	2,694	2,517	10,459	21,313	883	48,289
Special Mention	-	-	41	205	-	66	64	6	382
Substandard	-	-	-	27	-	208	865	-	1,100
Doubtful	-	-	-	-	12	-	-	-	12
Total home equity and junior liens	4,623	2,502	3,339	2,926	2,529	10,733	22,242	889	49,783
Other Consumer:									
Pass	2,738	2,407	51,295	2,665	1,414	2,033	-	-	62,552
Special Mention	10	27	11	13	-	91	-	-	152
Substandard	-	40	4	12	65	-	-	-	121
Doubtful	-	-	-	-	-	-	-	-	-
Total other consumer	2,748	2,474	51,310	2,690	1,479	2,124	-	-	62,825
Net deferred loan fees	(371)	62	(9)	(170)	(158)	(694)	-	-	(1,340)
Loans, net of deferred fees	\$ 95,870	\$ 81,133	\$ 129,058	\$ 105,204	\$ 93,462	\$ 292,442	\$ 96,049	\$ 3,452	\$ 896,670

Management has reviewed its loan portfolio and determined that, to the best of its knowledge, no material exposure exists to sub-prime or other high-risk residential mortgages. The Company is not in the practice of originating these types of loans.

Nonaccrual and Past Due Loans

Loans are considered past due if the required principal and interest payments have not been received within thirty days of the payment due date. Loans are placed on nonaccrual when the contractual payment of principal and interest has become 90 days past due or when management has serious doubts about further collectability of principal or interest, even though the loan may be currently performing.

An aging analysis of past due loans, not including net deferred loan costs, segregated by portfolio segment and class of loans, as of March 31, 2026 and December 31, 2025, are detailed in the following tables:

	As of March 31, 2026					
<i>(In thousands)</i>	30-59 Days Past Due	60-89 Days Past Due	90 Days and Over	Total Past Due	Current	Total Loans Receivable
Residential mortgage loans:						
1-4 family first-lien residential mortgages	\$ 2,393	\$ 2,282	\$ 2,213	\$ 6,888	\$ 227,139	\$ 234,027
Construction	-	-	-	-	1,259	1,259
Loans held-for-sale	-	-	-	-	-	-
Total residential mortgage loans	2,393	2,282	2,213	6,888	228,398	235,286
Commercial loans:						
Real estate	2,299	508	24,929	27,736	357,003	384,739
Lines of credit	275	-	1,895	2,170	78,068	80,238
Other commercial and industrial	256	98	8,007	8,361	69,502	77,863
Paycheck Protection Program loans	-	-	-	-	49	49
Tax exempt loans	-	-	-	-	6,581	6,581
Total commercial loans	2,830	606	34,831	38,267	511,203	549,470
Consumer loans:						
Home equity and junior liens	557	235	647	1,439	50,003	51,442
Other consumer	799	289	469	1,557	58,721	60,278
Total consumer loans	1,356	524	1,116	2,996	108,724	111,720
Total loans	\$ 6,579	\$ 3,412	\$ 38,160	\$ 48,151	\$ 848,325	\$ 896,476

	As of December 31, 2025					
<i>(In thousands)</i>	30-59 Days Past Due	60-89 Days Past Due	90 Days and Over	Total Past Due	Current	Total Loans Receivable
Residential mortgage loans:						
1-4 family first-lien residential mortgages	\$ 2,871	\$ 2,934	\$ 1,977	\$ 7,782	\$ 231,910	\$ 239,692
Construction	-	-	-	-	2,039	2,039
Total residential mortgage loans	2,871	2,934	1,977	7,782	233,949	241,731
Commercial loans:						
Real estate	9,042	7,461	15,567	32,070	348,241	380,311
Lines of credit	444	-	1,135	1,579	73,792	75,371
Other commercial and industrial	315	508	7,914	8,737	72,473	81,210
Paycheck Protection Program loans	-	-	-	-	63	63
Tax exempt loans	-	-	-	-	6,716	6,716
Total commercial loans	9,801	7,969	24,616	42,386	501,285	543,671
Consumer loans:						
Home equity and junior liens	615	229	537	1,381	48,402	49,783
Other consumer	649	399	431	1,479	61,346	62,825
Total consumer loans	1,264	628	968	2,860	109,748	112,608
Total loans	\$ 13,936	\$ 11,531	\$ 27,561	\$ 53,028	\$ 844,982	\$ 898,010

As of March 31, 2026 and December 31, 2025, the amount of interest income recognized on nonaccrual loans and the cost basis of nonaccrual loans, for which there is no ACL, are detailed in the following tables. All loans greater than 90 days past due are classified as nonaccrual.

<i>(In thousands)</i>	As of and for the three months ended March 31, 2026		
	Nonaccrual Loans	Nonaccrual loans without related allowance for credit loss	Recognized interest income
Residential mortgage loans:			
1-4 family first-lien residential mortgages	\$ 2,213	\$ -	\$ 17
Total residential mortgage loans	2,213	-	17
Commercial loans:			
Real estate	24,929	14,038	11
Lines of credit	1,895	749	1
Other commercial and industrial	8,007	189	21
Total commercial loans	34,831	14,976	33
Consumer loans:			
Home equity and junior liens	647	-	9
Other consumer	469	-	10
Total consumer loans	1,116	-	19
Total nonaccrual loans	\$ 38,160	\$ 14,976	\$ 69

<i>(In thousands)</i>	As of and for the year ended December 31, 2025		
	Nonaccrual Loans	Nonaccrual loans without related allowance for credit loss	Recognized interest income
Residential mortgage loans:			
1-4 family first-lien residential mortgages	\$ 1,977	\$ -	\$ 108
Total residential mortgage loans	1,977	-	108
Commercial loans:			
Real estate	15,567	4,853	428
Lines of credit	1,135	-	109
Other commercial and industrial	7,914	-	449
Total commercial loans	24,616	4,853	986
Consumer loans:			
Home equity and junior liens	537	-	44
Other consumer	431	-	20
Total consumer loans	968	-	64
Total nonaccrual loans	\$ 27,561	\$ 4,853	\$ 1,158

At March 31, 2026, the Bank's 89 nonperforming loans represented 4.3% of total loans, with an aggregate outstanding balance of \$38.2 million, as compared to 88 loans, representing 3.1% of total loans, with an aggregate outstanding balance of \$27.6 million at December 31, 2025. The increase primarily reflected certain legacy loans associated with two commercial relationships that may have been less than 90 days delinquent but were identified as having unique risk characteristics through the Company's previously disclosed comprehensive review of approximately 90% of the Bank's commercial portfolio in 2025, and specific reserves for these exposures were established as appropriate prior to the first quarter of 2026.

The measurement of individually evaluated loans is generally based upon the present value of future cash flows discounted at the historical effective interest rate, except that all collateral-dependent loans are measured based on the fair value of the collateral, less costs to sell. The Company utilizes the Discounted Cash Flow ("DCF") method for its pooled segment calculation. The DCF method implements a probability of default with loss given default and loss exposure at default estimation. The probability of default and loss given default are applied to future cash flows that are adjusted to present value and these discounted expected losses become the Allowance for Credit Losses.

Loans Modified With Borrowers Experiencing Financial Difficulty

When the Company modifies a loan with a borrower experiencing financial difficulty, a potential impairment is analyzed either based on the present value of the expected future cash flows discounted at the interest rate of the original loan terms or the fair value of the collateral less costs to sell. If it is determined that the value of the loan is less than its recorded investment, then impairment is recognized as a component of the provision for credit losses, an associated increase to the allowance for credit losses or as a charge-off to the allowance for credit losses in the current period.

Because the effect of most loan modifications made with borrowers experiencing financial difficulty is already included in the allowance for credit losses, a change to the allowance for credit losses is generally not recorded upon modification. In some cases, the Company will modify a certain loan by providing multiple types of concessions. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession such as an interest rate reduction, may be granted. Nonaccrual loans that are modified will remain on nonaccrual status, but may move to accrual status after they have performed according to the modified terms for a period of time of at least six consecutive months.

The financial impact of commercial loan modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2026 related to a total of four borrowers that were granted either maturity extensions or an interest rate modification. The Company closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The payment status of modified loans were current during the three months ending March 31, 2026. There was one loan modification made to a borrower experiencing financial difficulty during the three months ended March 31, 2025.

The following table presents the amortized cost basis of loans for the three months ended March 31, 2026 and March 31, 2025 that were experiencing financial difficulty and modified, by class and by type of modification.

<i>(Dollars in thousands)</i>	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
	Term Extension	Total Class of Receivable	Term Extension	Total Class of Receivable
Residential mortgage loans	\$ -	-	\$ -	-
Commercial real estate	-	-	2,031	1.0%
Commercial lines of credit	33	0.0%	-	-
Commercial and industrial	2,355	3.0%	-	-
Home equity and consumer	-	-	-	-
Total	\$ 2,388	3.0%	\$ 2,031	1.0%

<i>(Dollars in thousands)</i>	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
	Interest Rate Reduction	Total Class of Receivable	Interest Rate Reduction	Total Class of Receivable
Residential mortgage loans	\$ -	-	\$ -	-
Commercial real estate	11,495	3.0%	-	-
Commercial lines of credit	-	-	-	-
Commercial and industrial	1,322	1.7%	-	-
Home equity and consumer	-	-	-	-
Total	\$ 12,817	4.7%	\$ -	0%

Note 7: Allowance for Credit Losses

Management extensively reviews recent trends in historical losses, qualitative factors, including concentrations of loans to related borrowers and concentrations of loans by collateral type, and specific reserve requirements on loans individually evaluated in its determination of the adequacy of the credit losses. Provision for credit losses was a benefit of \$168,000 for the three month period ended March 31, 2026, as compared to a \$457,000 provision for credit losses ("PCL") expense for the three month period ended March 31, 2025.

Provision for credit losses decreased \$625,000 for the three months ended March 31, 2026 compared to the same period in 2025. During the first quarter of 2026, the Company recorded a \$186,000 reduction in the provision for credit losses related to its loan portfolio, partially offset by an \$18,000 increase in reserves for unfunded commitments. The provision for the quarter ended March 31, 2026 primarily reflected lower net charge-offs and overall credit performance that resulted in a small reserve release in the first three months of this year. The first quarter 2026 PCL reflects a reduction in reserves driven by improved asset quality metrics.

The following tables summarize the activity related to the ACL as of and for the three months ended March 31, 2026 and 2025:

<i>(Dollars in thousands)</i>	Reserves as of	Q1 2026 Charge-			Reserves as of March 31,
ACL - Loans	December 31, 2025	Offs	Q1 2026 Recoveries	Q1 2026 PCL	2026
Individually evaluated	\$ 18,142	\$ (121)	\$ -	\$ 451	\$ 18,472
Collectively evaluated:					
Overdraft	-	(37)	6	31	-
Pooled - quantitative	8,336	(207)	416	729	9,274
Pooled - qualitative	168	-	-	(1,397)	(1,229)
Purchased	2,790	(400)	59	-	2,449
Total ACL - Loans	29,436	(765)	481	(186)	28,966
ACL - Held-To-Maturity Securities	176	-	-	-	176
Other Liabilities - Unfunded Commitments	570	-	-	18	588
Total ACL	\$ 30,182	\$ (765)	\$ 481	\$ (168)	\$ 29,730

<i>(Dollars in thousands)</i>	Reserves as of	Q1 2025 Charge-			Reserves as of March 31,
ACL - Loans	December 31, 2024	Offs	Q1 2025 Recoveries	Q1 2025 PCL	2025
Individually evaluated	\$ 2,485	\$ -	\$ -	\$ 5	\$ 2,490
Collectively evaluated:					
Overdraft	-	(38)	9	29	-
Pooled - quantitative	6,570	(263)	20	311	6,638
Pooled - qualitative	4,269	-	-	159	4,428
Purchased	3,919	(207)	139	-	3,851
Total ACL - Loans	17,243	(508)	168	504	17,407
ACL - Held-To-Maturity Securities	257	-	-	-	257
Other Liabilities - Unfunded Commitments	550	-	-	(47)	503
Total ACL	\$ 18,050	\$ (508)	\$ 168	\$ 457	\$ 18,167

Summarized in the tables below are changes in the allowance for credit losses for loans for the indicated periods and information pertaining to the allocation of the balances of the credit losses, loans receivable based on individual, and collective evaluation by loan portfolio class. An allocation of a portion of the allowance to a given portfolio class does not limit the Company's ability to absorb losses in another portfolio class.

