

2024

ANNUAL REVIEW





It has been a year of remarkable strides
and transformative growth for our
company. Our unwavering commitment
to serving our shareholders, customers
and communities has been the
driving force behind our success.

David S. DeMarco
President and CEO

The information in this document may contain statements based on management's beliefs, assumptions, expectations, estimates and projections about the future. Such "forward-looking statements," as defined in Section 21E of the Securities Exchange Act of 1934, as amended, involve a degree of uncertainty and attendant risk. Actual outcomes and results may differ, explicitly or by implication. We are not obliged to revise or update these statements to reflect unanticipated events. In conjunction with Arrow's Annual Report on Form 10-K for the year ended December 31, 2024 (the 2024 Form 10-K) and other filings with the Securities and Exchange Commission.



Arrow Stakeholders:

As we reflect on 2024, I'm proud to share the remarkable strides we've made together. This past year was transformational for our company, marked by significant achievements that have strengthened our foundation and brightened our future.

A landmark moment was the unification of our two subsidiary banks, Glens Falls National Bank and Trust Company and Saratoga National Bank and Trust Company, under the unified brand Arrow Bank National Association™, or Arrow Bank™. This strategic unification simplifies the bank's brand identity, strengthens our market presence and positions the bank for future growth while maintaining the same local, personalized service that's been our hallmark. Behind Arrow Bank's new name are the same great people and the same trusted services our customers have come to know and expect. The leadership team will remain unchanged, ensuring stability and continuity.

Our growth trajectory continued with the acquisition of a new bank branch in Whitehall, New York, and the assets of a local insurance agency under our subsidiary, Upstate Agency, LLC. These expansions widen our service area, enhance our offerings and provide more value for our shareholders.

Our reported 2024 net income of \$29.7 million, a slight decrease from \$30.1 million in 2023, and earnings per share of \$1.77, consistent with the prior year, tell only part of the story. In 2024, we achieved mid-single digit loan growth, enhanced our net interest margin and took a proactive approach to balance sheet management. We continued enhancing shareholder value through share repurchases and an increased quarterly cash dividend of \$0.28 per share. We were named to the prestigious Piper Sandler Sm-All Stars: Class of 2024 list, and

before unification, our subsidiary banks continued their legacy of financial strength by maintaining our 5-Star "Exceptional Performance" ratings from Bauer Financial for the 70th and 62nd consecutive quarters.

We notably appointed longtime board member Tenée R. Casaccio as our new Board Chair, making her our first female Board Chair. Additionally, we expanded the expertise of our Board of Directors by welcoming four new members: James M. Dawsey, Dr. Kristine D. Duffy, Philip Morris and Daniel J. White. Their local knowledge and professional experience will be invaluable as we navigate future opportunities.

Our long-standing commitment to giving back to our communities continued in 2024. As noted toward the end of this review, we demonstrated an impressive commitment to our communities through financial contributions and volunteer efforts. Our company and team members donated \$776,000, supporting 605 community organizations across our eight-county service area. Our volunteer efforts expanded with 261 volunteers logging an impressive 11,902 hours of service, both reflecting a 5 percent increase from 2023.

None of these accomplishments would have been possible without the knowledge, passion and dedication of our exceptional team. Their unwavering commitment to our mission has been the driving force behind our continued success. To our shareholders, thank you for your investment in Arrow Financial Corporation. As we move forward, we will build on this year's momentum, striving for excellence in all we do.

David S. DeMarco
President and CEO



2024 IN REVIEW

In 2024, we took significant steps to unify our brand, expand our presence, enhance security and deliver strong financial performance—all while keeping our customers, communities and shareholders at the heart of everything we do. Below, you'll find updates on our progress, followed by some financial highlights.

SOLID RESULTS

This year, we delivered steady financial performance while making strategic moves to position ourselves for future success. With net income of \$29.7 million and earnings per share of \$1.77, we maintained strength despite a challenging interest rate environment. We grew loans by mid-single digits, expanded our net interest margin and actively managed our balance sheet. Our disciplined capital management allowed us to enhance shareholder

value through share repurchases and an increased cash dividend.

Additionally, we were named to the Piper Sandler Sm-All Stars: Class of 2024 list, recognizing top-performing small-cap banks. Before unification, our subsidiary banks continued their 5-Star "Exceptional Performance" ratings from Bauer Financial for the 70th and 62nd consecutive quarters, respectively, reinforcing our stability and reliability.



