Risk Factors Comparison 2024-03-07 to 2023-03-09 Form: 10-K

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There are many provisions in the Dodd- Frank Act mandating regulators to adopt new regulations and conduct studies upon which future regulation may be based. While some have been issued, many remain to be issued. Governmental intervention and new regulations could materially and adversely affect our business, financial condition and results of operations. Amalgamated Financial Corp. The Company owns 100 % of the outstanding capital stock of the Bank, and is considered to be a bank holding company registered under the federal Bank Holding Company Act of 1956 (the " BHC Act "). As a result, we are primarily subject to the supervision, examination and reporting requirements of the Federal Reserve under the BHC Act and its regulations promulgated thereunder. Permitted Activities. Under the BHC Act, a bank holding company is generally permitted to engage in, or acquire direct or indirect control of more than 5 % of the voting shares of any company engaged in, the following activities: • banking or managing or controlling banks; • furnishing services to or performing services for our subsidiaries; and • any activity that the Federal Reserve determines to be so closely related to banking as to be a proper incident to the business of banking. Activities that the Federal Reserve has found to be so closely related to banking as to be a proper incident to the business of banking include: • factoring accounts receivable; • making, acquiring, brokering or servicing loans and usual related activities; • leasing personal or real property; • operating a non- bank depository institution, such as a savings association; • trust company functions; • financial and investment advisory activities; • conducting discount securities brokerage activities; • underwriting and dealing in government obligations and money market instruments; • providing specified management consulting and counseling activities; • performing selected data processing services and support services; • acting as agent or broker in selling credit life insurance and other types of insurance in connection with credit transactions; and • performing selected insurance underwriting activities. As a bank holding company, the Company can elect to be treated as a " financial holding company, " which would allow it to engage in a broader array of activities. In summary, a financial holding company can engage in activities that are financial in nature or incidental or complementary to financial activities, including insurance underwriting, sales and brokerage activities, providing financial and investment advisory services, underwriting services and limited merchant banking activities. We are contemplating seeking designation as a financial holding company. In order to elect financial holding company status, at the time of such election, each insured depository institution that the Company controls must be well capitalized, well managed and have at least a satisfactory rating under the Community Reinvestment Act. The Federal Reserve has the authority to order a bank holding company or its subsidiaries to terminate any of these activities or to terminate its ownership or control of any subsidiary when it has reasonable cause to believe that the bank holding company' s continued ownership, activity or control constitutes a serious risk to the financial safety, soundness or stability of it or any of its bank subsidiaries. Expansion Activities The BHC Act requires a bank holding company to obtain the prior approval of the Federal Reserve before merging with another bank holding company, acquiring substantially all the assets of any bank or bank holding company, or acquiring directly or indirectly any ownership or control of more than 5 % of the voting shares of any bank. A bank holding company is also prohibited from acquiring direct or indirect ownership or control of more than 5 % of the voting shares of any company engaged in nonbanking activities, other than those determined by the Federal Reserve to be so closely related to banking as to be a proper incident to the business of banking. Change in Control Two statutes, the BHC Act and the Change in Bank Control Act, together with regulations promulgated under them, require some form of regulatory review before any company may acquire " control " of a bank or a bank holding company. Under the BHC Act, control is deemed to exist if a company acquires 25 % or more of any class of voting securities of a bank holding company; controls the election of a majority of the members of the Board of Directors; or exercises a controlling influence over the management or policies of a bank or bank holding company. On January 30, 2020, the Federal Reserve issued a final rule (which became effective September 30, 2020) that clarified and codified the Federal Reserve' s standards for determining whether one company has control over another. The final rule established four categories of tiered presumptions of noncontrol that are based on the percentage of voting shares held by the investor (less than 5 %, 5- 9. 9 %, 10- 14. 9 % and 15- 24. 9 %) and the presence of other indicia of control. As the percentage of ownership increases, fewer indicia of control are permitted without falling outside of the presumption of noncontrol. These indicia of control include nonvoting equity ownership, director representation, management interlocks, business relationship and restrictive contractual covenants. Under the final rule, investors can hold up to 24. 9 % of the voting securities and up to 33 % of the total equity of a company without necessarily having a controlling influence. State laws, including New York law, require state approval before an acquirer may become the holding company of a state bank. Under the Change in Bank Control Act, a person or company is required to file a notice with the Federal Reserve if it will, as a result of the transaction, own or control 10 % or more of any class of voting securities or direct the management or policies of a bank or bank holding company and either if the bank or bank holding company has registered securities or if the acquirer would be the largest holder of that class of voting securities after the acquisition. For a change in control at the holding company level, both the Federal Reserve and the subsidiary bank' s primary federal regulator must approve the change in control; at the bank level, only the bank' s primary federal regulator is involved. Transactions subject to the BHC Act are exempt from Change in Control Act requirements. For state banks, state laws, including that of New York, typically require approval by the state bank regulator as well. Source of Strength There are a number of obligations and restrictions imposed by law and regulatory policy on bank holding companies with regard to their depository institution subsidiaries that are designed to minimize potential loss to depositors and to the FDIC insurance funds in the event that the depository institution becomes in danger of defaulting under its obligations to repay deposits. Under a policy of the Federal

Reserve, a bank holding company is required to serve as a source of financial strength to its subsidiary depository institutions and to commit resources to support such institutions in circumstances where it might not do so absent such policy. Under the Federal Deposit Insurance Corporation Improvement Act of 1991, to avoid receivership of its insured depository institution subsidiary, a bank holding company is required to guarantee the compliance of any insured depository institution subsidiary that may become " undercapitalized " within the terms of any capital restoration plan filed by such subsidiary with its appropriate federal banking agency up to the lesser of (i) an amount equal to 5 % of the institution' s total assets at the time the institution became undercapitalized, or (ii) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all applicable capital standards as of the time the institution fails to comply with such capital restoration plan. The Federal Reserve also has the authority under the BHC Act to require a bank holding company to terminate any activity or relinquish control of a nonbank subsidiary (other than a nonbank subsidiary of a bank) upon the Federal Reserve' s determination that such activity or control constitutes a serious risk to the financial soundness or stability of any subsidiary depository institution of the bank holding company. Further, federal law grants federal bank regulatory authorities' additional discretion to require a bank holding company to divest itself of any bank or nonbank subsidiary if the agency determines that divestiture may aid the depository institution' s financial condition. In addition, the " cross guarantee " provisions of the Federal Deposit Insurance Act (the " FDIA ") require insured depository institutions under common control to reimburse the FDIC for any loss suffered or reasonably anticipated by the FDIC as a result of the default of a commonly controlled insured depository institution or for any assistance provided by the FDIC to a commonly controlled insured depository institution in danger of default. The FDIC' s claim for damages is superior to claims of stockholders of the insured depository institution or its holding company, but is subordinate to claims of depositors, secured creditors and holders of subordinated debt (other than affiliates) of the commonly controlled insured depository institutions. The FDIA also provides that amounts received from the liquidation or other resolution of any insured depository institution by any receiver must be distributed (after payment of secured claims) to pay the deposit liabilities of the institution prior to payment of any other general or unsecured senior liability, subordinated liability, general creditor or stockholder. This provision would give depositors a preference over general and subordinated creditors and stockholders in the event a receiver is appointed to distribute the assets of our Company. Any capital loans by a bank holding company to any of its subsidiary banks 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, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment. Capital Requirements and Payment of Dividends The Federal Reserve imposes certain capital requirements on the bank holding companies under the BHC Act, including a minimum leverage ratio and a minimum ratio of " qualifying " capital to risk- weighted assets. These requirements are essentially the same as those that apply to the Bank and are described below under " Amalgamated Bank — Capital and Related Requirements " Subject to our capital requirements and certain other restrictions, including the consent of the Federal Reserve, we are able to borrow money to make a capital contribution to the Bank, and these loans may be repaid from dividends paid from the Bank to the Company. The Company' s ability to pay dividends to its stockholders may be affected by both general corporate law considerations and policies of the Federal Reserve applicable to bank holding companies. As a Delaware public benefit corporation, the Company is subject to the limitations of the Delaware General Corporation Law **(** ~~, or~~ DGCL **")** . The DGCL allows the Company to pay dividends only out of its surplus (as defined and computed in accordance with the provisions of the DGCL) or if the Company has no such surplus, out of its net profits for the fiscal year in which the dividend is declared and / or the preceding fiscal year. As a general matter, the Federal Reserve has indicated that the Board of Directors of a bank holding company should eliminate, defer or significantly reduce dividends to stockholders if: (a) the company' s net income available to stockholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (b) the prospective rate of earnings retention is inconsistent with the company' s capital needs and overall current and prospective financial condition; or (c) the company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. The Federal Reserve also possesses enforcement powers over bank holding companies and their non- bank subsidiaries to prevent or remedy actions that represent unsafe or unsound practices or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies. In addition, under the Basel III capital rules, financial institutions that seek to pay dividends will have to maintain the 2. 