	As of and for the three months ended March 31, 2026										
<i>(In thousands)</i>	1-4 family first-lien residential mortgage	Residential construction mortgage	Commercial real estate	Commercial lines of credit	Other commercial and industrial	Paycheck Protection Program	Tax exempt	Home equity & junior liens	Other consumer	Total	
Allowance for credit losses:											
Beginning Balance	\$ 2,141	\$ 474	\$ 10,580	\$ 3,698	\$ 9,064	\$ -	\$ 5	\$ 705	\$ 2,769	\$ 29,436	
Charge-offs	(13)	-	(16)	(96)	(126)	-	-	(96)	(418)	(765)	
Recoveries	2	-	365	1	17	-	-	1	95	481	
Provisions (credits)	(240)	204	831	(874)	(145)	-	-	(23)	61	(186)	
Ending balance	\$ 1,890	\$ 678	\$ 11,760	\$ 2,729	\$ 8,810	\$ -	\$ 5	\$ 587	\$ 2,507	\$ 28,966	
Ending balance: related to loans individually evaluated	\$ -	\$ -	\$ 7,705	\$ 2,576	\$ 7,985	\$ -	\$ -	\$ 186	\$ 20	\$ 18,472	
Ending balance: related to loans collectively evaluated	\$ 1,890	\$ 678	\$ 4,055	\$ 153	\$ 825	\$ -	\$ 5	\$ 401	\$ 2,487	\$ 10,494	
Loans receivables:											
Ending balance, gross	\$ 234,027	\$ 1,259	\$ 384,739	\$ 80,238	\$ 77,863	\$ 49	\$ 6,581	\$ 51,442	\$ 60,278	\$ 896,476	
Ending balance: individually evaluated	\$ 826	\$ -	\$ 54,448	\$ 11,732	\$ 17,016	\$ -	\$ -	\$ 599	\$ 30	\$ 84,651	
Ending balance: collectively evaluated	\$ 233,201	\$ 1,259	\$ 330,291	\$ 68,506	\$ 60,847	\$ 49	\$ 6,581	\$ 50,843	\$ 60,248	\$ 811,825	

	As of and for the three months ended March 31, 2025										
<i>(In thousands)</i>	1-4 family first-lien residential mortgage	Residential construction mortgage	Commercial real estate	Commercial lines of credit	Other commercial and industrial	Paycheck Protection Program	Tax exempt	Home equity & junior liens	Other consumer	Total	
Allowance for credit losses:											
Beginning Balance	\$ 1,467	\$ 592	\$ 6,746	\$ 749	\$ 2,879	\$ -	\$ 4	\$ 715	\$ 4,091	\$ 17,243	
Charge-offs	-	-	-	(92)	(80)	-	-	-	(336)	(508)	
Recoveries	3	-	1	-	4	-	-	1	159	168	
Provisions (credits)	(37)	(88)	332	254	45	-	(2)	(22)	22	504	
Ending balance	\$ 1,433	\$ 504	\$ 7,079	\$ 911	\$ 2,848	\$ -	\$ 2	\$ 694	\$ 3,936	\$ 17,407	
Ending balance: related to loans individually evaluated	\$ 41	\$ -	\$ 1,004	\$ 253	\$ 1,012	\$ -	\$ -	\$ 180	\$ -	\$ 2,490	
Ending balance: related to loans collectively evaluated	\$ 1,392	\$ 504	\$ 6,075	\$ 658	\$ 1,836	\$ -	\$ 2	\$ 514	\$ 3,936	\$ 14,917	
Loans receivables:											
Ending balance, gross	\$ 243,854	\$ 3,162	\$ 381,479	\$ 65,074	\$ 91,644	\$ 96	\$ 4,446	\$ 52,315	\$ 71,681	\$ 913,751	
Ending balance: individually evaluated	\$ 1,170	\$ -	\$ 10,650	\$ 503	\$ 2,945	\$ -	\$ -	\$ 530	\$ -	\$ 15,798	
Ending balance: collectively evaluated	\$ 242,684	\$ 3,162	\$ 370,829	\$ 64,571	\$ 88,699	\$ 96	\$ 4,446	\$ 51,785	\$ 71,681	\$ 897,953	

The Company's methodology for determining its allowance for credit losses includes an analysis of qualitative factors that are added to the historical loss rates in arriving at the total allowance for credit losses needed for collectively evaluated loans. The qualitative factors include, but are not limited to, the following:

- Changes in national and local economic trends;
- The rate of growth in the portfolio;
- Trends of delinquencies and nonaccrual balances;
- Changes in loan policy; and
- Changes in lending management experience and related staffing.

Each factor is assigned a value to reflect improving, stable or declining conditions based on management's best judgment using relevant information available at the time of the evaluation. These qualitative factors, applied to each loan class, make the evaluation inherently subjective, as it requires material estimates that may be susceptible to significant revision as more information becomes available. Adjustments to the factors are supported through documentation of changes in conditions in a narrative accompanying the allowance for credit losses analysis and calculation.

The allocation of the allowance for credit losses summarized on the basis of the Company's calculation methodology was as follows:

As of March 31, 2026										
(In thousands)	1-4 family first-lien residential mortgage	Residential construction mortgage	Commercial real estate	Commercial lines of credit	Other commercial and industrial	Tax exempt	Home equity and junior liens	Other consumer	Total	
Specifically reserved	\$ -	\$ -	\$ 7,705	\$ 2,576	\$ 7,985	\$ -	\$ 333	\$ 2,322	\$ 20,921	
Historical loss rate	2,139	727	4,771	180	971	5	293	188	9,274	
Qualitative factors	(249)	(49)	(716)	(27)	(146)	-	(39)	(3)	(1,229)	
Total	\$ 1,890	\$ 678	\$ 11,760	\$ 2,729	\$ 8,810	\$ 5	\$ 587	\$ 2,507	\$ 28,966	

As of December 31, 2025										
(In thousands)	1-4 family first-lien residential mortgage	Residential construction mortgage	Commercial real estate	Commercial lines of credit	Other commercial and industrial	Tax exempt	Home equity and junior liens	Other consumer	Total	
Specifically reserved	\$ -	\$ -	\$ 6,523	\$ 3,519	\$ 7,913	\$ -	\$ 394	\$ 2,583	\$ 20,932	
Historical loss rate	2,332	474	3,858	165	1,038	5	296	168	8,336	
Qualitative factors	(191)	-	199	14	113	-	15	18	168	
Total	\$ 2,141	\$ 474	\$ 10,580	\$ 3,698	\$ 9,064	\$ 5	\$ 705	\$ 2,769	\$ 29,436	

Collateral Dependent Loans

The Company has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan. The following provides more detail about the types of collateral that secure collateral dependent loans:

- Commercial real estate loans can be secured by either owner occupied commercial real estate or non-owner occupied investment commercial real estate. Typically, owner occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities and other commercial and industrial properties occupied by operating companies. Non-owner occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily complexes, land under development, industrial properties, as well as other commercial or industrial real estate.
- Residential real estate loans are typically secured by first mortgages, and in some cases could be secured by a second mortgage.
- Home equity lines of credit are generally secured by second mortgages on residential real estate property.
- Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles and other personal property. Some consumer loans are unsecured and have no underlying collateral.

The following table details the amortized cost of collateral dependent loans at March 31, 2026 and December 31, 2025:

<i>(In thousands)</i>	March 31, 2026		December 31, 2025	
Commercial and industrial	\$	28,748	\$	34,182
Commercial real estate		54,448		54,008
Residential (1-4 family) first mortgages		826		613
Home equity loans and lines of credit		599		599
Consumer loans		30		-
Total loans	\$	84,651	\$	89,402

Note 8: Foreclosed Real Estate

The Company is required to disclose the carrying amount of foreclosed real estate properties held as a result of obtaining physical possession of the property at each reporting period.

<i>(Dollars in thousands)</i>	Number of properties	March 31, 2026	Number of properties	December 31, 2025
Foreclosed real estate	3	\$ 137	3	\$ 137

At March 31, 2026 and December 31, 2025, the Company reported \$679,000 and \$698,000, respectively, in real estate loans in the process of foreclosure.

Note 9: Guarantees

The Company does not issue any guarantees that would require liability recognition or disclosure, other than its standby letters of credit. Generally, all letters of credit, when issued, have expiration dates within one year. The credit risks involved in issuing letters of credit are essentially the same as those that are involved in extending loan facilities to customers. The Company generally holds collateral and/or personal guarantees supporting these commitments. The Company had \$3.5 million and \$3.4 million of standby letters of credit as of March 31, 2026 and December 31, 2025, respectively. Management believes that the proceeds obtained through a liquidation of collateral and the enforcement of guarantees would be sufficient to cover the potential amount of future payments required under the corresponding guarantees. The fair value of standby letters of credit was not significant to the Company's consolidated financial statements.

Note 10: Fair Value Measurements

Accounting guidance related to fair value measurements and disclosures specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs, minimize the use of unobservable inputs, to the extent possible, and considers counterparty credit risk in its assessment of fair value.

The Company used the following methods and significant assumptions to estimate fair value:

Investment securities: The fair values of available-for-sale and marketable equity securities are obtained from an independent third party and are based on quoted prices on nationally recognized securities exchanges where available (Level 1). If quoted prices are not available, fair values are measured by utilizing matrix pricing, which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2). Management made no adjustment to the fair value quotes that were received from the independent third party pricing service. Level 3 securities are assets whose fair value cannot be determined by using observable measures, such as market prices or pricing models. Level 3 assets are typically very illiquid, and fair values can only be calculated using estimates or risk-adjusted value ranges. Management applies known factors, such as currently applicable discount rates, to the valuation of those investments in order to determine fair value at the reporting date.

The Company holds two corporate investment securities with an amortized historical cost of \$4.0 million and an aggregate fair market value of \$4.2 million as of March 31, 2026. These securities have an aggregate valuation that is determined using published net asset values ("NAV") derived by an analysis of the securities' underlying assets. These securities are comprised primarily of broadly-diversified real estate holdings and are traded in secondary markets on an infrequent basis. While these securities are redeemable at least annually through tender offers made by respective issuers, the liquidation value of these securities may be below stated NAVs and also subject to restrictions as to the amount that can be redeemed at any single scheduled redemption. The Company anticipates that these securities will be redeemed by respective issuers on indeterminate future dates as a consequence of the ultimate liquidation strategies employed by the managers of these portfolios.

The Company also holds two limited partnership investments managed by an unrelated third party with an aggregate fair market value of \$6.2 million and \$6.0 million as of March 31, 2026 and December 31, 2025, respectively. The investments are funds comprised of marketable equity securities, primarily issued by community banks and financial technology companies. These investments are recorded at fair value at the end of each reporting period using Level 1 valuation techniques. Unrealized changes in the fair value of these investments are recorded in earnings in the period in which the changes occur.

Interest rate derivatives: The fair value of the interest rate derivatives, characterized as either fair value or cash flow hedges, are calculated based on a discounted cash flow model. All future floating rate cash flows are projected and both floating rate and fixed rate cash flows are discounted to the valuation date. The benchmark interest rate curve utilized for projecting cash flows and applying appropriate discount rates is built by obtaining publicly available third party market quotes for various swap maturity terms.

Individually evaluated loans: Individually evaluated loans are those loans in which the Company has measured potential credit losses based on the fair value of the loan's collateral or the discounted value of expected future cash flows. Fair value is generally determined based upon market value evaluations by third parties of the properties and/or estimates by management of working capital collateral or discounted cash flows based upon expected proceeds. These appraisals may include up to three approaches to value: the sales comparison approach, the income approach (for income-producing property), and the cost approach. Management modifies the appraised values, if needed, to take into account recent developments in the market or other factors, such as, changes in absorption rates or market conditions from the time of valuation and anticipated sales values considering management's plans for disposition. Such modifications to the appraised values could result in lower valuations of such collateral. Estimated costs to sell are based on current amounts of disposal costs for similar assets. These measurements are classified as Level 3 within the valuation hierarchy. Individually evaluated loans are subject to nonrecurring fair value adjustments upon initial recognition or subsequent impairment. A portion of the allowance for credit losses is allocated to individually evaluated loans if the value of such loans is deemed to be less than the unpaid balance.

The following tables summarize assets measured at fair value on a recurring basis as of the indicated dates, segregated by the level of valuation inputs within the hierarchy utilized to measure fair value:

	March 31, 2026			
<i>(In thousands)</i>	Level 1	Level 2	Level 3	Total Fair Value
Available-for-Sale Portfolio				
Debt investment securities:				
US Treasury, agencies and GSEs	\$ -	\$ 62,779	\$ -	\$ 62,779
State and political subdivisions	-	33,066	-	33,066
Corporate	-	2,696	-	2,696
Corporate issuances measured at NAV	-	-	-	4,206
Asset backed securities	-	15,040	-	15,040
Residential mortgage-backed - US agency	-	51,544	-	51,544
Collateralized mortgage obligations - US agency	-	20,560	-	20,560
Collateralized mortgage obligations - Private label	-	82,874	-	82,874
Total		268,559		272,765
Equity investment securities:				
Common stock - financial services industry	206	-	-	206
Total available-for-sale securities	\$ 206	\$ 268,559	\$ -	\$ 272,971
Marketable equity securities measured at NAV	\$ -	\$ -	\$ -	\$ 6,207
Interest rate swap derivative fair value hedges (unrealized gain carried as receivable from derivative counterparties)	\$ -	\$ 2,392	\$ -	\$ 2,392

	December 31, 2025			
<i>(In thousands)</i>	Level 1	Level 2	Level 3	Total Fair Value
Available-for-Sale Portfolio				
Debt investment securities:				
US Treasury, agencies and GSEs	\$ -	\$ 65,015	\$ -	\$ 65,015
State and political subdivisions	-	33,918	-	33,918
Corporate	-	3,753	-	3,753
Corporate issuances measured at NAV	-	-	-	4,189
Asset backed securities	-	15,612	-	15,612
Residential mortgage-backed - US agency	-	49,015	-	49,015
Collateralized mortgage obligations - US agency	-	18,383	-	18,383
Collateralized mortgage obligations - Private label	-	86,724	-	86,724
Total		272,420		276,609
Equity investment securities:				
Common stock - financial services industry	206	-	-	206
Total available-for-sale securities	\$ 206	\$ 272,420	\$ -	\$ 276,815
Marketable equity securities measured at NAV	\$ -	\$ -	\$ -	\$ 6,034
Interest rate swap derivative fair value hedges (unrealized gain carried as receivable from derivative counterparties)	\$ -	\$ 1,506	\$ -	\$ 1,506

Pathfinder Bank had the following assets measured at fair value on a nonrecurring basis as of March 31, 2026 and December 31, 2025:

<i>(In thousands)</i>	March 31, 2026			Total Fair Value
	Level 1	Level 2	Level 3	
Individually evaluated loans	\$ -	\$ -	\$ 17,046	\$ 17,046
Foreclosed real estate	-	-	137	137

<i>(In thousands)</i>	December 31, 2025			Total Fair Value
	Level 1	Level 2	Level 3	
Individually evaluated loans	\$ -	\$ -	\$ 48,649	\$ 48,649
Foreclosed real estate	-	-	137	137

The following tables presents additional quantitative information about assets measured at fair value on a nonrecurring basis and for which Level 3 inputs were used to determine fair value at the indicated dates.

