HOVDE GROUP

Hovde M&A Transaction
February 26, 2026

Arrow Financial Corporation (NASDAQGS: AROW) - Glens Falls, NY
has entered into a definitive agreement to acquire
Adirondack Bancorp, Inc. ("Adirondack") - Utica, NY

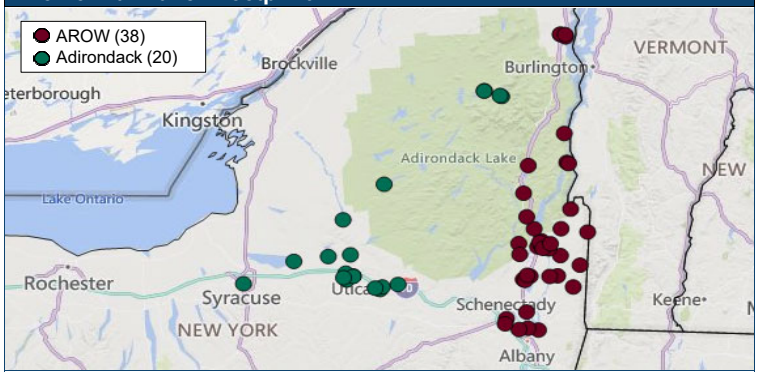
Hovde Group, LLC served as exclusive financial advisor and issued a fairness opinion to Arrow Financial Corporation

Transaction Summary

- AROW and Adirondack have agreed to a cash and stock transaction valued at $89.1 million creating the #4 community bank ranked by assets in Upstate New York[(1)]
- This transaction extends Arrow's eight-county footprint into Oneida and Herkimer counties in the Mohawk Valley and Franklin County in Upstate New York, while strengthening its presence in Essex and Clinton counties
- As of December 31, 2025, the combined company would have pro-forma total assets of $5.4 billion, total deposits of $4.8 billion, and total gross loans of $4.1 billion[(2)]
- Closing of the transaction is expected in late second quarter or early third quarter of 2026
- This transaction will mark Hovde's 199th announced M&A transaction since the beginning of 2017

(1) Transaction value based on AROW's closing stock price of $34.43 as of February 25, 2026 and ranking based on non-NYC MSA NY headquartered publicly traded banks with less than $10 billion in assets
(2) Includes estimated impact from purchase accounting adjustments as of December 31, 2025

Pro Forma Branch Footprint



Transaction Terms / Impact

Announcement Date:	February 26, 2026
Estimated Closing:	Late Q2 | Early Q3 2026
Consideration Mix:[(1)]	77% Stock | 23% Cash
Fixed Exchange Ratio:	1.8610x
Cash Per Share:	$18.72
Implied Transaction Value:[(1)]	$89.1 million or $82.79 per share
Price-to-2026E EPS + Cost Saves:[(1)(2)]	5.3x
Price-to-Tangible Book Value:[(1)(2)]	138%
2027E AROW EPS Accretion:	18.1%

(1) Based on AROW's closing stock price of $34.43 as of February 25, 2026
(2) Based upon financial data as of December 31, 2025

Tombstone Announcement

ARROW Financial Corporation

Glens Falls, NY

has entered into a definitive agreement to acquire

ADIRONDACK BANCORP, INC.

Utica, NY

Hovde Group, LLC served as exclusive financial advisor
and issued a fairness opinion to Arrow Financial Corporation

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Adirondack Bank Highlights - Data as of 12/31/2025

Headquarters:	Utica, NY
States of Operation (Locations):	NY (20)
Total Assets ($000):	941,604
Tangible Common Equity ($000):	72,502
Total Loans ($000):	624,040
Total Deposits ($000):	848,093
Loans/ Deposits (%):	73.6%
Tangible Common Equity/ Tangible Assets (%):	7.72%
MRQ ROAA (%):	0.52%
MRQ ROATCE (%):	7.17%
MRQ Cost of Total Deposits (%):	0.80%
NPAs/ Assets (%):	0.47%

Source: S&P Capital IQ Pro

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