5 % capital conservation buffer. See " Amalgamated Bank — Capital and Related Requirements. " Restrictions on Affiliate Transactions The Company is a legal entity separate and distinct from the Bank and its other subsidiaries. Various legal limitations restrict the Bank from lending or otherwise supplying funds to the Company or its non- bank subsidiaries. The Company and the Bank are subject to Sections 23A and 23B of the Federal Reserve Act and Federal Reserve Regulation W. Section 23A of the Federal Reserve Act places limits on the amount of loans or extensions of credit by a bank to any affiliate, including its holding company, and on a bank' s investments in, or certain other transactions with, affiliates and on the amount of advances to third parties collateralized by the securities or obligations any of affiliates of the bank. Section 23A also applies to derivative transactions, repurchase agreements and securities lending and borrowing transactions that cause a bank to have credit exposure to an affiliate. The aggregate of all covered transactions is limited in amount, as to any one affiliate, to 10 % of the Bank' s capital and surplus and, as to all affiliates combined, to 20 % of the Bank' s capital and surplus. Furthermore, within the foregoing limitations as to amount, each covered transaction must meet specified collateral requirements. The Bank is forbidden to purchase low quality assets from an affiliate. Section 23B of the Federal Reserve Act, among other things, prohibits a bank from engaging in certain transactions with certain affiliates unless the transactions are on terms and under circumstances, including credit standards, that are substantially the same, or at least as favorable to such bank or its subsidiaries, as those prevailing at the time for comparable transactions with or involving other nonaffiliated companies. If there are no comparable transactions, a bank' s (or one of its subsidiaries') affiliate transaction must be on terms and under circumstances, including credit standards, that in good faith would be offered to, or would apply to, nonaffiliated companies. These requirements apply to all transactions subject to Section 23A as well as to certain other transactions. The affiliates of a bank include any holding company of the bank, any other company under common control with the bank (including any company controlled by the same stockholders who control the bank), any subsidiary of the bank that is itself a bank, any company in which the majority of the directors or trustees also constitute a majority of the directors or trustees of the bank or holding company of the bank, any company sponsored and advised on a contractual basis by the bank or an affiliate, and any mutual fund advised by a bank or any of the bank' s affiliates. Regulation W generally excludes all non- bank and non- savings association subsidiaries of banks from treatment as affiliates, except to the extent that the Federal Reserve decides to treat these subsidiaries as affiliates. As a New York state- chartered bank with FDIC- insured deposits, we are examined, supervised and regulated by the NYDFS, our primary regulator and the FDIC, our primary federal regulator. The statutes enforced by, and regulations and policies of, these agencies affect most aspects of our business, including prescribing the permissible scope of our activities, permissible types of loans and investments, the amount of required reserves, requirements for branch offices, and various other requirements. New York Law As a New York- chartered bank, New York law governs our licensing and regulation, including organizational and capital requirements, fiduciary powers, investment authority, branch offices and electronic terminals, declaration of dividends, changes of control and mergers, out of state activities, interstate branching and banking, debt offerings, borrowing limits, limits on loans to one obligor, liquidation, sale of shares or options in Amalgamated to its directors, officers, employees and others, the purchase by Amalgamated of its own shares, and the issuance of capital notes or debentures. The NYDFS is charged with our supervision and regulation. Unsecured loans to one person generally may not exceed 15 % of the sum of our capital stock, allowance and capital notes and debentures, and both secured and unsecured loans to one person (excluding certain secured lending and letters of credit) at any given time generally may not exceed 25 % of the sum of our capital stock, allowance and capital notes and debentures. We are required to invest our funds in accordance with limitations under New York law and may only make investments that are permissible investments for banks, subject to any limitations under any other applicable law. In addition to remedies available to the FDIC (which are discussed below), the Superintendent of the NYDFS may take possession of our bank if certain conditions exist, such as conducting business in an unsafe or unauthorized manner, impairments of capital, suspended payments of obligations, or violation of law. Our deposits are insured by the FDIC to the fullest extent permissible by law. As an insurer of deposits, the FDIC issues regulations, conducts examinations, requires the filing of reports and generally supervises the operations of all institutions to which it provides deposit insurance. The approval of the FDIC is required for certain transactions in which we may engage, including any merger or consolidation involving us, a change in control over us, or the establishment or relocation of any of our branch offices. In reviewing applications seeking approval of such transactions, the FDIC may consider, among other things, the competitive effect and public benefits of the transactions, the capital position, financial and managerial resources and future prospects of the organizations involved in the transaction, the risks to the stability of the U. S. banking or financial system, the applicant' s performance record under the Community Reinvestment Act (see " Community Reinvestment Act " below) and the effectiveness of the organizations involved in the transaction in combating money laundering activities. The FDIC also has the power to prohibit these and other transactions even if approval is not required, and could do so if we have otherwise failed to comply with all laws and regulations applicable to us. Safety and Soundness Regulation As an insured depository institution, we are subject to prudential regulation and supervision and must undergo regular on- site examinations by our banking agencies. The cost of examinations of insured depository institutions and any affiliates may be assessed by the appropriate agency against each institution or affiliate as it deems necessary or appropriate. We file quarterly consolidated reports of condition and income (" call reports ") with the NYDFS and FDIC. The FDIC has developed a method for insured depository institutions to provide supplemental disclosure of the estimated fair market value of assets and liabilities, to the extent feasible and practicable, in any balance sheet, financial statement, report of condition or any other report of any insured depository institution. The federal banking agencies have also adopted guidelines establishing safety and soundness standards for all insured depository institutions including our bank. The safety and soundness guidelines relate to, among other things, our internal controls, information systems, internal audit systems, ~~loan~~ **credit** underwriting and documentation, compensation **, fees, benefits, asset quality** , asset growth **, earnings** , and interest rate exposure. The standards assist the federal banking agencies with early identification and resolution of problems at insured depository institutions. If we were to fail to meet these standards, the FDIC could require us to submit a compliance plan and take enforcement action if an acceptable compliance plan were not submitted. In addition, the FDIC could terminate our deposit insurance if it determines that our financial condition was unsafe or unsound or that we engaged in unsafe or unsound practices that violated an applicable rule, regulation, order or condition enacted or imposed on us by our regulators. The power of the Board of Directors of an insured depository institution to declare a cash dividend or other distribution with respect to capital is subject to statutory and regulatory restrictions that limit the amount available for such distribution depending upon earnings, financial condition and cash needs of the institution, as well as general business conditions. Insured depository institutions are also prohibited from paying management fees to any controlling persons or, with certain limited exceptions, making capital distributions, including dividends, if after such transaction the institution would be less than adequately capitalized. Under New York law, we are prohibited from declaring a dividend so long as there is any impairment of our capital stock. In addition, we would be required to obtain approval from the NYDFS prior to declaring a dividend if the dividend would cause the total aggregate amount of our dividends in the calendar year to exceed our total net profits for that calendar year combined with retained net profits of the preceding two years, less any required transfer to surplus or a fund for the retirement of any preferred stock. Under certain circumstances, the FDIC may determine that the payment of a dividend would be an unsafe or unsound practice as a result of our financial condition and to prohibit the payment thereof. In particular, the FDIC has stated that excessive dividends can negate strong earnings performance and result in a weakened capital position and that dividends generally can be disbursed, in reasonable amounts, only after losses are eliminated and necessary reserves and prudent capital levels are established. In addition, the capital rules (and in particular, the capital conservation buffer, which was fully phased- in on January 1, 2019), require us to maintain 2. 5 % in Common Equity Tier 1 capital in order to pay a cash dividend. See " ~~—~~Capital and Related Requirements. " We are subject to comprehensive capital adequacy requirements intended to protect against losses that we may incur. Regulatory capital rules adopted in July 2013 and fully phased in as of January 1, 2019, which we refer to as Basel III, impose minimum capital requirements for bank holding companies and banks. The ~~BASEL~~ **Basel** III rules apply to all state and national banks and savings and loan associations regardless of size and bank holding companies and savings and loan holding companies other than" small bank holding companies," generally holding companies with consolidated assets of less than $ 3 billion. More stringent requirements are imposed on " advanced approaches " banking organizations — those organizations with $ 250 billion or more in total consolidated assets, $ 10 billion or more in total foreign exposures, or that have opted into the Basel II capital regime. The rules include certain higher risk- based capital and leverage requirements than those previously in place. Specifically, we are required to maintain the following minimum capital requirements: • a common equity Tier 1 (" CET1 ") risk- based capital ratio of 4. 5 %; • a Tier 1 risk- based capital ratio of 6 %; • a total risk- based capital ratio of 8 %; and • a leverage ratio of 4 %. Under Basel III, Tier 1 capital includes two components: CET1 capital and additional Tier 1 capital. The highest form of capital, CET1 capital, consists solely of common stock (plus related surplus), retained earnings, accumulated other comprehensive income, otherwise referred to as AOCI, and limited amounts of minority interests that are in the form of common stock. Additional Tier 1 capital is primarily comprised of noncumulative perpetual preferred stock, Tier 1 minority interests and grandfathered trust preferred securities. Tier 2 capital generally includes the allowance for ~~loan~~ **credit** losses up to 1. 25 % of risk- weighted assets, qualifying preferred stock, subordinated debt and qualifying tier 2 minority interests, less any deductions in Tier 2 instruments of an unconsolidated financial institution. AOCI is presumptively included in CET1 capital and often would operate to reduce this category of capital. When implemented, Basel III provided a one- time opportunity for covered banking organizations to opt out of much of this treatment of AOCI. We made this opt- out election in order to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of our investment securities portfolio. In addition, in order to avoid restrictions on capital distributions or discretionary bonus payments to executives, under Basel III, a banking organization must maintain a " capital conservation buffer " on top of its minimum risk- based capital requirements. This buffer must consist solely of Tier 1 Common Equity, but the buffer applies to all three risk- based measurements (CET1, Tier 1 capital and total capital). The 2. 