Quantitative Information about Level 3 Fair Value Measurements			
	Valuation Techniques	Unobservable Input	Range (Weighted Avg.)
At March 31, 2026			
Individually evaluated loans	Appraisal of collateral	Discounted Cash Flow	6% - 82% (36%)
Foreclosed real estate	Appraisal of collateral	Costs to Sell	21% - 24% (22%)

Quantitative Information about Level 3 Fair Value Measurements			
	Valuation Techniques	Unobservable Input	Range (Weighted Avg.)
At December 31, 2025			
Individually evaluated loans	Appraisal of collateral	Discounted Cash Flow	5% - 97% (48%)
Foreclosed real estate	Appraisal of collateral	Costs to Sell	21% - 24% (22%)

There have been no transfers of assets into or out of any fair value measurement level during the three months ended March 31, 2026 or 2025.

Required disclosures include fair value information of financial instruments, whether or not recognized in the consolidated statements of condition, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument.

The Company has various processes and controls in place to ensure that fair value is reasonably estimated. The Company performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process.

While the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Management uses its best judgment in estimating the fair value of the Company's financial instruments; however, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Company could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective period-ends, and have not been re-evaluated or updated for purposes of these financial statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

Under FASB ASC Topic 820, *Fair Value Measurements*, the financial assets and liabilities were valued at a price that represents the Company's exit price or the price at which these instruments would be sold or transferred.

The following information should not be interpreted as an estimate of the fair value of the entire Company since a fair value calculation is only provided for a limited portion of the Company's assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Company's disclosures and those of other companies may not be meaningful. The Company, in estimating its fair value disclosures for financial instruments, used the following methods and assumptions:

Cash and cash equivalents – The carrying amounts of these assets approximate their fair value and are classified as Level 1.

Federal Home Loan Bank stock – The carrying amount of these assets approximates their fair value and are classified as Level 2.

Net loans – For variable-rate loans that re-price frequently, fair value is based on carrying amounts. The fair value of other loans (for example, fixed-rate commercial real estate loans, mortgage loans, and commercial and industrial loans) is estimated using discounted cash flow analysis, based on interest rates currently being offered in the market for loans with similar terms to borrowers of similar credit quality. Loan value estimates include judgments based on expected prepayment rates. The measurement of the fair value of loans, including individually evaluated loans, is classified within Level 3 of the fair value hierarchy.

Accrued interest receivable and payable – The carrying amount of these assets approximates their fair value and are classified as Level 1.

Deposits – The fair values disclosed for demand deposits (e.g., interest-bearing and noninterest-bearing checking, passbook savings and certain types of money management accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts) and are classified within Level 1 of the fair value hierarchy. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates of deposits to a schedule of aggregated expected monthly maturities on time deposits. Measurements of the fair value of time deposits are classified within Level 2 of the fair value hierarchy.

Borrowings – Fixed/variable term “bullet” structures are valued using a replacement cost of funds approach. These borrowings are discounted to the FHLB-NY advance curve. Option structured borrowings' fair values are determined by the FHLB for borrowings that include a call or conversion option. If market pricing is not available from this source, current market indications from the FHLB-NY are obtained and the borrowings are discounted to the FHLB-NY advance curve less an appropriate spread to adjust for the option. These measurements are classified as Level 2 within the fair value hierarchy.

Subordinated debt – The Company secures quotes from its pricing service based on a discounted cash flow methodology or utilizes observations of recent highly-similar transactions which result in a Level 2 classification.

The carrying amounts and fair values of the Company's financial instruments as of the indicated dates are presented in the following table:

<i>(Dollars in thousands)</i>	Fair Value Hierarchy	March 31, 2026		December 31, 2025	
		Carrying Amounts	Estimated Fair Values	Carrying Amounts	Estimated Fair Values
<u>Financial assets:</u>					
Cash and cash equivalents	1	\$ 39,159	\$ 39,159	\$ 31,170	\$ 31,170
Investment securities - available-for-sale	2	268,765	268,765	272,626	272,626
Investment securities - available-for-sale	NAV	4,206	4,206	4,189	4,189
Investment securities - marketable equity	NAV	6,207	6,207	6,034	6,034
Investment securities - held-to-maturity	2	122,432	117,076	130,324	125,198
Federal Home Loan Bank stock	2	2,169	2,169	2,560	2,560
Net loans	3	866,236	843,341	867,234	842,116
Accrued interest receivable	1	5,832	5,832	6,328	6,328
Interest rate derivative fair value hedges receivable - AFS investments	2	1,495	1,495	1,214	1,214
Interest rate derivative fair value hedges receivable - loans	2	897	897	292	292
<u>Financial liabilities:</u>					
Demand Deposits, Savings, NOW and MMDA	1	\$ 797,177	\$ 797,177	\$ 731,868	\$ 731,868
Time Deposits	2	414,550	413,803	451,980	451,357
Borrowings	2	27,374	27,356	58,074	58,107
Subordinated debt	2	30,155	29,560	30,155	29,689
Accrued interest payable	1	451	451	424	424

Note 11: Interest Rate Derivatives

The Company is exposed to certain risks related to both its business operations and changes in economic conditions. As part of managing interest rate risk, the Company periodically enters into standardized interest rate derivative contracts (designated as hedging agreements) to modify the repricing characteristics of certain portions of the Company's earning assets and interest-bearing liabilities portfolios. The Company designates interest rate hedging agreements utilized in the management of interest rate risk as either fair value hedges or cash flow hedges. Interest rate hedging agreements are recorded at fair value as other assets or liabilities. The Company had no material derivative contracts not designated as hedging agreements at March 31, 2026 or December 31, 2025.

As a result of interest rate fluctuations, fixed-rate interest-earning assets and interest-bearing liabilities will appreciate or depreciate in fair value. When effectively hedged, this fair value appreciation or depreciation will generally be offset by substantially identical changes in the fair value of derivative instruments that are linked to the hedged assets and liabilities. This strategy is referred to as fair value hedging and the derivative instruments employed in this strategy are therefore designated as fair value hedges. In a fair value hedge, the fair value of the derivative (the interest rate hedging agreement) is recorded in the Company's consolidated balance sheet with the corresponding gain or loss recognized as an adjustment to the carrying balance of the hedged asset or liability. Changes in the correlation between the hedging instrument and the hedged asset or liability that give rise to differences between the changes in the fair value of the interest rate hedging agreements and the hedged items represents hedge ineffectiveness and are recorded as adjustments to the interest income or interest expense of the respective hedged instrument. In the case of pay-fixed or receive-fixed interest rate swap agreements, designated as fair value hedges, the periodic difference in the net cash flows due to (due from) the Company from (to) a counterparty are recorded in current period earnings as adjustments to the interest income or interest expense of the respective hedged asset or liability.

Cash flows related to floating rate assets and liabilities will fluctuate with changes in underlying rate indices. When effectively hedged, the increases or decreases in cash flows related to the floating-rate asset or liability will generally be offset by changes in cash flows of the derivative instruments designated as a hedge. This strategy is referred to as cash flow hedging and the derivative instruments employed in these strategies are therefore designated as cash flow hedges. In a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. In the case of pay-fixed or receive-fixed interest rate swap agreements, designated as cash flow hedges, the periodic difference in the net cash flows due to (due from) the Company from (to) a counterparty are recorded in current period earnings as adjustments to the interest income or interest expense of the respective hedged asset or liability.

Among the array of interest rate hedging contracts, potentially available to the Company, are interest rate swap and interest rate cap (or floor) contracts. The Company uses interest rate swaps, cap or floor contracts as part of its interest rate risk management strategy. Interest rate swaps involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed payments over the life of the agreements without the exchange of the underlying notional amount. An interest rate cap is a type of interest rate derivative in which the buyer receives payments at the end of each contractual period in which the index interest rate exceeds the contractually agreed upon strike price rate. The purchaser of a cap contract will continue to benefit from any rise in interest rates above the strike price. Similarly, an interest rate floor is a derivative contract in which the buyer receives payments at the end of each period in which the interest rate is below the agreed strike price. The purchaser of a floor contract will continue to benefit from any decrease in interest rates below the strike price. The Company had no interest rate cap or floor contracts in place at March 31, 2026 or December 31, 2025.

The Company records various hedges in the consolidated statements of condition at fair value. The Company's accounting treatment for these derivative instruments is based on the instrument's hedge designation determined at the inception of each derivative instrument's contractual term. The following tables show the Company's outstanding fair value hedges at March 31, 2026 and December 31, 2025:

<i>(In thousands)</i>	Hedge-Adjusted Carrying Amount of the Hedged Assets at March 31, 2026	Cumulative Amount of Fair Value Hedging Adjustment Subtracted/(Added) from Carrying Amount of the Hedged Assets at March 31, 2026	Hedge-Adjusted Carrying Amount of the Hedged Assets at December 31, 2025	Cumulative Amount of Fair Value Hedging Adjustment Subtracted from Carrying Amount of the Hedged Assets at December 31, 2025
<i>Line item on the balance sheet in which the hedged item is included:</i>				
Available-for-sale securities ⁽¹⁾	\$ 66,886	\$ 1,495	\$ 68,917	\$ 1,214
Loans receivable ⁽²⁾	\$ 115,667	\$ 897	\$ 120,574	\$ 292

- (1) The \$66.9 million net carrying amount of hedged assets represents the hedge-adjusted amortized cost basis of specifically-identified municipal, private label and GSE-backed securities designated as the underlying assets for the hedging relationships. The notional amount of the designated hedges were \$68.8 million and \$69.8 million at March 31, 2026 and December 31, 2025, respectively. The fair value of the derivatives (an unrealized gain, receivable from derivative counterparties) recorded in other assets resulted in a net asset position of \$1.5 million and \$1.3 million at March 31, 2026 and December 31, 2025, respectively. The Company's participation in fair value hedging transactions increased investment security interest income by \$100,000 and \$301,000 for the three months ended March 31, 2026 and March 31, 2025, respectively.
- (2) The \$115.7 million net carrying amount of hedged assets represents the hedge-adjusted amortized cost of a designated pool of residential mortgages and the aggregate hedge-adjusted amortized cost of four specified purchased consumer loan pools. These pools of loans were designated as the underlying assets for the hedging relationships in which the hedged underlying asset's notional amounts were the amortized cost projected to be remaining at the end of the contractual term of the hedging instruments. The amount of the designated hedged items were \$110.6 million and \$113.1 million at March 31, 2026 and December 31, 2025, respectively. At March 31, 2026, the fair value of the derivatives recorded in other assets (an unrealized gain, receivable from derivative counterparties) resulted in a net asset position of \$930,000, recorded by the Company as a component of other assets. The Company's participation in fair value hedging transactions increased interest income by \$37,000 and \$267,000, for the three months ended March 31, 2026 and March 31, 2025, respectively. Details of the two loan hedging strategies, in place at March 31, 2026 are presented below:
- a. On April 7, 2023 the Bank entered into an amortizing swap transaction with an initial notional amount of \$100.0 million whereby the Bank will receive the 3-month SOFR rate monthly, based on the notional amount of the swap contract at the beginning of each month until the swap transaction expires in 2035. The notional amount of the swap declines monthly according to a predetermined amortization schedule and was \$65.6 million at March 31, 2026. The Bank will pay a fixed rate of 3.208% to the contract's counterparty throughout the life of the contract based on each month's beginning notional balance. The fair value of this swap contract was \$1.2 million at March 31, 2026.
 - b. On December 7, 2023, the Bank entered into five fixed-pay interest rate swap contracts with a total notional amount of \$50.0 million, whereby the Bank will receive the 3-month rate SOFR monthly until the respective maturity dates of the contracts. The contracts expire in annual increments on December 1 of 2025 (\$5.0 million, fixed rate of 4.463%), 2026 (\$5.0 million, fixed rate of 4.136%), 2027 (\$10.0 million, fixed rate of 3.973%), 2028 (\$15.0 million, fixed rate of 3.887%), and 2029 (\$15.0 million, fixed rate of 3.845%). The fair value of these swap contracts in aggregate was negative \$312,000 (a payable to the swap counterparty) at March 31, 2026.

The Company's hedging contracts accounted for as fair value hedges, increased the yield on investment securities and loans by 0.10% and 0.02%, respectively, in the three months ended March 31, 2026. The Company's hedging contracts accounted for as fair value hedges, increased the yield on investment securities and loans by 0.20% and 0.12%, respectively, in the three months ended March 31, 2025.

