Risk Factors Comparison 2024-03-08 to 2023-03-13 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Investing in ~~our~~ **the Company' s** common stock involves a high degree of risk. The material risks and uncertainties that management believes affect ~~us~~ **the Company** are described below. Before you decide to invest, you should carefully review and consider the risks described below, together with all other information included in this report and other documents ~~we~~ **the Company** ~~file~~ **files** with the SEC. Any of the following risks, as well as risks that ~~we do~~ **the Company does** not know or currently deem immaterial, could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~Summary~~ **SummaryThis** ~~This~~ is a summary of some of the material risks and uncertainties that management believes affects ~~us~~ **the Company** . The list is not exhaustive but provides a high- level summary of some of the material risks that are further described in this Item 1A. ~~We~~ **The Company** ~~encourage~~ **encourages** you to read Item 1A in its entirety. Market and Interest Rate Risks ● Interest rate risks associated with ~~our~~ **the Company' s** business; ● fluctuations in the values of the securities held in ~~our~~ **the Company' s** securities portfolio; and ● governmental monetary, trade and fiscal policies. Credit Risks ● ~~Our~~ **The Company' s** ability to successfully manage credit risk **, including in the commercial real estate portfolio,** and maintain an adequate level of allowance for ~~loan~~ **credit** losses; ● new or revised accounting standards ~~, including as a result of the future implementation of the CECL standard~~ ; ● business and economic conditions in ~~our~~ **the Company' s** market areas; ● the overall health of the local and national real estate market; ● concentrations within ~~our~~ **the Company' s** loan portfolio; and ● the level of nonperforming assets on ~~our~~ **the Company' s** balance sheet. Operational, Strategic and Reputational Risks ● The impact of economic or market conditions on ~~our~~ **the Company' s** fee- based services; ● ~~our~~ **the Company' s** ability to implement ~~our~~ organic and **strategic** acquisition growth strategies; ● potential impairment to the goodwill ~~we~~ **the Company** recorded in connection with ~~our~~ **the Company' s** past acquisitions ~~, including the acquisition of Metro Phoenix Bank~~ ; ● ~~our~~ **the Company' s** ability to continue to grow ~~our~~ retirement and benefit services business; ● ~~our~~ **the Company' s** ability to continue to originate a sufficient volume of residential mortgages **to make the mortgage division profitable** ; ● the occurrence of fraudulent activity, breaches or failures of ~~our~~ **the Company' s** information security controls or cybersecurity- related incidents **, including those employing artificial intelligence** ; ● interruptions involving ~~our~~ **the Company' s** information technology and telecommunications systems or third- party services; ● ~~developments and uncertainty related to the future use and availability of some reference rates, such as the expected discontinuation of LIBOR as well as the development and implementation of alternative reference rates; ●~~ potential losses incurred in connection with mortgage loan repurchases; **22** ● the composition of ~~our~~ **the Company' s** executive management team and ~~our~~ **the Company' s** ability to attract and retain key personnel; ● labor shortages; ● any material weaknesses in ~~our~~ **the Company' s** internal control over financial reporting; and ● severe weather, natural disasters, **effects of climate change,** widespread disease or pandemics, ~~such as the COVID- 19 pandemic,~~ acts of war or terrorism, **civil unrest** or other adverse external events. Liquidity and Funding Risks ● ~~Our~~ **The Company' s** ability to successfully manage liquidity risk, including ~~our~~ **the Company' s** need to access higher cost sources of funds such as fed funds purchased and short- term borrowings; ● concentrations of large depositors **who may have deposits above the FDIC insurance limit** ; and ● ~~our~~ **the Company' s** dependence on dividends from the Bank. Legal, Accounting and Compliance Risks ● The effectiveness of ~~our~~ **the Company' s** risk management framework; ● the commencement and outcome of litigation and other legal proceedings and regulatory actions against ~~us~~ **the Company** or to which ~~we~~ **the Company** may become subject; ● the extensive regulatory framework that applies to us; and ● the impact of recent and future legislative and regulatory changes. Market and Interest Rate ~~RisksOur~~ **RisksThe Company' s** business is subject to interest rate risk, and fluctuations in interest rates may adversely affect ~~our~~ **the Company' s** earnings. Fluctuations in interest rates ~~, which are expected to continue to increase in 2023,~~ may negatively affect ~~our~~ **the Company' s** business and may weaken demand for some of ~~our~~ **the Company' s** products. ~~Our~~ **The Company' s** earnings and cash flows are dependent, in part, on ~~our~~ net interest income, which is the difference between the interest income that ~~we~~ **the Company** ~~earn~~ **earns** on interest earning assets, such as loans and investment securities, and the interest expense that ~~we~~ **the Company** ~~pay~~ **pays** on interest- bearing liabilities, such as deposits and borrowings. Changes in interest rates might also impact the values of equity and debt securities under management and ~~22administration~~ -- **administration** by ~~our~~ **the** retirement and benefit services and wealth management businesses which may have a negative impact on ~~our~~ **the Company' s** fee income. Additionally, changes in interest rates also affect ~~our~~ **the Company' s** ability to fund ~~our~~ operations with client deposits and the fair value of securities in ~~our~~ **the Company' s** investment portfolio. Therefore, any change in general market interest rates, including changes in federal fiscal and monetary policies, could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. It is currently expected that during ~~2023~~ **2024** , and perhaps beyond, the Federal Open Market Committee of the Federal Reserve, or FOMC, will continue to ~~increase~~ **monitor** interest rates **, in part** to reduce the rate of inflation **to its preferred level** . In ~~2022~~ **2023** , the FOMC increased at various dates throughout the year the target range for the federal funds rate from **4** ~~0. 00 % to 0~~ . 25 % to **4. 50 % to** a range of ~~4~~ **5** . 25 % to ~~4~~ **5** . 50 %. All of these increases were expressly made in response to inflationary pressures ~~, which are currently expected to continue in 2023. In February of 2023 the FOMC increased rates again by 0. 25 %~~ . If the FOMC further increases the targeted federal funds rates, overall interest rates likely will rise, which may negatively impact the entire national economy. In addition, ~~our~~ **the Company' s** net interest income could be adversely affected if the rates ~~we~~ **the Company** ~~pay~~ **pays** on deposits and borrowings increase more rapidly than the rates ~~we earn~~ **the Company 23earns** on loans and other assets. Rising interest rates also may reduce the demand for loans and the value of fixed- rate investment securities. These effects from interest rate changes or from other sustained economic stress or a recession, among other matters, could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, liquidity, and results of operations. ~~Our~~ **The Company' s** interest earning assets and interest- bearing liabilities may react in different degrees to changes in market interest rates. Interest rates on some types of assets and liabilities may fluctuate prior to changes in broader market interest rates, while rates on other types of assets and liabilities may lag behind. The result of these changes to rates may cause differing spreads on interest earning assets and interest- bearing liabilities. ~~We~~ **The Company** cannot control or accurately predict changes in market rates of interest. ~~If short- term~~ **As a result of the recent** interest ~~rates~~ **rate increases** ~~remain at the current low levels for a prolonged period~~ , **the Company has** ~~and if longer term interest rates fall, we could experience~~ **experienced** net interest margin compression as ~~our~~ **the Company' s** interest- earning assets **have** ~~would continue to reprice~~ **repriced** ~~downward while our~~ **slower than the Company' s** interest- bearing ~~liability~~ **liabilities , which has had** ~~rates could fail to decline in tandem. This could have~~ a material adverse effect on ~~our~~ **the Company' s** net interest income and ~~our~~ results of operations. In addition, ~~we~~ **the Company** could be prevented from increasing the interest rates ~~we charge~~ **charged** on loans or from maintaining the interest rates ~~we offer~~ **offered** on deposits and money market savings accounts due to " price " competition from other banks and financial institutions with which ~~we~~ **the Company** ~~compete~~ **competes** . As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had $ ~~861~~ **728** . ~~0~~ **1** million of non- maturity, noninterest bearing deposit accounts and $ ~~1~~ **2** . ~~8~~ **0** billion of non- maturity interest ~~-~~ bearing deposit accounts. Interest rates for interest- bearing accounts have, **throughout 2023** ~~in recent periods~~ , ~~started to increase~~ **increased** in response to a series of increases made by the Federal Reserve in the targeted fed funds rate ~~in 2022~~ and market competition. ~~We do~~ **The Company does** not know what market rates will ~~eventually~~ be ~~in~~ **throughout 2024. In** 2023 **, the Company has** ~~. We have started to offer~~ **offered** higher interest rates to maintain current clients or attract new clients, and as a result, ~~our~~ interest expense has increased in recent periods and may increase further, perhaps materially. If ~~we~~ **the Company** ~~fail~~ **fails** to offer interest at a sufficient level to keep these non- maturity deposits, ~~our~~ core deposits may be reduced, which would require ~~us~~ **the Company** to obtain funding in other ways or risk slowing ~~our~~ future asset growth. ~~We~~ **The Company** could recognize losses on securities held in ~~our~~ **the Company' s** securities portfolio, particularly if interest rates increase or economic and market conditions deteriorate. As of December 31, ~~2022~~ **2023** , the fair value of ~~our~~ **the Company' s** securities portfolio was approximately $ ~~1~~ **745** . ~~0~~ **4** ~~billion~~ **million** , or ~~26~~ **19** . 1 % of ~~our~~ total assets. Factors beyond ~~our~~ **the Company' s** control can significantly influence and cause potential adverse changes to the fair value of securities in ~~our~~ **the Company' s** portfolio. For example, fixed- rate securities acquired by ~~us~~ **the Company** are generally subject to decreases in market value when interest rates rise. Additional factors include, but are not limited to, rating agency downgrades of the securities or ~~our~~ **the Company' s** own analysis of the value of the securities, defaults by the issuers or individual mortgagors with respect to the underlying securities and instability in the credit markets. Any of the foregoing factors, as well as changing economic and market conditions ~~and~~ **or** other factors, could cause ~~other~~ **write - downs** ~~than- temporary impairments~~ and realized or unrealized losses in future periods and declines in other comprehensive income, which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. The process for determining whether ~~impairment~~ **a write- down** is **required** ~~other- than- temporary~~ usually requires complex, subjective judgments, which could subsequently prove to have been wrong, about the future financial performance and liquidity of the issuer, the fair value of any collateral underlying the security and whether and the extent to which the principal and interest on the security will ultimately be paid in accordance with its payment terms. ~~23A~~ **A** large percentage of ~~our~~ **the Company' s** investment securities classified as available- for- sale has fixed interest rates. As is the case with many financial institutions, ~~our~~ **the Company' s** emphasis on increasing the development of core deposits, those with no stated maturity date, has resulted in ~~our~~ **the Company' s** interest- bearing liabilities having a shorter duration than ~~our~~ interest- earning assets. This imbalance can create significant earnings volatility because interest rates change over time. As interest rates have increased, ~~our~~ **the Company' s** cost of funds has increased more rapidly than the yields on a substantial portion of ~~our~~ **the Company' s** interest- earning assets. In addition, the market value of ~~our~~ **the Company' s** fixed- rate assets, for example, ~~our~~ investment securities, has declined in recent periods. In line with the foregoing, ~~we have~~ **the Company has** experienced and may continue to experience an increase in the cost of interest- bearing liabilities primarily due to raising the rates ~~we~~ **the Company** ~~pay~~ **pays** on some of ~~our~~ **its** deposit products to stay competitive within ~~our~~ **the Company' s** market and an increase in borrowing costs from increases in the federal funds rate. ~~At~~ **24At** December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had $ ~~183~~ **139** . ~~3~~ **1** million of unrealized losses in ~~our~~ **its** securities portfolio. If ~~we are~~ **the Company is** forced to liquidate any of those investments prior to maturity, including because of a lack of liquidity, ~~we~~ **it** would recognize as a charge to earnings the losses attributable to those securities. ~~Our~~ **The Company' s** securities portfolio has ~~an~~ **a weighted** average **effective** duration of ~~20~~ **5. 0** years, so ~~we~~ **the Company** ~~expect~~ **expects** an increase in realized losses if interest rates **remain elevated or** continue to increase in ~~2023~~ **2024** . Monetary policies of the Federal Reserve could adversely affect ~~our~~ **the Company' s** financial condition and results of operations. In the current environment, economic and business conditions are significantly affected by U. S. monetary policy, particularly the actions of the Federal Reserve in its effort to fight elevated levels of inflation. The Federal Reserve is mandated to pursue the goals of maximum employment and price stability and, **throughout** ~~beginning in March~~ 2022 **and 2023** , ~~it~~ made a series of significant increases to the target Federal Funds rate as part of an effort to combat elevated levels of inflation affecting the U. S. economy ~~, which is expected to continue in 2023~~ . This has helped drive a significant increase in prevailing interest rates ~~and~~ , ~~while this will have~~ **however it has had** a ~~positive~~ **negative** effect on ~~our~~ **the Company' s** net interest income **and has** ~~, it also~~ harmed the value of ~~our~~ **the Company' s** securities portfolio, which had $ ~~132~~ **98** . ~~3~~ **0** million in unrealized losses in ~~our~~ available- for- sale investment securities ~~portfolio~~ at December 31, ~~2022~~ **2023** . This decline in value has negatively affected ~~our~~ **the Company' s** tangible book value. Higher interest rates can also negatively affect ~~our~~ **the Company' s** customers' businesses and financial condition, and the value of collateral securing loans in ~~our~~ **the Company' s** portfolio. Given the complex factors affecting the strength of the U. S. economy, including uncertainties regarding the persistence of inflation, geopolitical developments such as the ~~war in~~ **ongoing conflicts between Israel and Palestine and**

between Russia and Ukraine and resulting disruptions in the global energy market ~~, the effects of the pandemic in China~~ , and tight labor market conditions and supply chain issues, there is a meaningful risk that the Federal Reserve and other central banks may raise interest rates too much, thereby limiting economic growth and potentially causing an economic recession **or other political instability** . As noted above, this could decrease loan demand, harm the credit characteristics of ~~our~~ **the Company' s** existing loan portfolio and decrease the value of collateral securing loans in the portfolio. **The Company cannot guarantee that its stock repurchase program will be fully implemented or that it will enhance long- term stockholder value. On December 12, 2023, the Company' s board of directors approved a new stock repurchase program, which became effective on February 18, 2024, and which authorizes the Company to repurchase up to 1, 000, 000 shares of its common stock, subject to certain limitations and conditions. The new stock repurchase program replaced and superseded the previous 770, 000 share stock repurchase program, under which approximately 413, 526 shares remained. The new stock repurchase program will expire on February 18, 2027. The repurchase program does not obligate the Company to repurchase any shares of its common stock, and other than repurchases that have been completed to date, there is no assurance that the Company will do so or that the Company will repurchase shares at favorable prices. The repurchase program may be suspended or terminated at any time and, even if fully implemented, the repurchase program may not enhance long- term stockholder value.** Credit ~~RisksOur~~ **RisksThe Company' s** business depends on ~~our~~ **its** ability to manage credit risk. As a bank, ~~our~~ **the Company' s** business requires ~~us~~ **it** to manage credit risk **; however, default risk may arise from events or circumstances that are difficult to detect, such as fraud, or difficult to predict, such as catastrophic events affecting certain industries** . As a lender, ~~we are~~ **the Company is** exposed to the risk that ~~our~~ **its** borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, ~~risks relating to~~ proper loan underwriting, ~~risks resulting from~~ changes in economic and industry conditions, and ~~risks~~ inherent in dealing with individual borrowers, including the risk that a borrower may not provide information to ~~us~~ **the Company** about its business in a timely manner, or may present inaccurate or incomplete information to ~~us~~ **the Company** , as well as risks relating to the value of collateral. To manage ~~our~~ credit risk, ~~we~~ **the Company** must, among other actions, maintain ~~disciplined~~ **25disciplined** and prudent underwriting standards and ensure that ~~our~~ **the Company' s** bankers follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of discipline or diligence by ~~our~~ **the Company' s** employees in underwriting and monitoring loans, or ~~our~~ **the Company' s** inability to adequately adapt policies and procedures to changes in economic, or any other conditions affecting borrowers and the quality of ~~our~~ **the Company' s** loan portfolio, may result in loan defaults, foreclosures, and charge- offs and may necessitate that ~~we~~ **the Company** significantly ~~increase~~ **increases** ~~our~~ **the** allowance for ~~loan~~ **credit** losses, each of which could adversely affect ~~our~~ net ~~24income~~ -- **income** . As a result, ~~our~~ **the Company' s** inability to successfully manage credit risk could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations, and growth prospects. ~~Our~~ **The Company' s** allowance for ~~loan~~ **credit** losses may prove to be insufficient to absorb potential losses in ~~our~~ **its** loan portfolio. ~~We~~ **The Company** ~~establish~~ **establishes** and ~~maintain~~ **maintains** ~~our~~ **its** allowance for ~~loan~~ **credit** losses at a level that management considers adequate to absorb ~~probable loan~~ **current expected credit** losses based on an analysis of ~~our~~ **the Company' s** loan portfolio and current market environment. The allowance for ~~loan~~ **credit** losses represents ~~our~~ **the Company' s** estimate of ~~probable~~ **expected** losses in the portfolio at each balance sheet date and is based upon relevant information available ~~to us~~ at such time. The allowance contains provisions for ~~probable~~ **expected** losses that have been identified relating to specific borrowing relationships, as well as ~~probable~~ **expected** losses inherent in the loan portfolio that are not specifically identified. Additions to the allowance for ~~loan~~ **credit** losses, which are charged to earnings through the provision for ~~loan~~ **credit** losses, are determined based on a variety of factors, including an analysis of the loan portfolio, historical loss experience and an evaluation of current economic conditions in ~~our~~ **the Company' s** market area. The actual amount of ~~loan~~ **credit** losses is affected by, among other things, changes in economic, operating, and other conditions within ~~our~~ **the Company' s** markets, which may be beyond ~~our~~ **the Company' s** control, and such losses may exceed current estimates. **As** ~~In addition, as a result~~ of **December 31** ~~the implementation of CECL~~ , **2023,** the **Company' s** allowance for ~~loan losses will reflect new or updated assumptions, model, and methods for estimating the allowance for loan losses to determine expected~~ credit ~~losses. As of December 31, 2022, our allowance for loan~~ losses as a percentage of total loans was 1. ~~27~~ **30** % **,** and as a percentage of total nonperforming loans was ~~820~~ **410** . ~~9~~ **3** %. Although management believes that the allowance for ~~loan~~ **credit** losses was adequate on such date to absorb probable losses on existing loans that may become uncollectible, losses in excess of the existing allowance will reduce ~~our~~ net income and could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We~~ **The Company** may also be required to take additional provisions for loan losses in the future to further supplement the allowance for ~~loan~~ **credit** losses, either due to management' s assessment that the allowance is inadequate or as required by ~~our~~ **the Company' s** banking regulators. ~~Our~~ **The Company' s** banking regulators periodically review ~~our~~ **the Company' s** allowance for ~~loan~~ **credit** losses and the value attributed to nonaccrual loans or to real estate acquired through foreclosure and may require ~~us~~ **the Company** to adjust ~~our~~ **its** determination of the value for these items. These adjustments may have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~The CECL accounting standard~~ **A decline in the business and economic conditions in the Company' s market areas** could ~~require us to increase our allowance for loan losses and may~~ have a material adverse effect on ~~our~~ **the Company' s business,** financial condition ~~and results of operations. The new accounting standard for establishing the allowance for credit losses, referred to as CECL, requires financial institutions to determine periodic estimates of lifetime expected credit losses on loans and recognize the expected credit losses as allowances for credit losses. This standard became applicable to us on January 1, 2023. Under the revised methodology, credit losses are measured based on past events, current conditions and reasonable and supportable forecasts of future conditions that affect the collectability of financial assets.~~