5 % capital conservation buffer was phased in incrementally over time, and became fully effective for us on January 1, 2019, resulting in the following effective minimum capital plus capital conservation buffer ratios: (i) a CET1 capital ratio of 7. 0 %, (ii) a Tier 1 risk- based capital ratio of 8. 5 %, and (iii) a total risk- based capital ratio of 10. 5 %. ~~On December 21, 2018, the federal banking agencies issued a joint final rule to revise their regulatory capital rules to (i) address the upcoming implementation of a new credit impairment model, the Current Expected Credit Loss, or CECL model, an accounting standard under GAAP ; (ii) provide an optional three- year phase- in period for the day- one adverse regulatory capital effects that banking organizations are expected to experience upon adopting CECL ; and (iii) require the use of CECL in stress tests beginning with the 2020 capital planning and stress testing cycle for certain banking organizations that are subject to stress testing. We are currently evaluating the impact the CECL model will have on our accounting, and expect to recognize a one- time cumulative- effect adjustment to our allowance for loan losses as of the beginning of the first quarter of 2023, the first reporting period in which the new standard is effective for us. Based on the Company' s portfolio balances and forecasted economic conditions as of January 1, 2023, management believes the adoption of the CECL standard will result in a material increase to its total current reserves. However, the ultimate amount of the increase will be contingent upon continued validation of our model, testing and refinement of the model methodologies and judgments utilized to determine the estimate. We will not utilize the optional three- year phase- in period for the day- one adverse regulatory capital effects that banking organizations are expected to experience upon adopting CECL. Based on implementation progress to date, the Company believes the capital adequacy requirements to which it and the Bank are subject to, and its business strategies and practices, will not be materially impacted following the adoption on January 1, 2023.~~ In November 2019, the federal banking regulators published final rules implementing a simplified measure of capital adequacy for certain banking organizations that have less than $ 10 billion in total consolidated assets. Under the final rules, which went into effect on January 1, 2020, banks and holding companies that have less than $ 10 billion in total consolidated assets and meet other qualifying criteria, including a leverage ratio of greater than 9 %, off- balance- sheet exposures of 25 % or less of total consolidated assets and trading assets plus trading liabilities of 5 % or less of total consolidated assets, are deemed " qualifying community banking organizations " and are eligible to opt into the " community bank leverage ratio framework. " A qualifying community banking organization that elects to use the community bank leverage ratio framework and that maintains a leverage ratio of greater than 9 % is considered to have satisfied the generally applicable risk- based and leverage capital requirements under the Basel III rules and, if applicable, is considered to have met the " well capitalized " ratio requirements for purposes of its primary federal regulator' s prompt corrective action rules, discussed below. The final rules include a two- quarter grace period during which a qualifying community banking organization that temporarily fails to meet any of the qualifying criteria, including the greater- than- 9 % leverage capital ratio requirement, is generally still deemed " well capitalized " so long as the banking organization maintains a leverage capital ratio greater than 8 %. A banking organization that fails to maintain a leverage capital ratio greater than 8 % is not permitted to use the grace period and must comply with the generally applicable requirements under the Basel III rules and file the appropriate regulatory reports. We do not have any immediate plans to elect to use the community bank leverage ratio framework but may make such an election in the future. Prompt Corrective Action As an insured depository institution, we are required to comply with the capital requirements promulgated under the FDIA. The FDIA requires each federal banking agency to take prompt corrective action (" PCA ") to resolve the problems of insured depository institutions, including those that fall below one or more prescribed minimum capital ratios. The law requires each federal banking agency to promulgate regulations defining the following five categories in which an insured depository institution will be placed, based on the level of capital ratios: " well capitalized, " " adequately capitalized, " " undercapitalized, " " significantly undercapitalized, " or " critically undercapitalized. " As of December 31, ~~2022~~ **2023** , our capital ratios exceeded the minimum ratios established for a " well capitalized " institution. The following is a list of the criteria for each PCA capital category: • Well Capitalized — The institution exceeds the required minimum level for each relevant capital measure. A well- capitalized institution: • has total risk- based capital ratio of 10 % or greater; and • has a Tier 1 risk- based capital ratio of 8 % or greater; and • has a common equity Tier 1 risk- based capital ratio of 6. 5 % or greater; and • has a leverage capital ratio of 5 % or greater; and • is not subject to any order or written directive to meet and maintain a specific capital level for any capital measure. • Adequately Capitalized — The institution meets the required minimum level for each relevant capital measure. The institution may not make a capital distribution if it would result in the institution becoming undercapitalized. An adequately capitalized institution: • has a total risk- based capital ratio of 8 % or greater; and • has a Tier 1 risk- based capital ratio of 6 % or greater; and • has a common equity Tier 1 risk- based capital ratio of 4. 5 % or greater; and • has a leverage capital ratio of 4 % or greater. • Undercapitalized — The institution fails to meet the required minimum level for any relevant capital measure. An undercapitalized institution: • has a total risk- based capital ratio of less than 8 %; or • has a Tier 1 risk- based capital ratio of less than 6 %; or • has a common equity Tier 1 risk- based capital ratio of less than 4. 5 % or greater; or • has a leverage capital ratio of less than 4 %. • Significantly Undercapitalized — The institution is significantly below the required minimum level for any relevant capital measure. A significantly undercapitalized institution: • has a total risk- based capital ratio of less than 6 %; or • has a Tier 1 risk- based capital ratio of less than 4 %; or • has a common equity Tier 1 risk- based capital ratio of less than 3 % or greater; or • has a leverage capital ratio of less than 3 %. • Critically Undercapitalized — The institution fails to meet a critical capital level set by the appropriate federal banking agency. A critically undercapitalized institution has a ratio of tangible equity to total assets that is equal to or less than 2 %. The FDIA generally prohibits a depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be " undercapitalized. " Moreover, if the institution becomes less than adequately capitalized, it must adopt a capital restoration plan acceptable to the FDIC. The institution also would become subject to increased regulatory oversight and is increasingly restricted in the scope of its permissible activities. Except under limited circumstances consistent with an accepted capital restoration plan, an undercapitalized institution may not grow. An undercapitalized institution may not acquire another institution, establish additional branch offices or engage in any new line of business unless it is determined by the appropriate federal banking agency to be consistent with an accepted capital restoration plan or unless the FDIC determines that the proposed action will further the purpose of PCA. A critically undercapitalized institution is subject to having a receiver or conservator appointed to manage its affairs. In addition to measures taken under the PCA provisions, insured banks may be subject to potential actions by the federal regulators for unsafe or unsound practices in conducting their businesses or for violations of any law, rule, regulation or any condition imposed in writing by the agency or any written agreement with the agency. Enforcement actions may include the issuance of cease and desist orders that can be judicially enforced, the imposition of civil money penalties, the issuance of directives to increase capital, formal and informal agreements, the imposition of a conservator or receiver, or removal and prohibition orders against " institution- affiliated " parties, and termination of insurance of deposits. The NYDFS also has broad powers to enforce compliance with New York laws and regulations. Community Reinvestment Act Requirements We are subject to certain requirements and reporting obligations under the Community Reinvestment Act (" CRA "). The CRA generally requires federal banking agencies to evaluate the record of a financial institution in meeting the credit needs of its local communities, including low- and moderate- income neighborhoods. The CRA further requires the agencies to take into account our record of meeting community credit needs when evaluating applications for, among other things, new branches or mergers. We are also subject to analogous state CRA requirements in New York and other states in which we may establish branch offices. In connection with their assessments of CRA performance, the FDIC and NYDFS assign a rating of " outstanding, " " satisfactory, " " needs to improve, " or " substantial noncompliance. " We received a " satisfactory " CRA Assessment Rating from both regulatory agencies in our most recent examinations. The federal banking agencies may take compliance with such laws and CRA into account when regulating and supervising other activities of the bank, including in acting on expansionary proposals. In ~~May~~ **October** ~~2022~~ **2023** , federal bank agencies ~~issued~~ **adopted** a ~~proposal~~ **final rule** to strengthen and modernize regulations implementing the CRA **(the" CRA Rule")** , which ~~would require~~ **requires** evaluation of bank performance to further address inequities in access to credit, and which would emphasize smaller- value loans and investments to low- and moderate- income communities. The ~~proposal would~~ **CRA Rule** also ~~update~~ **updates** CRA assessment areas to include activities associated with online and mobile banking, and ~~adopt~~ **adopts** a metrics- based approach to CRA evaluations of retail lending and community development financing **. Some provisions of the CRA Rule will become effective on April 1, 2024, while most provisions will become effective on January 1, 2026. Certain additional data collection and reporting requirements will not become effective until January 1, 2027** . Fair Lending Requirements We are subject to certain fair lending requirements and reporting obligations involving lending operations. A number of laws and regulations provide these fair lending requirements and reporting obligations, including, at the federal level, the Equal Credit Opportunity Act (" ECOA "), as amended by the Dodd- Frank Act, and Regulation B, as well as the Fair Housing Act (" FHA ") and regulations implementing FHA found at 24 C. F. R. Part 100. ECOA and Regulation B prohibit discrimination in any aspect of a credit transaction based on a number of prohibited factors, including race or color, religion, national origin, sex, marital status, age, the applicant' s receipt of income derived from public assistance programs, and the applicant' s exercise, in good faith, of any right under the Consumer Credit Protection Act. ECOA and Regulation B include lending acts and practices that are specifically prohibited, permitted, or required, and these