The following tables summarize the net effects of the Company's fair value and cash flow hedges for the three months ended March 31, 2026 and March 31, 2025, respectively:

Fair Value Hedges
(In thousands)

Three Months Ended March 31, 2026					
Hedge Category	Average Notional Balance	Period Ending Notional Balance	Net Cash Received	Recorded In Net Income	Fair Value Receivable at Period End
Investments	\$ 69,124	\$ 68,773	\$ 100	\$	1,495
Loans	111,426	110,601	37		897
Total	\$ 180,550	\$ 179,374	\$ 137	\$	2,392

Three Months Ended March 31, 2025					
Hedge Category	Average Notional Balance	Period Ending Notional Balance	Net Cash Received	Recorded In Net Income	Fair Value Receivable at Period End
Investments	\$ 73,283	\$ 73,061	\$ 301	\$	1,994
Loans	126,980	126,047	267		1,116
Total	\$ 200,263	\$ 199,108	\$ 568	\$	3,110

Cash Flow Hedges
(In thousands)

Three Months Ended March 31, 2026					
Hedge Category	Average Notional Balance	Period Ending Notional Balance	Net Cash Received	Recorded In Net Income	Fair Value Receivable at Period End
Borrowed Funds	\$ -	\$ -	\$ 79	\$	-

Three Months Ended March 31, 2025					
Hedge Category	Average Notional Balance	Period Ending Notional Balance	Net Cash Received	Recorded In Net Income	Fair Value Receivable at Period End
Borrowed Funds	\$ -	\$ -	\$ 80	\$	-

On April 17, 2024 the Bank elected to settle its previously established cash flow hedges designated against \$40.0 million of floating-rate liabilities. This election was made in response to planned reductions in the Bank's future levels of floating rate brokered certificates of deposit. Due to increases in interest rates since the inception dates of the cash flow hedges, the Bank realized a cash basis gain of \$766,000 on that date, recorded for financial statement purposes, as a deferred gain in other assets. \$458,000 of this gain will be recognized, as a reduction of interest expense, in substantially equal monthly installments through April 30, 2026 and \$308,000 of this gain will be recognized, as a reduction in interest expense, in substantially equal monthly installments through April 30, 2027, which were the respective original maturity dates of the settled hedging contracts.

The amounts of hedge ineffectiveness, recognized at March 31, 2026 and December 31, 2025 for cash flow hedges were not material to the Company's consolidated results of operations. A portion of, or the entire amount included in accumulated other comprehensive loss would be reclassified into current earnings should a portion of, or the entire hedge, no longer be considered effective. Management believes that the hedges will remain fully effective during the remaining term of the respective hedging contracts. The changes in the fair values of the interest rate hedging agreements primarily result from the effects of changing index interest rates and the reduction of the time each quarter between the measurement date and the contractual maturity date of the hedging instrument.

The Company manages its potential credit exposure on interest rate swap transactions by entering into bilateral credit support agreements with each contractual counterparty. These agreements require collateralization of credit exposures beyond specified minimum threshold amounts. Interest rate hedging agreements are entered into with counterparties that meet the Company's established credit standards and the agreements contain master netting, collateral and/or settlement provisions protecting the at-risk party. Based on adherence to the Company's credit standards and the presence of the netting, collateral or settlement provisions, the Company believes that the credit risk inherent in these contracts was not material at March 31, 2026.

Note 12: Accumulated Other Comprehensive (Loss) Income

Changes in the components of accumulated other comprehensive (loss) income (“AOCI”), net of tax, for the periods indicated are summarized in the tables below.

<i>(In thousands)</i>	For the three months ended March 31, 2026			
	Net Unrealized Loss on Retirement Plans	Unrealized Loss on Available-for-Sale Securities	Unrealized Gain on Derivatives and Hedging Activities	Total
Beginning balance	\$ (1,218)	\$ (4,303)	\$ 154	\$ (5,367)
Other comprehensive loss before reclassifications	-	(1,287)	(60)	(1,347)
Amounts reclassified from AOCI	(1)	-	-	(1)
Ending balance	\$ (1,219)	\$ (5,590)	\$ 94	\$ (6,715)

<i>(In thousands)</i>	For the three months ended March 31, 2025			
	Net Unrealized Loss on Retirement Plans	Unrealized Loss on Available-for-Sale Securities	Unrealized Gain on Derivatives and Hedging Activities	Total
Beginning balance	\$ (1,992)	\$ (7,548)	\$ 396	\$ (9,144)
Other comprehensive income (loss) before reclassifications	-	743	(60)	683
Amounts reclassified from AOCI	25	4	-	29
Ending balance	\$ (1,967)	\$ (6,801)	\$ 336	\$ (8,432)

The following table presents the amounts reclassified out of each component of AOCI for the indicated periods:

<i>(In thousands)</i>	Affected Line Item in the Statement of Income	Amount Reclassified from AOCI ¹	
		For the three months ended March 31, 2026	March 31, 2025
Retirement plan items			
Retirement plan net gains (losses) recognized in plan expenses ²	Salaries and employee benefits	\$ 1	\$ (33)
Tax effect	Provision for income taxes	-	8
	Net Income	\$ 1	\$ (25)
Available-for-sale securities			
Realized losses on sale of securities	Net realized losses on sales and redemptions of investment securities	\$ -	\$ (5)
Tax effect	Provision for income taxes	-	1
	Net Income	\$ -	\$ (4)

¹ Amounts in parentheses indicates debits in net income.

² These items are included in net periodic pension cost. See Note 5 for additional information.

Note 13: Noninterest Income

The Company has included the following table regarding the Company's noninterest income for the periods presented.

<i>(In thousands)</i>	For the three months ended	
	March 31, 2026	March 31, 2025
Service charges on deposit accounts		
Insufficient funds fees	\$ 215	\$ 208
Deposit related fees	139	148
ATM fees	22	18
Total service charges on deposit accounts	376	374
Fee Income		
Investment services revenue	-	101
ATM fees surcharge	60	73
Banking house rents collected	112	61
Total fee income	172	235
Card income		
Debit card interchange fees	139	1
Merchant card fees	14	11
Total card income	153	12
Mortgage fee income and realized gains on sales of loans and foreclosed real estate		
Loan servicing fees	89	101
Net gains on sales of loans and foreclosed real estate	186	65
Total mortgage fee income and realized gains on sale of loans and foreclosed real estate	275	166
Subtotal	976	787
Earnings and gains on bank owned life insurance	256	162
Net losses on sales and redemptions of investment securities	(5)	(8)
Net unrealized gains on marketable equity securities	76	218
Fair value adjustment to loans held-for-sale	(203)	-
Other miscellaneous income	27	38
Total noninterest income	\$ 1,127	\$ 1,197

The following is a discussion of key revenues within the scope of ASC 606 guidance:

- *Service charges on deposit accounts* – Revenue is earned through insufficient funds fees, customer initiated activities or passage of time for deposit related fees, and ATM service fees. Transaction-based fees are recognized at the time the transaction is executed, which is the same time the Company's performance obligation is satisfied. Account maintenance fees are earned over the course of the month as the monthly maintenance performance obligation to the customer is satisfied.
- *Fee income* – Revenue is earned through commissions on insurance and securities sales, ATM surcharge fees, and banking house rents collected. The Company earns investment advisory fee income by providing investment management services to customers under investment management contracts. As the direction of investment management accounts is provided over time, the performance obligation to investment management customers is satisfied over time, and therefore, revenue is recognized over time.
- *Card income* – Card income consists of interchange fees from consumer debit card networks and other related services. Interchange rates are set by the card networks. Interchange fees are based on purchase volumes and other factors and are recognized as transactions occur.
- *Mortgage fee income and realized gain on sale of loans and foreclosed real estate* – Revenue from mortgage fee income and realized gain on sale of loans and foreclosed real estate is earned through the origination of residential and commercial mortgage loans, sales of one-to-four family residential mortgage loans, sales of government guarantees portions of Small Business Administration loans ("SBA loans"), and sales of foreclosed real estate, and is earned as the transaction occurs.

Note 14: Leases

The Company has operating and finance leases for certain banking offices and land under noncancelable agreements. Our leases have remaining lease terms that vary from less than 2 years up to 28 years, some of which include options to extend the leases for various renewal periods. All options to renew are included in the current lease term when we believe it is reasonably certain that the renewal options will be exercised.

The components of lease expense are as follows:

<i>(In thousands)</i>	For the three months ended	
	March 31, 2026	March 31, 2025
Operating lease cost	\$ 39	\$ 49
Finance lease cost	425	429
Total lease cost	\$ 464	\$ 478

Supplemental cash flow information related to leases was as follows:

<i>(In thousands)</i>	For the three months ended	
	March 31, 2026	March 31, 2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 35	\$ 46
Operating cash flows from finance leases	425	429
Financing cash flows from finance leases	116	111

Supplemental balance sheet information related to leases was as follows:

<i>(In thousands, except lease term and discount rate)</i>	As of	
	As of March 31, 2026	December 31, 2025
Operating Leases:		
Operating lease right-of-use assets	\$ 1,072	\$ 1,098
Operating lease liabilities	1,282	1,304
Finance Leases:		
Finance lease right-of-use assets	\$ 15,687	\$ 15,885
Finance lease liabilities	16,295	16,390
Weighted Average Remaining Lease Term:		
Operating leases	18.10 years	18.11 years
Finance leases	20.79 years	21.02 years
Weighted Average Discount Rate:		
Operating leases	4.02%	4.02%
Finance leases	6.02%	6.02%

Future maturities of lease liabilities are as follows:

Twelve Months Ending March 31,	Operating Leases		Finance Leases	
<i>(In thousands)</i>				
2027	\$	92	\$	381
2028		84		401
2029		86		426
2030		92		450
2031		37		476
Thereafter		891		14,161
Total future maturities of lease liabilities	\$	1,282	\$	16,295

The Company owns certain properties that it leases to unaffiliated third parties at market rates. Lease rental income was \$112,000 and \$61,000 for the three months ended March 31, 2026 and 2025, respectively. All rental agreements with lessees are accounted for as operating leases.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)

General

The Company is a Maryland corporation headquartered in Oswego, New York. The Company is 100% owned by public shareholders. The primary business of the Company is its investment in Pathfinder Bank (the "Bank"), a New York State chartered commercial bank, which is 100% owned by the Company. The Bank has two wholly owned operating subsidiaries, Pathfinder Risk Management Company, Inc. ("PRMC") and Whispering Oaks Development Corp. All significant inter-company accounts and activity have been eliminated in consolidation.

At March 31, 2026, the Company and subsidiaries had total consolidated assets of \$1.42 billion, total consolidated liabilities of \$1.30 billion and shareholders' equity of \$123.6 million.

The following discussion reviews the Company's financial condition at March 31, 2026 and the results of operations for the three month period ended March 31, 2026 and 2025. Operating results for the three months ended March 31, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026 or any other period.

The following material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" is written with the presumption that the users of the interim financial statements have read, or have access to, the Company's latest audited financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2025 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2026 ("the consolidated annual financial statements") as of December 31, 2025 and 2024 and for the two years then ended. Therefore, only material changes in financial condition and results of operations are discussed in the remainder of Item 2.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained herein are “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements concern the financial condition, results of operations, plans, objectives, future performance and business the Company and its subsidiaries, including, but not limited to, the Bank.

Forward-looking statements are generally identified by use of the words “believes,” “expect,” “intend,” “anticipate,” “estimate,” “project” or similar expressions, or future or conditional verbs, such as “will,” “would,” “should,” “could,” or “may.” These forward-looking statements are based on current beliefs and expectations of the Company’s and the Bank’s management and are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, many of which are beyond the Company’s and the Bank’s control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

Actual results may differ materially from those expressed or implied by the forward-looking statements as a result of numerous factors. Although it is not possible to identify all factors that may cause actual results to differ materially from those described in forward-looking statements, factors that may cause actual results to differ materially include, but are not limited to: (i) risks related to the real estate and economic environment, particularly in the market areas in which the Company and the Bank operate; (ii) fiscal and monetary policies of the U.S. Government; (iii) inflation; (iv) changes in prevailing interest rates; (v) changes in government regulations affecting financial institutions, including regulatory compliance costs and capital requirements; (vi) the risk that actual credit losses, borrower performance, collateral values, or loan migration patterns differ from management’s forward-looking estimates or assumptions; (vii) fluctuations in the adequacy of the allowance for credit losses; (viii) decreases in deposit levels or changes in deposit mix that may necessitate increased borrowing to fund loans and investments; (ix) access to wholesale or other funding sources; (x) operational risks including, cybersecurity threats, fraud, model risk and natural disasters; (xi) credit risk management; (xii) political developments, wars or other hostilities that may disrupt financial markets or economic conditions; (xiii) volatility or adverse trends in the securities markets that could affect the value of the Company’s investment portfolio or broader financial conditions; (xiv) delays or incomplete resolution of regulatory matters or supervisory issues that could impact the Company’s planning or operations; (xv) the outcome of regulatory or legal investigations, proceedings or other matters that may arise from time to time; and (xvi) the risk that the Company may not be successful in the implementation of its business strategy.

Additional factors that could cause actual results to differ materially are described in other periodic filings with the Securities and Exchange Commission (“SEC”), which are available at the SEC’s website, www.sec.gov. While the Company believes it has identified and discussed the material risks affecting its business, there may be additional risks and uncertainties not currently known or considered immaterial that could affect the forward-looking statements made herein.

Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as predictions of future results. Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by applicable law.