ARROW BANK: ONE NAME, ONE VISION

In 2024, we took a historic step forward by unifying our subsidiary banks, Glens Falls National Bank and Saratoga National



Bank under our new name, Arrow Bank. While our name has changed, everything our customers trust and value remains the same: the same great team, the same trusted

services and the same longtime commitment to our customers and communities.

This unification reflects a long-awaited business goal of unifying the banks to allow us to operate as one company working together to deliver exceptional banking services. Our unification strengthens our presence in northeastern New York, providing a seamless experience while honoring the deep-rooted legacies of Glens Falls National Bank and Saratoga National Bank. With a modernized brand and a continued focus on relationship-driven banking, we are better positioned than ever to serve our customers across the region through Arrow Bank's 38 branches.

Customers will continue to see familiar faces at their local branches, rely on the products and services they trust and experience the strong community support that defines the Arrow Family of Companies. As Arrow Bank, we are unified under one bank name, strengthening our ability to serve our customers and communities for generations to come.

Our efforts to promote and educate our customers and prospects about the Arrow Bank rebrand will continue in 2025.

GROWING OUR BUSINESS

Strategic growth remained a key focus in 2024. We expanded our presence in Washington County with the acquisition of a Whitehall, New York branch, adding \$37.5 million in deposits and \$3 million in loans. This strengthens our commitment to the community, where we now operate nine branches. We also grew



our insurance business by acquiring select assets of A&B Agency, Inc., strengthening Upstate Agency's position as a leading insurance provider. These acquisitions expand our reach while maintaining the personalized, consultative approach that sets us apart. With these strategic moves, we are well-positioned for continued growth and to meet evolving customer and community needs.

ADVANCING TECHNOLOGY

Throughout our company, we are always researching and implementing ways to enhance our technology. This year, we were pleased to offer our customers access to more than 50,000 ATMs across the United States and internationally through the Allpoint ATM Network. With this partnership, customers no longer need to rely solely on bank branch ATMs to make simple withdrawals or deposits without incurring fees.



Additionally, after years of behind-the-scenes planning, our Wealth Management Team converted to a new enhanced customer platform, that offers a personalized experience and a user-friendly design with intuitive navigation. We'll continue our efforts to offer best-in-class digital services to our customers in 2025.

SAFER BANKING, TOGETHER

Fraud threats continue to evolve, and we remain committed to protecting our customers. In 2024, we expanded fraud prevention tools, enhanced security measures and continued educating customers on how to detect and prevent scams. To further strengthen these efforts, we established a dedicated fraud department solely focused on monitoring, preventing and addressing fraud-related issues for our customers and our communities. Our team works tirelessly behind the scenes to safeguard accounts, help customers one-on-one and ensure safer banking for everyone.

SOCIALLY CONSCIOUS PERFORMANCE

At Arrow, responsible business practices are at the core of everything we do. We foster an inclusive workplace that supports employee growth and well-being while remaining deeply committed to strengthening our communities through financial literacy, volunteerism and local partnerships.



Sustainability is also a priority, with investments in energy-efficient infrastructure and digital banking solutions that reduce our environmental impact. With a strong governance framework and sound risk management, we uphold high standards of accountability, data security and ethical business practices. At Arrow, doing what's right isn't just a commitment, it's how we do business.

EXPANDING THE ARROW BOARD

We are pleased to welcome Tenée R. Casaccio, as our new Board Chair, along with four new board members, James M. Dawsey, Dr. Kristine D. Duffy, Philip Morris and Daniel J. White. Their diverse expertise in financial and operational management, strategic planning, board

governance, community engagement, bank auditing and financial oversight will help guide our continued growth and strategic direction. We look forward to the contributions of our new Board Chair and Board members as we build on Arrow's legacy of strength, stability and innovation. The members of our full Board of Directors are listed on page 12.

GREAT TEAM, GREAT RESULTS

Our success in 2024 is a direct result of the incredible talent and dedication within our team. Their hard work and commitment to our goals have been essential in achieving the milestones we've celebrated this year. It is their continuous effort and shared vision that has propelled us forward, enabling us to reach new heights. As we look to the future, we are excited to continue building on this foundation, knowing that our team will remain at the heart of everything we do. Thank you to everyone at Arrow for your invaluable contributions to our sustained success.



IN MEMORY OF MICHAEL F. MASSIANO, JR.