laws and regulations proscribe data collection requirements, legal action statute of limitations, and disclosure of the consumer' s ability to receive a copy of any appraisal (s) and valuation (s) prepared in connection with certain loans secured by dwellings. FHA prohibits discrimination in all aspects of residential real- estate related transactions based on prohibited factors, including race or color, national origin, religion, sex, familial status, and handicap. Fair lending requirements can also be imposed at the state level, including through Section 296- A of the New York Executive Law. In addition to prohibiting discrimination in credit transactions on the basis of prohibited factors, these laws and regulations can cause a lender to be liable for policies that result in a disparate treatment of or have a disparate impact on a protected class of persons. If a pattern or practice of lending discrimination is alleged by a regulator, then the matter may be referred by the agency to the U. S. Department of Justice (" DOJ ") for investigation. In December 2012, the DOJ and CFPB entered into a Memorandum of Understanding under which the agencies have agreed to share information, coordinate investigations, and have generally committed to strengthen their coordination efforts. In addition to substantive penalties and corrective measures that may be required for a violation of certain fair lending laws, the federal banking agencies may take compliance with fair lending requirements into account when regulating and supervising other activities of the bank, including in acting on expansionary proposals Consumer Protection Regulations Our activities are subject to a variety of statutes and regulations — both at the federal and state levels — designed to protect consumers. This includes Title X of the Dodd- Frank Act, which prohibits engaging in any unfair, deceptive, or abusive acts or practices (" UDAAP "). UDAAP claims involve detecting and assessing risks to consumers and to markets for consumer financial products and services. Interest and other charges collected or contracted for by us are subject to state usury laws and federal laws concerning interest rates. Our loan operations are also subject to federal laws applicable to credit transactions, such as: • the Truth- In- Lending Act (" TILA ") and Regulation Z, governing disclosures of credit and servicing terms to consumer borrowers and including substantial new requirements for mortgage lending and servicing, as mandated by the Dodd- Frank Act; • the Home Mortgage Disclosure Act of 1975 and Regulation C, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the communities it serves, and requiring collection and disclosure of data about applicant and borrower characteristics to assist in identifying possible discriminatory lending patterns and enforcing antidiscrimination statutes; • the ~~Equal Credit Opportunity Act ("~~ ECOA ~~")~~ and Regulation B, prohibiting discrimination on the basis of race, color, religion, or other prohibited factors in any aspect of a credit transaction; • the Fair Credit Reporting Act of 1978, as amended by the Fair and Accurate Credit Transactions Act and Regulation V, as well as the rules and regulations of the FDIC governing the use of consumer reports and provision of information to credit reporting agencies, certain identity theft protections and certain credit and other disclosures; • the Fair Debt Collection Practices Act and Regulation F, governing the manner in which consumer debts may be collected by collection agencies and intending to eliminate abusive, deceptive, and unfair debt collection practices; • the Real Estate Settlement Procedures Act (" RESPA ") and Regulation X, which governs aspects of residential mortgage loans, including the settlement and servicing process, dictates certain disclosures to be provided to consumers, and imposes other requirements related to compensation of service providers, insurance escrow accounts, and loss mitigation procedures; • The Secure and Fair Enforcement for Mortgage Licensing Act (" SAFE Act ") which mandates a nationwide licensing and registration system for residential mortgage loan originators. The SAFE Act also prohibits individuals from engaging in the business of a residential mortgage loan originator without first obtaining and maintaining annually registration as either a federal or state licensed mortgage loan originator; • The Homeowners Protection Act (" HPA "), or the PMI Cancellation Act, provides requirements relating to private mortgage insurance (PMI) on residential mortgages, including the cancelation and termination of PMI, disclosure and notification requirements, and the requirement to return unearned premiums; • The ~~Fair Housing Act ("~~ FHA ~~")~~ prohibits discrimination in all aspects of residential real- estate related transactions based on race or color, national origin, religion, sex, and other prohibited factors; • The Servicemembers Civil Relief Act (" SCRA ") and Military Lending Act (" MLA "), providing certain protections for servicemembers, members of the military, and their respective spouses, dependents and others; and • Section 106 (c) (5) of the Housing and Urban Development Act requires making home ownership available to eligible homeowners. Our deposit operations are also subject to federal laws, such as: • the FDIA, which, among other things, imposes a minimum amount of deposit insurance available per account to $ 250, 000 and imposes other limits on deposit-taking; • the Right to Financial Privacy Act, which imposes a duty to maintain the confidentiality of consumer financial records and prescribes procedures for complying with administrative subpoenas of financial records; • the Electronic Funds Transfer Act and Regulation E, which governs the rights, liabilities, and responsibilities of consumers and financial institutions using electronic fund transfer services, and which generally mandates disclosure requirements, establishes limitations on liability applicable to consumers for unauthorized electronic fund transfers, dictates certain error resolution processes, and applies other requirements relating to automatic deposits to and withdrawals from deposit accounts; • the Expedited Funds Availability Act (" EFA Act ") and Regulation CC, setting forth requirements to make funds deposited into transaction accounts available according to specified time schedules, disclose funds availability policies to customers, and relating to the collection and return of checks and electronic checks, including the rules regarding the creation or receipt of substitute checks; and • the Truth in Savings Act (" TISA ") and Regulation DD, which requires depository institutions to provide disclosures so that consumers can make meaningful comparisons about depository institutions and accounts. In addition, we are subject to increased regulations concerning consumer privacy, including the California Consumer Privacy Act **(" CCPA")** with respect to certain data regarding California residents and the **NYDFS** ~~New York Department of Financial Services~~ Cybersecurity Regulations **, as amended by NYDFS in November 2023** . The ~~Consumer Financial Protection Bureau (the "~~ CFPB ~~")~~ is an independent regulatory authority housed within the Federal Reserve. The CFPB has broad authority to regulate the offering and provision of consumer financial products and services. The CFPB has the authority to supervise and examine depository institutions with more than $ 10 billion in assets for compliance with federal consumer laws. The authority to supervise and examine depository institutions with $ 10 billion or less in assets, such as us, for compliance with federal consumer laws remains largely with those institutions' primary regulators. However, the CFPB may participate in examinations of these smaller institutions on a " sampling basis " and may refer potential enforcement actions against such institutions to their primary regulators. As such, the CFPB may participate in examinations of the Bank. In addition, states are permitted to adopt consumer protection laws and regulations that are stricter than the regulations promulgated by the CFPB, and state attorneys general are permitted to enforce consumer protection rules adopted by the CFPB against certain institutions. The CFPB has issued a number of significant rules that impact nearly every aspect of the lifecycle of consumer financial products and services, including rules regarding a residential mortgage loan. These rules implement Dodd- Frank Act amendments to the ECOA, TILA and RESPA. Among other things, the rules adopted by the CFPB require banks to: (i) develop and implement procedures to ensure compliance with a " reasonable ability- to- repay " test; (ii) implement new or revised disclosures, policies and procedures for originating and servicing mortgages, including, but not limited to, pre- loan counseling, early intervention with delinquent borrowers and specific loss mitigation procedures for loans secured by a borrower' s principal residence, and mortgage origination disclosures, which integrate existing requirements under TILA and RESPA; (iii) comply with additional restrictions on mortgage loan originator hiring and compensation; and (iv) comply with new disclosure requirements and standards for appraisals and certain financial products. **In March 2023, the CFPB adopted a final rule requiring covered lenders to collect information about their small business credit applications and report that information to the CFPB. Covered lenders that originate at least 2, 500 small business loans annually must collect small business application data starting October 1, 2024, while lenders that originate at least 500 loans annually must collect small business application data starting April 1, 2025. Due to our small business lending volume, we anticipate that we will be required to comply with this rule by 2025, depending on the outcome of pending litigation challenging the final rule. In recent years, the CFPB has increasingly scrutinized fees charged to consumers. In 2023, the CFPB brought enforcement actions against several financial institutions relating to consumer fees such as a subcategory of overdraft fee commonly referred to as an " APSN fee. " In October 2023, the CFPB issued an advisory opinion letter warning large financial institutions against charging fees to consumers in connection with account information requests. In January 2024, the CFPB issued a proposed rule entitled " Fees for Instantaneously Declined Transactions, " which proposes " to prohibit covered financial institutions from charging fees, such as nonsufficient funds fees, when consumers initiate payment transactions that are instantaneously declined ". As regulatory expectations regarding the assessment of fees continue to evolve, we may need to implement changes to our fees which could negatively impact our revenue.