~~The new standard requires the application of the revised methodology to existing financial assets through a one- time adjustment to retained earnings upon initial effectiveness. The change will also likely increase the types of data we need to collect and analyze to determine the appropriate level of the allowance for credit losses. Any increase in our allowance for credit losses, or expenses incurred to determine the appropriate level of the allowance for credit losses, will result in a decrease in net income and capital and may have a material adverse effect on our financial condition and results of operations. Moreover, the CECL model may create more volatility in our level of allowance for credit losses and could result in the need for additional capital. Utilizing objective and subjective factors, the Company now maintains, as of January 1, 2023, an allowance for credit losses, established through a provision for credit losses charged to expense, to cover its estimate of the current expected credit losses in its loan and securities portfolios. In determining the size of this allowance, the Company utilizes estimates based on analyses of volume and types of loans, internal loan classifications, trends in classifications, volume and trends in delinquencies, nonaccruals and charge- offs, loss experience of various loan categories, national and local economic conditions, including unemployment statistics, industry and peer bank loan quality indications, and other pertinent factors and information. Actual losses are difficult to forecast, especially if those losses stem from factors beyond the Company' s historical experience or are otherwise inconsistent with its credit quality assessments. If our assumptions are inaccurate, our current allowance may not be sufficient to cover potential credit losses, and additional 25provisions may be necessary, which would negatively impact our results of operations and financial condition. Any subsequent increase in our allowance for credit losses or expenses incurred to determine the appropriate level of the allowance for credit losses will result in a decrease in net income and capital and may have a material adverse impact on our financial condition and results of operations. Moreover, the CECL standard may create more volatility in our level of allowance for credit losses and could result in the need for additional capital. A decline in the business and economic conditions in our market areas could have a material adverse effect on our business, financial condition~~ , results of operations and growth prospects. ~~Our~~ **The Company' s** business activities and credit exposure, including real estate collateral for many of ~~our~~ **its** loans, are concentrated in North Dakota, Minnesota and Arizona, although ~~we~~ **the Company** also ~~pursue~~ **pursues** business opportunities nationally. As of December 31, ~~2022~~ **2023** , ~~97~~ **89** . ~~6~~ **4** % of the loans in ~~our~~ **the Company' s** loan portfolio were made to borrowers who live in or conduct business in those states. This concentration imposes risks from lack of geographic diversification. Weak economic conditions in North Dakota, Minnesota ~~and~~ **or** Arizona may affect ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects, where adverse economic developments, among other things, could affect the volume of loan originations, increase the level of nonperforming assets, increase the rate of foreclosure losses on loans and reduce the value of ~~our~~ **the Company' s** loans and loan servicing portfolio. Weak economic conditions are characterized by, among other indicators, state and local government deficits, deflation, elevated levels of unemployment, fluctuations in debt and equity capital markets, increased delinquencies on mortgage, consumer and commercial loans, residential and commercial real estate price declines and lower home sales and commercial activity. Any regional or local economic downturn that affects North Dakota, Minnesota or Arizona or existing or prospective borrowers or property values in such areas may affect ~~us~~ **the Company** and ~~our~~ **the Company' s** profitability more significantly and more adversely than ~~our~~ **the Company' s** competitors whose operations are less geographically concentrated. Further, a general economic slowdown could decrease the value of the assets under administration, or AUA, and assets under management, or AUM, of ~~our~~ **the Company' s** retirement and benefit services and wealth management businesses resulting in ~~lower~~ **26lower** fee income, and clients could potentially seek alternative investment opportunities with other providers, which could also result in lower fee income to us. ~~Our~~ **The Company' s** business is also significantly affected by monetary, trade and other regulatory policies of the U. S. federal government, its agencies and government- sponsored entities. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond ~~our~~ **the Company' s** control, are difficult to predict and could have a material adverse effect on ~~our~~ **the Company' s** business, financial position, results of operations and growth prospects. Continued elevated levels of inflation could adversely impact ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. The United States has recently experienced elevated levels of inflation, with the consumer price index climbing approximately ~~6~~ **3** . ~~5~~ **4** % in ~~2022. Inflationary pressures are currently expected to continue into~~ 2023. Continued **elevated** levels of inflation could have complex effects on ~~our~~ **the Company' s** business, results of operations and financial condition, some of which could be materially adverse. For example, while ~~we~~ **the Company** generally ~~expect~~ **expects** any inflation- related increases in ~~our~~ **the Company' s** interest expense to be offset by increases in ~~our~~ interest income, inflation- driven increases in ~~our~~ **the Company' s** levels of noninterest expense could negatively impact ~~our~~ results of operations. Continued elevated levels of inflation could also cause increased volatility and uncertainty in the business environment, which could adversely affect loan demand and ~~our~~ **the Company' s** clients' ability to repay indebtedness. It is possible that governmental responses to the current inflation environment ~~could adversely affect our business~~ , such as changes to monetary and fiscal policy that are too strict, or the imposition or threatened imposition of price controls **, could adversely affect the Company' s business** . The duration and severity of the current inflationary period cannot be estimated with precision. Because a significant portion of ~~our~~ **the Company' s** loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity, as well as environmental factors, could impair the value of collateral securing ~~our~~ **the Company' s** real estate loans and result in loan and other losses. At December 31, ~~2022~~ **2023** , approximately ~~74~~ **77** . ~~0~~ **5** % of ~~our~~ **the Company' s** total loan portfolio was comprised of loans with real estate as a primary ~~or secondary~~ component of collateral. The repayment of such loans is highly dependent on the ability of the borrowers to meet their loan repayment obligations to us, which can be adversely affected by economic downturns that can lead to (i) declines in the rents **or decreases in occupancy** and, therefore, in the cash flows generated by those real properties on which the borrowers depend to fund their loan payments to us, (ii) decreases in the values of those real properties, which make it ~~26more~~ -- **more** difficult for the borrowers to sell those real properties for amounts sufficient to repay their loans in full, and (iii) job losses of residential home buyers, which makes it more difficult for these borrowers to fund their loan payments. As a result, adverse developments affecting real estate values in ~~our~~ **the Company’ s** market areas could increase the credit risk associated with ~~our~~ **the Company’ s** real estate loan portfolio. The market value of real estate can fluctuate significantly in a short period of time as a result of interest rates and market conditions in the area in which the real estate is located and some of these values have been negatively affected by the recent rise in prevailing interest rates. Adverse changes affecting real estate values **, including decreases in office occupancy due to the shift to remote working environments following the COVID- 19 pandemic,** and the liquidity of real estate in one or more of ~~our~~ **the Company’ s** markets could increase the credit risk associated with ~~our~~ **the Company’ s** loan portfolio, significantly impair the value of property pledged as collateral on loans and affect ~~our~~ **the Company’ s** ability to sell the collateral upon foreclosure without a loss or additional losses or ~~our~~ **the Company’ s** ability to sell those loans on the secondary market. Such declines and losses would have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. If real estate values decline, it is also more likely that ~~we~~ **the Company** would be required to increase ~~our~~ **the Company’ s** allowance for ~~loan~~ **credit** losses, which would have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. In addition, adverse weather events, including tornados, wildfires, flooding, and mudslides, can cause damage to the property pledged as collateral on loans, which could result in additional losses upon a foreclosure. In addition, if hazardous or toxic substances are found on properties pledged as collateral, the value of the real estate could be impaired. If ~~we~~ **the Company** ~~foreclose~~ **forecloses** on and ~~take~~ **takes** title to such properties, ~~we~~ **the Company** may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require ~~us~~ **the Company** to incur substantial expenses to address unknown liabilities and may materially reduce the affected property’ s value or limit ~~our~~ **the Company’ s** ability to use or sell the affected property. In addition, future laws or more stringent interpretations or ~~enforcement~~ **27enforcement** policies with respect to existing laws may increase ~~our~~ **the Company’ s** exposure to environmental liability. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. Many of ~~our~~ **the Company’ s** loans are to commercial borrowers, which have a higher degree of risk than other types of loans. Commercial and industrial loans represented ~~23~~ **21** . ~~9~~ **7** % of ~~our~~ **the Company’ s** total loan portfolio at December 31, ~~2022~~ **2023** . These loans are often larger and involve greater risks than other types of lending. Because payments on such loans are often dependent on the successful operation of the business involved, repayment of such loans is often more sensitive than other types of loans to the general business climate and economy. Accordingly, a challenging business and economic environment **generally, or in certain industries,** may increase ~~our~~ **the Company’ s** risk related to commercial loans. In the current economic environment, the cumulative effects of rising inflation, labor shortages and supply chain constraints and the threat of a recession may adversely affect commercial and industrial loans, especially if general economic conditions worsen. Unlike residential mortgage loans, which generally are made on the basis of the borrowers’ ability to make repayment from their employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrowers’ ability to make repayment from the cash flow of the commercial venture. ~~Our~~ **The Company’ s** commercial and industrial loans are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most often, this collateral consists of accounts receivable, inventory and equipment. Inventory and equipment may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. If the cash flow from business operations is reduced, the borrower’ s ability to repay the loan may be impaired. Due to the larger average size of each commercial loan as compared with other loans such as residential loans, as well as collateral that is generally less readily-marketable, losses incurred on a small number of commercial loans could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company’ s** loan portfolio has a large concentration of commercial real estate loans, which involve risks specific to real estate values and the health of the real estate market generally. As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had $ ~~979~~ **1** . ~~5~~ **3** ~~million~~ **billion** of commercial real estate loans, consisting of $ ~~756~~ **569. 4 million of non- owner occupied loans, $ 271. 6 million of owner occupied loans, $ 245** . 1 ~~million of loans secured by nonfarm nonresidential properties, $ 87. 8~~ million of loans secured by multifamily residential properties, $ ~~97~~ **124** . ~~8~~ **0** million of construction and land development loans and $ ~~37~~ **40** . ~~8~~ **1** million of loans secured by farmland. Commercial real estate loans represented ~~40~~ **45** . ~~0~~ **3** % of ~~our~~ **the Company’ s** total loan portfolio and ~~289~~ **353** . ~~5~~ **4** % of the Bank’ s total capital at December 31, ~~2022~~ **2023** . The market value of real estate can fluctuate significantly in a short period of time as a result of ~~27interest --~~ **interest** rates and market conditions in the area in which the real estate is located and some of these values have been negatively affected by the recent rise in prevailing interest rates. Adverse developments affecting real estate values in ~~our~~ **the Company’ s** market areas could increase the credit risk associated with ~~our~~ **the Company’ s** loan portfolio. Additionally, the repayment of commercial real estate loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events **, including decreases in office occupancy due to the shift to remote working environments following the COVID- 19 pandemic,** or governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flow and market values of the affected properties. If the loans that are collateralized by real estate become troubled during a time when market conditions are declining or have declined, then ~~we~~ **the Company** may not be able to realize the full value of the collateral that ~~we~~ **the Company** anticipated at the time of originating the loan, which could force ~~us~~ **the Company** to take charge- offs or require ~~us~~ **the Company** to increase ~~our~~ **the Company’ s** provision for loan losses, which could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. Construction and land development loans are based upon estimates of costs and values associated with the complete project. These estimates may be inaccurate, and ~~we~~ **the Company** may be exposed to significant losses on loans for these projects. Construction and land development loans comprised approximately 4. ~~0~~ **5** % of ~~our~~ **the Company’ s** total loan portfolio as of December 31, ~~2022~~ **2023** . Such lending involves additional risks because funds are advanced upon the security of the ~~project~~ **28project** , which is of uncertain value prior to its completion, and costs may exceed realizable values in declining real estate markets. Because of the uncertainties inherent in estimating construction costs and the realizable market value of the completed project and the effects of governmental regulation of real property, it is relatively difficult to **accurately** evaluate ~~accurately~~ the total funds required to complete a project and the related loan- to- value ratio. As a result, construction and land development loans often involve the disbursement of substantial funds with repayment dependent, in part, on the success of the ultimate project and the ability of the borrower to sell or lease the property, rather than the ability of the borrower or guarantor to repay principal and interest. If ~~our~~ **the Company' s** appraisal of the value of the completed project proves to be overstated or market values or rental rates decline, ~~we~~ **the Company** may have inadequate security for the repayment of the loan upon completion of construction of the project. If ~~we are~~ **the Company is** forced to foreclose on a project prior to or at completion due to a default, ~~we~~ **the Company** may not be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs. In addition, ~~we~~ **the Company** may be required to fund additional amounts to complete the project and may have to hold the property for an unspecified period of time while ~~we~~ **the Company** ~~attempt~~ **attempts** to dispose of it. ~~Our~~ **The Company' s** concentration of one- to- four family residential mortgage loans may result in lower yields and profitability. One- to- four family residential mortgage loans comprised $ **726. 9 million and $** 679. 6 million ~~and $ 510. 7 million~~ , or **26. 3 % and** 27. 8 % ~~and 29. 1 %~~ , of ~~our~~ **the Company' s** loan portfolio at December 31, **2023 and** 2022 ~~and 2021~~ , respectively. These loans are secured primarily by properties located in the states of Minnesota, North Dakota and Arizona. These loans generally have lower yields relative to other loan categories within ~~our~~ **the Company' s** loan portfolio. While these loans may possess higher yields than investment securities, their repayment characteristics are not as well defined, and they generally possess a higher degree of interest rate risk versus other loans and investment securities within ~~our~~ **the Company' s** portfolio. This increased interest rate risk is due to the repayment and prepayment options inherent in residential mortgage loans which are exercised by borrowers based upon the overall level of interest rates. These residential mortgage loans are generally made on the basis of the borrower' s ability to make repayments from his or her employment and the value of the property securing the loan. Thus, as a result, repayment of these loans is also subject to general economic and employment conditions within the communities and surrounding areas where the property is located. A decline in residential real estate market prices or home sales has the potential to adversely affect ~~our~~ **the Company' s** one- to- four family residential mortgage portfolio in several ways, such as a decrease in collateral values and an increase in non- performing loans, each of which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. Nonperforming assets take significant time **and resources** to resolve and adversely affect ~~our~~ **the Company' s** net interest income. As of December 31, ~~2022~~ **2023** , ~~our~~ **the Company' s** nonperforming loans (which consist of nonaccrual loans and loans past due 90 days or more) totaled $ ~~3.~~ 8 **. 7** million, or 0. ~~16~~ **32** % of ~~our~~ **the Company' s** total loan portfolio, and ~~our~~ **the Company' s** nonperforming assets (which consist ~~28of~~ **of** nonperforming loans, foreclosed assets and other real estate owned) totaled $ ~~3~~ **8** . 8 million, or 0. ~~10~~ **32** % of total assets. In addition, ~~we~~ **the Company** had $ ~~5~~ **3** . ~~0~~ **4** million of accruing loans that were 31- 89 days delinquent as of December 31, ~~2022~~ **2023** . ~~Our~~ **The Company' s** nonperforming assets adversely affect ~~our~~ net interest income in various ways. ~~We do~~ **The Company does** not record interest income on nonaccrual loans or foreclosed assets, thereby adversely affecting ~~our~~ net income and returns on assets and equity. When ~~we~~ **the Company** ~~take~~ **takes** collateral in foreclosure and similar proceedings, ~~we are~~ **the Company is** required to mark the collateral to its then- fair market value, which may result in a loss. These nonperforming loans and foreclosed assets also increase ~~our~~ **the Company' s** risk profile and the level of capital ~~our~~ **the Company' s** regulators believe is appropriate for ~~us~~ **the Company** to maintain in light of such risks. The resolution of nonperforming assets requires significant time commitments from management, which increases ~~our~~ **the Company' s** loan administration costs and adversely affects ~~our~~ **its** efficiency ratio and can be detrimental to the performance of their other responsibilities **, and may also involve additional financial resources** . If ~~we~~ **the Company** ~~experience~~ **experiences** increases in nonperforming loans and nonperforming assets, ~~our~~ net interest income may be negatively impacted and ~~our~~ **the Company' s** loan administration costs ~~could~~ **29could** increase, each of which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** high concentration of large loans to certain borrowers may increase ~~our~~ **the Company' s** credit risk. ~~We have~~ **The Company has** developed relationships with certain individuals and businesses that have resulted in a concentration of large loans to a small number of borrowers. As of December 31, ~~2022~~ **2023** , ~~our~~ **the Company' s** 10 largest borrowing relationships accounted for approximately ~~5~~ **6** . ~~5~~ **1** % of ~~our~~ **the** total loan portfolio. ~~We have~~ **The Company has** established an informal, internal limit on loans to one borrower, principal or guarantor, but ~~we~~ **the Company** may, under certain circumstances, consider going above this internal limit in situations where management' s understanding of the industry, the borrower' s business and the credit quality of the borrower are commensurate with the increased size of the loan. Along with other risks inherent in these loans, such as the deterioration of the underlying businesses or property securing these loans, this high concentration of borrowers presents a risk to ~~our~~ **the Company' s** lending operations. If any one of these borrowers becomes unable to repay its loan obligations as a result of business, economic or market conditions, or personal circumstances, such as divorce or death, ~~our~~ **the Company' s** nonaccruing loans and ~~our~~ **the Company' s** provision for loan losses could increase significantly, which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. The small to midsized businesses that ~~we~~ **the Company** ~~lend~~ **lends** to may have fewer resources to weather adverse business developments, which may impair their ability to repay their loans. ~~We~~ **The Company** ~~lend~~ **lends** to small to midsized businesses, which generally have fewer financial resources in terms of capital or borrowing capacity than larger entities, frequently have smaller market share than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience substantial volatility in operating results, any of which may impair their ability to repay their loans. In addition, the success of a small and midsized business often depends on the management talents and efforts of ~~one or two people or~~ a small ~~group~~ **number** of people, and the death, disability or resignation of one or more of these people could have a material adverse impact on the business and its ability to repay its loan. If general economic conditions negatively impact the markets in which ~~we~~ **the Company** ~~operate~~ **operates** and small to midsized businesses are adversely affected or ~~our~~ **the Company' s** borrowers are otherwise affected by adverse business developments, ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects may be materially adversely affected. Real estate market volatility and future changes in ~~our~~ **the Company' s** disposition strategies could result in net proceeds that differ significantly from ~~our~~ **the Company' s** foreclosed asset fair value appraisals. As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had **no** ~~$ 30 thousand of~~ foreclosed assets, which **typically** ~~consisted~~ -- **consist** of properties that ~~we~~ **the Company** ~~obtained~~ **obtains** through foreclosure. Assets acquired through loan foreclosure are included in other assets and are initially recorded at estimated fair value less estimated selling costs. The estimated fair value of foreclosed assets is evaluated regularly and any decreases in value along with holding costs, such as taxes, insurance and utilities, are reported in noninterest expense. In response to market conditions and other economic factors, ~~we~~ **the Company** may utilize alternative sale strategies other than orderly disposition as part of ~~our~~ **the Company' s** foreclosed asset disposition strategy, such as immediate liquidation sales. In this event, as a result of the significant judgments required in estimating fair value and the variables involved in different ~~29methods~~ -- **methods** of disposition, the net proceeds realized from such sales transactions could differ significantly from appraisals, comparable sales and other estimates used to determine the fair value of ~~our~~ **the Company' s** foreclosed assets. ~~Our~~ **The Company' s** exposure to home equity lines of credit may increase the potential for loss. ~~Our~~ **The Company' s** mortgage loan portfolio consists, in part, of home equity lines of credit. A large portion of home equity lines of credit are originated in conjunction with the origination of first mortgage loans eligible for sale in the secondary market, which ~~we~~ **the Company** typically ~~do~~ **does** not service if the loan is sold. By not servicing the first mortgage loans, ~~we are~~ **the Company is** unable to track the delinquency status which may indicate whether such loans are at risk ~~of~~ **30of** foreclosure by others. In addition, home equity lines of credit are initially offered as " revolving " lines of credit whereby the borrowers are only required to make scheduled interest payments during the initial terms of the loans, which is generally five or ten years. Thereafter, the borrowers no longer have the ability to make principal draws from the lines and the loans convert to a fully- amortizing basis, requiring scheduled principal and interest payments sufficient to repay the loans within a certain period of time, which is generally 15 or 20 years. The conversion of a home equity line of credit to a fully amortizing basis presents an increased level of default risk to ~~us~~ **the Company** since the borrower no longer has the ability to make principal draws on the line, and the amount of the required monthly payment could substantially increase to provide for scheduled repayment of principal and interest. **As of December 31, 2023, the unfunded commitment related to home equity lines of credit was $ 216. 1 million.