We honor the memory of Michael F. Massiano, Jr., former Chairman, President and CEO of Arrow Financial Corporation and Glens Falls National Bank and Trust Company. Mike dedicated more than 50 years to our organization, beginning as a teller in 1956 and advancing to lead our company from 1979 to 1989. His vision helped shape our success, and he continued to serve on the Board for a decade after retiring in 1997. A lifelong Glens Falls, New York resident, Mike was deeply committed to his community, contributing to numerous charitable organizations. His leadership and integrity leave a lasting impact on Arrow. We are grateful for Mike's legacy and his unwavering dedication to our mission.



Our new name, brand and look are an investment in the future of our customers, our employees and our communities.



The debut of our new Arrow Bank branding and signage at the Main Office branch at 250 Glen Street in downtown Glens Falls, New York. Photos: Best Frame Forward.

Our History

1851

Glens Falls Bank opened for business in a newly constructed building on Ridge Street.

1932

Changed name to **Glens Falls National Bank and Trust Company**.

1949

Broke ground at 250 Glen Street—our current headquarters.



1981

Glens Falls National Bank went public on NASDAQ as **GFAL**.

1983

Formed Arrow Bank Corporation (now Arrow Financial Corporation) and trading began on NASDAQ as **AROW**.

1988

Formed **Saratoga National Bank and Trust Company** and expanded footprint.

1999

Surpassed **\$1 billion** in assets.



2004

Bought first insurance agency.

2012

Reached **\$2 billion** in assets.

2018

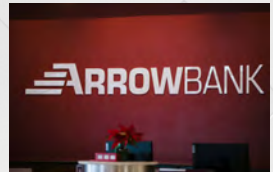
Consolidated our insurance business into the **Upstate Agency** brand.

2021

Topped **\$4 billion** in assets.

2024

Unified banking subsidiaries to form **Arrow Bank National Association**.



2024 Financial Highlights

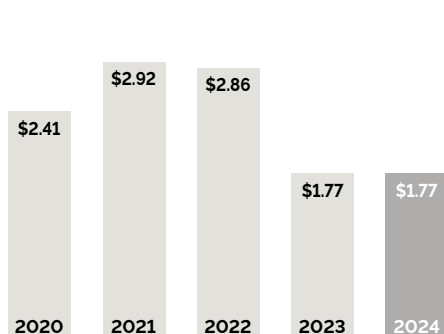
Arrow delivered steady financial performance by growing loans, expanding our net interest margin and actively managing our balance sheet.

Net Income:	\$29.7 million
Total Loans:	\$3.4 billion, up 5.8%
Total Deposits:	\$3.8 billion, up 3.8%
Total Assets:	\$4.3 billion, up 3.3%
Total Shareholders' Equity:	\$400.9 million, up 5.6%
Return on Average Equity:	7.72%
Return on Average Assets:	0.70%
Current Quarterly Cash Dividend:	\$0.28
Book Value Per Share:	\$23.94
Diluted Earnings per Share:	\$1.77

For a full view of our 2024 financial performance, visit arrowfinancial.com

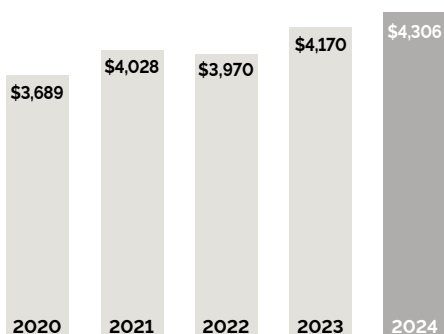
Our 2024 results contained several one-time, non-core items, which impacted results. Non-core items included acquisition-related expenses, residual expenses related to the 2022 Form 10-K and 1Q 2023 Form 10-Q filing delays, bank unification costs and the repositioning of the securities portfolio. For detailed financial results, please refer to our Form 10K for December 31, 2024 as well as our earnings release and investor presentations for 2024 at arrowfinancial.com.

Performance Comparisons



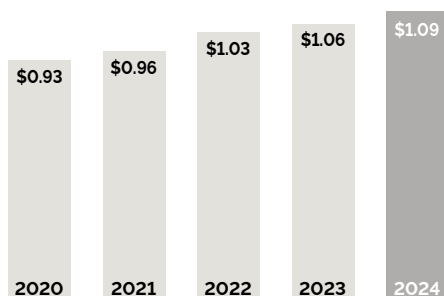
DILUTED EARNINGS PER SHARE

For the 12 Months Ended December 31*



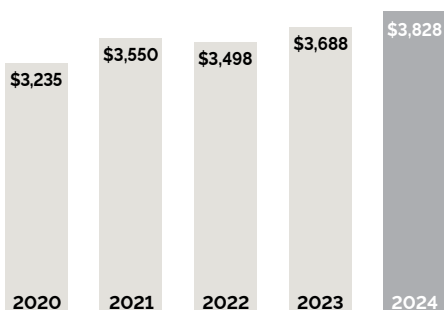
ASSETS

As of December 31
(\$ in Millions)