** Bank regulators take into account compliance with consumer protection laws when considering approval of expansionary proposals. Anti- Money Laundering Regulation As a financial institution, we must maintain anti- money laundering programs that include established internal policies, procedures and controls, a designated compliance officer, an ongoing employee training program, and testing of the program by an independent audit function. The program must comply with the anti- money laundering provisions of **the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Act of 1970, commonly referred to as** the Bank Secrecy Act (" BSA "). Financial institutions are prohibited from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence and " knowing your customer " in their dealings with foreign financial institutions, foreign customers and other high risk customers. Financial institutions must also take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report any suspicious transactions. Financial institutions must comply with requirements regarding risk- based procedures for conducing ongoing customer due diligence, which requires us to take appropriate steps to understand the nature and purpose of customer relationships and identify and verify the identity of the beneficial owners of legal entity customers. Current laws, such as the **Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism ("** USA PATRIOT Act **")** (which amended the BSA), as described below, provide law enforcement authorities with increased access to financial information maintained by banks. Anti- money laundering obligations have been substantially strengthened as a result of the USA PATRIOT Act. Bank regulators routinely examine institutions for compliance with these obligations, and this area has become a particular focus of the regulators in recent years. In addition, the regulators are required to consider compliance in connection with the regulatory review of certain applications. In recent years, regulators have expressed concern over banking institutions' compliance with anti- money laundering requirements and, in some cases, have delayed approval of their expansionary proposals. The regulators and other governmental authorities have been active in imposing " cease and desist " orders and significant money penalty sanctions against institutions found to be in violation of the anti- money laundering regulations. On January 1, 2021, Congress enacted the National Defense Authorization Act for Fiscal Year 2021 (" NDAA "). The NDAA provides for one of the most significant overhauls of the BSA and related anti- money laundering laws since the USA ~~Patriot~~ **PATRIOT** Act. Notably, changes include: • expansion of coordination and information sharing efforts among the agencies tasked with administering anti- money laundering and countering the financing of terrorism requirements, including the Financial Crimes Enforcement Network (" FinCEN "), the primary federal banking regulators, federal law enforcement agencies, national security agencies, the intelligence community, and financial institutions; • providing additional penalties with respect to violations of BSA and enhancing the powers of FinCEN; • significant updates to the beneficial ownership collection rules and the creation of a registry of beneficial ownership which will track the beneficial owners of reporting companies which may be shared with law enforcement and financial institutions conducting due diligence under certain circumstances; • improvements to existing information sharing provisions that permit financial institutions to share information relating to ~~SARs~~ **Suspicious Activity Reports** with foreign branches, subsidiaries, and affiliates (except those located in China, Russia, or certain other jurisdictions) for the purpose of combating illicit finance risks; and • enhanced whistleblower protection provisions, allowing whistleblower (s) who provide original information which leads to successful enforcement of anti- money laundering laws in certain judicial or administrative actions resulting in certain monetary sanctions to receive up to 30 percent of the amount that is collected in monetary sanctions as well as increased protections; We are also subject to New York anti- money laundering laws and regulations. In June 2016, the NYDFS adopted a final rule that requires certain New York- regulated financial institutions, including us, to comply with enhanced anti- terrorism and anti- money laundering requirements beginning in 2017. The rule adds, among other anti- money laundering program requirements, greater specificity to certain transaction monitoring and filtering requirements and the obligation to conduct an ongoing, comprehensive risk assessment and expressly eliminates a regulated institution' s ability to adjust its monitoring and filtering programs to limit the number of alerts generated. Beginning in April 2018, the rule also required the Bank' s BSA / AML Officer to submit certification of compliance with these requirements annually. ERISA We are also subject to regulation under the fiduciary laws of Employee Retirement Income Security Act of 1974 (" ERISA "), and to regulations promulgated thereunder, insofar as we are a " fiduciary " or service provider under ERISA with respect to certain of our clients. When we act as an ERISA fiduciary, we represent ERISA plans by taking fiduciary responsibility with respect to such plan' s transactions or investments. ERISA and the applicable provisions of the Code, impose certain duties on persons who are fiduciaries under ERISA, and prohibit certain transactions by the fiduciaries (and certain other related parties) to such plans. The foregoing laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict us from conducting certain business in the event that we fail to comply with such laws and regulations. Possible sanctions that may be imposed in the event of such noncompliance include the suspension of individual employees, limitations on the business activities for specified periods of time, revocation of registration, and other censures and fines and the potential of civil litigation. **USA PATRIOT Act** The USA PATRIOT Act became effective on October 26, 2001 and amended the **BSA** ~~Bank Secrecy Act~~ . The USA PATRIOT Act provides, in part, for the facilitation of information sharing among governmental entities and financial institutions for the purpose of combating terrorism and money laundering by enhancing anti- money laundering and financial transparency laws, as well as enhanced information collection tools and enforcement mechanisms for the U. S. government, including: • due diligence requirements for financial institutions that administer, maintain, or manage private bank accounts or correspondent accounts for non- U. S. persons; • requiring standards for verifying customer identification at account opening; • rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering; • reports by nonfinancial trades and businesses filed with the Treasury Department' s Financial Crimes Enforcement Network for transactions exceeding $ 10, 000; and • filing suspicious activities reports by brokers and dealers if they believe a customer may be violating U. S. laws and regulations. The USA PATRIOT Act requires financial institutions to undertake enhanced due diligence of private bank accounts or correspondent accounts for non- U. S. persons that they administer, maintain, or manage. Bank regulators routinely examine institutions for compliance with these obligations and are required to consider compliance in connection with the regulatory review of applications. Under the USA PATRIOT Act, FinCEN can send Amalgamated lists of the names of persons suspected of involvement in terrorist activities or money laundering. Amalgamated may be requested to search its records for any relationships or transactions with persons on those lists. If we find any relationships or transactions, we must report those relationships or transactions to FinCEN. The Office of Foreign Assets Control The Office of Foreign Assets Control (" OFAC "), which is an office in the U. S. Department of the Treasury, is responsible for helping to ensure that U. S. entities do not engage in transactions with " enemies " of the United States, as defined by various Executive Orders and Acts of Congress. OFAC publishes lists of names of persons and organizations suspected of aiding, harboring or engaging in terrorist acts; owned or controlled by, or acting on behalf of target countries, and narcotics traffickers. If a bank finds a name on any transaction, account or wire transfer that is on an OFAC list, it must freeze or block the transactions on the account. Amalgamated has appointed a compliance officer to oversee the inspection of its accounts and the filing of any notifications. Amalgamated checks high- risk OFAC areas such as new accounts, wire transfers and customer files. These checks are performed using software that is updated each time a modification is made to the lists provided by OFAC and other agencies of Specially Designated Nationals and Blocked Persons. Financial Privacy and Cybersecurity There are a number of state and federal laws and regulations that govern financial privacy and cybersecurity. At the federal level, this includes the privacy protection provisions of the Gramm- Leach- Bliley Act of 1999 (" GLBA ") and related regulations, including Regulation P, which govern the treatment of nonpublic personal information. Under these privacy protection provisions, we are limited in our ability to disclose non- public information about consumers to nonaffiliated third parties. These limitations require disclosure of privacy policies and notices to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a nonaffiliated third party. Federal banking agencies, including the FDIC, have adopted guidelines for establishing information security standards and cybersecurity programs for implementing safeguards under the supervision of the Board of Directors. These guidelines, along with related regulatory materials, increasingly focus on risk management and processes related to information technology and the use of third parties in the provision of financial services. State laws and regulations governing financial privacy and cybersecurity include the ~~California Consumer Privacy Act ("~~ CCPA ~~")~~ and the California Privacy ~~rights~~ **Rights** Act (" CPRA"), which amends and supplements the CCPA, with respect to certain data regarding California residents, the New York Department of Financial Services Cybersecurity Regulations, and other New York financial privacy laws and regulations. The NYDFS issued a rule, effective March 1, 2017, that requires banks, insurance companies, and other financial services institutions regulated by the NYDFS to establish and maintain a cybersecurity program designed to protect consumers and ensure the safety and soundness of New York State' s financial services industry. The cybersecurity rule adds specific requirements for these institutions' cybersecurity compliance programs and imposes an obligation to conduct an ongoing, comprehensive risk assessment and requires each institution' s Board of Directors, or a senior officer, to submit annual certifications of compliance with these requirements. Amendments **effective** ~~proposed in~~ November ~~22~~ **1** , ~~2022~~ **2023** ~~would~~ further tailor the regulation to three tiers of companies with different defensive needs, increase governance and controls, and require more regular risk and vulnerability assessments. Transactions with Related Parties Transactions between banks and their affiliates are limited by Sections 23A and 23B of the Federal Reserve Act. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with the bank. In a holding company context, the parent bank holding company and any companies which are controlled by such parent holding company are affiliates of the bank. Generally, Sections 23A and 23B of the Federal Reserve Act and Regulation W (i) limit the extent to which the bank or its subsidiaries may engage in " covered transactions " with any one affiliate to an amount equal to 10 % of such institution' s capital stock and surplus, and contain an aggregate limit on all such transactions with all affiliates to an amount equal to 20 % of such institution' s capital stock and surplus and (ii) require that all such transactions be on terms substantially the same, or at least as favorable, to the institution or subsidiary as those provided to non- affiliates. The term " covered transaction " includes the making of loans, purchase of assets, issuance of a guarantee and other similar transactions. In addition, loans or other extensions of credit by the financial institution to the affiliate are required to be collateralized in accordance with the requirements set forth in Section 23A of the Federal Reserve Act. The Federal Reserve Act and its implementing Regulation O also provide limitations on our ability to extend credit to executive officers, directors and 10 % stockholders (" insiders "). The law limits both the individual and aggregate amount of loans we may make to insiders based, in part, on our capital position and requires certain board approval procedures to be followed. Such loans are required to be made on terms substantially the same as those offered to unaffiliated individuals and must not involve more than the normal risk of repayment. There is an exception for loans made pursuant to a benefit or compensation program that is widely available to all employees of the institution and does not give preference to insiders over other employees. Loans to executive officers are further limited to specific categories. On December 22, 2020, the federal banking agencies issued an interagency statement extending the temporary relief from enforcement action against banks or asset managers, which become principal shareholders of banks, with respect to certain extensions of credit by banks that otherwise would violate Regulation O, provided the asset managers and banks satisfy certain conditions designed to ensure that there is a lack of control by the asset manager over the bank. This relief has been