** Operational, Strategic and Reputational RisksNoninterest income represents a significant portion of ~~our~~ **the Company' s** total revenue and may be negatively impacted by changes in economic or market conditions and competition. A significant portion of ~~our~~ **the Company' s** revenue results from fee- based services provided by ~~our~~ **the** retirement and benefit services business. This contrasts with many other community and regional banks that rely more heavily on interest- based sources of revenue, such as loans and investment securities. For the year ended December 31, ~~2022~~ **2023** , noninterest income represented approximately ~~52~~ **47** . 7 % of ~~our~~ **the Company' s** total revenue, which includes net interest income and noninterest income, a significant portion of which is derived from ~~our~~ **the Company' s** retirement and benefit services business. This fee income business presents special risks not borne by other institutions that focus exclusively on banking. The level of these fees is influenced by several factors, including the number of plans and participants ~~we~~ **the Company** ~~provide~~ **provides** retirement, advisory and other services for, the level of transactions within the plans, and the asset values of the plans whose fees are earned based on the level of assets in the plans. If ~~we are~~ **the Company is** unable to maintain ~~our~~ **the Company' s** number of plans, participants and AUA and AUM at historical or greater levels, ~~our~~ **the Company' s** fee income derived from this business may decline. For example, in a typical year ~~we~~ **the Company** ~~expect~~ **expects** to experience outflows in AUA and AUM due to withdrawals, client turnover, plan terminations, mergers and acquisition activity. In ~~2022~~ **2023** , ~~we~~ **the Company** experienced outflows of $ ~~7~~ **4** . ~~5~~ **8** billion in ~~our~~ **the Company' s** retirement and benefit services division partially offset by inflows of $ **4.** 5 ~~. 7~~ billion. In addition, economic, market or other factors that reduce the level or rates of savings in or with ~~our~~ **the Company' s** clients, either through reductions in financial asset valuations or through changes in investor preferences, could materially reduce ~~our~~ **the Company' s** fee revenue. The financial markets and businesses operating in the securities industry are highly volatile (meaning that performance results can vary greatly within short periods of time) and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, all of which are beyond ~~our~~ **the Company' s** control. ~~We~~ **the Company** cannot assure you that broad market performance will be favorable in the future. Declines in the financial markets or a lack of sustained growth may result in a corresponding decline in ~~our~~ **the Company' s** performance and may adversely affect the value of the assets that ~~we~~ **the Company** ~~manage~~ **manages** . A general economic slowdown could decrease the value of the AUA and AUM in ~~our~~ **the Company' s** retirement and benefit services and wealth management businesses and result in clients potentially seeking alternative investment opportunities with other providers, which could result in lower fee income to ~~our~~ **the** Company. Even when economic and market conditions are generally favorable, ~~our~~ **the Company' s** investment performance may be adversely affected by the investment style of ~~our~~ **the Company' s** asset managers and the particular investments that they make. To the extent ~~our~~ **the Company' s** future investment performance is perceived to be poor in either relative or absolute terms, the revenues and profitability of ~~our~~ **the Company' s** wealth management business will likely be reduced and ~~our~~ **the Company' s** ability to attract new clients will likely be impaired. In addition, ~~our~~ **the Company' s** management contracts generally provide for fee payments for wealth management and trust ~~30services~~ -- **services** based on the market value of AUM. Because most contracts provide for a fee based on market values of securities, fluctuations in the underlying securities values may have a material adverse effect on ~~our~~ **the Company' s** revenue. Fee compression due to competitive pressures has resulted in and continues to result in significant pressure to reduce the fees ~~we~~ **the Company** ~~charge~~ **charges** for ~~our~~ **the Company' s** services in both ~~our~~ **the** retirement and benefit services and wealth management businesses. ~~We~~ **31The Company** may not be successful in implementing ~~our~~ **the Company’ s** organic growth strategy, which could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. Part of ~~our~~ **the Company’ s** business strategy is to focus on organic growth, which includes leveraging ~~our~~ **the Company’ s** business lines across ~~our~~ **the Company’ s** entire client base, enhancing brand awareness and building ~~our~~ **the Company’ s** infrastructure. The success of ~~our~~ **the Company’ s** organic growth strategy depends on ~~our~~ **the Company’ s** ability to increase loans, deposits, AUM and AUA at acceptable risk levels without incurring offsetting increases in noninterest expense. ~~We~~ **The Company** may not be successful in generating organic growth if ~~we~~ **the Company** ~~fail~~ **fails** to effectively execute ~~our~~ **the Company’ s** integrated One Alerus strategy, or as a result of other factors, including delays in introducing and implementing new products and services and other impediments resulting from regulatory oversight or lack of qualified personnel at ~~our~~ **the Company’ s** office locations. In addition, the success of ~~our~~ **the Company’ s** organic growth strategy will depend on maintaining sufficient regulatory capital levels and on favorable economic conditions in ~~our~~ **the Company’ s** primary market areas. Failure to adequately manage the risks associated with ~~our~~ **the Company’ s** anticipated organic growth could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. In addition to ~~our~~ **the Company’ s** organic growth strategy, ~~we~~ **it** ~~intend~~ **intends** to expand ~~our~~ business by acquiring other banks and financial services companies, but ~~we~~ may not be successful in doing so, either because of an inability to find suitable acquisition candidates, constrained capital resources or otherwise. While a key element of ~~our~~ **the Company’ s** business strategy is to grow ~~our~~ **the Company’ s** banking franchise and increase ~~our~~ **the Company’ s** market share through organic growth, ~~we~~ **the Company** ~~intend~~ **intends** to take advantage of opportunities to acquire other banks and financial services companies, including wealth management and retirement administration businesses, as such opportunities present themselves. For example, in the ~~second~~ **third** quarter of 2022, ~~we~~ **the Company** completed the acquisition of MPB BHC, Inc., holding company for Metro Phoenix Bank in Phoenix, Arizona. Although ~~we~~ **the Company** ~~intend~~ **intends** to continue to grow ~~our~~ **its** business through organic growth and strategic acquisitions, because certain of ~~our~~ **the Company’ s** market areas are comprised of mature, rural communities with limited population growth, ~~we~~ **the Company** ~~anticipate~~ **anticipates** that much of ~~our~~ **its** future growth will be dependent on ~~our~~ **the Company’ s** ability to successfully implement ~~our~~ **the Company’ s** acquisition growth strategy. However, ~~we~~ **the Company** may not be able to identify suitable acquisition targets ~~or even if we do~~ , ~~we~~ **or** may not succeed in seizing such opportunities when they arise or in integrating any such banks or financial service companies within ~~our~~ **the Company’ s** existing business framework **following acquisition** . In addition, even if suitable targets are identified, ~~we~~ **the Company** ~~expect~~ **expects** to compete for such businesses with other potential bidders, many of which may have greater financial resources than ~~we have~~ **the Company** , which may adversely affect ~~our~~ **the Company’ s** ability to make acquisitions at attractive prices. ~~Our~~ **The Company’ s** ability to execute on acquisition opportunities may require ~~us~~ **the Company** to raise additional capital and to increase ~~our~~ **the Company’ s** capital position to support the growth of ~~our~~ **the Company’ s** franchise. It will also depend on market conditions over which ~~we have~~ **the Company has** no control. Moreover, certain acquisitions may require the approval of ~~our~~ **the Company’ s** bank regulators, and ~~we~~ **the Company** may not be able to obtain such approvals on acceptable terms, if at all. ~~We may be adversely affected by risks associated with completed acquisitions, including execution risks, failure to realize anticipated transaction benefits, and failure to overcome integration risks, which could adversely affect our growth and profitability. In the third quarter of 2022, we completed the acquisition of MPB BHC, Inc., the holding company for Metro Phoenix Bank in Phoenix, Arizona. As with any acquisition, we may fail to realize some or all of the anticipated transaction benefits associated with the acquisition of Metro Phoenix Bank, including anticipated cost savings. Additionally, the integration of Metro Phoenix Bank requires integration of systems, procedures and personnel of the acquired entity. This integration process is complicated and time consuming and can also be disruptive to the customers and employees of the acquired business and our business.~~ If the **Company** ~~ongoing integration process for our acquisition of Metro Phoenix Bank is not completed successfully, we may not realize the anticipated economic benefits of the acquisition within the expected time frame, or ever, and we may lose customers or employees of the acquired business. We may also experience greater than anticipated customer losses even if the integration process is successful. 31If we pursue~~ **pursues** additional **strategic** acquisitions, it may expose ~~us~~ **the Company** to financial, execution and operational risks that could have a material adverse effect on ~~our~~ **the Company’ s** business, financial position, results of operations and growth prospects. Since 2000, ~~we have~~ **the Company has** experienced significant growth, both organically and through acquisitions of banks and other financial service providers, including wealth management and retirement administration businesses. ~~We~~ **The Company** ~~plan~~ **plans** to continue to grow ~~our~~ **its** business by executing additional strategic acquisitions of all or parts of other banks or financial institutions or through the hiring of teams of employees that fit within ~~our~~ **the Company’ s** overall strategy and that ~~we~~ **the Company** ~~believe~~ **believes** make financial and strategic sense. These acquisitions may result in ~~us~~ **the Company** entering new markets. If ~~we~~ **the Company** ~~grow~~ **grows** through acquisitions, it may expose ~~us~~ **the Company** to financial, execution and operational risks that could have a material adverse effect on ~~our~~ **the Company’ s** business, financial position, results of operations and ~~growth~~ **32growth** prospects. Acquiring other banks and financial service providers involve risks commonly associated with acquisitions, including: ● ~~potential~~ **Potential** exposure to unknown or contingent liabilities of the banks and businesses ~~we~~ **the Company** ~~acquire~~ **acquires** ; ● exposure to potential asset and credit quality issues of the acquired bank or related business; ● difficulty and expense of integrating the operations, culture and personnel of banks and businesses ~~we~~ **the Company** ~~acquire~~ **acquires** , including higher than expected deposit attrition; ● potential disruption to ~~our~~ **the Company’ s** business; ● potential restrictions on ~~our~~ **the Company’ s** business resulting from the regulatory approval process; ● an inability to realize the expected revenue increases, costs savings, market presence or other anticipated benefits; ● potential diversion of ~~our~~ **the Company’ s** management’ s time and attention; and ● the possible loss of key employees and clients of the banks and businesses ~~we~~ **the Company** ~~acquire~~ **acquires** . In addition to the foregoing, ~~we~~ **the Company** may face additional risks in acquisitions to the extent ~~we~~ **the Company** ~~acquire~~ **acquires** new lines of business or new products, or enter new geographic areas, in which ~~we have~~ **the Company has** little or no current experience, especially if

~~we~~ **the Company** ~~lose~~ **loses** key employees of the acquired operations. If ~~we~~ **the Company** ~~hire~~ **hires** a new team of employees, ~~we~~ **the Company** may incur additional expenses relating to their compensation without any guarantee that such new team will be successful in generating new business. In addition, if ~~we~~ **the Company** later ~~determine~~ **determines** that the value of an acquired business has decreased and that the related goodwill is impaired, an impairment of goodwill charge to earnings would be recognized. Acquisitions involve inherent uncertainty and ~~we~~ **the Company** cannot assure you that ~~we~~ **it** will be successful in overcoming these risks or any other problems encountered in connection with acquisitions. ~~Our~~ **The Company' s** inability to overcome risks associated with acquisitions could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** retirement and benefit services business relies on acquisitions to maintain and grow ~~our~~ **the Company' s** AUA and AUM. In ~~2022~~ **2023** , ~~our~~ **the Company' s** retirement and benefit services business experienced outflows of AUA and AUM of $ ~~7~~ **4** . ~~5~~ **8** billion, due to withdrawals, client turnover, plan terminations, and mergers and acquisition activity. ~~We~~ **the Company** ~~believe~~ **believes** this level of runoff is typical in the industry. To maintain and grow this business, ~~we~~ **the Company** ~~believe~~ **believes** ~~we~~ **it** ~~need~~ **needs** to be an active acquirer and seek to complete acquisitions of retirement administration providers if ~~we are~~ **the Company is** able to find quality acquisition opportunities. If ~~we are~~ **the Company is** unable to source a pipeline of potential acquisitions of companies that ~~we~~ **it** ~~determine~~ **determines** are a good strategic fit for ~~our~~ **the** Company, ~~our~~ **the Company' s** retirement and benefit services business may fail to grow or even shrink, which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~32If we are~~ **If the Company is** unable to continue to originate residential real estate loans and sell them into the secondary market for a profit, ~~our~~ **the Company' s** noninterest income could decrease. ~~We~~ **The Company** ~~derive~~ **derives** a portion of ~~our~~ **its** noninterest income from the origination of residential real estate loans and the subsequent sale of such loans into the secondary market. If ~~we are~~ **the Company is** unable to continue to originate and sell residential real estate loans at historical or greater levels, ~~our~~ **the Company' s** residential real estate loan volume would decrease, which could decrease ~~our~~ **the Company' s** earnings. A rising interest rate environment, general economic ~~conditions~~ **33conditions** , market volatility or other factors beyond ~~our~~ **the Company' s** control could adversely affect ~~our~~ **the Company' s** ability to originate residential real estate loans. Mortgage banking income is highly influenced by the level and direction of mortgage interest rates and real estate and refinancing activity. In a lower interest rate environment, the demand for mortgage loans and refinancing activity will tend to increase. This has the effect of increasing fee income but could adversely impact the estimated fair value of ~~our~~ **the** Company' s mortgage servicing rights as the rate of loan prepayments increase. In a higher interest rate environment, the demand for mortgage loans and refinancing activity will generally be lower. This has the effect of decreasing fee income opportunities. As a result of the current rising interest rate environment, ~~we began to see in~~ the **Company saw continued** ~~second half of 2022~~ lower demand for mortgage loans and refinancing activity **in 2023** . In ~~2022~~ **2023** , ~~we~~ **the Company** originated $ **364. 1 million of mortgage loans, compared to $** 812. 3 million ~~of mortgage loans, compared to $ 1. 8 billion~~ in ~~2021~~ **2022** . ~~We~~ **The Company** ~~expect~~ **expects** this trend to continue in ~~2023~~ **2024** ~~with additional rate increases expected to be made by the Federal Reserve~~ . The financial services industry is experiencing an increase in ~~regulations~~ **regulatory** and compliance requirements related to mortgage loan originations necessitating technology upgrades and other changes. If new regulations continue to increase and ~~we are~~ **the Company is** unable to make technology upgrades, ~~our~~ **the Company' s** ability to originate mortgage loans will be reduced or eliminated. Additionally, ~~we~~ **the Company** ~~sell~~ **sells** a large portion of ~~our~~ **its** residential real estate loans to third party investors, and rising interest rates could negatively affect ~~our~~ **the Company' s** ability to generate suitable profits on the sale of such loans. If interest rates increase after ~~we~~ **the Company** ~~originate~~ **originates** the loans, ~~our~~ **the Company' s** ability to market those loans is impaired as the profitability on the loans decreases. These fluctuations can have an adverse effect on the revenue ~~we~~ **the Company** ~~generate~~ **generates** from residential real estate loans and in certain instances, could result in a loss on the sale of the loans. In addition, a prolonged period of illiquidity in the secondary mortgage market, coupled with an increase in interest rates, could reduce the demand for residential mortgage loans and increase investor yield requirements for those loans. As a result, ~~we~~ **the Company** may be at higher risk of retaining a larger portion of mortgage loans than in other environments until they are sold to investors. Any reduction of loan production volumes could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. The occurrence of fraudulent activity, breaches or failures of ~~our~~ **the Company' s** information security controls or cybersecurity ~~-~~related incidents could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. As a financial institution, ~~we are~~ **the Company is** susceptible to fraudulent activity, information security breaches and cybersecurity- related incidents that may be committed against ~~us~~ **the Company** , ~~our~~ **its** clients or third parties with whom ~~we~~ **the Company** ~~interact~~ **interacts** , which may result in financial losses or increased costs to ~~us or~~ **the Company** ~~our -~~ **or its** clients, disclosure or misuse of ~~our~~ **the Company' s** information or ~~our~~ **its** client information, misappropriation of assets, privacy breaches against ~~our~~ **the Company' s** clients, litigation or damage to ~~our~~ **the Company' s** reputation. Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and other dishonest acts. Information security breaches and cybersecurity- related incidents may include fraudulent or unauthorized access to systems used by ~~us or~~ **the Company** ~~our -~~ **or its** clients, denial or degradation of service attacks and malware or other cyber- attacks. In recent periods, there continues to be a rise in electronic fraudulent activity, security breaches and cyber- attacks within the financial services industry, especially in the commercial banking sector due to cyber criminals targeting commercial bank accounts **and as a result of increasingly sophisticated methods of conducting cyber attacks, including those employing artificial intelligence** . Consistent with industry trends, ~~we have~~ **the Company has** also experienced an increase in attempted electronic fraudulent activity, security breaches and cybersecurity related incidents in recent periods. Moreover, in recent periods, several large corporations, including **retail companies,** financial institutions and ~~retail companies~~ **third party vendors specializing in providing services to financial institutions, including MOVEit and First American Financial** , have suffered major data breaches, in some cases exposing not only confidential and proprietary corporate information, but also sensitive financial and other personal information of their clients and employees and subjecting them to potential fraudulent activity. ~~We are~~ **The Company is** not aware **of having** ~~that we have~~ experienced any ~~material~~ misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information **having a material impact on the Company** as a result of a **direct** cyber ~~-~~security breach or other act ~~,~~ **on the Bank;** however, some of ~~33our~~ **the Company’ s** clients **and third party vendors** may have been affected by ~~these~~ **such** breaches, which could increase their risks of identity theft and other fraudulent activity that could involve ~~their~~ **client** accounts ~~with us~~ **at the Bank** . ~~Information~~ **34Information** pertaining to ~~us~~ **the Company** and ~~our~~ **its** clients is maintained, and transactions are executed, on networks and systems maintained by ~~us~~ **the Company** and certain third- party partners, such as ~~our~~ **the Company’ s** online banking, mobile banking, record- keeping or accounting systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect ~~us~~ **the Company** and ~~our~~ **the Company’ s** clients against fraud and security breaches and to maintain the confidence of ~~our~~ **the Company’ s** clients. Breaches of information security also may occur through intentional or unintentional acts by those having access to ~~our~~ **the Company’ s** systems or the confidential information of ~~our~~ **the Company’ s** clients, including employees. In addition, increases in criminal activity levels and sophistication, advances in computer capabilities, new discoveries, vulnerabilities in third party technologies (including browsers and operating systems) or other developments could result in a compromise or breach of the technology, processes and controls that ~~we~~ **the Company** ~~use~~ **uses** to prevent fraudulent transactions and to protect data about us, ~~our~~ **the Company’ s** clients and underlying transactions, as well as the technology used by ~~our~~ **the Company’ s** clients to access ~~our~~ **the Company’ s** systems. ~~Our~~ **The Company’ s** third party partners’ inability to anticipate, or failure to adequately mitigate, breaches of security could result in a number of negative events, including losses to ~~us or~~ **the Company** ~~our~~ - **or its** clients, loss of business or clients, damage to ~~our~~ **the Company’ s** reputation, the incurrence of additional expenses, disruption to ~~our~~ **the Company’ s** business, additional regulatory scrutiny or penalties or ~~our~~ **the Company’ s** exposure to civil litigation and possible financial liability, any of which could have a material adverse effect on **the Company’ s business, financial condition, results of operations and growth prospects. Issues with the use of artificial intelligence in our marketplace may result in reputational harm or liability, or could otherwise adversely affect the Company’ s business. Artificial intelligence, including generative artificial intelligence, is or may be enabled by or integrated into the Company’ s products or those developed by its third party partners. As with many developing technologies, artificial intelligence presents risks and challenges that could affect its further development, adoption, and use, and therefore** our business **. Artificial intelligence algorithms may be flawed** , ~~financial condition~~ **for example datasets may contain biased information or otherwise be insufficient** , **and inappropriate or controversial data practices could impair the acceptance of artificial intelligence solutions and** ~~results~~ - **result in burdensome new regulations. If the analyses** of ~~operations~~ **those products incorporating artificial intelligence assist in producing for the Company or its third party partners are deficient, biased or inaccurate, the Company could be subject to competitive harm, potential legal liability and** ~~and~~ **brand** ~~growth prospects~~ **or reputational harm** . ~~We~~ **The use of artificial intelligence may also present ethical issues. If the Company or its third party partners offer artificial intelligence enabled products that are controversial because of their purported or real impact on human rights, privacy, or other issues, the Company may experience competitive harm, potential legal liability and brand or reputational harm. In addition, the Company expects that governments will continue to assess and implement new laws and