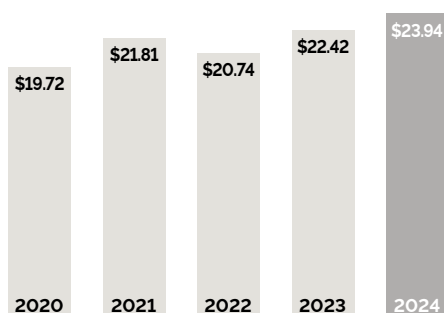
CASH DIVIDENDS PAID PER SHARE

For the 12 Months Ended December 31*



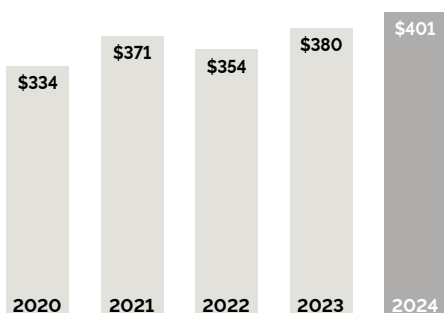
DEPOSITS

As of December 31
(\$ in Millions)



BOOK VALUE PER SHARE

As of December 31*



SHAREHOLDERS' EQUITY

As of December 31
(\$ in Millions)

*Per share amounts have been restated for stock dividends distributed.

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Community Contributions



OUR 2024 GIVING IN ACTION

\$776,000

DONATED TO OUR COMMUNITIES

INCLUDING
\$108,702

from employee contributions



11,902

HOURS
LOGGED

UP 5%
FROM 2023

261 EMPLOYEE
VOLUNTEERS

605 NON-PROFITS
SUPPORTED

More than **\$3.4 million**
donated in the last six years.

Learn more: arrowbank.com/caring

Our Leadership

Executive Team



David S. DeMarco
President and CEO



Penko Ivanov
Senior Executive Vice President,
Chief Financial Officer, Treasurer
and Chief Accounting Officer



Michael Jacobs
Executive Vice President
and Chief Information Officer



David D. Kaiser
Senior Executive Vice President
and Chief Credit Officer



Brooke Pancoe
Executive Vice President and
Chief Human Resources Officer



Andrew J. Wise
Senior Executive Vice President
and Chief Risk Officer



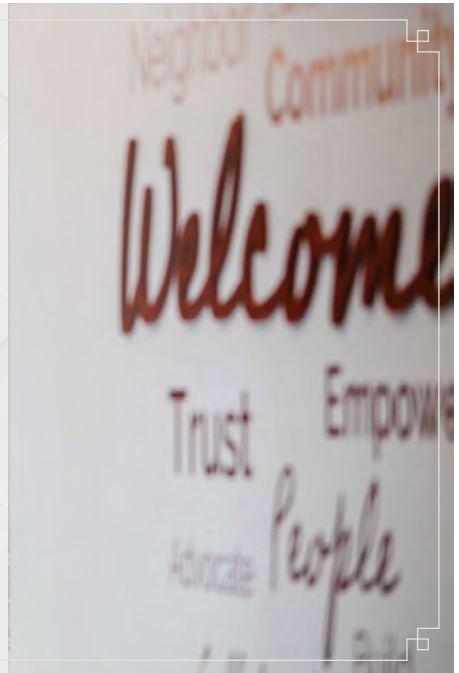
Marc J. Yrsha
Senior Executive Vice President
and Chief Banking Officer

Our Mission

To strengthen financial lives within our communities through the power of care, capability, commitment and collaboration.

Our Vision

To build meaningful and long-lasting relationships with our customers, employees and shareholders.



Our Leadership

Board of Directors



Tenée R. Casaccio, AIA
President
JMZ Architects and Planners, PC
(Chair)



Mark L. Behan
Chairman and Founder
Behan Communications, Inc.



Gregory J. Champion
Chief Legal Officer
Syncomune, Inc.



Gary C. Dake
President
Stewart's Shops Corp.