extended and expired on January 1, 2023. Incentive Compensation Guidelines adopted by the federal banking agencies pursuant to the FDIA prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal stockholder. In June 2010, the federal banking agencies jointly adopted the Guidance on Sound Incentive Compensation Policies (" GSICP "). The GSICP intended to ensure that banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk- taking. This guidance, which covers all employees that have the ability to expose the organization to material amounts of risk, either individually or as part of a group, is based upon a set of key principles relating to a banking organization' s incentive compensation arrangements. Specifically, incentive compensation arrangements should (i) provide employee incentives that appropriately balance risk in a manner that does not encourage employees to expose their organizations to imprudent risk, (ii) be compatible with effective controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization' s Board of Directors. Any deficiencies in our compensation practices could lead to supervisory or enforcement actions by the FDIC. The Dodd- Frank Act requires the federal banking agencies and the SEC to establish joint regulations or guidelines prohibiting incentive- based payment arrangements at specified regulated entities, such as us, having at least $ 1 billion in total assets that encourage inappropriate risk- taking by providing an executive officer, employee, director or principal stockholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. In addition, these regulators must establish regulations or guidelines requiring enhanced disclosure to regulators of incentive- based compensation arrangements. The federal banking agencies proposed such regulations in April 2011 and issued a second proposed rule in April 2016. The second proposed rule would apply to all banks, among other institutions, with at least $ 1 billion in average total consolidated assets. Final regulations have not been adopted as of December 31, ~~2022~~ **2023** . If adopted, these or other similar regulations would impose limitations on the manner in which we may structure compensation for our executives and other employees. The scope and content of the federal banking agencies' policies on incentive compensation are continuing to develop and are likely to continue evolving. In October 2016, the NYDFS also announced a renewed focus on employee incentive arrangements and issued guidance to New York State- regulated banks to ensure that these arrangements do not encourage inappropriate practices. The guidance listed adapted versions of the key principles from the Guidance on Sound Incentive Compensation Policies as minimum requirements and advised these banks that incentive compensation arrangements must be subject to effective risk management, oversight, and control. In addition, the Tax Cuts and Jobs Act of 2017 ~~, which was signed into law in December 2017,~~ contains certain provisions affecting performance- based compensation. Specifically, the pre- existing exception to the $ 1 million deduction limitation applicable to performance- based compensation was repealed. The deduction limitation is now applied to all compensation exceeding $ 1. 0 million, for our covered employees, regardless of how it is classified, which would have an adverse effect on income tax expense and net income. Deposit Premiums and Assessments As an FDIC- insured bank, we must pay deposit insurance assessments to the FDIC based on our average total assets minus our average tangible equity. Deposits are insured up to applicable limits by the FDIC and such insurance is backed by the full faith and credit of the U. S. Government. As an institution with less than $ 10 billion in assets, our assessment rates are based on the level of risk we pose to the FDIC' s deposit insurance fund (DIF). Pursuant to changes adopted by the FDIC that were effective July 1, 2016, the initial base rate for deposit insurance is between three and 30 basis points. Total base assessment after possible adjustments now ranges between 1. 5 and 40 basis points. For established smaller institutions, like us, the total base assessment rate is calculated by using supervisory ratings as well as (i) an initial base assessment rate, (ii) an unsecured debt adjustment (which can be positive or negative), and (iii) a brokered deposit adjustment. In addition to the ordinary assessments described above, the FDIC has the ability to impose special assessments in certain instances. For example, under the Dodd- Frank Act, the minimum designated reserve ratio for the DIF was increased to 1. 35 % of the estimated total amount of insured deposits. On September 30, 2018, the DIF reached 1. 36 %, exceeding the statutorily required minimum reserve ratio of 1. 35 %. On reaching the minimum reserve ratio of 1. 35 %, FDIC regulations provided for two changes to deposit insurance assessments: (i) surcharges on insured depository institutions with total consolidated assets of $ 10 billion or more (large institutions) ceased; and (ii) small banks were to receive assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from between 1. 15 % and 1. 35 %, to be applied when the reserve ratio is at or above 1. 38 %. These assessment credits started with the June 30, 2019 assessment invoiced in September 2019 and ran off in March 2020. Assessment rates are expected to decrease if the reserve ratio increases such that it exceeds 2 %. The FDIC may terminate the deposit insurance of any insured depository institution if it determines after a notice and hearing that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. CRE Guidance In ~~December 2015~~ **2022 and 2023** , **CRE markets faced significant headwinds due to increased vacancies, elevated interest rates, and declining property values, among** ~~the~~ **other factors. In June 2023, the FDIC and other federal banking agencies, in consultation with the Federal Financial Institutions Examination Council State Liaison Committee, issued guidance entitled " Interagency Policy Statement on Prudent Commercial Real Estate Loan Accommodations and Workouts " (the " 2023 CRE Guidance "), which replaced agencies' 2009 " Policy Statement on Prudent Commercial Real Estate Loan Workouts ". The 2023 CRE Guidance discusses the importance of working constructively with CRE borrowers experiencing financial difficulty and is appropriate for all supervised financial institutions engaged in CRE lending. The 2023 CRE Guidance also addresses (i) risk management, (ii) classification of loans, (iii) regulatory reporting, and (iv) accounting considerations. The** federal banking regulators ~~released a statement~~ **previously issued guidance in December 2015** entitled " Interagency Statement on Prudent Risk Management for Commercial Real Estate Lending " (the " **2015** CRE Guidance "). In the **2015** CRE Guidance, the federal banking regulators (i) expressed concerns with institutions that ease CRE underwriting standards, (ii) directed financial institutions to maintain underwriting discipline and exercise risk management practices to identify, measure and monitor lending risks, and (iii) indicated that they will continue to pay special attention to CRE lending activities and concentrations. The federal banking regulators **also** previously issued guidance in December 2006, entitled " Interagency Guidance on Concentrations in CRE Lending, Sound Risk Management Practices, " which stated that an institution that is potentially exposed to significant CRE concentration risk should employ enhanced risk management practices. Specifically, the guidance states that such institutions have (1) total CRE loans representing 300 % or more of the institution' s total capital and (2) the outstanding balance of such institution' s CRE loan portfolio has increased by 50 % or more during the prior 36 months. Effect of Governmental Monetary Policies Our earnings are affected by domestic economic conditions and the monetary policies of the U. S. and its agencies. The Federal Open Market Committee' s monetary policies have had, and are likely to continue to have, an important effect on the operating results of banks through its power to implement national monetary policy in order, among other things, to curb inflation or combat a recession. The monetary policies of the Federal Reserve have major effects on the levels of bank loans, investments and deposits through its open market operations in U. S. government securities and through its regulation of the discount rate on borrowings of member banks and the reserve requirements against member bank deposits. We cannot predict the nature or effect of future changes in such monetary policies. Future Legislation and Regulation Congress may enact legislation from time to time that affects the regulation of the financial services industry, and state legislatures may enact legislation from time to time affecting the regulation of financial institutions chartered by or operating in those states. Federal and state regulatory agencies also periodically propose and adopt changes to their regulations or change the manner in which existing regulations are applied or interpreted. The substance or impact of pending or future legislation or regulation, or the application thereof, cannot be predicted, although enactment of the proposed legislation has in the past and may in the future affect the regulatory structure under which we operate and may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital or modify our business strategy, or limit our ability to pursue business opportunities in an efficient manner. Our business, financial condition, results of operations or prospects may be adversely affected, perhaps materially, as a result. ~~IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY As a company with less than $ 1. 07 billion in revenues during our last fiscal year, we qualify as an " emerging growth company " under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, but we expect to exit this status by no later than December 31, 2023, which is the last day of the fiscal year in which the fifth anniversary of our initial public offering on August 13, 2018. An emerging growth company may take advantage of reduced reporting requirements that are otherwise generally applicable to reporting companies under the Exchange Act. As an emerging growth company: • we may present less than five years of selected historical financial information; • we are not required to obtain an attestation and report from our auditors on management' s assessment of our internal control over financial reporting under the Sarbanes- Oxley Act of 2002, or Sarbanes- Oxley Act; • we may provide less extensive disclosure about our executive compensation arrangements; and • we are not required to give our stockholders non- binding advisory votes on executive compensation or golden parachute arrangements (although we intend to do so). We may take advantage of this reporting relief for up to five years from the completion of our initial public offering on August 13, 2018 unless we earlier cease to be an emerging growth company. We will cease to be an emerging growth company and may no longer rely on this reporting relief on (a) the last day of the fiscal year in which our annual gross revenues exceed $ 1. 07 billion (adjusted for inflation every five years), (b) the date we have more than $ 700. 0 million in market value of our common stock held by non- affiliates as of the last business day of our most recently completed second fiscal quarter, or (c) the date on which we issue more than $ 1. 0 billion of non- convertible debt in a three- year period. Section 107 of the JOBS Act also permits us an extended transition period for complying with new or revised accounting standards affecting public companies until they would apply to private companies. We have elected to take advantage of this extended transition period, which means that the financial statements included in this report will not be subject to all new or revised accounting standards generally applicable to public companies for the transition period for so long as we remain an emerging growth company or until we affirmatively and irrevocably opt out of the extended election.