regulations concerning the use of artificial intelligence, which may affect or impair the usability or efficiency of products and services and those developed by the Company’ s third party partners. The Company** ~~depend~~ **depends** on information technology and telecommunications systems, and any systems failures, interruptions or data breaches involving these systems could adversely affect ~~our~~ **the Company’ s** operations and financial condition. ~~Our~~ **The Company’ s** business is highly dependent on the successful and uninterrupted functioning of ~~our~~ **its** information technology and telecommunications systems, third party servicers, accounting systems, mobile and online banking platforms and financial intermediaries. The risks resulting from use of these systems result from a variety of factors, both internal and external. ~~We are~~ **The Company is** vulnerable to the impact of failures of ~~our~~ **its** systems to operate as needed or intended. Such failures could include those resulting from human error, unexpected transaction volumes, **intentional attacks** or overall design or performance issues. ~~We~~ **The Company** ~~outsource~~ **outsources** to third parties many of ~~our~~ **its** major systems, such as data processing and mobile and online banking. In addition, ~~we~~ **the Company** ~~partner~~ **partners** with a leading financial technology company to create an online account portal that integrates ~~our~~ **the Company’ s** diverse product applications into a user- friendly experience for ~~our~~ **the Company’ s** consumer clients. The failure of these systems, or the termination of a third- party software license or service agreement on which any of these systems is based, could interrupt ~~our~~ **the Company’ s** operations. Because ~~our~~ **the Company’ s** information technology and telecommunications systems interface with and depend on third party systems, ~~we~~ **the Company** ~~could~~ **35could** experience service denials if demand for such services exceeds capacity or such third- party systems fail or experience interruptions. A system failure or service denial could result in a deterioration of ~~our~~ **the Company’ s** ability to process loans or gather deposits and provide customer service, compromise ~~our~~ **the Company’ s** ability to operate effectively, result in potential noncompliance with applicable laws or regulations, damage ~~our~~ **the Company’ s** reputation, result in a loss of client business or subject ~~us~~ **the Company** to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on business, financial condition, results of operations and growth prospects. In addition, failures of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of employees of any of these third parties, could disrupt ~~our~~ **the Company’ s** operations or adversely affect ~~our~~ **its** reputation. It may be difficult for ~~us~~ **the Company** to replace some of ~~our~~ **its** third- party vendors, particularly vendors providing ~~our~~ **the Company’ s** core banking and information services, in a timely manner if they are unwilling or unable to provide ~~us~~ **the Company** with these services in the future for any reason and even if ~~we are~~ **the Company is** able to replace them, it may be at higher cost or result in the loss of clients. Any such events could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** operations rely heavily on the secure processing, storage and transmission of information and the monitoring of a large number of transactions on a minute- by- minute basis, and even a short interruption in service could have significant consequences. ~~We~~ **The Company** also ~~interact~~ **interacts** with and ~~rely~~ **relies** on retailers, for whom ~~we~~ **the Company** ~~process~~ **processes** transactions, as well as financial counterparties and regulators. Each of these third parties may be targets of the same types of fraudulent activity, computer break- ins and other ~~cyber security~~ **cybersecurity** breaches described above, ~~and~~ **including** ~~the~~ **those** ~~cyber~~ **employing artificial intelligence, and the** ~~security~~ **cybersecurity** measures that they maintain to mitigate the risk of such activity may be different than ~~our~~ **the Company' s** own and may be inadequate. ~~34Because~~ -- **Because** financial entities and technology systems are becoming more interdependent and complex, a cyber incident, information breach or loss, or technology failure that compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including ourselves. As a result of the foregoing, ~~our~~ **the Company' s** ability to conduct business may be adversely affected by any significant disruptions to ~~us~~ **the Company** or to third parties with whom ~~we~~ **the Company** ~~interact~~ **interacts** . A transition away from LIBOR as a reference rate for financial contracts could negatively affect ~~our~~ **the Company' s** income and expenses and the value of various financial contracts. LIBOR **represented** ~~is used extensively in~~ the ~~United States and globally as a benchmark for various commercial and financial contracts, including adjustable rate mortgages, corporate debt and~~ interest rate ~~swaps~~ **at which banks offer to lend funds to one another in the international interbank market for short- term loans** . **On July 27, 2017, the U. K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of** LIBOR ~~is set based on interest rate information reported by certain banks, which are scheduled to stop reporting such information by June 30, 2023. It is not certain at this time the extent to which those entering into commercial or financial contracts will transition to any particular new benchmark. Other benchmarks may perform differently than LIBOR, or alternative benchmarks have performed in the past or have other consequences that cannot currently be anticipated. It is also uncertain what will happen with instruments that rely on LIBOR for future interest rate adjustments and which remain outstanding if LIBOR ceases to exist. While there is no consensus on what rate, or~~ rates **after 2021.** ~~, may become accepted alternatives to LIBOR, the Alternative Reference Rates Committee, a steering committee comprised of~~ U. S. ~~financial~~ **Regulators issued guidance to urge** market participants **to address** ~~, selected by the~~ **their LIBOR exposures** ~~Federal Reserve Bank of New York, started in May 2018, to publish the Secured Overnight Financing Rate, or SOFR, as an~~ **and transition to robust and sustainable** alternative **rates and** ~~to LIBOR. SOFR is a broad measure of the cost of overnight borrowings collateralized by Treasury securities that was selected by~~ the Alternative Reference Rate Committee **proposed that SOFR** ~~due to the depth and robustness of the Treasury repurchase market. At this time, it~~ is **the rate that represents best practice as the** ~~impossible to predict whether SOFR will become an accepted~~ alternative to **U. S. dollar-** LIBOR ~~. We have loans, available-~~ for **use in** ~~- sale securities, derivative~~ **derivatives and other financial** contracts ~~, subordinated notes payable, and junior subordinated debentures with terms~~ that are **currently indexed to** ~~either directly or indirectly dependent on~~ LIBOR **, but has also advised participants to conduct a comprehensive evaluation of any alternative reference rates being considered for use. Contracts linked to LIBOR are vast in number and value, are intertwined with numerous financial products and services, and have diverse parties** . The **end date for LIBOR was June 30, 2023. The Company actively worked to plan for the** transition **away** from LIBOR **, but the transition is both complex and challenging and the downstream effect of unwinding or transitioning such contracts may yet cause instability and negatively impact on financial markets and individual institutions. If the Company or other market participants have failed** to **implement** alternative rates ~~such as SOFR, could create considerable costs and additional risk. Any such transition could: (i) adversely affect the interest rates paid or received on, the revenue and expenses associated with, and the value of our floating- rate obligations, loans, deposits, derivatives, and~~ other **than** ~~financial instruments tied to~~ LIBOR ~~rates~~ , **it** ~~or other securities or financial arrangements given LIBOR' s role in determining market interest rates globally; (ii) prompt inquiries or other actions from regulators in respect of our preparation and readiness for the replacement of LIBOR with an alternative reference rate; (iii) result in disputes, litigation, or other actions with counterparties regarding the interpretation and enforceability of certain fallback language in LIBOR- based securities; and (iv) require the transition to or development of appropriate systems and analytics to effectively transition our risk management processes from LIBOR- based products to those based on the applicable alternative pricing benchmark, such as SOFR. Since proposed alternative rates are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR. The transition will change our market risk profile, requiring changes to risk and pricing models, valuation tools, product design and hedging strategies. Further, a failure to adequately manage this transition process with our customers could adversely affect our reputation. Although we are currently unable to assess the ultimate impact of the transition from LIBOR, a failure to adequately manage the transition~~ could have **an** ~~a material~~ adverse effect on ~~our business,~~ **the Company and the** financial **system as a whole** ~~condition, results of operations and growth prospects~~ . ~~Potential~~ **36Potential** losses incurred in connection with possible repurchases and indemnification payments related to mortgages that ~~we have~~ **the Company has** sold into the secondary market may require ~~us~~ **the Company** to increase ~~our~~ **its** financial statement reserves in the future. ~~We~~ **The Company** ~~engage~~ **engages** in the origination and sale of residential real estate loans into the secondary market. In connection with such sales, ~~we~~ **the Company** ~~make~~ **makes** certain representations and warranties, which, if breached, may require ~~us~~ **the Company** to repurchase such loans or indemnify the purchasers of such loans for actual losses incurred in respect of such loans. These representations and warranties vary based on the nature of the transaction and the purchaser' s or insurer' s requirements but generally pertain to the ownership of the mortgage loan, the real property securing the loan and compliance with applicable laws and applicable lender and government- sponsored entity underwriting guidelines in connection with the origination of the loan. While ~~we~~ **the Company** ~~believe~~ **believes** ~~our~~ **its** mortgage lending practices and standards to be adequate, ~~we~~ **the Company** may receive repurchase or ~~35indemnification~~ -- **indemnification** requests in the future, which could be material in volume. If that were to happen, ~~we~~ **the Company** could incur losses in connection with loan repurchases and indemnification claims, and any such losses might exceed ~~our~~ **the Company' s** financial statement reserves, requiring ~~us~~ **the Company** to increase such reserves. In that event, any losses ~~we~~ **the Company** might have to recognize and any increases ~~we~~ **the Company** might have to make to ~~our~~ **the Company' s** reserves could have a material adverse effect on ~~our~~ **the Company' s** business, financial position, results of operations and growth prospects. ~~We are~~ **The Company is** highly dependent on ~~our~~ **its** executive management team, and the loss of any of ~~our~~ **the Company' s** senior executive officers or other key employees, or ~~our~~ **the Company' s** inability to attract and retain qualified personnel, could harm ~~our~~ **the Company' s** ability to implement ~~our~~ **its** strategic plan and impair ~~our~~ **the Company' s** relationships with clients. ~~Our~~ **The Company' s** success is dependent, to a large degree, upon the continued service and skills of ~~our~~ **the Company' s** executive management team, which consists of Katie Lorenson, ~~our~~ President and Chief Executive Officer ~~,~~ **;** Alan Villalon, ~~our~~ Chief Financial Officer ~~,~~ **;** Jim Collins, ~~our~~ Chief Banking and Revenue Officer ~~,~~ **;** Missy Keney, ~~our~~ Chief Engagement Officer ~~,~~ **;** Jon Hendry ~~our~~ **,** Chief Technology Officer ~~and~~ **;** Karin Taylor, ~~our~~ Chief Risk **and Operations** Officer **; and Forrest Wilson, Chief Retirement Services Officer** . ~~Our~~ **The Company' s** business and growth strategies are built primarily upon ~~our~~ **its** ability to retain employees with experience and business relationships within ~~our~~ **the Company' s** market areas. The loss of any of the members of ~~our~~ **the Company' s** executive management team or any of ~~our~~ **the Company' s** other key personnel, including ~~our~~ client advisors, could have an adverse impact on ~~our~~ **the Company' s** business and growth because of their skills, years of industry experience, knowledge of ~~our~~ **the Company' s** market areas, the difficulty of finding qualified replacement personnel and any difficulties associated with transitioning of responsibilities to any new members of the executive management team. As such, ~~we~~ **the Company** ~~need~~ **needs** to continue to attract and retain key personnel and to recruit qualified individuals who fit ~~our~~ **the Company' s** culture to succeed existing key personnel and ensure the continued growth and successful operation of ~~our~~ **the Company' s** business. Leadership changes may occur from time to time, and ~~we~~ **the Company** cannot predict whether significant retirements or resignations will occur or whether ~~we~~ **the Company** will be able to recruit additional qualified personnel. Competition for senior executives and skilled personnel in the financial services industry is intense, which means the cost of hiring, incentivizing and retaining skilled personnel may continue to increase. In addition, ~~our~~ **the Company' s** ability to effectively compete for senior executives and other qualified personnel by offering competitive compensation and benefit arrangements may be restricted by **our financial condition, and by** applicable banking laws and regulations. The loss of the services of any senior executive or other key personnel, the inability to recruit and retain qualified personnel in the future or the failure to develop and implement a viable succession plan could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** ability to retain and recruit employees is critical to the success of ~~our~~ **its** business strategy and any failure to do so could impair ~~our~~ **the Company' s** customer relationships and adversely affect ~~our~~ **its** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** ability to retain and grow ~~our~~ **its** loans, deposits and fee income depends upon the business generation capabilities, reputation and relationship management skills of ~~our~~ **the Company' s** employees. If ~~we~~ **the Company** ~~lose~~ **loses** the services of any of ~~our~~ **its** employees, including successful employees employed by banks or other businesses that ~~we~~ **the Company** may acquire, to a new or existing competitor or otherwise, ~~we~~ **the Company** may not be able to retain valuable ~~relationships~~ **37relationships** and some of ~~our~~ **its** customers could choose to use the services of a competitor instead of ~~our~~ **the Company' s** services. ~~Our~~ **The Company' s** success and growth strategy also depends on ~~our~~ **its** continued ability to attract and retain experienced employees for all of ~~our~~ **the Company' s** business lines. ~~We~~ **The Company** may face difficulties in recruiting and retaining personnel of ~~our~~ **its** desired caliber, including as a result of competition from other financial institutions. Competition for high quality personnel is strong and ~~we~~ **the Company** may not be successful in attracting or retaining the personnel ~~we~~ **it** ~~require~~ **requires** . In particular, many of ~~our~~ **the Company' s** competitors are significantly larger with greater financial resources and may be able to offer more attractive compensation packages and broader career opportunities. Additionally, ~~we~~ **the Company** may incur significant expenses and expend significant time and resources on training, integration, and business development before ~~we are~~ **the Company is** able to determine whether a new employee will be profitable or effective in ~~his or her~~ **their** role. If ~~we are~~ **the Company is** unable to attract and retain a successful customer development and management team or if ~~our~~ **the Company' s** customer development and management team fails to meet ~~our~~ **its** expectations in terms of customer relationships and profitability, ~~we~~ **the Company** may be unable to execute ~~our~~ **its** business strategy and ~~our~~ **its** business, financial condition, results of operations and growth prospects may be negatively affected. ~~36Our~~ **The Company' s** ability to maintain ~~our~~ **its** reputation is critical to the success of ~~our~~ **the Company' s** business, and the failure to do so may materially adversely affect ~~our~~ **its** business and the value of ~~our~~ **the Company' s** stock. ~~We rely~~ **The Company relies** , in part, on ~~our~~ **its** reputation to attract clients and retain ~~our~~ client relationships. Damage to ~~our~~ **the Company' s** reputation could undermine the confidence of ~~our~~ **its** current and potential clients in ~~our~~ **the Company' s** ability to provide high- quality financial services. Such damage could also impair the confidence of ~~our~~ **the Company' s** counterparties and vendors and ultimately affect ~~our~~ **its** ability to effect transactions. In particular, ~~our~~ **the Company' s** ability to attract and retain clients and employees could be adversely affected to the extent ~~our~~ **its** reputation is damaged. ~~Our~~ **The Company' s** actual or perceived failure to address various issues could give rise to reputational risk that could cause harm to ~~us~~ **the Company** and ~~our~~ **its** business prospects. These issues include, but are not limited to, legal and regulatory requirements; privacy; client and other third- party fraud; properly maintaining and safeguarding client and employee personal information; money ~~-~~laundering; illegal or fraudulent sales practices; ethical issues; appropriately addressing potential conflicts of interest; and the proper identification and disclosure of the legal, reputational, credit, liquidity, and market risks inherent in ~~our~~ **the Company' s** products. Failure to appropriately address any of these issues could also give rise to additional regulatory restrictions, reputational harm and legal risks, which could, among other consequences, increase the size and number of litigation claims and damages asserted or subject ~~us~~ **the Company** to enforcement actions, fines, and penalties and cause ~~us~~ **the Company** to incur related costs and expenses. In addition, ~~our~~ **the Company' s** businesses are dependent on the integrity of ~~our~~ **its** ~~relationship~~ **relationships** , asset managers and other employees. If a relationship manager, asset manager or other employee were to misappropriate any client funds or client information, the reputation of ~~our~~ **the Company' s** businesses could be negatively affected, which may result in the loss of accounts and could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. Maintenance of ~~our~~ **the Company' s** reputation depends not only on ~~our~~ **its** success in maintaining ~~our~~ **the Company' s** service- focused culture and controlling and mitigating the various risks described in this report, but also on ~~our~~ **the Company' s** success in identifying and appropriately addressing issues that may arise in the areas described above. Maintaining ~~our~~ **the Company' s** reputation also depends on ~~our~~ **its** ability to successfully prevent third parties from infringing on the " Alerus " brand and associated trademarks and ~~our~~ **the Company' s** other intellectual property. Defense of ~~our~~ **the Company' s** reputation, trademarks and other intellectual property, including through litigation, could result in costs that could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. Labor shortages and a failure to attract and retain qualified employees could negatively impact ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. A number of factors may adversely affect the labor force available to ~~us~~ **the Company** or increase labor costs, including ~~the~~ high employment levels and decreased labor force size and participation rates in recent periods. Although ~~we have~~ **the Company has** not experienced any material labor shortage to date, ~~we have recently~~ **the Company continues to** ~~observed~~ - **observe** an overall tightening **of** and ~~increasingly~~ **increase in** ~~competitive~~ **competition in** local labor markets. A sustained labor shortage or increased turnover rates within ~~our~~ **the Company' s** employee base could lead to increased costs, such as increased compensation expense to attract ~~and~~ **38and** retain employees **, as well as decreased efficiency** . In addition, if ~~we are~~ **the Company is** unable to hire and retain employees capable of performing at a high- level, or if mitigation measures ~~we~~ **the Company** ~~take~~ **takes** to respond to a decrease in labor availability have unintended negative effects, ~~our~~ **the Company' s** business could be adversely affected. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation, caused by general macroeconomic factors, could have a material adverse impact on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** use of third- party vendors and ~~our~~ **its** other ongoing third- party business relationships is subject to increasing regulatory requirements and attention. ~~Our~~ **The Company' s** use of third ~~-~~party vendors, including the financial technology company ~~we~~ **it** ~~partner~~ **partners** with to create a customer portal, for certain information systems is subject to increasingly demanding regulatory requirements and attention by ~~our~~ **the Company' s** federal bank regulators. Recent regulations require ~~us~~ **the Company** to enhance ~~our~~ **its** due diligence, ongoing monitoring and control over ~~our~~ **the Company' s** third- party vendors and other ongoing third ~~-~~party business relationships. In certain cases, ~~we~~ **the Company** may be required to renegotiate ~~our~~ **the Company' s** agreements with these vendors to meet these enhanced requirements, which could increase ~~our~~ costs. ~~We~~ **The Company** ~~expect~~ **expects** that ~~our~~ regulators will hold ~~us~~ **the Company** responsible for deficiencies in ~~our~~ oversight and control of ~~our~~ **its** third ~~-~~party relationships and in the performance of the parties with which ~~we have~~ **the Company has** these relationships. As a result, if ~~our~~ **the Company' s** regulators conclude that ~~we have~~ **it has** not exercised adequate oversight and control over ~~our~~ **the Company' s** third party vendors or other ongoing third party business relationships or that such third parties have not performed appropriately, ~~we~~ **the Company** could be ~~37subject~~ -- **subject** to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines, as well as requirements for client remediation, any of which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We have~~ **The Company has** a continuing need for technological change, and ~~we~~ **it** may not have the resources to effectively implement new technology or ~~we~~ **it** may experience operational challenges when implementing new technology. The financial services industry is undergoing rapid technological changes with frequent introductions of new technology- driven products and services. In addition to better serving clients, the effective use of technology increases efficiency and enables financial institutions to reduce costs. ~~Our~~ **The Company' s** future success will depend in part upon ~~our~~ **its, and its third party partners',** ability to address the needs of ~~our~~ **the Company' s** clients by using technology to provide products and services that will satisfy client demands for convenience as well as to create additional efficiencies in ~~our~~ operations. The widespread adoption of new technologies, including mobile banking services, **artificial intelligence,** cryptocurrencies and payment systems, could require ~~us~~ **the Company** in the future to make substantial expenditures to modify or adapt ~~our~~ **the Company' s** existing products and services as ~~we~~ **it** ~~grow~~ **grows** and ~~develop~~ **develops** new products to satisfy ~~our~~ **the Company' s** customers' expectations **, remain competitive** and comply with regulatory guidance. ~~We~~ **The Company** may experience operational challenges as ~~we~~ **it** ~~implement~~ **implements** these new technology enhancements, which could result in ~~us~~ **the Company** not fully realizing the anticipated benefits from such new technology or require ~~us~~ **the Company** to incur significant costs to remedy any such challenges in a timely manner. Many of ~~our~~ **the Company' s** larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that ~~we~~ **the Company** will be able to offer, which would put ~~us~~ **the Company** at a competitive disadvantage. Accordingly, a risk exists that ~~we~~ **the Company** will not be able to effectively implement new technology- driven products and services or be successful in marketing such products and services to ~~our~~ **the Company' s** clients. In addition, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may also cause service interruptions, transaction processing errors and system conversion delays and may cause ~~us~~ **the Company** to fail to comply with applicable laws. ~~We~~ **The Company** ~~expect~~ **expects** that new technologies and business processes applicable to the financial services industry will continue to emerge, and these new technologies and business processes may be better than those ~~we~~ **the Company** currently ~~use~~ **uses** . Because the pace of technological change is high and ~~our~~ **the Company' s** industry is intensely competitive, ~~we~~ **it** may not be able to sustain ~~our~~ **the Company' s** investment in new technology as critical systems and applications become obsolete or as better ones become available. A failure to successfully keep pace with technological change affecting the financial services industry and failure to avoid ~~interruptions~~ **39interruptions** , errors and delays could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We are~~ **The Company is** subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors. Employee errors and employee and customer misconduct could subject ~~us~~ **the Company** to financial losses or regulatory sanctions and seriously harm ~~our~~ **the Company' s** reputation. Misconduct by ~~our~~ **the Company' s** employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of ~~our~~ **the Company' s** customers or improper use of confidential information. It is not always possible to prevent employee errors **or employee** and **customer** misconduct, and the precautions ~~we~~ **the Company** ~~take~~ **takes** to prevent and detect this activity may not be effective in all cases. Employee errors could also subject ~~us~~ **the Company** to financial claims for negligence. ~~We~~ **The Company** ~~maintain~~ **maintains** a system of internal controls and insurance coverage to mitigate against operational risks, including data processing system failures and errors and customer or employee fraud. If ~~our~~ **the Company' s** internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition results of operations and growth prospects. ~~Our~~ **The Company' s** dividend policy may change. Although ~~we have~~ **the Company has** historically paid dividends to ~~our~~ **its** stockholders and currently ~~intend~~ **intends** to maintain or increase **its** ~~our current~~ dividend levels in future quarters, ~~we have~~ **the Company has** no obligation to continue doing so and may change ~~our~~ **the Company' s** dividend policy at any time without notice to ~~our~~ **the Company' s** stockholders. Holders of ~~our~~ **the Company' s** common stock are only entitled to receive such cash dividends as ~~our~~ **the Company' s** ~~board~~ **Board** of ~~directors~~ **Directors** , in its discretion, may declare out of funds legally available for such payments. Further, consistent with ~~our~~ **the Company' s** strategic plans, growth initiatives, capital availability, projected liquidity needs, and other ~~38factors~~ -- **factors** , ~~we have~~ **the Company has** made, and will continue to make, capital management decisions and policies that could adversely impact the amount of dividends paid to ~~our~~ **the Company' s** common stockholders. In addition, ~~we are~~ **the Company is** a financial holding company, and ~~our~~ **the Company' s** ability to declare and pay dividends is dependent on certain federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends. It is the policy of the Federal Reserve that bank and financial holding companies should generally pay dividends on capital stock only out of earnings, and only if prospective earnings retention is consistent with the organization' s expected future needs, asset quality and financial condition. ~~We are~~ **The Company is** a separate and distinct legal entity from ~~our~~ **its** subsidiaries, including the Bank. ~~We~~ **The Company** ~~receive~~ **receives** substantially all of ~~our~~ **its** revenue from dividends from the Bank, which ~~we~~ **it** ~~use~~ **uses** as the principal source of funds to pay ~~our~~ expenses. Various federal and state laws and regulations limit the amount of dividends that the Bank and certain of ~~our~~ **the Company' s** non- bank subsidiaries may pay ~~us~~ **the Company** . Such limits are also tied to the earnings of ~~our~~ **the Company' s** subsidiaries. If the Bank does not receive regulatory approval or if its earnings are not sufficient to make dividend payments to ~~us~~ **the Company** while maintaining adequate capital levels, ~~our~~ **the Company' s** ability to pay ~~our~~ **its** expenses and ~~our~~ **its** business, financial condition or results of operations could be materially and adversely impacted. Future issuances of common stock could result in dilution, which could cause ~~our~~ **the Company' s** common stock price to decline. ~~We are~~ **The Company is** generally not restricted from issuing additional shares of stock, up to ~~the~~ **totals of** 30, 000, 000 shares of common stock and 2, 000, 000 shares of preferred stock authorized in ~~our~~ **the Company' s** certificate of incorporation, which in each case could be increased by a vote of the holders of a majority of ~~our~~ **the Company' s** shares of common stock. ~~We~~ **The Company** may issue additional shares of ~~our~~ common stock in the future pursuant to current or future equity compensation plans, upon conversions of preferred stock or debt, or in connection with future acquisitions or financings. If ~~we~~ **the Company** ~~choose~~ **chooses** to raise capital by selling shares of ~~our~~ common stock for any reason, the issuance ~~would~~ **40would** have a dilutive effect on the holders of ~~our~~ **the Company' s** common stock and could have a material negative effect on the market price of ~~our~~ **the Company' s** common stock. ~~We~~ **The Company** may issue shares of preferred stock in the future, which could make it difficult for another company to acquire ~~us~~ **the Company** or could otherwise adversely affect holders of ~~our~~ **the Company' s** common stock, which could depress the price of ~~our~~ **the Company' s** common stock. Although there are currently no shares of ~~our~~ **the Company' s** preferred stock issued and outstanding, ~~our~~ **the Company' s** certificate of incorporation authorizes ~~us~~ **the Company** to issue up to 2, 000, 000 shares of one or more series of preferred stock. ~~Our~~ **The Company' s** ~~board~~ **Board** of ~~directors~~ **Directors** also has the power, without stockholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over ~~our~~ **the Company' s** common stock with respect to dividends or in the event of a dissolution, liquidation or winding up, and other terms. If ~~we~~ **the Company** ~~issue~~ **issues** preferred stock in the future that has preference over ~~our~~ **the Company' s** common stock with respect to payment of dividends or upon ~~our~~ **the Company' s** liquidation, dissolution or winding up, or if ~~we~~ **the Company** ~~issue~~ **issues** preferred stock with voting rights that dilute the voting power of ~~our~~ **the Company' s** common stock, the rights of the holders of ~~our~~ **the Company' s** common stock or the market price of ~~our~~ **the Company' s** common stock could be adversely affected. In addition, the ability of ~~our~~ **the Company' s** ~~board~~ **Board** of ~~directors~~ **Directors** to issue shares of preferred stock without any action on the part of ~~our~~ **the Company' s** stockholders may impede a takeover of ~~us~~ **the Company** and prevent a transaction perceived to be favorable to ~~our~~ **the Company' s** stockholders. The holders of ~~our~~ **the Company' s** debt obligations and preferred stock, if any, will have priority over ~~our~~ **the Company' s** common stock with respect to payment in the event of liquidation, dissolution or winding up and with respect to the payment of interest and dividends. In any liquidation, dissolution or winding up of the Company, ~~our~~ **the Company' s** common stock would rank junior in priority to all claims of debt holders against ~~us~~ **the Company** and claims of all of ~~our~~ **the Company' s** outstanding shares of preferred stock. As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had $ 50. 0 million of subordinated notes payable and $ ~~8~~ **9** . ~~8~~ **0** million of junior subordinated debentures outstanding. **The Company does** ~~In the first quarter of 2021, we redeemed our previously issued subordinated debt with a rate of 5. 75 % and issued new subordinated debt to the Bank of North Dakota with an initial fixed rate of 3. 50 %. We do~~ not currently have any shares of preferred stock **issued and** outstanding. As a result, holders of ~~our~~ **the Company' s** common stock will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding up of the Company until after all of ~~our~~ **its** obligations to ~~our~~

debt holders have been satisfied and holders of senior equity securities, including any preferred shares, if any, have received any payment or distribution due to them. ~~39The COVID- 19 pandemic could continue to have adverse effects on our business.~~ The **Company' s** ~~COVID- 19 pandemic has had a significant economic impact on the communities in which we operate, our borrowers and depositors, and the national economy generally. These effects have diminished in the past year, but future developments and uncertainties will be difficult to predict, such as the potential emergence of a new variant, the course of the pandemic in China and other major economies, the persistence of pandemic- related work and lifestyle changes, changes in consumer preferences associated with the emergence of the pandemic, and other market disruptions. Any such developments could have a complex and negative effect on our business, including with respect to the prevailing economic environment, our lending and investment activities, and our business operations. Our~~ business and operations may be adversely affected in numerous and complex ways by weak economic conditions and global trade. ~~Our~~ **The Company' s** businesses and operations, which primarily consist of lending money to clients in the form of commercial and residential mortgage loans, borrowing money from clients in the form of deposits and savings accounts, investing in securities, and providing wealth management, trust and fiduciary and recordkeeping services, are sensitive to general business and economic conditions in the United States. If the United States economy weakens, ~~our~~ **the Company' s** growth and profitability from ~~our~~ **the Company' s** lending, deposit and investment operations could be constrained. Uncertainty about the federal fiscal policymaking process, the medium- and long-term fiscal outlook of the federal government, and future tax rates is a concern for businesses, consumers and investors in the United States. In addition, economic conditions in foreign countries and weakening global trade due to increased anti-globalization sentiment and recent tariff activity could affect the stability of global financial markets, which could hinder the economic growth of the United States ~~. There are also remaining concerns about the potential ongoing effects of the COVID- 19 pandemic on international trade (including supply chains and export levels), travel, and employee productivity and other economic activities~~. Weak economic conditions are characterized by deflation, fluctuations in debt and equity capital markets, a lack of liquidity or depressed prices in the secondary market for loans, increased delinquencies on mortgage, consumer and commercial loans, residential and commercial real estate price declines and lower home sales and commercial activity. Further, a general economic slowdown could decrease the value of ~~our~~ **the Company' s** AUA and AUM resulting in clients potentially seeking alternative investment opportunities with other providers, which could result in lower fee income. All of these factors are detrimental to ~~our~~ **the Company' s** business, and the interplay between these factors can be complex and unpredictable. Adverse economic conditions and government policy responses to such conditions could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~The~~ **41The** financial markets and the global economy may also be adversely affected by the current or anticipated impact of military conflict, including the ~~current~~ **ongoing** ~~conflict~~ **conflicts between Israel and Palestine and** between Russia and Ukraine, which is increasing volatility in commodity and energy prices, creating supply chain issues and causing instability in financial markets. Sanctions imposed by the United States and other countries in response to such conflict could further adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others could exacerbate market and economic instability. The specific consequences of ~~the~~ **these** ~~conflict~~ **conflicts** ~~in Ukraine~~ on ~~our~~ **the Company' s** business ~~is~~ **are** difficult to predict at this time, but in addition to inflationary pressures affecting ~~our~~ **the Company' s** operations and those of ~~our~~ **the Company' s** customers and borrowers, ~~we~~ **the Company** may also experience an increase in cyberattacks against us, ~~our~~ **the Company' s** customers and borrowers, service providers and other third parties. ~~We~~ **The Company** ~~depend~~ **depends** on the accuracy and completeness of information about clients and counterparties. In deciding whether to extend credit or enter into other transactions, and in evaluating and monitoring ~~our~~ **the Company' s** loan portfolio on an ongoing basis, ~~we~~ **the Company** may rely on information furnished by or on behalf of clients and counterparties, including financial statements, credit reports and other financial information. ~~We~~ **The Company** may also rely on representations of those clients or counterparties or of other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate, incomplete, fraudulent or misleading financial statements, credit reports or other financial or business information, or the failure to receive such information on a timely basis, could result in loan losses, reputational damage or other effects that could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~40New~~ -- **New** lines of business, products, product enhancements or services may subject ~~us~~ **the Company** to additional risks. From time to time, ~~we~~ **the Company** may implement new lines of business or offer new products and product enhancements as well as new services within ~~our~~ **the Company' s** existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances in which the markets are not fully developed. In implementing, developing or marketing new lines of business, products, product enhancements or services, ~~we~~ **the Company** may invest significant time and resources, although ~~we~~ **the Company** may not assign the appropriate level of resources or expertise necessary to make these new lines of business, products, product enhancements or services successful or to realize their expected benefits. Further, initial timetables for the introduction and development of new lines of business, products, product enhancements or services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also affect the successful implementation of a new line of business or offerings of new products, product enhancements or services. Further, any new line of business, product, product enhancement or service or system conversion could have a significant impact on the effectiveness of ~~our~~ **the Company' s** system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or offerings of new products, product enhancements or services could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We~~ **The Company** ~~face~~ **faces** intense competition from other banks and financial services companies that could hurt ~~our~~ **its** business. ~~We~~ **The Company** ~~operate~~ **operates** in the highly competitive financial services industry and ~~face~~ **faces** significant competition for clients from financial institutions located both within and beyond ~~our~~ **the Company' s** market areas. Overall, ~~we~~

the Company ~~compete~~ **competes** with national commercial banks, regional banks, private banks, mortgage companies, online lenders, savings banks, credit unions, non- bank financial services companies, other financial institutions, including investment advisory and wealth management firms, financial technology **, or " Fintech, "** companies and securities brokerage firms, operating within or near the areas ~~we~~ **the Company** ~~serve~~ **serves** . Many of ~~our~~ **the Company' s** non- bank competitors are not subject to the same extensive regulations that govern ~~our~~ **the Company' s** activities and may have greater flexibility in competing for business. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. ~~While~~ **42While** ~~we do~~ **the Company does** not offer products relating to digital assets, including cryptocurrencies, stablecoins and other similar assets, there has been a significant increase in digital asset adoption globally over the past several years. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, and the anonymous nature of the transactions, are appealing to certain consumers notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers — which, at present are not subject to the same degree of scrutiny and oversight as banking organizations and other financial institutions — are becoming active competitors to more traditional financial institutions. The process of eliminating banks as intermediaries, known as " disintermediation, " could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition and results of operations. Potential partnerships with digital asset companies, moreover, could also entail significant investment. In ~~our~~ **the Company' s** banking business, ~~we~~ **it** may not be able to compete successfully with other financial institutions in ~~our~~ **the Company' s** markets, particularly with larger financial institutions that have significantly greater resources than us, and ~~we~~ **the Company** may have to pay higher interest rates to attract deposits, accept lower yields to attract loans and pay higher wages for new employees, resulting in lower net interest margins and reduced profitability. In addition, increased lending activity of competing banks has also led to increased competitive pressures on loan rates and terms for high- quality credits. Competition in the retirement and benefit services and wealth management businesses is especially strong in ~~our~~ **the Company' s** geographic market areas because there are numerous well- established, well- resourced, well- capitalized, and successful investment management, wealth advisory and wealth management and trust firms in these areas. In addition, ~~41the~~ -- **the** record- keeping and administration industry is dominated by a small number of larger institutions that may charge fees that are lower than ~~we~~ **the Company** ~~charge~~ **charges** for similar services. ~~Our~~ **The Company' s** ability to successfully attract and retain retirement and benefit services and wealth management clients is dependent upon ~~our~~ **its** ability to compete with competitors' investment, advisory, fiduciary and recordkeeping products and services, levels of investment performance and marketing and distribution capabilities. If ~~we are~~ **the Company is** unable to compete effectively with other banking or other financial services businesses, ~~we~~ **it** could find it more difficult to attract new and retain existing clients and ~~our~~ **the Company' s** noninterest income could decline, which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We~~ **The Company** ~~originate~~ **originates** , ~~sell~~ **sells** and ~~service~~ **services** residential mortgage loans. ~~Our~~ **The Company' s** mortgage business faces vigorous competition from banks and other financial institutions, including larger financial institutions and independent mortgage companies. ~~Our~~ **The Company' s** mortgage business competes on a number of factors including customer service, quality, range of products and services offered, price, reputation, interest rates, closing process and duration, and loan origination fees. The ability to attract and retain skilled mortgage origination professionals is critical to ~~our~~ **the Company' s** mortgage origination business. Changes in interest rates and pricing decisions by ~~our~~ **the Company' s** loan competitors affect demand for ~~our~~ **the Company' s** residential mortgage loan products, the revenue realized on the sale of loans and revenues received from servicing such loans for others, ultimately reducing ~~our~~ **the Company' s** noninterest income. In addition, if ~~we are~~ **the Company is** unable to attract and retain enough skilled employees, ~~our~~ **the Company' s** mortgage origination volume may decline. ~~Our~~ **The Company' s** business and operations may be adversely affected in numerous and complex ways by external business disruptors in the financial services industry. The financial services industry is undergoing rapid change, as technology enables traditional banks to compete in new ways and non- traditional entrants to compete in certain segments of the banking market, in some cases with reduced regulation. As client preferences and expectations continue to evolve, technology has lowered barriers to entry and made it possible for banks to expand their geographic reach by providing services over the internet and for non- banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems, online lending and low- cost investment advisory services. New entrants may use new technologies, advanced ~~data~~ **43data** and analytic tools, lower cost to serve, reduced regulatory burden or faster processes to challenge traditional banks. For example, new business models have been observed in retail payments, consumer and commercial lending, foreign exchange and low- cost investment advisory services. While ~~we~~ **the Company** closely ~~monitor~~ **monitors** business disruptors and seek to adapt to changing technologies, matching the pace of innovation exhibited by new and differently situated competitors may require ~~us~~ **the Company** and policy- makers to adapt at a greater pace. Because the financial services industry is experiencing rapid changes in technology, ~~our~~ **the Company' s** future success will depend in part on ~~our~~ **its** ability to address ~~our~~ **its** clients' needs by using technology. Client loyalty can be influenced by a competitor' s new products, especially offerings that could provide cost savings or a higher return to the client. The investment management contracts ~~we have~~ **the Company has** with ~~our~~ **its** clients are terminable without cause and on relatively short notice by ~~our~~ **the Company' s** clients, which makes ~~us~~ **it** vulnerable to short- term declines in the performance of the securities under ~~our~~ **the Company' s** management. Like most investment advisory and wealth management businesses, the investment advisory contracts ~~we have~~ **the Company has** with ~~our~~ **the Company' s** clients are typically terminable by the client without cause upon less than 30 days' notice. As a result, even short- term declines in the performance of the securities ~~we~~ **the Company** ~~manage~~ **manages** , which can result from factors outside ~~our~~ **the Company' s** control, such as adverse changes in market or economic conditions or the poor performance of some of the investments ~~we have~~ **the Company has** recommended to ~~our~~ **the Company' s** clients, could lead some of ~~our~~ **its** clients to move assets under ~~our~~ **the Company' s** management to other asset classes such as broad index funds or treasury securities, or to investment advisors which have investment product offerings or investment strategies different than ours. Therefore, ~~our~~ **the Company' s** operating results are heavily