Application of Critical Accounting Estimates

The Company's consolidated quarterly financial statements are prepared in accordance with accounting principles generally accepted in the United States and follow practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the consolidated quarterly financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements could reflect different estimates, assumptions, and judgments. Certain accounting policies inherently have a greater reliance on the use of estimates, assumptions, and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions, and judgments are necessary when assets and liabilities are required to be recorded at fair value or when an asset or liability needs to be recorded contingent upon a future event. Carrying assets and liabilities at fair value inherently results in more financial statement volatility. The fair values and information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices or are provided by unaffiliated third-party sources, when available. When third party information is not available, valuation adjustments are estimated in good faith by management.

The most significant accounting policies followed by the Company are presented in Note 1 to the annual audited consolidated financial statements. These policies, along with the disclosures presented in the other financial statement notes and in this discussion, provide information on how significant assets and liabilities are valued in the consolidated quarterly financial statements and how those values are determined. Based on the valuation techniques used and the sensitivity of financial statement amounts to the methods, assumptions, and estimates underlying those amounts, management has identified the allowance for credit losses, deferred income taxes, pension obligations, the evaluation of investment securities for credit losses, the estimation of fair values for accounting and disclosure purposes, and the evaluation of goodwill for impairment to be the accounting areas that require the most subjective and complex judgments. These areas could be the most subject to revision as new information becomes available.

The Company applies ASC 326, *Financial Instruments—Credit Losses*, to account for its allowance for credit losses ("ACL") on loans in accordance with the Current Expected Credit Loss ("CECL") methodology. The allowance for credit losses on loans and unfunded commitments is a valuation allowance for management's estimate of expected credit losses in the loan portfolio and commitments to extend credit. Determining the amount of the ACL requires significant judgment on the part of management and the use of estimates related to the amount and timing of expected future cash flows on individually evaluated loans, estimated losses on pools of homogeneous loans based on historical loss experience, as correlated to historical economic metrics and in consideration of current economic trends and conditions, and other qualitative factors, all of which may be susceptible to significant change.

The Company establishes a specific allowance for all troubled credits identified through both normal and targeted credit review processes. Loans recognized within the internal review are identified as being individually evaluated and excluded from collective pools. Individually evaluated loans are considered to have unique risk characteristics when their risk profile, repayment characteristics, or loss exposure are sufficiently distinct such that inclusion in a pooled evaluation would not appropriately reflect its expected credit loss. Factors that may result in such classification include, but are not limited to, borrower-specific financial stress or credit deterioration, nonaccrual status or sustained delinquency, bankruptcy, insolvency, or restructuring proceedings, reliance on a single or materially weakened source of repayment, material adverse changes in collateral value, condition, or marketability, collateral dependency, unique or non-standard loan structures or modifications, adverse changes in guarantor support, or other circumstances indicating the loan no longer shares similar risk characteristics with the pool. For individually evaluated loans, management measures credit losses using a discounted cash flow approach, collateral-dependent valuation techniques, observable market pricing (when available), or other methods permitted under ASC 326 that reasonably estimate expected credit losses based on the specific facts and circumstances of the loan. The selected methodology is applied consistently and is based on the specific facts and circumstances of each loan. At March 31, 2026, the Bank's position in individually evaluated loans consisted of 135 loans totaling \$84.7 million. All were valued based on a collateral analysis. No loans were valued using the present value of future cash flows method or other methods permitted under ASC 326. For all other loans, the Company uses the general allocation methodology that establishes an allowance to estimate the lifetime incurred loss for each risk-rating category.

The Company utilizes the DCF method for its pooled segment calculation. The DCF method implements a probability of default and loss given default and loss exposure at default estimation. The probability of default and loss given default are applied to future cash flows that are adjusted to present value and these discounted expected losses become the Allowance for Credit Losses.

Management also considers Qualitative Factors (“QF”) that are likely to cause estimated credit losses with the Company’s existing portfolio to differ from historical loss experience, including but not limited to: national and local economic trends and conditions, levels and trends in delinquencies, non-accrual loans and classified assets, trends in volume, terms and concentrations of loans, changes in lending policies and procedures, quality of credit review function and administration, and changes in regulatory environment, management, markets and product offerings. On a quarterly basis, the Company assesses the magnitude of QF adjustments necessary to be applied to the quantitatively-derived ACL in order to incorporate forward-looking projections in its final evaluation of current expected credit losses.

In estimating the ACL on loans, management considers the sensitivity of the model and significant judgments and assumptions that could result in an amount that is materially different from management’s estimate. At March 31, 2026, the Bank held \$549.5 million in commercial real estate and commercial & industrial loans (collectively, commercial loans) representing 61.4% of the Bank’s entire loan portfolio. The Bank allocated \$23.3 million of the ACL to these commercial loans, which included a net qualitative adjustment that reduced the ACL by approximately \$889,000 in the first quarter of 2026. Given the concentration of ACL allocation to the total commercial loan portfolio and the significant judgments made by management in deriving the qualitative loss factors, management considers the impact that changes in judgments could have on the ACL. The ACL could increase (or decrease) by approximately \$222,000, assuming a 25% negative (or positive) change within the group of qualitative factors used to determine the ACL for commercial loans. The sensitivity and related range of impacts for various judgments on the ACL is a hypothetical analysis and is used to determine management’s judgments or assumptions of qualitative loss factors that were utilized at March 31, 2026 in the final recorded estimation of the ACL on loans recognized on the Statements of Financial Condition.

Deferred income tax assets and liabilities are determined using the liability method. Under this method, the net deferred tax asset or liability is recognized for the future tax consequences. This is attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as net operating and capital loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense in the period that includes the enactment date. If current available evidence about the future raises doubt about the likelihood of a deferred tax asset being realized, a valuation allowance is established. The judgment about the level of future taxable income, including that which is considered capital, is inherently subjective and is reviewed on a continual basis as regulatory and business factors change.

The Company’s effective tax rate typically differs from the 21% federal statutory tax rate due primarily to New York State income taxes, partially offset by tax-exempt income from specific types of investment securities and loans, bank owned life insurance, and to a much lesser degree, the utilization of low income housing tax credits. In addition, the tax effects of certain incentive stock option activity may reduce the Company’s effective tax rate on a sporadic basis.

We maintain a noncontributory defined benefit pension plan covering a portion of employees. The plan provides defined benefits based on years of service and final average salary. On May 14, 2012, we informed our employees of our decision to freeze participation and benefit accruals under the plan, primarily to reduce some of the volatility in earnings that can accompany the maintenance of a defined benefit plan. Pension and post-retirement benefit plan liabilities and expenses are based upon actuarial assumptions of future events; including fair value of plan assets, interest rates, and the length of time the Company will have to provide those benefits. The assumptions used by management are discussed in Note 14 to the consolidated annual financial statements.

When the fair value of a security categorized as AFS or HTM is less than its amortized cost basis, an assessment is made as to whether or not credit loss is present. Management makes a quantitative determination of potential credit loss for all HTM securities even if the risk of credit loss is considered remote and uses a best estimate threshold for securities categorized as AFS. The Company considers numerous factors when determining whether a potential credit loss exists. The principal factors considered are (1) the financial condition of the issue and (guarantor, if any) and adverse conditions specifically related to the security, industry or geographic area, (2) failure of the issuer of the security to make scheduled interest or principal payments, (3) any changes to the rating of the security by a NRSRO, and (4) the presence of contractual credit enhancements, if any, including the guarantee of the federal government or any of its agencies.

The Company carries all of its AFS investments at fair value with any unrealized gains or losses reported, net of tax, as an adjustment to shareholders' equity and included in accumulated other comprehensive income (loss), except for the credit-related portion of debt securities' credit losses securities which are charged to earnings. The Company's ability to fully realize the value of its investments in various securities, including corporate debt securities, is dependent on the underlying creditworthiness of the issuing organization. In evaluating the debt securities portfolio, for both AFS and HTM securities for credit losses, management considers (1) if we intend to sell the security; (2) if it is "more likely than not" we will be required to sell the security before recovery of its amortized cost basis; or (3) if the present value of expected cash flows is insufficient to recover the entire amortized cost basis.

The estimation of fair value is significant to several of our assets; including AFS and marketable equity investment securities, intangible assets, foreclosed real estate, and the value of loan collateral when valuing loans. These are all recorded at either fair value, or the lower of cost or fair value. Fair values are determined based on third party sources, when available. Furthermore, accounting principles generally accepted in the United States require disclosure of the fair value of financial instruments as a part of the notes to the annual audited consolidated financial statements. Fair values on our AFS securities may be influenced by a number of factors including market interest rates, prepayment speeds, discount rates, and the shape of yield curves.

Fair values for AFS securities are obtained from unaffiliated third party pricing services. Where available, fair values are based on quoted prices on a nationally recognized securities exchange. If quoted prices are not available, fair values are measured using quoted market prices for similar benchmark securities. Management made no adjustments to the fair value quotes that were provided by the pricing sources. Fair values for marketable equity securities are based on quoted prices on a nationally recognized securities exchange for similar benchmark securities. The fair values of foreclosed real estate and the underlying collateral value of individually evaluated loans are typically determined based on evaluations by third parties, less estimated costs to sell. When necessary, appraisals are updated to reflect changes in market conditions.

Management performs an annual evaluation of our goodwill for possible impairment at each of our reporting units. Based on the December 31, 2025 evaluation, management has determined that the carrying value of goodwill was not impaired as of that date. Management will continuously evaluate all relevant economic and operational factors potentially affecting the Bank or the fair value of its assets, including goodwill. Should future economic consequences require a significant and sustained change in the operations of the Bank, re-evaluations of the Bank's goodwill valuation will be conducted on a more frequent basis.

Recent Events

On March 30, 2026, the Company announced that its Board of Directors declared a cash dividend of \$0.10 per share on the Company's voting common and non-voting common stock, and a cash dividend of \$0.10 per notional share for the issued warrant relating to the fiscal quarter ended March 31, 2026. The dividends were payable to all shareholders of record on April 17, 2026 and were paid on May 8, 2026.

Summary of 2026 First Quarter Results

The Company recorded net income of \$2.4 million for the three months ended March 31, 2026, compared to \$3.0 million for the three months ended March 31, 2025. The \$561,000 decrease in net income was primarily attributable to a \$1.1 million decrease in total net interest income, a \$259,000 increase in total noninterest expense, and a \$70,000 decrease in noninterest income, partially offset by a \$625,000 decrease in the provision for credit losses and a \$214,000 decrease in the provision for income taxes.

Net interest income before the provision for credit losses decreased \$1.1 million, or 9.4%, to \$10.3 million for the three months ended March 31, 2026, as compared to the same three month period in 2025. This decrease was predominately the result of a decrease in interest and dividend income of \$1.9 million, partially offset by a decrease in interest expense of \$868,000.

Interest and dividend income declined \$1.9 million to \$17.5 million for the first quarter of 2026, as compared to the first quarter of 2025. This decrease was primarily driven by a \$1.3 million reduction in interest income on loans, resulting from a decrease of 49 basis points in the average yield on loans, reflecting in part a 15 basis point benefit recognized in the first quarter of 2025 attributable to 2024 interest recovered on loans removed from nonaccrual status and income from prepayment fees. The remaining decrease was driven by maturities and payoffs of higher-yielding loans, new originations at lower rates, and elevated nonperforming loans for which specific reserves were established as appropriate prior to the first quarter of 2026. Interest income on total investment securities decreased \$697,000 as a result of the lower average yield and decreased average balances in portfolio assets. Interest income on Fed funds sold and interest-earning deposits increased \$73,000, reflecting higher average balances and increased yields.

The decrease in interest expense of \$868,000 to \$7.2 million for the first quarter of 2026, compared to the prior year quarter, was primarily attributed to a 22 basis point decline in the average cost of total interest-bearing liabilities, including a reduction of 31 basis points in the average cost of interest-bearing deposits that was partially offset by an increase of 34 basis points in the average cost of borrowings, as well as an increase of 230 basis points in the average cost of subordinated loans that reset from fixed-rate to floating-rate interest after October 15, 2025.

Net interest margin ("NIM") was 3.10% for the first three months ended March 31, 2026, compared to 3.31% in the year-ago period. The decrease of 21 basis points primarily reflected lower earning asset yields that more than offset the reduction in the cost of interest bearing deposits and other liabilities. In addition, approximately 10 basis points of net interest margin in the year-ago period reflected 2024 interest recovered from loans removed from nonaccrual status and income from prepayment fees in the first quarter of 2025.

Provision for credit losses was a benefit of \$168,000 in the first quarter of 2026, reflecting lower net charge offs and overall credit performance that resulted in a small reserve release in the first three months of this year. Provision expense was \$457,000 in the year-ago period. See the "Provision for Credit Losses" and "Loan and Asset Quality and Allowance for Credit Losses" sections of this Management's Discussion and Analysis for further discussion.

Noninterest income was \$1.1 million for the first quarter of 2026, down slightly from \$1.2 million in the same period of 2025. Results for the first quarter of 2026 included a \$203,000 loss resulting from fair value adjustments recorded during the period on \$6.3 million of substandard loans that were moved to held-for-sale status in the fourth quarter of 2025, as the Bank continues active sale negotiations.

Compared to the prior-year quarter, first quarter 2026 noninterest income benefited from higher earnings on bank-owned life insurance, increased debit card interchange fees, and higher gains on sales of loans and foreclosed real estate, partially offset by lower net unrealized gains on marketable equity securities, reduced loan servicing fees, and modest net realized losses on sales and redemptions of investment securities.