~~ Item 1A. Risk Factors. There are risks, many beyond our control, that could cause our financial condition or results of operations to differ materially from management' s expectations. Any of the following risks, by itself or together with one or more other factors, could adversely affect our business, prospects, financial condition, results of operations and cash flows, perhaps materially. The risks presented below are not the only risks that we face. Additional risks that we do not presently know or that we currently deem immaterial may also have an adverse effect on our business, results of operations, financial condition, prospects, and the market price and liquidity of our common stock. The following discussion should be read in conjunction with the financial statements and notes to the financial statements included in this report. Further, to the extent that any of the information contained in this report constitutes forward- looking statements, the risk factors below also are cautionary statements identifying important factors that could cause actual results to differ materially from those expressed in any forward- looking statements made by us or on our behalf. See " Cautionary Note Regarding Forward- Looking Statements " beginning on page 1. Market and Interest Rate Risks Our business may be adversely affected by economic conditions **.** Some elements of the business environment that affect our financial performance include short- term and long- term interest rates, the prevailing yield curve, inflation, monetary supply, fluctuations in the debt and equity capital markets, and the strength of the domestic economy and the local economies in the markets in which we operate. Unfavorable market conditions can result in a deterioration of the credit quality of borrowers, an increase in the number of loan delinquencies, defaults and charge- offs, foreclosures, additional provisions for ~~loan~~ **credit** losses, adverse asset values and a reduction in assets under management or administration. The majority of our loan portfolio is secured by **real estate, 8. 0 % of which is commercial** real estate. A decline in real estate values can negatively impact our ability to recover our investment should the borrower become delinquent. Loans secured by stock or other collateral may be adversely impacted by a downturn in the economy and other factors that could reduce the recoverability of our investment. Unsecured loans are dependent on the solvency of the borrower, which can deteriorate, leaving us with a risk of loss. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence, limitations on the availability of or increases in the cost of credit and capital, increases in inflation or interest rates, high unemployment, natural disasters, epidemics and pandemics (such as COVID- 19), state or local government insolvency, or a combination of these or other factors. ~~The Federal Reserve' s signaling of additional interest rate hikes in 2023, and slowing economic activity in a majority of states, have increased the probability for a recession in the United States. In addition, there~~ **There** are continuing concerns related to, among other things, the level of U. S. government debt and fiscal actions that may be taken to address that debt, price fluctuations of key natural resources, the potential resurgence of economic and political tensions with China, the Russian invasion of Ukraine and increasing oil prices due to Russian supply disruptions, **and the Israel- Hamas conflict,** each of which may have a destabilizing effect on financial markets and economic activity. Economic pressure on consumers **, including due to factors such as inflation** and **the end of student loan repayment moratoriums, as well as** overall economic uncertainty may result in changes in consumer and business spending, borrowing and saving habits. These economic conditions and / or other negative developments in the domestic or international credit markets or economies may significantly affect the markets in which we do business, the value of our loans and investments, and our ongoing operations, costs and profitability. Declines in real estate values and sales volumes, high unemployment or underemployment, and inflation may also result in higher than expected loan delinquencies, increases in our levels of nonperforming and classified assets and a decline in demand for our products and services. These negative events may cause us to incur losses and may adversely affect our capital, liquidity and financial condition. **Fiscal challenges facing the U. S. government could negatively impact the value of investments in GSEs and the financial markets, which in turn could have an adverse effect on our financial position or results of operations. Fiscal challenges facing the U. S. government, such as the recent downgrade of the sovereign credit ratings of the U. S. by Fitch Ratings, could have an adverse impact on value of investments in GSEs and on the financial markets, interest rates and economic conditions in the U. S. and worldwide. Federal budget deficit concerns and the potential for political conflict over legislation to fund U. S. government operations and raise the U. S. government' s debt limit may increase the possibility of a default by the U. S. government on its debt obligations, additional related credit- rating downgrades, or an economic recession in the U. S. A significant portion of our securities portfolio is invested in GSE securities. As a result of uncertain domestic political conditions, including potential future federal government shutdowns or the possibility of the federal government defaulting on its obligations for a period of time, investments in financial instruments issued or guaranteed by the federal government pose liquidity and credit risks. A debt default or further downgrades to the U. S. government' s sovereign credit rating or its perceived creditworthiness could also adversely affect the ability of the U. S. government to support the financial stability of Fannie Mae, Freddie Mac and the FHLBNY, with which we do business and in whose securities we invest.** Changes in U. S. trade policies and other global political factors beyond our control, including the imposition of tariffs, retaliatory tariffs, or other sanctions, may adversely impact our business, financial condition and results of operations. There have been, and may be in the future, changes with respect to U. S. and international trade policies, legislation, treaties and tariffs, embargoes, sanctions and other trade restrictions. Tariffs, retaliatory tariffs or other trade restrictions on products and materials that customers import or export, or a trade war or other related governmental actions related to tariffs, international trade agreements or policies or other trade restrictions have the potential to negatively impact our customers' costs, demand for their products, or the U. S. economy or certain sectors thereof and, thus, could adversely impact our business, financial condition and results of operations **. U. S. and China disputes over trade, Taiwanese independence and China' s expanding military presence may result in additional tariffs, sanctions and trade restrictions** . As a result of Russia' s invasion of Ukraine, the U. S. has imposed, and is likely to impose material additional, financial and economic sanctions and export controls against certain Russian organizations and / or individuals, with similar actions either implemented or planned by the European Union (" EU ") and the U. K. and other jurisdictions. **Additionally** ~~The U. S.~~ , ~~the U. K., and~~ **an armed conflict involving Hamas** ~~the EU each imposed packages of financial~~ and **Israel** ~~economic sanctions that~~ , ~~in~~ **as well as further escalation of tensions between Israel and** various **countries** ~~ways, constrain transactions with numerous Russian entities and individuals; transactions~~ in ~~Russian sovereign debt; and investment, trade, and financing to, from, or in certain regions of Ukraine. Moreover, actions by Russia, and any further measures taken by~~ the **Middle East and North Africa** ~~U. S. or its allies~~ , ~~could have negative impacts~~ **may cause additional detrimental effects** on **the** ~~regional and~~ global ~~financial~~ **economy, including capital** markets ~~and economic conditions~~ . To the extent changes in the global political environment ~~, including Russia' s invasion of Ukraine and the escalating tensions between Russia and the U. S., NATO, the EU and the UK,~~ have a negative impact on us or on the markets in which we operate, our business, results of operations and financial condition could be materially and adversely impacted. Our operations and clients are concentrated in large metropolitan areas. The vast majority of our operations and clients are located in New York City, Washington, D. C., and San Francisco. In addition, at December 31, ~~2022~~ **2023** , ~~90~~ **88** . ~~6~~ **7** % of the properties securing our CRE, multifamily, or construction loans outstanding were located in the states of New York and California, and in Washington, D. C. Our success depends upon the economic vitality, growth prospects, business activity, population, income levels, deposits and real estate activity in those areas and may be impacted by the effects of past and future civil unrest and domestic disturbances in the communities that we serve. In addition, these areas have been and may continue to be the target of terrorist attacks. A major terrorist attack in one of these areas could severely disrupt our operations and the ability of our clients to do business with us and cause losses to loans secured by properties in these areas. Although our customers' business and financial interests may extend well beyond our market areas, adverse economic and social conditions that affect our specific market area could reduce our growth rate, affect the ability of our customers to repay their loans to us and impact the stability of our deposit funding sources. Consequently, declines in economic and social conditions in these markets could generally affect our business, financial condition, results of operations and prospects. Our business is subject to interest rate risk and fluctuations in interest rates may adversely affect our earnings, capital levels and overall results. The majority of our assets and liabilities are monetary in nature and, as a result, we are subject to significant risk from changes in interest rates, which may affect our net interest income as well as the valuation of our assets and liabilities. Our earnings depend significantly on our net interest income, which is the difference between interest income on interest- earning assets, such as loans and securities, and interest expense on interest- bearing liabilities, such as deposits and borrowings. We expect to periodically experience " gaps " in the interest rate sensitivities of our assets and liabilities, meaning that either our interest- bearing liabilities will be more sensitive to changes in market interest rates than our interest- earning assets, or vice versa. In either event, if market interest rates move contrary to our position, this " gap " may work against us, and our earnings may be adversely affected. When interest- bearing liabilities mature or reprice more quickly, or to a greater degree than interest- earning assets in a period, an increase in interest rates could reduce net interest income. Similarly, when interest- earning assets mature or reprice more quickly, or to a greater degree than interest- bearing liabilities, falling interest rates could reduce net interest income. Additionally, an increase in the general level of interest rates may also, among other things, adversely affect the demand for loans and our ability to originate loans and decrease loan prepayment rates or adversely affect our results of operations by reducing the ability of borrowers to make payments under their current adjustable- rate loan obligations. Conversely, a decrease in the general level of interest rates, among other things, may lead to prepayments on our loan and mortgage- backed securities portfolios and increased competition for deposits, potentially reducing our deposit base. Accordingly, changes in the general level of market interest rates may adversely affect our net yield on interest- earning assets, loan origination volume and our overall results. Although our asset- liability management strategy is designed to control and mitigate exposure to the risks related to changes in the general level of market interest rates, those rates are affected by many factors outside of our control, including inflation, recession, unemployment, money supply, international disorder, instability in domestic and foreign financial markets and policies of various governmental and regulatory agencies, particularly the Federal Open Market Committee (**"** FOMC **"**) of the Federal Reserve. Adverse changes in the U. S. monetary policy or in economic conditions could materially and adversely affect us. In keeping with its commitment to returning inflation to its 2 % objective, **on January 31, 2024** the FOMC ~~increased~~ **issued a statement that it decided to maintain** short- term interest rates ~~to~~ **at** a range of ~~4~~ **5. 