dependent on the financial performance of ~~our~~ **the Company' s** investment portfolios and the investment strategies ~~we~~ **the Company** ~~employ~~ **employs** in ~~our~~ **the Company' s** investment advisory businesses and even short- term declines in the performance of the investment portfolios ~~we~~ **the Company** ~~manage~~ **manages** for ~~our~~ **the Company' s** clients, whatever the cause, could result in a decline in AUM and a corresponding decline in investment management fees, which would adversely affect ~~our~~ **the Company' s** results of operations. ~~42Severe~~ -- **Severe** weather, natural disasters, pandemics, acts of war or terrorism or other adverse external events could significantly impact ~~our~~ **the Company' s** business. Severe weather, natural disasters, **effects of climate change,** widespread disease or pandemics, ~~such as the COVID- 19 pandemic,~~ acts of war or terrorism **, civil unrest** or other adverse external events could have a significant impact on ~~our~~ **the Company' s** ability to conduct business. In addition, such events could affect the stability of ~~our~~ **the Company' s** deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue or cause ~~us~~ **the Company** to incur additional expenses. The occurrence of any of these events in the future could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** wealth management business is dependent on asset managers to produce investment returns and financial advisors to solicit and retain clients, and the loss of a key asset manager or financial advisor could adversely affect ~~our~~ **the Company' s** wealth management business. ~~We rely~~ **The Company relies** on ~~our~~ **its** asset managers to produce investment returns and financial advisors to advise clients of ~~our~~ **the Company' s** wealth management business. ~~We~~ **The Company** ~~believe~~ **believes** that investment performance is an important factor for the growth of ~~our~~ **its** AUM. Poor investment performance could impair ~~our~~ **the Company' s** revenues and growth because existing clients might withdraw funds in favor of better performing products, which would result in lower investment management fees, or ~~our~~ **the Company' s** ability to attract funds from existing and new clients might diminish. The market for asset managers and financial advisors is extremely competitive and is increasingly characterized by frequent movement of these types of employees among different firms. In addition, ~~our~~ **the Company' s** asset managers and financial advisors often have regular direct contact with ~~our~~ **the Company' s** clients, which can lead to a strong client relationship based on the client' s trust in that individual manager or advisor. The loss of a key asset manager or financial advisor could jeopardize ~~our~~ **the Company' s** relationships with ~~our~~ **the Company' s** clients and lead to the loss of client accounts. Losses of such accounts could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We~~ **44The Company** may be adversely affected by the soundness of certain securities brokerage firms. ~~Our~~ **The Company' s** client investment accounts are maintained under custodial arrangements with large, well established securities brokerage firms or bank institutions that provide custodial services, either directly or through arrangements made by ~~us~~ **the Company** with those firms. As a result, the performance of, or even rumors or questions about the integrity or performance of, any of those firms could adversely affect the confidence of ~~our~~ **the Company' s** clients in the services provided by those firms or otherwise adversely impact their custodial holdings. Such an occurrence could negatively impact ~~our~~ **the Company' s** ability to retain existing or attract new clients and, as a result, could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. Liquidity and Funding RisksLiquidity risks could affect ~~our~~ **the Company' s** operations and jeopardize ~~our~~ **its** business, financial condition, results of operations and growth prospects. Liquidity is essential to ~~our~~ **the Company' s** business. Liquidity risk is the risk that ~~we~~ **the Company** will not be able to meet ~~our~~ **its** obligations, including financial commitments, as they come due and is inherent in ~~our~~ **the Company' s** operations. An inability to raise funds through deposits, borrowings, the sale of loans or investment securities, and from other sources could have a substantial negative effect on ~~our~~ **the Company' s** liquidity. ~~Our~~ **The Company' s** most important source of funds consists of ~~our~~ **the Company' s** client deposits, which can decrease for a variety of reasons, including when clients perceive alternative investments, such as bonds, treasuries or stocks, as providing a better risk / return tradeoff. ~~As a result of the current rising~~ **Total deposits increased in 2023, however, clients demanded higher** interest ~~rate~~ **rates on** ~~environment, total deposits~~ - **deposit accounts to compete with** ~~declined in 2022, as customers deployed liquidity and sought~~ higher yielding ~~alternative~~ **short- term** investments **available** ~~, including higher rate deposit accounts offered by larger competitors~~ . **The Company' s** ~~We expect this trend to continue in 2023 with additional rate increases expected to be made by the Federal Reserve. Our~~ future growth will largely depend on ~~our~~ **its** ability to maintain and grow a strong deposit base and ~~our~~ **the Company' s** ability to retain ~~our~~ **its** largest retirement and benefit services and wealth management clients, many of whom ~~43are~~ -- **are** also depositors. If clients, including ~~our~~ **the Company' s** retirement and benefit services and wealth management clients, move money out of bank deposits and into other investments, ~~we~~ **the Company** could lose a relatively low- cost source of funds, which would require ~~us~~ **the Company** to seek other funding alternatives, including increasing ~~our~~ **the Company' s** dependence on wholesale funding sources, in order to continue to grow, thereby increasing ~~our~~ **the Company' s** funding costs and reducing **net interest income and net income. Additionally, uninsured deposits have historically been viewed by the FDIC as less stable than insured deposits. According to statements made by the FDIC staff and the leadership of the federal banking agencies, customers with larger uninsured deposit account balances often are small- to mid- sized businesses that rely upon deposit funds for payment of operational expenses and, as a result, are more likely to closely monitor the financial condition and performance of their depository institutions. As a result, in the event of financial distress, uninsured depositors historically have been more likely to withdraw their deposits. If a significant portion of our deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet withdrawal demands, the Company may be unable to obtain funding at favorable terms, which may have an adverse effect on** our net interest **margin** ~~income and net~~

~~income~~ . ~~Additionally~~ **Moreover, obtaining adequate funding to meet our deposit obligations may be more challenging during periods of higher prevailing interest rates, such as the present period. Our ability to attract depositors during a time of actual or perceived distress or instability in the marketplace may be limited. Further, interest rates paid for borrowings generally exceed the interest rates paid on deposits. This spread may be exacerbated by higher prevailing interest rates. In addition, because our available for sale securities lose value when interest rates rise, after- tax proceeds resulting from the sale of such assets may be diminished during periods when interest rates are elevated. Under such circumstances** , we **may be required to** access **funding from sources such as the Federal Reserve' s discount window in order to manage our liquidity risk. The Company also accesses** collateralized public funds, which are bank deposits of state and local municipalities. These deposits are required to be secured by certain investment grade securities to ensure repayment, which reduces standby liquidity by restricting the potential liquidity of the pledged collateral. As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had pledged $ ~~260~~ **250** . ~~7~~ **0** million of investment securities for this purpose, which represented approximately ~~25~~ **31** . ~~1~~ **8** % of ~~our~~ **the Company' s** total securities portfolio. If ~~we are~~ **the Company is** unable to pledge sufficient **qualifying** collateral to ~~secure~~ **45secure** public funding, ~~we~~ **it** may lose access to this source of liquidity that ~~we have~~ **the Company has** historically relied upon. In addition, the availability of and fluctuations in these funds depends on the individual municipality' s fiscal policies and cash flow needs. Other primary sources of funds consist of cash from operations, investment security maturities and sales and proceeds from the issuance and sale of ~~our~~ **the Company' s** equity and debt securities to investors. Additional liquidity is provided by the ability to borrow from the Federal Reserve and the FHLB. ~~We~~ **The Federal Reserve established the Bank Term Funding Program, or BTFP, on March 12, 2023, offering qualifying banks loans of up to one year in length collateralized by qualifying assets, including U. S. securities valued at par, to serve as a source of additional liquidity against high- quality securities and reducing an institution' s need to quickly sell high- quality securities to meet liquidity needs. The Federal Reserve has announced that it is ending the BTFP and will cease making new loans under this program on March 11, 2024. The Company** may also borrow from third- party lenders from time to time. ~~Our~~ **The Company' s** access to funding sources in amounts adequate to finance or capitalize ~~our~~ **the Company' s** activities or on terms that are acceptable to ~~us~~ **the Company** could be impaired by factors that affect ~~us~~ **the Company** directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry. Economic conditions and a loss of confidence in financial institutions may increase ~~our~~ **the Company' s** cost of funding and limit access to certain customary sources of capital, including inter- bank borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve. There is also the potential risk that collateral calls with respect to ~~our~~ **the Company' s** repurchase agreements could reduce ~~our~~ **the Company' s** available liquidity. At December 31, ~~2022~~ **2023** , ~~our~~ **the Company' s** borrowed funds ~~increased~~ **decreased to $ 314. 2 million, compared** to $ 378. 1 million ~~, compared to zero~~ at December 31, ~~2021~~ **2022** . The ~~increase~~ **balance of borrowed funds as of December 31, 2023** included $ ~~225~~ **200** . 0 million in FHLB advances and $ ~~153~~ **114** . ~~1~~ **2** million in federal funds purchased. ~~As a result~~ **Despite the decrease in borrowings** , ~~our~~ **the Company' s** cost of funds increased and in ~~2022~~ **2023** , as compared to ~~2021~~ **2022 as a result of the increased interest rate environment** . Any decline in available funding could adversely impact ~~our~~ **the Company' s** ability to continue to implement ~~our~~ **its** strategic plan, including originating loans and investing in securities, or to fulfill obligations such as paying ~~our~~ expenses, repaying ~~our~~ borrowings or meeting deposit withdrawal demands, any of which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We~~ **The Company** may not be able to maintain a strong core deposit base or other low- cost funding sources. ~~We~~ **The Company** ~~depend~~ **depends** primarily on core deposits from ~~our~~ **its** clients, which consist of noninterest bearing deposits, interest bearing checking accounts, certificates of deposit less than $ 250, 000 and money market savings accounts, as ~~our~~ **the Company' s** primary source of funding for ~~our~~ lending activities. ~~Our~~ **The Company' s** future growth will largely depend on ~~our~~ **its** ability to maintain and grow this strong, core deposit base and ~~our~~ **the Company' s** ability to retain ~~our~~ **its** retirement and benefit and wealth management clients, many of whom are also depositors. Deposit and account balances can decrease when clients perceive alternative investments, such as the stock market or real estate, as providing a better risk / return tradeoff. If clients, including ~~our~~ **the Company' s** retirement and benefit and wealth management clients, move money out of bank deposits or money market accounts and into investments (or similar deposit products at other institutions that may provide a higher rate of return), ~~we~~ **the Company** could lose a relatively low- cost source of funds, increasing ~~our~~ funding costs and reducing ~~our~~ net interest income and net income. ~~We~~ **The Company** ~~supplement~~ **supplements** ~~our~~ **its** core deposit funding with non- core, short- term funding sources, including FHLB advances and fed funds purchased. As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had $ ~~225~~ **200** . 0 million FHLB advances and $ ~~153~~ **114** . ~~1~~ **2** million of fed funds purchased from the FHLB. ~~Our~~ **The Company' s** maximum borrowing capacity from the FHLB is based on the amount of mortgage and commercial loans ~~we~~ **the Company** can pledge. As of December 31, ~~2022~~ **2023** , ~~our~~ **the Company' s** advances from the FHLB were collateralized by $ ~~855~~ **970** . ~~9~~ **4** million of real estate loans. If ~~we are~~ **the Company is** unable to pledge sufficient **qualifying** collateral to secure funding from the FHLB, ~~we~~ **it** may lose access to this source of liquidity. If ~~we are~~ **the Company is** unable to access any of these types of funding sources or if ~~our~~ **its** costs related to them increases, ~~our~~ **the Company' s** liquidity and ability to support demand for loans could be materially adversely affected. ~~44Our~~ **46The Company' s** high concentration of large depositors may increase ~~our~~ **its** liquidity risk. ~~We have~~ **The Company has** developed relationships with certain individuals and businesses that have resulted in a concentration of large deposits from a small number of clients. As of December 31, ~~2022~~ **2023** , ~~our~~ **the Company' s** 10 largest depositor relationships accounted for approximately ~~10~~ **8** . ~~1~~ **7** % of ~~our~~ total deposits. This high concentration of depositors presents a risk to ~~our~~ **the Company' s** liquidity if one or more of them decides to change its relationship with ~~us~~ **the Company** and to withdraw all or a significant portion of their accounts **, for example as a result of deposits above the FDIC insurance limit** . If such an event occurs, ~~we~~ **the Company** may need to seek out alternative sources of funding that may not be on the same terms as the deposits being replaced, which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company' s** liquidity is largely dependent on dividends from the Bank. The Company is a legal entity separate and distinct from the Bank **, and its other subsidiaries** . A substantial portion of ~~our~~ **the Company' s** cash flow, including cash flow to pay principal and interest on ~~our~~ **the Company' s** debt, comes from dividends the Company receives from the Bank. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay to the Company. As of December 31, ~~2022~~ **2023** , the Bank had the capacity to pay the Company a dividend of up to $ ~~99~~ **61** . ~~4~~ **3** million without the need to obtain prior regulatory approval. Also, the Company' s right to participate in a distribution of assets upon a subsidiary' s liquidation or reorganization is subject to the prior claims of the subsidiary' s creditors. In the event the Bank is unable to pay dividends to ~~us~~ **the Company** , ~~we~~ **it** may not be able to service ~~our~~ **its** debt, which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We~~ **The Company** may need to raise additional capital in the future, and if ~~we~~ **it** ~~fail~~ **fails** to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects, as well as ~~our~~ **its** ability to maintain regulatory compliance, would be adversely affected. ~~We~~ **The Company** ~~face~~ **faces** significant capital and other regulatory requirements as a financial institution. ~~We~~ **The Company** may need to raise additional capital in the future to provide ~~us~~ **it** with sufficient capital resources and liquidity to meet ~~our~~ **the Company' s** commitments and business needs, which could include the possibility of financing acquisitions. ~~We do~~ **The Company does** not have any current plans, arrangements or understandings to make any additional acquisitions. In addition, ~~our~~ **the** Company, on a consolidated basis, and the Bank, on a stand- alone basis, must meet certain regulatory capital requirements and maintain sufficient liquidity. Regulatory capital requirements could increase from current levels, which could require ~~us~~ **the Company** to raise additional capital or contract ~~our~~ **the Company' s** operations. ~~Our~~ **The Company' s** ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, ~~our~~ **the Company' s** credit ratings, ~~our~~ **its** ability to maintain a listing on Nasdaq and ~~our~~ **its** financial condition and performance. In particular, if ~~we~~ **the Company** ~~need~~ **needs** to raise additional capital in the current interest rate environment, ~~we~~ **the Company** ~~believe~~ **believes** the pricing and other terms investors may require in such an offering may not be attractive to ~~us~~ **the Company** . If ~~we~~ **the Company** ~~fail~~ **fails** to maintain an investment grade credit rating, it may adversely impact ~~our~~ **its** ability to raise capital or incur additional debt. Accordingly, ~~we~~ **the Company** cannot assure you that ~~we~~ **it** will be able to raise additional capital if needed or on terms acceptable to ~~us~~ **the Company** . If ~~we~~ **the Company** ~~fail~~ **fails** to maintain capital to meet regulatory requirements, ~~our~~ - **or is unable to raise capital to meet its business needs, its** business, financial condition, results of operations and growth prospects would be materially and adversely affected. ~~We~~ **The Company** may be adversely affected by changes in the actual or perceived soundness or condition of other financial institutions. Financial services institutions that deal with each other are interconnected as a result of trading, investment, liquidity management, clearing, counterparty **, reputational** and other relationships. Concerns about, or a default by, one institution could lead to significant liquidity problems and losses or defaults by other institutions, as the commercial and financial soundness of many financial institutions is closely related as a result of these credit, trading, clearing and other relationships. Even the perceived lack of creditworthiness of, or questions about, a counterparty may lead to market- wide ~~liquidity~~ **47liquidity** problems and losses or defaults by various institutions **. For example, certain community banks experienced deposit outflows following the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank in 2023** . This systemic risk may adversely affect financial intermediaries with which ~~we~~ **the Company** ~~interact~~ **interacts** on a daily basis or key funding providers such as the FHLB, any of which could have a material adverse effect on ~~our~~ **the Company' s** access to liquidity or otherwise have a material adverse effect on ~~our~~ **its** business, financial condition, results of operations and growth prospects. ~~45We~~ **The Company** ~~receive~~ **receives** substantial deposits and AUM as a result of referrals by professionals, such as attorneys, accountants, and doctors, and such referrals are dependent upon the continued positive interaction with and financial health of those referral sources. Many of ~~our~~ **the Company' s** deposit clients and clients of ~~our~~ **the Company' s** wealth management business are individuals involved in professional vocations, such as lawyers, accountants, and doctors. These clients are a significant source of referrals for new clients in both the deposit and wealth management areas. If ~~we~~ **the Company** ~~fail~~ **fails** to adequately serve these professional clients with ~~our~~ **its** deposit services, lending, wealth management products and other services, this source of referrals may diminish, which could have a negative impact on ~~our~~ **the Company' s** financial results. Further, if the economy in the geographic areas that ~~we~~ **the Company** ~~serve~~ **serves** is negatively impacted, the amount of deposits and services that these professional individuals will utilize and the number of referrals that they will make may decrease, which may have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. Legal, Accounting and Compliance ~~RisksOur~~ **RisksThe Company' s** risk management framework may not be effective in mitigating risks or losses to ~~us~~ **the Company** . ~~Our~~ **The Company' s** risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which ~~we are~~ **the Company is** subject, including, among others, credit, market, liquidity, interest rate and compliance. ~~Our~~ **The Company' s** framework also includes financial or other modeling methodologies that involve management assumptions and judgment. ~~Our~~ **The Company' s** risk management framework may not be effective under all circumstances and it may not adequately mitigate any risk or loss to us. If ~~our~~ **the Company' s** framework is not effective, ~~we~~ **it** could suffer unexpected losses and ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects could be materially and adversely affected. ~~We~~ **The Company** may also be subject to potentially adverse regulatory consequences. ~~Our~~ **The Company' s** accounting estimates and risk management processes and controls rely on analytical and forecasting techniques and models and assumptions, which may not accurately predict future events. ~~Our~~ **The Company' s** accounting policies and methods are fundamental to the way ~~we~~ **it** ~~record~~ **records** and ~~report~~ **reports** ~~our~~ **its** financial condition and results of operations. ~~Our~~ **The Company' s** management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with **United States generally accepted accounting principles (“** GAAP **”)** and reflect management’ s judgment of the most appropriate manner to report ~~our~~ **the Company’ s** financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet which may result in ~~our~~ **the Company’ s** reporting materially different results than would have been reported under a different alternative. Certain accounting policies are critical to presenting ~~our~~ **the Company’ s** financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. If ~~our~~ **the Company’ s** underlying assumptions or estimates prove to be incorrect, it could have a material adverse effect on ~~our~~ **its** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company’ s** risk management processes, internal controls, disclosure controls and corporate governance policies and procedures are based in part on certain assumptions and can provide only reasonable (not absolute) assurances that the objectives of the system are met. Any failure or circumvention of ~~our~~ **the Company’ s** controls, processes ~~and~~ **48and** procedures or failure to comply with regulations related to controls, processes and procedures could necessitate changes in those controls, processes and procedures, which may increase ~~our~~ **the Company’ s** compliance costs, divert management attention from ~~our~~ **its** business or subject ~~us~~ **the Company** to regulatory actions and increased regulatory scrutiny. Any of these could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. Changes in accounting policies or standards could materially impact ~~our~~ **the Company’ s** financial statements. From time to time, ~~the~~ FASB **, the Public Company Accounting Oversight Board (or PCAOB)** or the SEC, may change the financial accounting and reporting standards that govern the preparation of ~~our~~ **the Company’ s** financial statements. Such changes may result in ~~us~~ **the Company** being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking ~~46regulators~~ -- **regulators** or outside auditors) may change their interpretations or positions on how these standards should be applied. In addition, trends in financial and business reporting, including environmental social and governance (ESG) related disclosures, could require ~~us~~ **the Company** to incur additional reporting expense. These changes may be beyond ~~our~~ **the Company’ s** control, can be hard to predict and can materially impact how ~~we~~ **it** ~~record~~ **records** and ~~report~~ **reports** ~~our~~ **its** financial condition and results of operations. In some cases, ~~we~~ **the Company** could be required to apply a new or revised standard retroactively, or apply an existing standard differently, in each case resulting in ~~our~~ **the Company’ s** needing to revise or restate prior period financial statements. The obligations associated with being a public company require significant resources and management attention, which divert time and attention from ~~our~~ **the Company’ s** business operations. As a public company, ~~we are~~ **the Company is** subject to the reporting requirements of the Exchange Act and the Sarbanes- Oxley Act of 2002, or the Sarbanes- Oxley Act. The Exchange Act requires that ~~we~~ **the Company** file annual, quarterly and current reports with respect to ~~our~~ **its** business and financial condition with the SEC. The Sarbanes- Oxley Act requires, among other things, that ~~we~~ **the Company** establish and maintain effective internal controls and procedures for financial reporting. Compliance with these reporting requirements and other rules **and regulations, including period revisions to and additional rules and regulations,** of the SEC could increase ~~our~~ **the Company’ s** legal and financial compliance costs and make some activities more time consuming and costly, which could negatively affect ~~our~~ **the Company’ s** efficiency ratio. Further, the need to maintain the corporate infrastructure demanded of a public company may divert management’ s attention from implementing ~~our~~ **the Company’ s** strategic plan, which could prevent ~~us~~ **the Company** from successfully implementing ~~our~~ **the Company’ s** growth initiatives and improving ~~our~~ **its** business, results of operations and financial condition. As an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, ~~we are~~ **the Company is** taking advantage of certain temporary exemptions from various reporting requirements, including reduced disclosure obligations regarding executive compensation in ~~our~~ **the Company’ s** periodic reports and proxy statements and an exemption from the requirement to obtain an attestation from ~~our~~ **the Company’ s** auditors on management’ s assessment of ~~our~~ **its** internal control over financial reporting. When these exemptions cease to apply, ~~we~~ **the Company** ~~expect~~ **expects** to incur additional expenses and devote increased management effort toward ensuring compliance with them. The financial reporting resources ~~we have~~ **the Company has** put in place may not be sufficient to ensure the accuracy of the additional information ~~we are~~ **the Company is** required to disclose as a publicly listed company. As a public company, ~~we are~~ **the Company is** subject to heightened financial reporting standards under GAAP and SEC rules, including more extensive levels of disclosure. Complying with these standards required enhancements to the design and operation of ~~our~~ **the Company’ s** internal control over financial reporting as well as additional financial reporting and accounting staff with appropriate training and experience in GAAP and SEC rules and regulations. If ~~we are~~ **the Company is** unable to meet the demands required of ~~us~~ **the Company** as a public company, including the requirements of the Sarbanes- Oxley Act, ~~we~~ **the Company** may be unable to report ~~our~~ **its** financial results accurately, or report them within the timeframes required by law or stock exchange regulations. Failure to comply with the Sarbanes- Oxley Act, when and as applicable, could also potentially subject ~~us~~ **the Company** to sanctions or investigations by the SEC or ~~other~~ **49other** regulatory authorities. If material weaknesses or other deficiencies occur, ~~our~~ **the Company’ s** ability to report ~~our~~ **its** financial results accurately and timely could be impaired, which could result in late filings of ~~our~~ **the Company’ s** annual and quarterly reports under the Exchange Act, restatements of ~~our~~ **the Company’ s** consolidated financial statements, a decline in ~~our~~ **the Company’ s** stock price, suspension or delisting of ~~our~~ **the Company’ s** common stock from the Nasdaq Capital Market, and could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. Even if ~~we are~~ **the Company is** able to report ~~our~~ **its** financial statements accurately and in a timely manner, any disclosure of material weaknesses in ~~our~~ **the Company’ s** future filings with the SEC could cause ~~our~~ **the Company’ s** reputation to be harmed and ~~our~~ **the Company’ s** stock price to decline significantly. ~~We~~ **The Company** did not engage ~~our~~ **its** independent registered public accounting firm to perform an audit of ~~our~~ **its** internal control over financial reporting under the standards of the Public Company Accounting Oversight Board, or PCAOB, as of any balance sheet date reported in ~~our~~ **the Company’ s** financial statements as of December 31, ~~2022~~ **2023** . Had ~~our~~ **the Company’ s** independent registered public accounting firm performed an audit of ~~our~~ **its** internal control over financial reporting under the standards of PCAOB, material weaknesses may have been identified. The JOBS Act provides that, so long as ~~we~~ **the Company** ~~qualify~~ **qualifies** as an emerging growth company, ~~we~~ **it** will be exempt from the provisions of Section 404 (b) of Sarbanes- Oxley, which would require that ~~our~~ **the Company’ s** independent registered public accounting firm provide an attestation report on the effectiveness of ~~our~~ **its** internal ~~47control~~ -- **control** over financial reporting under the standards of PCAOB. ~~We~~ **The Company** may take advantage of this exemption so long as ~~we~~ **it** ~~qualify~~ **qualifies** as an emerging growth company. The recent change in ~~our~~ **the Company’ s** independent registered public accounting firm could materially impact ~~our~~ **the Company’ s** financial statements. On December 1, 2022, the Audit Committee of the Board of Directors of the Company approved the dismissal of CliftonLarsonAllen LLP (“ CLA ”), as the Company’ s independent registered public accounting firm because CLA indicated that it would not stand for reappointment following completion of the audit of the Company’ s consolidated financial statements for the year- ending December 31, 2022. On December 1, 2022, the Audit Committee approved the appointment of RSM, LLP (“ RSM ”) to serve as the Company’ s independent registered public accounting firm for the year ending December 31, 2023. RSM’ s future audits of the Company’ s financial statements may identify errors or omissions in ~~our~~ **the Company’ s** historical financial statements that were not previously identified and that could require ~~us~~ **the Company** to restate previously issued financial statements or materially impact how ~~we~~ **the Company** ~~report~~ **reports** ~~our~~ **its** financial condition and results of operations going forward. If ~~we have~~ **the Company has** to restate any historical financial statements it could have a material adverse effect on ~~our~~ **its** financial condition and results of operations. Litigation and regulatory actions, including possible enforcement actions, could subject ~~us~~ **the Company** to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on ~~our~~ **the Company’ s** business activities. ~~Our~~ **The Company’ s** business is subject to increased litigation and regulatory risks because of a number of factors, including the highly regulated nature of the financial services industry and the focus of state and federal prosecutors on banks and the financial services industry generally. This focus has only intensified since the financial crisis, with regulators and prosecutors focusing on a variety of financial institution practices and requirements, including foreclosure practices, compliance with applicable consumer protection laws, classification of “ held for sale ” assets and compliance with anti- money laundering statutes, the Bank Secrecy Act and sanctions administered by the Office of Foreign Assets Control of the U. S. Department of the Treasury, or **OFAC** ~~U. S. Treasury~~ . In the normal course of business, from time to time, ~~we have~~ **the Company has** in the past and may in the future be named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with ~~our~~ **the Company’ s** current or prior business activities. Legal actions could include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. ~~We~~ **The Company** may also, from time to time, be the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding ~~our~~ **the Company’ s** current or prior business activities. Any such legal or regulatory actions may subject ~~us~~ **the Company** to substantial compensatory or punitive damages, significant fines, penalties, obligations to change ~~our~~ **the Company’ s** business practices or other requirements resulting in increased expenses, diminished income and damage to ~~our~~ **the Company’ s** reputation. ~~Our~~ **The Company’ s** involvement in any such matters, whether ~~tangential~~ **50tangential** or otherwise and even if the matters are ultimately determined in ~~our~~ **the Company’ s** favor, could also cause significant harm to ~~our~~ **the Company’ s** reputation and divert management attention from the operation of ~~our~~ **the Company’ s** business. Further, any settlement, consent order or adverse judgment in connection with any formal or informal proceeding or investigation by government agencies may result in litigation, investigations or proceedings as other litigants and government agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. Moreover, U. S. authorities have been increasingly focused on “ conduct risk, ” a term that is used to describe the risks associated with behavior by employees and agents, including third- party vendors, that could harm clients, consumers, investors or the markets, such as failures to safeguard consumers’ and investors’ personal information, failures to identify and manage conflicts of interest and improperly creating, selling and marketing products and services. In addition to increasing compliance risks, this focus on conduct risk could lead to more regulatory or other enforcement proceedings and litigation, including for practices which historically were acceptable but are now receiving greater scrutiny. Further, while ~~we~~ **the Company** ~~take~~ **takes** numerous steps to prevent and detect conduct by employees and agents that could potentially harm clients, investors or the markets, such behavior may not always be deterred or prevented. Banking regulators have also focused on the overall culture of financial services firms. In addition to regulatory restrictions or structural changes that could result from perceived deficiencies in ~~our~~ **the Company’ s** culture, such focus could also lead to additional regulatory proceedings. ~~48If~~ **If** the goodwill that ~~we~~ **the Company** recorded in connection with ~~our~~ **the Company’ s** recent acquisitions becomes impaired, it could have a negative impact on ~~our~~ **its** financial condition and results of operations. As of December 31, ~~2022~~ **2023** , ~~we~~ **the Company** had goodwill of $ ~~47~~ **46** . ~~1~~ **8** million, or ~~13~~ **12** . ~~2~~ **7** % of ~~our~~ **the Company’ s** total stockholders’ equity. The excess purchase consideration over the fair value of net assets from acquisitions, or goodwill, is evaluated for impairment at least annually and on an interim basis if an event or circumstance indicates that it is more likely than not that an impairment has occurred. In testing for impairment, ~~we~~ **the Company** ~~conduct~~ **conducts** a qualitative assessment, and ~~we~~ **the Company** also ~~estimate~~ **estimates** the fair value of net assets based on analyses of ~~our~~ **its** market value, discounted cash flows and peer values. Consequently, the determination of the fair value of goodwill is sensitive to market- based economics and other key assumptions. Variability in market conditions or in key assumptions could result in impairment of goodwill, which is recorded as a non- cash adjustment to income. An impairment of goodwill could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. ~~We are~~ **The Company is** subject to extensive regulation, and the regulatory framework that applies to ~~us~~ **the Company** , together with any future legislative or regulatory changes, may significantly affect ~~our~~ **its** operations. The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily for the protection of depositors, clients, federal deposit insurance funds and the banking system as a whole, not for the protection of **the Company’ s business** ~~our~~ - **or** stockholders. ~~Our~~ **The** Company is subject to supervision and regulation by the Federal Reserve, and the Bank is subject to supervision and regulation by the OCC and the FDIC. The laws and regulations applicable to ~~us~~ **the Company** govern a variety of matters, including permissible types, amounts and terms of loans and investments ~~we~~ **the Company** may make, the maximum interest rate that may be charged, the amount of reserves ~~we~~ **the Company** must hold against deposits ~~we~~ **the Company** ~~take~~ **takes** , the types of deposits ~~we~~ **the Company** may accept, maintenance of adequate capital and liquidity, changes in the control of ~~us~~ **the Company** and ~~our~~ **its** Bank, restrictions on dividends and establishment of new offices. ~~We~~ **The Company** must obtain approval from ~~our~~ **its** regulators before engaging in certain activities, and there is the risk that such approvals may not be obtained, either in a timely manner or at all. ~~Our~~ **The Company’ s** regulators also have the ability to compel ~~us~~ **it** to take certain actions, or restrict ~~us~~ **it** from taking certain actions entirely, such as actions that ~~our~~ **the Company’ s** regulators deem to constitute an unsafe or unsound banking practice. ~~Our~~ **The Company’ s** failure to comply with any applicable laws or regulations, or regulatory policies and interpretations of such laws and regulations, could result in sanctions by regulatory agencies, civil money penalties or damage to ~~our~~ **the Company’ s** reputation, all of which could have a material adverse effect on ~~our~~ **its** business, financial condition, results of operations and growth prospects. ~~Since the financial crisis, federal and state banking laws and regulations, as well as interpretations and implementations of these laws and regulations, have undergone substantial review and change. In particular, the Dodd- Frank Act drastically revised the laws and regulations under which we operate. As an institution with less than $ 10 billion in assets, certain elements of the Dodd- Frank Act have not been applied to us and provisions of the Regulatory Relief Act are intended to result in meaningful regulatory relief for community banks and their holding companies. While~~ **51While** ~~we~~ **the Company** ~~endeavor~~ **endeavors** to maintain safe banking practices and controls beyond the regulatory requirements applicable to ~~us~~ **the Company** , ~~our~~ **its** internal controls may not match those of larger banking institutions that are subject to increased regulatory oversight. Financial institutions generally have also been subjected to increased scrutiny from regulatory authorities **, including in the wake of the failures of Silicon Valley Bank, Signature Bank and First Republic Bank in 2023** . This increased regulatory burden has resulted, and may continue to result in, increased costs of doing business, and may in the future, result in decreased revenues and net income, reduce ~~our~~ **the Company’ s** ability to compete effectively, to attract and retain clients, or make it less attractive for ~~us~~ **the Company** to continue providing certain products and services. Any **future** changes in federal and state laws and regulations, as well as the interpretation and implementation of such laws and regulations, could affect ~~us~~ **the Company** in substantial and unpredictable ways, including those listed above or other ways that could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. For example, in December 2019, the U. S. Congress enacted the Setting Every Community up for Retirement Enhancement, or SECURE Act. The SECURE Act made significant changes to provisions of existing law governing retirement plans and IRAs. Many of the provisions of the SECURE Act were effective on January 1, 2020, while other provisions are effective on later dates, including some that are not effective until action is taken to modify underlying retirement plan documents. In addition, in December 2022, the U. S. Congress enacted the SECURE 2. 0 Act of 2022, or SECURE 2. 0, which built some of the provisions of the SECURE Act and made additional significant changes to provisions of existing law governing ~~49retirement~~ -- **retirement** plans and IRAs. Many of the provisions of SECURE 2. 0 were effective immediately upon passage of SECURE 2. 0 while other provisions are effective on later dates. Some of the changes in law made by the SECURE Act and SECURE 2. 0 are complex and unclear in application. ~~We~~ **The Company** cannot predict what impact the SECURE Act or SECURE 2. 0 will ultimately have on ~~the Company’ s business.There is~~ uncertainty surrounding potential legal,regulatory and policy changes by ~~new presidential~~ **the Biden** ~~administrations~~ - **Administration** in the United States that may directly affect financial institutions and the global economy ~~.2024 is a presidential election year~~ .Changes in federal policy and at regulatory agencies occur over time through policy and personnel changes following elections,which lead to changes involving the level of oversight and focus on the financial services industry.The nature,timing and economic and political effects of potential changes to the current legal and regulatory framework affecting financial institutions remain highly uncertain.Uncertainty surrounding future changes may adversely affect our operating environment and therefore **our business,financial condition,results of operations and growth prospects.50We are** our business ~~. In addition~~ , ~~political developments~~ **financial condition** , **results** ~~including changes in law introduced by the Biden administration in the United States in 2021 and 2022 add uncertainty to the implementation, scope and timing~~ of ~~regulatory reforms~~ **operations and growth prospects** . ~~Our~~ **The Company’ s** retirement and benefit services and wealth management businesses are highly regulated, and the regulators have the ability to limit or restrict ~~our~~ **the Company’ s** activities and impose fines or suspensions on the conduct of ~~our~~ **the Company’ s** business. ~~Our~~ **The Company’ s** retirement and benefit services and wealth management businesses are highly regulated, primarily at the federal level. The failure of any of ~~our~~ **the Company’ s** businesses that provide investment management or wealth management and trust services to comply with applicable laws or regulations could result in fines, suspensions of individual employees or other sanctions. ~~We are~~ **The Company is** also subject to the provisions and regulations of the Employee Retirement Income Security Act of 1974, or ERISA, to the extent that ~~we~~ **the Company** ~~act~~ **acts** as a “ fiduciary ” under ERISA with respect to certain of ~~our~~ **the Company’ s** clients. ERISA and the applicable provisions of the federal tax laws impose a number of duties on persons who are fiduciaries under ERISA and prohibit certain transactions involving the assets of each ERISA plan which is a client, as well as certain transactions by the fiduciaries (and certain other related parties) to such plans. Changes in these laws or regulations could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. ~~We~~ **The Company is currently subject to and** may **continue to** be subject to claims and litigation relating to ~~our~~ **the Company’ s** fiduciary responsibilities. Some of the services ~~we~~ **the Company** ~~provide~~ **provides** , such as trust and investment services, require ~~us~~ **the Company** to act as ~~fiduciaries~~ **fiduciary** for ~~our~~ **its** clients and others. From time to time, third parties or government agencies make claims and take legal

~~action~~ **52action** against ~~us~~ **the Company** pertaining to the performance of ~~our~~ **its** fiduciary responsibilities **. For example, the Company recently sold its ESOP fiduciary services business, but remains subject to a number of lawsuits that are typical in that industry, one of which was brought by the United States Department of Labor, related to the Company ESOP' s fiduciary services** . If these claims and legal actions are not resolved in a manner favorable to ~~us~~ **the Company** , ~~we~~ **it** may be exposed to significant financial liability or ~~our~~ **the Company' s** reputation could be damaged. Either of these results may adversely impact demand for ~~our~~ **the Company' s** products and services or otherwise have a material adverse effect on ~~our~~ **its** business, financial condition, results of operations and growth prospects. Changes in tax laws and regulations, or changes in the interpretation of existing tax laws and regulations, may have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. ~~We~~ **The Company** ~~operate~~ **operates** in an environment that imposes income taxes on ~~our~~ **its** operations at both the federal and state levels to varying degrees. ~~We~~ **The Company** ~~engage~~ **engages** in certain strategies to minimize the impact of these taxes. Consequently, any change in tax laws or regulations, or new interpretation of an existing law or regulation, could significantly alter the effectiveness of these strategies. The net deferred tax asset reported on ~~our~~ **the Company' s** balance sheet generally represents the tax benefit of future deductions from taxable income for items that have already been recognized for financial reporting purposes. The bulk of these deferred tax assets consists of deferred loan loss deductions and deferred compensation deductions. The net deferred tax asset is measured by applying currently- enacted income tax rates to the accounting period during which the tax benefit is expected to be realized. As of December 31, ~~2022~~ **2023** , ~~our~~ **the Company' s** net deferred tax asset was $ ~~42~~ **34** . ~~4~~ **6** million. ~~There~~ -- **The Company** is uncertainty surrounding potential legal, regulatory and...... operations and growth prospects. 50We are subject to stringent capital requirements. Banking institutions are required to hold more capital as a percentage of assets than most industries. In the wake of the global financial crisis, ~~our~~ **the Company' s** capital requirements increased, both in the amount of capital ~~we~~ **it** must hold and in the quality of the capital to absorb losses **. In addition, following the bank failures in 2023, federal bank regulatory agencies have begun to propose changes and potential increases in existing capital requirements** . Holding high amounts of capital compresses ~~our~~ **the Company' s** earnings and constrains growth. In addition, the failure to meet applicable regulatory capital requirements could result in one or more of ~~our~~ **the Company' s** regulators placing limitations or conditions on ~~our~~ **the Company' s** activities, including ~~our~~ **its** growth initiatives, or restricting the commencement of new activities, and could affect client and investor confidence, ~~our~~ **its** costs of funds and FDIC insurance costs and ~~our~~ **its** ability to make acquisitions and result in a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. Federal regulators periodically examine ~~our~~ **the Company' s** business, and ~~we~~ **it** may be required to remediate adverse examination findings. The Federal Reserve and the OCC periodically examine ~~us~~ **the Company** , including ~~our~~ **its** operations and ~~our~~ **its** compliance with laws and regulations. If, as a result of an examination, a banking agency were to determine that ~~our~~ **the Company' s** financial condition, capital resources, asset quality, asset concentrations, earnings prospects, management, liquidity, sensitivity to market risk or other aspects of any of ~~our~~ **the Company' s** operations had become unsatisfactory, or that ~~we were~~ **the Company was** in violation of any law or regulation, they may take a number of different remedial actions as they deem appropriate. These actions include the power to enjoin " unsafe or unsound " practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in ~~our~~ **the Company' s** capital, to restrict ~~our~~ **the Company' s** growth, to assess civil money penalties, to fine or remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate ~~our~~ **the Company' s** deposit insurance and place ~~us~~ **the Company** into receivership or conservatorship. Any regulatory action against ~~us~~ **the Company** could have a material adverse effect on ~~our~~ **its** business, financial condition, results of operations and growth prospects. ~~We are~~ **53The Company is** subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions. The CRA requires the Bank, consistent with safe and sound operations, to ascertain and meet the credit needs of its entire community, including low and moderate- income areas. ~~Our~~ **The Company' s** failure to comply with the CRA could, among other things, result in the denial or delay of certain corporate applications filed by us, including applications for branch openings or relocations and applications to acquire, merge or consolidate with another banking institution or holding company. In addition, the CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations prohibit discriminatory lending practices by financial institutions. The U. S. Department of Justice, federal banking agencies and other federal agencies are responsible for enforcing these laws and regulations. A successful challenge to an institution' s compliance with fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion and restrictions on entering new business lines. Private parties may also challenge an institution' s performance under fair lending laws in private class action litigation. In addition, new regulations, increased regulatory reviews or changes in the structure of the secondary mortgage markets which ~~we~~ **the Company** ~~utilize~~ **utilizes** to sell mortgage loans may be introduced and may increase costs and make it more difficult to operate a residential mortgage origination business. Any of the actions described above could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. Noncompliance with the Bank Secrecy Act and other anti- money laundering statutes and regulations could result in fines or sanctions against ~~us~~ **the Company** . The Bank Secrecy ~~Act, the USA Patriot~~ Act and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti- money laundering programs and to file reports such as suspicious activity and currency transaction reports. ~~We are~~ **The Company is** required to comply with these and other anti- money laundering requirements. The federal banking agencies and Financial Crimes Enforcement Network are authorized to impose significant civil money penalties for violations of those requirements and have recently engaged in coordinated enforcement efforts against banks and other financial services providers with the U. S. Department of Justice, Drug ~~51Enforcement~~ -- **Enforcement** Administration and ~~IRS~~ **Internal Revenue Service** . ~~We are~~ **The**