Noninterest expense increased to \$8.7 million in the first quarter of 2026 from \$8.4 million in the prior-year quarter, driven primarily by higher salaries and benefits. The increase in salaries and benefits reflected general salary increases, strategic additions of senior, key personnel across the organization, as well as higher payroll taxes and stock-based compensation. Data processing expense also increased due to higher technology, data, and ATM-related maintenance costs. These increases were partially offset by a modest reduction in building and occupancy costs and lower other expenses.

For the first quarter of 2026, annualized noninterest expense represented 2.48% of average assets in the first quarter of 2026, compared to 2.33% in the year-ago period. The efficiency ratio was 75.65%, for the first quarter of 2026, compared to 67.19% in the year-ago period. The efficiency ratio, which is not a financial metric under GAAP, is a measure that the Company believes is helpful to understanding its level of non-interest expense as a percentage of total revenue.

Results of Operations

Net Interest Income

Net interest income is the Company's primary source of operating income for payment of operating expenses and providing for credit losses. It is the amount by which interest earned on loans, interest-earning deposits, and investment securities, exceeds the interest paid on deposits and other interest-bearing liabilities. Changes in net interest income and NIM result from the interaction between the volume and composition of interest-earning assets, interest-bearing liabilities, related yields, and associated funding costs.

The following table sets forth information concerning average interest-earning assets and interest-bearing liabilities and the average yields and rates thereon for the periods indicated. Interest income and resultant yield information in the table has not been adjusted for tax equivalency. Averages are computed on the daily average balance for each month in the period divided by the number of days in the period. Nonaccrual loans have been included in interest-earning assets for purposes of these calculations.

<i>(In thousands)</i>	(Unaudited)					
	For the three months ended March 31,					
	2026			2025		
	Average Balance	Interest	Average Yield / Cost	Average Balance	Interest	Average Yield / Cost
Interest-earning assets:						
Loans	\$ 902,143	\$ 12,357	5.48%	\$ 916,207	\$ 13,672	5.97%
Taxable investment securities	377,210	4,648	4.93%	416,558	5,278	5.07%
Tax-exempt investment securities	33,472	335	4.00%	34,475	402	4.66%
Fed funds sold and interest-earning deposits	21,143	162	3.06%	12,939	89	2.75%
Total interest-earning assets	1,333,968	17,502	5.25%	1,380,179	19,441	5.63%
Noninterest-earning assets:						
Other assets	120,516			114,882		
Allowance for credit losses	(29,436)			(17,413)		
Net unrealized losses on available-for-sale securities	(5,559)			(9,947)		
Total assets	\$ 1,419,489			\$ 1,467,701		
Interest-bearing liabilities:						
NOW accounts	\$ 125,250	\$ 296	0.95%	\$ 111,643	\$ 298	1.07%
Money management accounts	9,110	2	0.09%	10,906	3	0.11%
MMDA accounts	298,555	1,976	2.65%	256,186	1,960	3.06%
Savings and club accounts	125,276	70	0.22%	129,769	81	0.25%
Time deposits	441,341	3,789	3.43%	498,963	4,603	3.69%
Subordinated debt	30,155	649	8.61%	30,123	475	6.31%
Borrowings	39,982	380	3.80%	70,575	610	3.46%
Total interest-bearing liabilities	1,069,669	7,162	2.68%	1,108,165	8,030	2.90%
Noninterest-bearing liabilities:						
Demand deposits	193,992			206,137		
Other liabilities	31,817			29,961		
Total liabilities	1,295,478			1,344,263		
Shareholders' equity	124,011			123,438		
Total liabilities & shareholders' equity	\$ 1,419,489			\$ 1,467,701		
Net interest income		\$ 10,340			\$ 11,411	
Net interest rate spread			2.57%			2.73%
Net interest margin			3.10%			3.31%
Ratio of average interest-earning assets to average interest-bearing liabilities			124.71%			124.55%

Net interest income was \$10.3 million for the first quarter of 2026, down \$1.1 million, or 9.4% from \$11.4 million from year-ago period. NIM decreased 21 basis points to 3.10% from 3.31% for the three months ending March 31, 2026 and 2025, respectively. Approximately 10 basis points of NIM in the year-ago period reflected 2024 interest recovered from loans removed from nonaccrual status and income from prepayment fees in the first quarter of 2025.

Interest and dividend income decreased \$1.9 million in the first quarter of 2026, which reflects approximately \$347,000 of first quarter 2025 net interest income reflected 2024 interest recovered from loans removed from nonaccrual status and income from prepayment fees. The remaining decrease was driven by maturities and payoffs of higher-yielding loans, new originations at lower rates, and elevated nonperforming loans for which specific reserves were established as appropriate prior to the first quarter of 2026. Total average interest-earnings assets declined \$46.2 million, to \$1.33 billion at March 31, 2026 compared to \$1.38 billion one year-ago, driven primarily by lower investment securities balances of \$40.4 million which the Company views as temporary.

Total interest expense decreased \$868,000 to \$7.2 million from \$8.0 million for the three months ended March 31, 2026 and 2025 respectively. The decrease was primarily attributed to a 22 basis point decline in the average cost of total interest-bearing liabilities, which includes a reduction of 31 basis points in the average cost of interest-bearing deposits that was partially offset by an increase of 34 basis points in the average cost of borrowings, as well as an increase of 230 basis points in the average cost of subordinated loans that reset from fixed-rate to floating-rate interest after October 15, 2025. Total average interest-bearing liabilities decreased by \$38.5 million from the same period one year-ago. This decrease reflects lower average balances of \$57.6 million of time deposits and \$30.6 million of borrowings, offset by higher average balances of \$42.4 million of MMDA deposits.

Rate/Volume Analysis

Net interest income can also be analyzed in terms of the impact of changing interest rates on interest-earning assets and interest-bearing liabilities and changes in the volume or amount of these assets and liabilities. The following table represents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected the Company's interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (i) changes attributable to changes in volume (change in volume multiplied by prior rate); (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume); and (iii) total increase or decrease. Changes attributable to both rate and volume have been allocated ratably. Tax-exempt securities have not been adjusted for tax equivalency.

Unaudited (In thousands)	Three months ended March 31, 2026 vs. 2025		
	Increase/(Decrease) Due to		Total Increase (Decrease)
	Volume	Rate	
Interest Income:			
Loans	\$ (207)	\$ (1,108)	\$ (1,315)
Taxable investment securities	(488)	(142)	(630)
Tax-exempt investment securities	(11)	(56)	(67)
Interest-earning deposits	62	11	73
Total interest income	(644)	(1,295)	(1,939)
Interest Expense:			
NOW accounts	34	(36)	(2)
Money management accounts	-	(1)	(1)
MMDA accounts	300	(284)	16
Savings and club accounts	(3)	(8)	(11)
Time deposits	(509)	(305)	(814)
Subordinated debt	1	173	174
Borrowings	(286)	56	(230)
Total interest expense	(463)	(405)	(868)
Net change in net interest income	\$ (181)	\$ (890)	\$ (1,071)

Deposits

The Company's deposit base is drawn from eleven full-service branches and one motor bank in its market area. The deposit base consists of demand deposits, money management and money market deposit accounts, savings, and time deposits. Total deposits increased by \$27.9 million, or 2.4% from December 31, 2025. The increase in deposits during the three months ended March 31, 2026, reflects growth in MMDA deposits and both interest- and noninterest-bearing demand deposits, partially offset by runoff of higher-cost time deposits.

At March 31, 2026, 82.0% of the Company's deposit base of \$1.21 billion consisted of core deposits. Core deposits, which exclude brokered deposits and certificates of deposit of \$250,000 or more, are considered to be more stable and generally provide the Company with a lower cost of funds than time deposits of \$250,000 or more. The Company will continue to emphasize retail and business core deposits in the future by providing depositors with a full range of deposit product offerings and will maintain its recent focus on deposit gathering within the Syracuse market.

A summary of deposits by category at March 31, 2026 and December 31, 2025 is as follows:

<i>(In thousands)</i>	March 31, 2026	December 2025
Savings accounts	\$ 127,044	\$ 122,718
Time accounts	283,693	317,201
Time accounts in excess of \$250,000	130,857	134,779
Money management accounts	8,483	9,539
MMDA accounts	315,982	285,564
Demand deposit interest-bearing	134,399	110,702
Demand deposit noninterest-bearing	206,635	196,377
Mortgage escrow funds	4,634	6,968
Total Deposits	\$ 1,211,727	\$ 1,183,848

In addition to deposits obtained from its business operations within its target market areas, the Bank also obtains brokered deposits through various programs administered by IntraFi Network and through other unaffiliated third-party financial institutions.

The following table sets forth our nonbrokered and brokered deposit activities at the dates indicated:

<i>(In thousands)</i>	March 31, 2026			December 31, 2025		
	Nonbrokered	Brokered	Total	Nonbrokered	Brokered	Total
Savings accounts	\$ 127,044	\$ -	\$ 127,044	\$ 122,718	\$ -	\$ 122,718
Time accounts	204,568	79,125	283,693	220,288	96,913	317,201
Time accounts of \$250,000 or more	130,857	-	130,857	134,779	-	134,779
Money management accounts	8,483	-	8,483	9,539	-	9,539
MMDA accounts	315,982	-	315,982	285,564	-	285,564
Demand deposit interest-bearing	126,399	8,000	134,399	105,702	5,000	110,702
Demand deposit noninterest-bearing	206,635	-	206,635	196,377	-	196,377
Mortgage escrow funds	4,634	-	4,634	6,968	-	6,968
Total Deposits	\$ 1,124,602	\$ 87,125	\$ 1,211,727	\$ 1,081,935	\$ 101,913	\$ 1,183,848

Provision for Credit Losses

We establish a provision for credit losses, which is charged to operations, at a level management believes is appropriate to absorb lifetime credit losses in the loan portfolio. In evaluating the level of the allowance for credit losses, management considers historical loss experience, the types of loans and the amount of loans in the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available or as future events change. The provision for credit losses represents management's estimate of the amount necessary to maintain the allowance for credit losses at an adequate level.

Provision for credit losses was a benefit of \$168,000 for the three month period ended March 31, 2026, as compared to a \$457,000 provision for credit losses expense for the three month period ended March 31, 2025. The provisioning in the first quarter of 2026 and 2025 reflects management's determination of the appropriate level of additions to reserves, the composition of the loan portfolio, changes in quantifiable econometric data statistically correlated to historical charge-off rates, subjective qualitative assessments of changes in a broad array of factors including changes to underwriting criteria, loan staffing and local market conditions, and changes in the levels of delinquent and nonaccrual loans. The \$625,000 decrease in provision for credit losses in the first quarter of 2026, as compared to the same period in 2025, was primarily attributed to lower net charge offs and overall credit performance that resulted in a small reserve release in the first three months of this year. The Bank's credit sensitive portfolios continue to be carefully monitored, and the Bank will consistently apply its loan classification and reserve building methodologies to the analysis of these portfolios. Please refer to the asset quality section below for a further discussion of asset quality as it relates to the allowance for credit losses.

The Company measures delinquency based on the amount of past due loans (defined as loans equal to or greater than 30 days past due) as a percentage of total loans. The ratio of delinquent loans to total loans was 5.4% and 5.9% at March 31, 2026, and December 31, 2025, respectively. Delinquent loans (numerator) decreased \$4.9 million from December 31, 2025 to March 31, 2026. Total loan balances (denominator) decreased \$1.5 million from December 31, 2025 to March 31, 2026. The decrease in delinquent loans from December 31, 2025 to March 31, 2026 was driven by loans delinquent 30-59 days and loans delinquent 60-89 days, which decreased by \$7.4 million and \$8.1 million, respectively, partially offset by an increase of \$10.6 million in loans delinquent 90 days and over.

Noninterest Income

The Company's noninterest income is primarily comprised of fees on deposit account balances and transactions, loan servicing, commissions, and net gains on sales of securities, loans, and foreclosed real estate.

The following table sets forth certain information on noninterest income for the periods indicated:

Unaudited <i>(In thousands)</i>	For the three months ended			
	March 31, 2026	March 31, 2025	Change	
Service charges on deposit accounts	\$ 376	\$ 374	\$ 2	0.5%
Earnings and gain on bank owned life insurance	256	162	94	58.0%
Loan servicing fees	89	101	(12)	-11.9%
Debit card interchange fees	139	1	138	N/M
Other charges, commissions and fees	213	284	(71)	-25.0%
Noninterest income before gains and losses	1,073	922	151	16.4%
Losses on sales and redemptions of investment securities	(5)	(8)	3	37.5%
Gains on sales of loans and foreclosed real estate	186	65	121	186.2%
Fair value adjustment to loans held-for-sale	(203)	-	(203)	N/M
Net unrealized gains on marketable equity securities	76	218	(142)	-65.1%
Total noninterest income	\$ 1,127	\$ 1,197	\$ (70)	-5.8%

N/M - Not meaningful

Noninterest income totaled \$1.1 million in the first quarter of 2026, compared to \$1.2 million during the same period in 2025. First quarter 2026 noninterest income included a loss of \$203,000 for fair value adjustments made in the period to \$6.3 million in substandard loans that were transferred to held-for-sale status in the fourth quarter of 2025, as active sale negotiations remain ongoing.

Compared to the year-ago period, first quarter 2026 noninterest income reflected increases of \$94,000 in earnings and gains on bank owned life insurance, \$138,000 in debit card interchange fees, and \$2,000 in service charges on deposit accounts. The increase in debit card interchange fees compared to the prior-year period was primarily attributable to non-recurring catch-up adjustments of \$158,000 related to prior periods that were recorded in the first quarter of 2025.