James M. Dawsey
President
MLB Construction Services, LLC



David S. DeMarco
President and CEO
Arrow Financial Corporation



Dr. Kris Duffy
President
SUNY Adirondack



David G. Kruczynski
Retired President and CEO
Glens Falls Hospital



Elizabeth A. Miller
President and CEO
Miller Mechanical Services, Inc.



Philip Morris
CEO
Proctors Collaborative



Raymond F. O'Connor
Chairman and Retired
President and CEO
Saratoga National Bank



Colin L. Read, PhD
Professor of
Economics/Finance
SUNY Plattsburgh



Daniel J. White
Retired Managing Partner
KPMG LLP Albany

Directors Emeriti

Herbert O. Carpenter
John J. Carusone, Jr.
Michael B. Clarke
Mary-Elizabeth T.
FitzGerald

Elizabeth O'Connor Little
David L. Moynehan
John J. Murphy
Doris E. Ornstein
William L. Owens

In Memoriam
Herbert A. Heineman, Jr.
Michael F. Massiano, Jr.
(*Chairman Emeritus*)
Richard J. Reisman, DMD

Our Family of Companies

Arrow Financial Corporation is a holding company headquartered in Glens Falls, New York, serving the financial needs of northeastern New York. The Company is the parent of Arrow Bank National Association, a full-service commercial bank, and Upstate Agency, LLC, a comprehensive insurance agency.



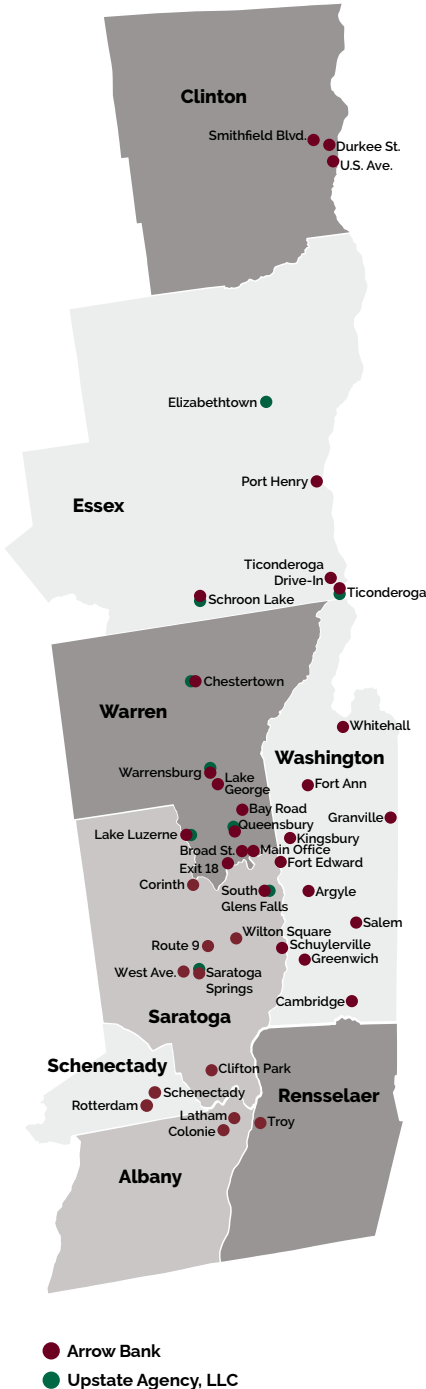
Part of the Arrow Family of Companies, **Arrow Bank National Association** is a commercial bank headquartered in Glens Falls, New York, servicing eight counties in northeastern New York. Arrow Bank operates 38 banking offices and provides a wide range of financial products and services to individuals and businesses, including banking, wealth management and insurance.

Other Arrow Financial Corporation subsidiaries include:



Upstate Agency, LLC, an insurance agency that specializes in personal and business insurance, as well as group health and employee benefits.

Our Footprint



Arrow Financial Corporation is a holding company headquartered in Glens Falls, New York, providing banking, insurance and wealth management services from 38 branches and nine insurance offices in eight counties from Plattsburgh to Albany.

With a footprint of more than 160 miles along the eastern border of New York state, our companies reach a broad customer base including rural, urban and suburban areas from the Canadian border to the Hudson Valley. As of the 2020 Census, this service area includes a population of more than 1.1 million individuals, families and businesses.

Our Arrow Team of more than 550 staff members, strive to deliver an exceptional customer experience across all lines of business. They make our achievements and financial results possible!

ARROW Financial Corporation

Our Family of Companies

 **ARROWBANK**

 **UPSTATE
AGENCY**_{INC.}
INSURANCE