Company is also subject to increased scrutiny of compliance with the rules enforced by the **OFAC** ~~Office of Foreign Assets Control~~. If ~~our~~ **the Company’ s** policies, procedures and systems are deemed deficient or the policies, procedures and systems of any financial institution ~~we~~ **the Company** ~~acquire~~ **acquires** in the future are deemed deficient, ~~we~~ **the Company** would be subject to liability, including fines and regulatory actions, which may include restrictions on ~~our~~ **the Company’ s** ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of ~~our~~ **the Company’ s** business plan, including any acquisitions. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Any of these results could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. Regulations relating to privacy, information security and data protection could increase ~~our~~ **the Company’ s** costs, affect or limit how ~~we~~ **the Company** ~~collect~~ **collects** and use personal information and adversely affect ~~our~~ **its** business opportunities. ~~We are~~ **The Company is** subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and ~~we~~ **the Company** could be negatively affected by these laws. For example, ~~our~~ **the Company’ s** business is subject to the Gramm- Leach- Bliley Act which, among other things (i) imposes certain limitations on ~~our~~ **its** ability to share nonpublic personal information about ~~our~~ **its** clients with nonaffiliated third parties, (ii) requires that ~~we~~ **the Company** provide certain disclosures to clients about ~~our~~ **the Company’ s** information collection, sharing and security practices and afford clients the right to “ opt out ” of any information sharing by ~~us~~ **the Company** with nonaffiliated third parties (with certain exceptions) and (iii) requires that ~~we~~ **the Company** develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on ~~our~~ **the Company’ s** size and complexity, the nature and scope of ~~our~~ **the Company’ s** activities and the sensitivity of client information ~~we~~ **it** ~~process~~ **processes** , as well as plans for responding to data security breaches. Various state and federal banking regulators and states have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in certain circumstances in the event of a security breach. Moreover, legislators and regulators ~~in~~ **54in** the United States are increasingly adopting or revising privacy, information security and data protection laws **, including with respect to the use of artificial intelligence by financial institutions and their service providers,** that potentially could have a significant impact on ~~our~~ **the Company’ s** current and planned privacy, data protection and information security- related practices, ~~our~~ **the Company’ s** collection, use, sharing, retention and safeguarding of consumer or employee information and some of ~~our~~ **the Company’ s** current or planned business activities. This could also increase ~~our~~ **the Company’ s** costs of compliance and business operations and could reduce income from certain business initiatives. This includes increased privacy- related enforcement activity at the federal level, by the Federal Trade Commission and the CFPB, as well as at the state level, such as with regard to mobile applications. Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification) affecting client or employee data to which ~~we are~~ **the Company is** subject could result in higher compliance and technology costs and could restrict ~~our~~ **the Company’ s** ability to provide certain products and services, which could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. ~~Our~~ **The Company’ s** failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory or governmental investigations or actions, litigation, fines, sanctions and damage to ~~our~~ **the Company’ s** reputation, which could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. The Federal Reserve may require ~~us~~ **the Company** to commit capital resources to support the Bank. As a matter of policy, the Federal Reserve expects a financial holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. The Dodd- Frank Act codified the Federal Reserve’ s policy on serving as a source of financial strength. Under the “ source of strength ” doctrine, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. A capital injection may be required at times when the holding company may not have the resources to provide it and therefore may be required to borrow the funds or raise capital. Any loans by a holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company’ s bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the institution’ s general unsecured creditors, including the holders of its note obligations. Thus, any ~~52borrowing~~ -- **borrowing** that must be done by ~~our~~ **the** Company to make a required capital injection becomes more difficult and expensive and could have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. New and future rulemaking by the CFPB and other regulators, as well as enforcement of existing consumer protection laws, may have a material adverse effect on ~~our~~ **the Company’ s** business, financial condition, results of operations and growth prospects. The CFPB has the authority to implement and enforce a variety of existing federal consumer protection statutes and to issue new regulations but, with respect to institutions of ~~our~~ **the Company’ s** size, does not have primary examination and enforcement authority with respect to such laws and regulations. The authority to examine depository institutions with $ 10. 0 billion or less in assets, like us, for compliance with federal consumer laws remains largely with ~~our~~ **the Company’ s** primary federal regulator, the OCC. However, the CFPB may participate in examinations of smaller institutions on a “ sampling basis ” and may refer potential enforcement actions against such institutions to their primary regulators. In some cases, regulators such as the Federal Trade Commission and the Department of Justice also retain certain rulemaking or enforcement authority, and ~~we~~ **the Company** also ~~remain~~ **remains** subject to certain state consumer protection laws. As an independent bureau within the Federal Reserve, the CFPB may impose requirements more severe than the previous bank regulatory agencies. The CFPB has placed significant emphasis on consumer complaint management and has established a public consumer complaint database to encourage consumers to file complaints they may have against financial institutions. ~~We are~~ **The Company is** expected to monitor and respond to these complaints, including those that ~~we~~ **the Company** ~~deem~~ **deems** frivolous, and doing so may require management to reallocate resources away from more profitable endeavors. ~~The~~ **55The** level of ~~our~~ **the Company' s** commercial real estate portfolio may subject ~~us~~ **the Company** to heightened regulatory scrutiny. The federal banking regulators have issued the Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices guidance, or CRE Guidance, which provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny: (i) commercial real estate loans exceeding 300 % of capital and increasing 50 % or more in the preceding three years; or (ii) construction and land development loans exceeding 100 % of capital. The CRE Guidance does not limit the Bank' s levels of commercial real estate lending activities, but rather, guides institutions in developing risk management practices and levels of capital that are commensurate with the level and nature of their commercial real estate concentrations. On December 18, 2015, the federal banking agencies issued a statement to reinforce prudent risk- management practices related to CRE lending, having observed substantial growth in many CRE asset and lending markets, increased competitive pressures, rising CRE concentrations in banks, and an easing of CRE underwriting standards. The federal bank agencies reminded FDIC- insured institutions to maintain underwriting discipline and exercise prudent risk-management practices to identify, measure, monitor, and manage the risks arising from CRE lending. In addition, FDIC- insured institutions must maintain capital commensurate with the level and nature of their CRE concentration risk. As of December 31, ~~2022~~ **2023**, the Bank did not exceed these guidelines. ~~We are~~ **The Company is** an emerging growth company within the meaning of the Securities Act and because ~~we have~~ **the Company has** decided to take advantage of certain exemptions from various reporting and other requirements applicable to emerging growth companies, ~~our~~ **the Company' s** common stock could be less attractive to investors. For as long as ~~we~~ **the Company** ~~remain~~ **remains** an emerging growth company, as defined in the JOBS Act, ~~we~~ **it** will have the option to take advantage of certain exemptions from various reporting and other requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 (b) of the Sarbanes- Oxley Act, being permitted to have an extended transition period for adopting any new or revised accounting standards that may be issued by the FASB or the SEC, reduced disclosure obligations regarding executive compensation and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. ~~We have~~ **The Company has** elected to, and expect to continue to, take advantage of certain of these and other exemptions until ~~we are~~ **it is** no longer an emerging growth company. ~~We~~ **The Company** will remain an emerging growth company until the earliest of (i) the end of the fiscal year during which ~~we have~~ **the Company has** total annual gross revenues of $ 1. 235 billion or more, (ii) the end of the fiscal year ~~53following~~ -- **following** the fifth anniversary of the date of the first sale of common equity securities under ~~our~~ **the Company' s** registration statement on Form S- 1, which was declared effective by the SEC on September 12, 2019, (iii) the date on which ~~we have~~ **the Company has**, during the previous three- year period, issued more than $ 1. 0 billion in non- convertible debt and (iv) the end of the first fiscal year in which (A) the market value of ~~our~~ **the Company' s** equity securities that are held by non- affiliates exceeds $ 700 million as of June 30 of that year, (B) ~~we have~~ **the Company has** been a public reporting company under the Exchange Act for at least twelve calendar months and (C) ~~we have~~ **the Company has** filed at least one annual report on Form 10- K. **The Company expects to no longer qualify as an emerging growth company as of December 31, 2024.** Because ~~we have~~ **the Company has** elected to use the extended transition period for complying with new or revised accounting standards for an emerging growth company, ~~our~~ **the Company' s** financial statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates. ~~We have~~ **The Company has** elected to use the extended transition period for complying with new or revised accounting standards under Section 7 (a) (2) (B) of the Securities Act. This election allows ~~us~~ **the Company** to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result of this election, ~~our~~ **the Company' s** financial statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates. Because ~~our~~ **the Company' s** financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing ~~our~~ **the Company' s** business, financial results or prospects in ~~comparison~~ **56comparison** to other public companies, which may have a negative impact on the value and liquidity of ~~our~~ **the Company' s** common stock. ~~We~~ **The Company** cannot predict if investors will find ~~our~~ **its** common stock less attractive because ~~we~~ **the Company** ~~plan~~ **plans** to rely on this exemption. If some investors find ~~our~~ **the Company' s** common stock less attractive as a result, there may be a less active trading market for ~~our~~ **the Company' s** common stock and ~~our~~ **the Company' s** stock price may be more volatile. Certain banking laws and certain provisions of ~~our~~ **the Company' s** certificate of incorporation and bylaws may have an anti- takeover effect. Provisions of federal banking laws, including regulatory approval requirements, could make it difficult for a third party to acquire ~~us~~ **the Company**, even if doing so would be perceived to be beneficial to ~~our~~ **the Company' s** stockholders. In general, acquisitions of 10 % or more of any class of voting stock of a bank holding company or depository institution generally creates a rebuttable presumption that the acquirer " controls " the bank holding company or depository institution. Also, a bank holding company must obtain the prior approval of the Federal Reserve before, among other things, acquiring direct or indirect ownership or control of more than 5 % of the voting shares of any bank, including the Bank. There are also provisions in ~~our~~ **the Company' s** certificate of incorporation and bylaws that could have the effect of delaying, deferring or discouraging another party from acquiring control of ~~us~~ **the Company**, even if such acquisition would be viewed by ~~our~~ **the Company' s** stockholders to be in their best interests. These include supermajority stockholder voting thresholds and requirements relating to stockholder meetings and nominations or proposals. ~~We are~~ **The Company is** also subject to a statutory antitakeover provision included in the DGCL. In addition, ~~our~~ **the Company' s** ~~board~~ **Board** of ~~directors~~ **Directors** is authorized under ~~our~~ **its** certificate of incorporation to issue shares of preferred stock, and determine the rights, terms conditions and privileges of such preferred stock, without stockholder approval. These provisions may effectively inhibit a non- negotiated merger or other business combination, which, in turn, could have a material adverse effect on the market price of ~~our~~ **the Company' s** common stock. ~~Our~~ **The Company' s** certificate of incorporation has an exclusive forum provision, which could limit a stockholder' s ability to obtain a favorable judicial forum for disputes with ~~us or~~ **the Company** ~~our~~ - **or its** directors, officers or other employees. ~~Our~~ **The Company' s** certificate of incorporation has an exclusive forum provision providing that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on ~~our~~ **the Company' s** behalf; (ii) any action asserting a claim of breach of fiduciary duty by any of ~~our~~ **the Company' s** directors, officers, employees or agents; (iii) any action asserting a claim arising pursuant to the DGCL, ~~our~~ **the Company' s** certificate of incorporation or ~~our~~ **the Company' s** bylaws; or (iv) any action asserting a claim that is governed by the internal affairs doctrine. However, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. As ~~54a~~ **a** result, there is uncertainty as to whether a court would enforce such a provision, and ~~our~~ **the Company' s** stockholders will not be deemed to have waived ~~our~~ **its** compliance with the federal securities laws and the rules and regulations thereunder. ~~Our~~ **The Company' s** stockholders approved this provision ~~at our annual stockholders' meeting held on May 13, 2014~~ . Any person purchasing or otherwise acquiring any interest in any shares of ~~our~~ **the Company' s** capital stock shall be deemed to have notice of and to have consented to this provision of ~~our~~ **the Company' s** certificate of incorporation. The exclusive forum provision, if enforced, may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with ~~us or~~ **the Company** ~~our~~ - **or the Company' s** directors, officers or other employees, which may discourage such lawsuits. Alternatively, if a court were to find the exclusive forum provision to be inapplicable or unenforceable in an action, ~~we~~ **the Company** may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on ~~our~~ **the Company' s** business, financial condition, results of operations and growth prospects. **57** ~~The California Consumer Privacy Act of 2018 or other such laws could result in increased operating expenses as well as additional exposure to the risk of litigation by or on behalf of customers. In June of 2018, the Governor of California signed into law The California Consumer Privacy Act of 2018, or the CCPA. This new law became effective on January 1, 2020 and provides consumers with expansive rights and control over their personal information, which is obtained by or shared with " covered businesses, " including for- profit businesses that conduct business in California and meet certain revenue or data collection thresholds. The CCPA will give consumers the right to request disclosure of information collected about them and whether that information has been sold or shared with others, the right to request deletion of personal information subject to certain exceptions, the right to opt out of the sale of the consumer' s personal information, and the right not to be discriminated against because of choices regarding the consumer' s personal information. The CCPA provides for certain monetary penalties and for its enforcement by the California Attorney General or consumers whose rights under the law are not observed. It also provides for damages as well as injunctive or declaratory relief if there has been unauthorized access, theft, or disclosure of personal information due to failure to implement reasonable security procedures. We have not yet determined the potential impact of the CCPA on our business, but it could result in increased operating expenses as well as additional exposure to the risk of litigation by or on behalf of consumers. It is also possible that other states where we have customers could enact similar laws. Climate change and related legislative and regulatory initiatives may result in operational changes and expenditures that could significantly impact our business. The current and anticipated effects of climate change are creating an increasing level of concern for the state of the global environment. As a result, political and social attention to the issue of climate change has increased. In recent years, governments across the world have entered into international agreements to attempt to reduce global temperatures, in part by limiting greenhouse gas emissions. The U. S. Congress, state legislatures and federal and state regulatory agencies have continued to propose and advance numerous legislative and regulatory initiatives seeking to mitigate the effects of climate change. These agreements and measures may result in the imposition of taxes and fees, the required purchase of emission credits, and the implementation of significant operational changes, each of which may require us to expend significant capital and incur compliance, operating, maintenance, and remediation costs. Consumers and businesses may also change their behavior on their own as a result of these concerns. The impact on our customers will likely vary depending on their specific attributes, including reliance on, or role in, carbon intensive activities. Our efforts to take these risks into account in making lending and other decisions, including by increasing our business with climate- friendly companies, may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior. Given the lack of empirical data on the credit and other financial risks posed by climate change, it is difficult to predict how climate change may impact our financial condition and operations; however, as a banking organization, the physical effects of climate change may present certain unique risks. For example, weather disasters, shifts in local climates, and other disruptions related to climate change may adversely affect the value of real properties securing our loans, which could diminish the value of our loan portfolio. Such events may also cause reductions in regional and local 55economic activity that may have an adverse effect on our customers, which could limit our ability to raise and invest capital in these areas and communities. ITEM 1. B. UNRESOLVED STAFF COMMENTSNone. ITEM 2. PROPERTIESOur corporate headquarters are located at 401 Demers Avenue, Grand Forks, North Dakota 58201. In addition to our corporate headquarters, which includes a full service banking office, we operate two other full- service banking office located in Grand Forks, North Dakota, three full- service banking offices located in Fargo and West Fargo, North Dakota, one full- service banking office located in Northwood, North Dakota, six full- service banking offices located in the Twin Cities MSA, two full- service banking office located in the Phoenix MSA and one full- service banking office located in Mesa, Arizona. We offer retirement and benefits, wealth management and~~

~~mortgage products and services at all of our full- service banking offices. In addition, we operate one retirement and benefits services office in Minnesota, one in Colorado and one in Michigan. We monitor client behavior and interactions with our banking and other offices, and in recent periods, we have shifted financial resources away from physical locations to technology solutions, as client demands continue to change. We have remodeled several locations to utilize our spaces in a more efficient manner. As of December 31, 2022, 7 of our office properties were owned and 11 of our office properties were leased. ITEM 3. LEGAL PROCEEDINGSNeither the Company nor any of its subsidiaries is a party, and no property of these entities is subject, to any material pending legal proceedings, other than ordinary routine litigation incidental to the Bank' s business. The Company does not know of any proceeding contemplated by a governmental authority against the Company or any of its subsidiaries. ITEM 4. MINE SAFETY DISCLOSURESNot applicable. ITEM 5. MARKET FOR REGISTRANT' S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIESMarket InformationOur common stock trades on the Nasdaq Stock Market, or Nasdaq, under the symbol " ALRS ". ShareholdersAs of February 28, 2023, the Company had 246 holders of record of the Company' s common stock and an estimated 1, 373 additional beneficial holders of the Company' s common stock whose stock was held in street name by brokerages or fiduciaries. 56~~