In addition, compared to the year-ago period, first quarter 2026 noninterest income included increases of \$121,000 in gains on sales of loans and foreclosed real estate and \$3,000 in net realized losses on sales and redemptions of investment securities, as well as decreases of \$142,000 in net unrealized gains on marketable equity securities and \$12,000 in loan servicing fees. Net unrealized gains on marketable equity securities, which include two limited partnership equity method investments, remains a variable contributor to noninterest income, decreasing \$142,000 in the first quarter of 2026 from the year-ago quarter.

Noninterest Expense

The following table sets forth certain information on noninterest expense for the periods indicated:

Unaudited <i>(In thousands)</i>	For the three months ended			
	March 31, 2026	March 31, 2025	Change	
Salaries and employee benefits	\$ 4,857	\$ 4,450	\$ 407	9.1%
Building and occupancy	1,327	1,347	(20)	-1.5%
Data processing	733	666	67	10.1%
Professional and other services	680	606	74	12.2%
Advertising	89	141	(52)	-36.9%
FDIC assessments	204	229	(25)	-10.9%
Audits and exams	140	114	26	22.8%
Amortization expense	157	157	-	0.0%
Community service activities	21	11	10	90.9%
Foreclosed real estate expenses	9	21	(12)	-57.1%
Other expenses	475	691	(216)	-31.3%
Total noninterest expenses	\$ 8,692	\$ 8,433	\$ 259	3.1%

Noninterest expense totaled \$8.7 million in the first quarter of 2026, compared to \$8.4 million in the first quarter of 2025.

Salaries and benefits expense was \$4.9 million in the first quarter of 2026, increasing \$407,000 from the year-ago period. The increase from the year-ago period was primarily driven by general increases in salaries and strategic changes in workforce composition since early 2025, with the addition of more senior, key personnel across the organization, as well as higher payroll taxes and stock-based compensation in the first quarter of 2026.

Building and occupancy expense was \$1.3 million in the first quarter of 2026, decreasing \$20,000 from the year-ago quarter. The decreases from the year-ago quarter reflected modest reductions across multiple building and occupancy expense categories, partially offset by higher utilities costs.

Data processing expense was \$733,000 in the first quarter of 2026, increasing \$67,000 from the year-ago period. The increases from the year-ago quarter reflected higher costs primarily associated with data, ATM, and other technology maintenance costs.

Other expenses were \$475,000 in the first quarter of 2026, decreasing \$216,000 from the year-ago period. The year-over-year decrease reflected a heightened focus on practices and procedures as they relate to procurement, vendors, and accounts-payable, as well as a general emphasis on operating expense discipline.

Income Tax Expense

Income tax expense decreased \$214,000 to \$530,000 for the quarter ended March 31, 2026, as compared to \$744,000 for the same three month period in 2025. The decrease in income tax expense for the quarter ended March 31, 2026, as compared to the same quarter in 2025, was primarily driven by a decrease of \$775,000 in income before taxes. The effective income tax rate decreased 200 basis points to 18.0% for the three months ended March 31, 2026 as compared to 20.0% for the same three month period in 2025. The decrease in the tax rate in the first quarter of 2026, as compared to the same quarter in 2025, was primarily related to a decrease in income and fluctuations in permanent tax differences.

The Company's tax liability is a function of the 21% statutory federal tax rate, the level of pretax income, the varying effects of New York State income taxes, and is partially reduced by tax-exempt income from specific types of investment securities and loans, bank owned life insurance, and, to a much lesser degree, the utilization of historic and low income housing tax credits. In addition, the tax effects of certain incentive stock option activity may reduce the Company's effective tax rate on a sporadic basis.

Earnings per Share

Basic and diluted earnings per Voting and Series A Non-Voting share were \$0.38 per share for the first quarter of 2026, as compared to \$0.48 and \$0.47, respectively, for the same prior year period. The decrease in earnings per share between the first quarter of 2026 and 2025 was due to the decrease of net income between the two periods. Further information on earnings per share can be found in Note 3 of the unaudited consolidated financial statements of this Form 10-Q.

Changes in Financial Condition

Assets

Total assets decreased \$4.7 million, or 0.3%, to \$1.42 billion at March 31, 2026 as compared to December 31, 2025. This decrease was primarily attributable to declines in residential and consumer loan balances and investment securities, partially offset by increases in commercial loan balances and total cash and cash equivalents.

Loans, net of deferred fees, totaled \$895.2 million on March 31, 2026, resulting in a decrease of \$1.5 million or 0.2% from December 31, 2025. Consumer and residential loans totaled \$347.0 million on March 31, 2026, decreasing \$7.3 million or 2.1% from December 31, 2025. Commercial loans totaled \$549.5 million on March 31, 2026, increasing \$5.8 million, or 1.1% from December 31, 2025.

Total investment securities, including investment in FHLB-NY stock, totaled \$403.8 million at March 31, 2026, a decrease of \$12.0 million, or 2.9%, compared to \$415.7 million at December 31, 2025. This decrease reflected a decrease of \$7.9 million in held-to-maturity securities and a \$3.8 million decrease in available-for-sale securities due to calls and maturities. In addition, FHLB-NY stock decreased \$391,000, offset partially by a \$173,000 increase in marketable equity securities during the period.

Total cash and cash equivalents increased \$8.0 million, or 25.6%, to \$39.2 million at March 31, 2026, as compared to December 31, 2025. The increase was attributed primarily to cash inflows from investment securities prepayments, calls, and maturities, as well as a seasonal first quarter increase in municipal deposits.

Liabilities

Total liabilities decreased \$5.8 million, or 0.4%, to \$1.30 billion at March 31, 2026 as compared to December 31, 2025. This decrease was primarily attributable to lower total borrowings. In addition, the year-end tax provision resulted in the reclassification of \$3.9 million of taxes payable from other liabilities to deferred tax assets. These decreases were partially offset by increases in total deposits.

Total borrowings decreased \$30.7 million, or 52.9%, from \$58.1 million at December 31, 2025 to \$27.4 million at March 31, 2026. This decrease was due to a \$29.0 million decrease in short-term borrowed funds from FHLB-NY and FRB-NY, and a \$1.7 million decrease in long-term borrowed funds from FHLB-NY, as excess liquidity provided in the first quarter of 2026 by cash flows from investment securities and a seasonal increase in municipal deposits enabled the Company to reduce borrowings.

Total deposits increased \$27.9 million, or 2.4%, to \$1.21 billion at March 31, 2026 as compared to December 31, 2025. The change in deposits from the prior period was driven by a \$17.6 million increase in interest-bearing deposits, reflecting higher balances in money market deposit accounts and both interest- and noninterest-bearing demand deposit accounts, partially offset by lower time deposit balances. In addition, noninterest-bearing deposits increased \$10.3 million during the period.

Shareholders' Equity

Shareholders' equity increased by \$1.1 million, or 0.9%, from \$122.5 million at December 31, 2025 to \$123.6 million at March 31, 2026. This increase was primarily due to the Company's recorded net income of \$2.4 million, an increase in additional paid in capital of \$705,000, partially reduced by an increase of \$1.3 million in accumulated other comprehensive loss, and \$639,000 of declared dividends to shareholders during the three months ended March 31, 2026.

Capital

Capital adequacy is evaluated primarily by the use of ratios which measure capital against total assets, as well as against total assets that are weighted based on defined risk characteristics. The Company's goal is to maintain a strong capital position, consistent with the risk profile of its banking operations. This strong capital position serves to support growth and expansion activities while at the same time exceeding regulatory standards. At March 31, 2026, the Bank met the regulatory definition of a "well-capitalized" institution, i.e. a total risk-based capital ratio exceeding 10%, a Tier 1 risk-based capital ratio exceeding 8%, common equity Tier 1 capital ("CET1") risk-based capital ratio exceeding 6.5%, and a Tier 1 capital to average assets ratio (known as the "leverage ratio") exceeding 5%.

In addition to establishing the minimum regulatory capital requirements, the regulations limit capital distributions and certain discretionary bonus payments to management if the institution does not hold a "capital conservation buffer" consisting of 2.5% of CET1 to risk-weighted assets above the amount necessary to meet its minimum risk-based capital requirements. The buffer is separate from the capital ratios required under the Prompt Corrective Actions ("PCA") standards. In order to avoid these restrictions, the capital conservation buffer effectively increases the minimum levels of the following capital to risk-weighted assets ratios: (1) Total Capital, (2) Tier 1 Capital and (3) CET1. At March 31, 2026, the Bank exceeded all regulatory required minimum capital ratios, including the capital buffer requirements.

Pathfinder Bank's capital amounts and ratios as of the indicated dates are presented in the following table:

<i>(In thousands)</i>	Actual		Minimum For Capital Adequacy Purposes		Minimum To Be "Well-Capitalized" Under Prompt Corrective Provisions		Minimum For Capital Adequacy with Buffer	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2026								
Total Capital (to risk-weighted assets)	\$ 148,904	14.87%	\$ 80,132	8.00%	\$ 100,165	10.00%	\$ 105,173	10.50%
Tier 1 Capital (to risk-weighted assets)	\$ 136,171	13.59%	\$ 60,099	6.00%	\$ 80,132	8.00%	\$ 85,140	8.50%
Common Equity Tier 1 (to risk-weighted assets)	\$ 136,171	13.59%	\$ 45,074	4.50%	\$ 65,107	6.50%	\$ 70,116	7.00%
Tier 1 Capital (to average assets)	\$ 136,171	9.79%	\$ 55,618	4.00%	\$ 69,523	5.00%	\$ 69,523	5.00%
As of December 31, 2025								
Total Capital (to risk-weighted assets)	\$ 146,559	14.72%	\$ 79,646	8.00%	\$ 99,558	10.00%	\$ 104,535	10.50%
Tier 1 Capital (to risk-weighted assets)	\$ 133,896	13.45%	\$ 59,735	6.00%	\$ 79,646	8.00%	\$ 84,624	8.50%
Common Equity Tier 1 (to risk-weighted assets)	\$ 133,896	13.45%	\$ 44,801	4.50%	\$ 64,712	6.50%	\$ 69,690	7.00%
Tier 1 Capital (to average assets)	\$ 133,896	9.41%	\$ 39,823	4.00%	\$ 49,779	5.00%	\$ 71,159	5.00%

Non-GAAP Financial Measures

Regulation G, a rule adopted by the Securities and Exchange Commission (SEC), applies to certain SEC filings, including earnings releases, made by registered companies that contain "non-GAAP financial measures." GAAP is generally accepted accounting principles in the United States of America. Under Regulation G, companies making public disclosures containing non-GAAP financial measures must also disclose, along with each non-GAAP financial measure, certain additional information, including a reconciliation of the non-GAAP financial measure to the closest comparable GAAP financial measure (if a comparable GAAP measure exists) and a statement of the Company's reasons for utilizing the non-GAAP financial measure as part of its financial disclosures. The SEC has exempted from the definition of "non-GAAP financial measures" certain commonly used financial measures that are not based on GAAP. When these exempted measures are included in public disclosures, supplemental information is not required. Financial institutions like the Company and its subsidiary bank are subject to an array of bank regulatory capital measures that are financial in nature but are not based on GAAP. The Company follows industry practice in disclosing its financial condition under these various regulatory capital measures, including period-end regulatory capital ratios for its subsidiary bank, in its periodic reports filed with the SEC. The Company provides, below, an explanation of the calculations, as supplemental information, for non-GAAP measures included in the consolidated annual financial statements. In addition, the Company provides a reconciliation of its subsidiary bank's disclosed regulatory capital measures, below.

<i>(Dollars in thousands)</i>	March 31, 2026	December 31, 2025
Regulatory Capital Ratios (Bank only)		
Total Capital (to risk-weighted assets)		
Total equity (GAAP)	\$ 139,717	\$ 138,947
Goodwill	(5,056)	(5,056)
Intangible assets	(5,205)	(5,362)
Addback: Accumulated other comprehensive loss	6,715	5,367
Total Tier 1 Capital	\$ 136,171	\$ 133,896
Allowance for credit losses (subject to regulatory limits)	12,733	12,663
Total Tier 2 Capital	\$ 12,733	\$ 12,663
Total Tier 1 plus Tier 2 Capital (numerator)	\$ 148,904	\$ 146,559
Risk-weighted assets (denominator)	1,001,651	995,575
Total Capital to risk-weighted assets	14.87 %	14.72 %
Tier 1 Capital (to risk-weighted assets)		
Total Tier 1 Capital (numerator)	\$ 136,171	\$ 133,896
Risk-weighted assets (denominator)	1,001,651	995,575
Total Tier 1 Capital to risk-weighted assets	13.59 %	13.45 %
Tier 1 Capital (to average assets)		
Total Tier 1 Capital (numerator)	\$ 136,171	\$ 133,896
Total average assets	1,400,718	1,433,594
Goodwill	(5,056)	(5,056)
Intangible assets	(5,205)	(5,362)
Average adjusted assets (denominator)	\$ 1,390,457	\$ 1,423,176
Total Tier 1 Capital to adjusted assets	9.79 %	9.41 %
Common Equity Tier 1 (to risk-weighted assets)		
Total Common Equity Tier 1 Capital (numerator)	\$ 136,171	\$ 133,896
Risk-weighted assets (denominator)	1,001,651	995,575
Total Common Equity Tier 1 to risk-weighted assets	13.59 %	13.45 %

<i>(Dollars in thousands)</i>	For the three months ended	
	March 31, 2026	March 31, 2025
Revenue, pre-tax, pre-provision net income, and efficiency ratio:		
Net interest income	\$ 10,340	\$ 11,411
Total noninterest income	1,127	1,197
Net realized losses on sales and redemptions of investment securities	(5)	(8)
Gains on sales of loans and foreclosed real estate	186	65
Fair value adjustment to loans held-for-sale ¹	(203)	-
Revenue (non-GAAP) ¹	11,489	12,551
Total non-interest expense	8,692	8,433
Pre-tax, pre-provision net income (non-GAAP) ²	\$ 2,797	\$ 4,118
Efficiency ratio (non-GAAP) ³	75.65 %	67.19 %

¹ Revenue equals net interest income plus total noninterest income less net realized gains or losses on sales and redemptions of investment securities, and sales of loans and foreclosed real estate.

² Pre-tax, pre-provision net income equals revenue less total noninterest expense.

³ Efficiency ratio equals noninterest expense divided by revenue.

Loan and Asset Quality and Allowance for Credit Losses

The following table represents information concerning the aggregate amount of non-accrual loans at the indicated dates:

<i>(In thousands)</i>	March 31, 2026	December 31, 2025
Nonaccrual loans:		
Commercial and commercial real estate loans	\$ 34,831	\$ 24,616
Consumer	1,116	968
Residential mortgage loans	2,213	1,977
Total nonaccrual loans	38,160	27,561
Total nonperforming loans	38,160	27,561
Foreclosed real estate	137	137
Total nonperforming assets	\$ 38,297	\$ 27,698
Nonperforming loans to total loans	4.26%	3.07%
Nonperforming assets to total assets	2.69%	1.94%

Nonperforming assets include nonaccrual loans, and foreclosed real estate (“FRE”).

As indicated in the table above, nonperforming assets at March 31, 2026 were \$38.3 million, and were \$10.6 million greater than the \$27.7 million reported at December 31, 2025 and \$25.1 million greater than the \$13.2 million reported at March 31, 2025. The increase from December 31, 2025 primarily reflected certain legacy loans associated with two commercial relationships that may have been less than 90 days delinquent but were identified as having unique risk characteristics through the Company’s 2025 portfolio review. Specific reserves for these exposures were established as appropriate prior to the first quarter of 2026.

Fair values for commercial FRE are initially recorded based on market value evaluations by third parties, less costs to sell (“initial cost basis”). On a prospective basis, residential FRE assets will be initially recorded at the lower of the net amount of loan receivable or the real estate’s fair value less costs to sell. Any write-downs required when the related loan receivable is exchanged for the underlying real estate collateral at the time of transfer to FRE are charged to the allowance for credit losses. Values are derived from appraisals of underlying collateral or discounted cash flow analysis. Subsequent to foreclosure, valuations are updated periodically and assets are marked to current fair value, not to exceed the initial cost basis for the FRE property.

The allowance for credit losses on loans represents management’s estimate of the lifetime losses inherent in the loan portfolio as of the date of the statement of condition. The allowance for credit losses was \$29.0 million and \$29.4 million at March 31, 2026 and December 31, 2025, respectively. The ratio of the allowance for credit losses to total loans was 3.24% as of March 31, 2026, as compared to 3.28% at December 31, 2025 and 1.91% at March 31, 2025. The ACL increased by \$10.8 million in the fourth quarter of 2025 as part of the previously disclosed risk-based reserve build for potential exposures to commercial credits identified as having unique risk characteristics through the comprehensive portfolio review completed last year. Management performs a quarterly evaluation of the allowance for credit losses based on quantitative and qualitative factors and has determined that the current level of the allowance for credit losses is adequate to absorb the losses in the loan portfolio as of March 31, 2026.

Loans purchased outside of the Bank’s general market area are subject to substantial pre-purchase due diligence. Homogenous pools of purchased loans are subject to pre-purchase analyses led by a team of the Bank’s senior executives and credit analysts. In each case, the Bank’s analytical processes consider the types of loans being evaluated, the underwriting criteria employed by the originating entity, the historical performance of such loans, especially in the most recent deeply recessionary period, the offered collateral enhancements and other credit loss mitigation factors offered by the seller and the capabilities and financial stability of the servicing entities involved. From a credit risk perspective, these loan pools also benefit from broad diversification, including wide geographic dispersion, the readily-verifiable historical performance of similar loans issued by the originators, as well as the overall experience and skill of the underwriters and servicing entities involved as counterparties to the Bank in these transactions. The performance of all purchased loan pools are monitored regularly from detailed reports and remittance reconciliations provided at least monthly by the external servicing entities.

The projected credit losses related to purchased loan pools are evaluated prior to purchase and the performance of those loans against expectations are analyzed at least monthly. Over the life of the purchased loan pools, the allowance for credit losses is adjusted, through the provision for credit losses, for expected loss experience, over the projected life of the loans. The expected credit loss experience is determined at the time of purchase and is modified, to the extent necessary, during the life of the purchased loan pools. The Bank does not initially increase the allowance for credit losses on the purchase date of the loan pools.

At March 31, 2026 and December 31, 2025, the Company had \$84.7 million and \$89.4 million in loans, respectively, which were individually analyzed, having established specific reserves of \$18.5 million and \$18.1 million, respectively, on these loans. The \$4.7 million decrease in specifically identified loans between these two dates primarily reflects the payoff of a single large commercial loan relationship totaling \$5.0 million in the first quarter of 2026.

Appraisals are obtained at the time a real estate secured loan is originated. For commercial real estate held as collateral, the property is inspected every two years.

Management has identified certain loans with potential credit profiles that may result in the borrowers not being able to comply with the current loan repayment terms and which may result in possible future identified loan reporting. Potential problem loans totaled \$76.4 million at March 31, 2026, as compared to \$77.2 million at December 31, 2025. Of these loans which have been internally classified as special mention, substandard, or doubtful, \$71.3 million were individually evaluated for expected credit losses, while the remaining \$5.1 million were collectively evaluated at March 31, 2026.

In the normal course of business, the Bank has, from time to time, sold residential mortgage loans and participation interests in commercial loans. As is typical in the industry, the Bank makes certain representations and warranties to the buyer. Pathfinder Bank maintains a quality control program for closed loans and considers the risks and uncertainties associated with potential repurchase requirements to be minimal.

The future performance of the Company's loan portfolios with respect to credit losses will be highly dependent upon the course and duration, both nationally and within the Company's market area, of the concentrations in the Company's loan portfolio. Concentrations of loans within a portfolio that are made to a single borrower, to a related group of borrowers, or to a limited number of industries, are generally considered to be additional risk factors in estimating future credit losses. Therefore, the Company monitors all of its credit relationships to ensure that the total loan amounts extended to one borrower, or to a related group of borrowers, does not exceed the maximum permissible levels defined by applicable regulation or the Company's generally more restrictive internal policy limits.

Liquidity

Liquidity management involves the Company's ability to generate cash or otherwise obtain funds at reasonable rates to support asset growth, meet deposit withdrawals, maintain reserve requirements, and otherwise operate the Company on an ongoing basis. The Company's primary sources of funds are deposits, borrowed funds, amortization and prepayment of loans and maturities of investment securities and other short-term investments, and earnings and funds provided from operations. While scheduled principal repayments on loans are a relatively predictable source of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition. The Company manages the pricing of deposits to maintain a desired deposit composition and balance. In addition, the Company invests excess funds in short-term interest-earning and other assets, which provide liquidity to meet lending requirements.

The Company's liquidity has been enhanced by its ability to borrow from FHLB-NY, whose competitive advance programs and lines of credit provide the Company with a safe, reliable, and convenient source of funds. A significant decrease in deposits in the future could result in the Company having to seek other sources of funds for liquidity purposes. Such sources could include, but are not limited to, additional borrowings, brokered deposits, negotiated time deposits, the sale of "available-for-sale" investment securities, the sale of securitized loans, or the sale of whole loans. Such actions could result in higher interest expense and/or losses on the sale of securities or loans.

Through the first three months of 2026, as indicated in the consolidated statement of cash flows, the Company reported net cash outflow from operating activities of \$240,000 and net cash inflow of \$11.2 million related to investing activities. The net cash inflows from investing activities was generated principally by an increase of \$1.3 million in net loan activity, a \$10.1 million increase in net investment activity, partially offset by a \$248,000 decrease in premises and equipment. The Company reported net cash outflows from financing activities of \$3.0 million, primarily due to a \$27.9 million increase in net deposit balances, a \$30.7 million decrease in net borrowings, and an aggregate decrease of \$185,000 in net cash from all other financing sources, including dividends paid to common voting and non-voting shareholders and warrant holders of \$631,000.

The Bank's management monitors liquidity on a continuous basis through a broad range of internal programs and considers effective liquidity management to be one of its primary objectives. At March 31, 2026 the Bank had deposits of \$1.21 billion, of which a portion were nominally uninsured, as they were above the insurance limits established by the Federal Deposit Insurance Corporation ("FDIC") on that date. Of the nominally uninsured deposits at March 31, 2026, \$83.6 million were insured through a long-standing reciprocal deposit program managed by a third-party entity. In addition, \$136.7 million in municipal deposits are fully protected against principal loss by a collateral program whereby the Bank places high-quality securities with an independent custodian as collateral. The Bank had \$174.7 million in deposits, representing 15.6% of all deposits, that were considered to be uninsured at March 31, 2026. At December 31, 2025, the Bank had \$161.1 million in deposits, representing 14.9% of all deposits, that were considered to be uninsured.

The Company has a number of existing credit facilities available to it. At March 31, 2026, total credit available under the existing lines of credit was approximately \$225.8 million at FHLB-NY, FRB-NY, and two other correspondent banks. At March 31, 2026, the Company had \$27.4 million of the available lines of credit utilized on its existing lines of credit with the remainder of \$198.4 million available.

The Asset Liability Management Committee of the Company is responsible for implementing the policies and guidelines for the maintenance of prudent levels of liquidity. As of March 31, 2026, management reported to the Board of Directors that the Company is in compliance with its liquidity policy guidelines.

Off-Balance Sheet Arrangements

The Company is also a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. At March 31, 2026, the Company had \$191.4 million in outstanding commitments to extend credit and standby letters of credit.

The Company's exposure to credit loss in the event of nonperformance related to off-balance sheet arrangements is proportional to the contractual amount of those instruments. Such financial instruments are recorded when they are funded. The Company records an allowance for credit losses on off-balance sheet credit exposures, unless such commitments are unconditionally cancelable, through the provision for credit losses expense. The allowance for credit losses on off-balance sheet credit exposures as of March 31, 2026 was \$598,000 and is included in other liabilities on the Company's consolidated Statements of Condition.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information relating to this item.

Item 4 – Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”) (the Company’s principal executive officer and principal financial officer), management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2026. The term “disclosure controls and procedures,” under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its 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.

Based on the evaluation of our disclosure controls and procedures as of March 31, 2026, our CEO and CFO concluded that our disclosure controls and procedures were effective as of that date.

We did not make any changes in internal control over financial reporting during the quarter ended March 31, 2026 that materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

At March 31, 2026, the Company is not currently a named party in a legal proceeding, the outcome of which would have a material and adverse effect on the financial condition or results of operations of the Company.

Item 1A – Risk Factors

A smaller reporting company is not required to provide the information relating to this item.

Item 2 – Unregistered Sales of Equity Securities, and Use of Proceeds, and Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2026 through January 31, 2026	-	\$ -	-	74,292
February 1, 2026 through February 28, 2026	-	\$ -	-	74,292
March 1, 2026 through March 31, 2026	-	\$ -	-	74,292

- (1) On August 29, 2016, our Board of Directors authorized the repurchase of up to 217,692 shares of our common stock, or 5% of the Company's shares outstanding as of that date.

Item 3 – Defaults Upon Senior Securities

None

Item 4 – Mine Safety Disclosures

Not applicable

Item 5 – Other Information

During the first quarter of 2026, none of our directors or officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as that term is used in SEC regulations.

Item 6 – Exhibits

<u>Exhibit No.</u>	<u>Description</u>
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
32	Section 1350 Certification of the Chief Executive Officer and Chief Financial Officer
101	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements tagged as blocks of text.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

PATHFINDER BANCORP, INC.

(registrant)

May 15, 2026

/s/ James A. Dowd
James A. Dowd
President and Chief Executive Officer

May 15, 2026

/s/ Justin K. Bigham
Justin K. Bigham
Executive Vice President, Chief Financial Officer

EXHIBIT 31.1: Rule 13a-14(a) / 15d-14(a) Certification of the Chief Executive Officer

Certification of Chief Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James A. Dowd, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pathfinder Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 the registrant's board of directors:
 - (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.

May 15, 2026

/s/ James A. Dowd
James A. Dowd
President and Chief Executive Officer

EXHIBIT 31.2: Rule 13a-14(a) / 15d-14(a) Certification of the Chief Financial Officer

Certification of Chief Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Justin K. Bigham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Pathfinder Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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, 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 the registrant's board of directors:
 - 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.

May 15, 2026

/s/ Justin K. Bigham

Justin K. Bigham

Executive Vice President, Chief Financial Officer

EXHIBIT 32 Section 1350 Certification of the Chief Executive Officer and Chief Financial Officer

Certification pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Pathfinder Bancorp, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2026 as filed with the Securities and Exchange Commission (the “Report”), the undersigned hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002.

May 15, 2026

/s/ James A. Dowd
James A. Dowd
President and Chief Executive Officer

May 15, 2026

/s/ Justin K. Bigham
Justin K. Bigham
Executive Vice President, Chief Financial Officer