25 % to 5** . 50 % ~~to 4. 75 % by February 1~~ , ~~2023,~~ and ~~the Federal Reserve~~ indicated that ~~additional rate hikes were expected in 2023~~ **the target range would not be reduced until there is greater confidence that inflation is moving sustainably towards 2 %** . We could experience net interest margin compression if our rates on our interest earning assets fail to increase in tandem with rates on our interest- bearing liabilities. Similarly, if short- term interest rates increase and long- term interest rates do not increase, or increase but at a slower rate, we could experience net interest margin compression as our rates on interest earning assets decline measured relative to rates on our interest- bearing liabilities. Any such occurrence could have a material adverse effect on our net interest income and on our business, financial condition and results of operations. We may not be able to accurately predict the likelihood, nature and magnitude of changes in market interest rates or how and to what extent they may affect our business. We also may not be able to adequately prepare for or compensate for the consequences of such changes. Any failure to predict and prepare for changes in interest rates or adjust for the consequences of these changes may adversely affect our earnings and capital levels and overall results. The fair value of our investment securities could fluctuate because of factors outside of our control, which could have a material adverse effect on us. As of December 31, ~~2022~~ **2023** , the fair value of our investment securities portfolio was approximately $ 3. ~~23~~ **03** billion. Factors beyond our control could significantly affect the fair value of these securities. These factors include, but are not limited to, changes in market conditions including changes in interest rates or spreads, changes in the credit profile of individual securities, changes in prepayment behavior of individual securities, rating agency actions in respect of the securities, or adverse regulatory action. Any of these factors, among others, could cause other- than- temporary impairments, or OTTI, and realized and / or unrealized losses in future periods and declines in earnings and / or other comprehensive income (loss), which could materially and adversely affect our assets, business, cash flow, condition (financial or otherwise), liquidity, results of operations and prospects. The process for determining whether impairment of a security is OTTI usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer, any collateral underlying the security as well as our intent and ability to hold the security for a sufficient period of time to allow for any anticipated recovery in fair value in order to assess the probability of receiving all contractual principal and interest payments on the security. Our failure to assess any impairments or losses with respect to our securities could have a material adverse effect on our assets, business, cash flow, condition (financial or otherwise), liquidity, results of operations and prospects. ~~The phase- out of LIBOR could negatively impact our net interest income and require significant operational work. The United Kingdom' s Financial Conduct Authority, which regulates the London Interbank Offered Rate (" LIBOR "), has~~

~~announced that it will not compel panel banks to contribute to LIBOR after 2021. The publication of 1- week and 2- month US dollar LIBOR ceased after December 31, 2021, and the publication of all other US dollar LIBOR settings will cease or be deemed unrepresentative after June 30, 2023. The discontinuance of LIBOR has resulted in significant uncertainty regarding the transition to suitable alternative reference rates and could adversely impact our business, operations, and financial results. In November 2020, the federal banking agencies issued a statement that says that banks may use any reference rate for its loans that the bank determines to be appropriate for its funding model and customer needs. The Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, has endorsed replacing the U. S. dollar LIBOR with a new index calculated by short- term repurchase agreements, backed by Treasury securities (" SOFR "). SOFR is observed and backward looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward- looking rate and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). The transition from LIBOR could create considerable costs and additional risk. We cannot predict whether or when LIBOR will actually cease to be available. The uncertainty as to the nature and effect of the discontinuance of LIBOR may adversely affect the value of, the return on or the expenses associated with our financial assets and liabilities that are based on or are linked to LIBOR, may require extensive changes to our systems and processes, could impact our pricing and interest rate risk models, our loan product structures, our funding costs, and our valuation tools, and result in increased compliance and operational costs. In addition, the market transition away from LIBOR to an alternative reference rate could prompt inquiries or other actions from regulators in respect of our preparation and readiness for the replacement of LIBOR with an alternative reference rate. Furthermore, failure to adequately manage this transition process with our customers could adversely impact our reputation. Although we are currently unable to assess the ultimate impact of the transition from LIBOR, the failure to adequately manage the transition could have a material adverse effect on our business, financial condition and results of operations.~~ Credit Risks If we fail to effectively manage credit risk, our business and financial condition will suffer. We must effectively manage credit risk. As a lender, we are exposed to the risk that our 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 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 about its business in a timely manner, and / or may present inaccurate or incomplete information to us, and risks relating to the value of collateral. In order to manage credit risk successfully, we must, among other things, maintain disciplined and prudent underwriting standards and ensure that our lenders 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 employees in underwriting and monitoring loans, the inability of our employees to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of our loan portfolio, may result in loan defaults, foreclosures and additional charge- offs and may necessitate that we significantly increase our allowance, each of which could adversely affect our net income **. We are subject to risk arising from conditions in the commercial real estate market. As of December 31, 2023, commercial real estate mortgage loans comprised approximately 8. 0 % of our loan portfolio. Commercial real estate mortgage loans generally involve a greater degree of credit risk than residential real estate mortgage loans because they typically have larger balances and are more affected by adverse conditions in the economy. Because payments on loans secured by commercial real estate often depend upon the successful operation and management of the properties and the businesses which operate from within them, repayment of such loans may be affected by factors outside the borrower' s control, such as adverse conditions in the real estate market or the economy or changes in government regulations. In recent years, commercial real estate markets have been particularly impacted by the economic disruption resulting from the COVID- 19 pandemic. The COVID- 19 pandemic has also been a catalyst for the evolution of various remote work options which could impact the long- term performance of some types of office properties within our commercial real estate portfolio. Accordingly, the federal banking regulatory agencies have expressed concerns about weaknesses in the current commercial real estate market. Failures in our risk management policies, procedures and controls could adversely affect our ability to manage this portfolio going forward and could result in an increased rate of delinquencies in, and increased losses from, this portfolio, which, accordingly, could have a material adverse effect on our business, financial condition and results of operations**. We are exposed to higher credit risk related to our multifamily real estate lending in New York City. In 2019, the New York State legislature passed the Housing Stability and Tenant Protection Act of 2019, impacting about one million rent regulated apartment units. Among other things, the legislation: (i) curtails rent increases from material capital improvements and individual apartment improvements; (ii) all but eliminates the ability for apartments to exit rent regulation; (iii) does away with vacancy decontrol and high- income deregulation; and (iv) repealed the 20 % vacancy bonus. The act generally limits a landlord' s ability to increase rents on rent- regulated apartments and makes it more difficult to convert rent- regulated apartments to market- rate apartments. As a result, the value of the collateral located in New York State securing our multi- family loans or the future net operating income of such properties could potentially become impaired. At December 31, ~~2022~~ **2023**, our total multifamily loan exposure in New York State is approximately $ ~~703~~ **775**. ~~4~~ **1** million, of which approximately $ ~~490~~ **571**. ~~5~~ **4** million, or ~~70~~ **74** %, represents our portfolio' s composition of rent stabilized and rent controlled apartments in the New York multifamily market. Our solar loans expose us to higher credit risk. A borrower' s ability to repay their solar loans can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card and other loans resulting from increases in base lending rates or structured increases in payment obligations. If a client defaults on solar loan, we may be unsuccessful in our efforts to collect the amount of the loan. We are limited in our ability to collect on these loans if a client is unwilling or unable to repay them. Although solar loans are secured with security filings, we may be limited in our ability to recover any collateral supporting such loans due to the nature of the solar energy system becoming a fixture to the real property. Additionally, these short- term loans are subject to risks of defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. An increase in defaults precipitated by the risks and uncertainties associated with the above operations and activities could have a detrimental effect on our business. Our estimated allowance for ~~loan~~ **credit** losses and fair value adjustments with respect to loans acquired in our acquisitions may prove to be insufficient to absorb actual losses in our loan portfolio, which may adversely affect our business, financial condition and results of operations. We maintain an allowance for ~~loan~~ **credit** losses (" ~~ALLL~~ **ACL** ") that represents management' s judgment of ~~probable~~ **current expected credit** losses and risks inherent in our loan portfolio. As of December 31, ~~2022~~ **2023** , our ~~ALLL~~ **ACL** totaled $ ~~45~~ **65** . ~~0~~ **7** million, which represents approximately 1. ~~10~~ **49** % of our total loans, net. The level of the allowance reflects management' s continuing evaluation of loan levels and portfolio composition, observable trends in nonperforming loans, historical loss experience, known and inherent risks in the portfolio, underwriting practices, adequacy of collateral, credit risk grading assessments **, forecasted economic conditions,** and other factors. The determination of the appropriate level of the ~~ALLL~~ **ACL** is inherently highly subjective and requires us to make significant estimates of and assumptions regarding current credit risks and future trends, all of which may undergo material changes. If, as a result of general economic conditions, there is a decrease in asset quality or growth in the loan portfolio, our management determines that additional increases in ~~ALLL~~ **ACL** are necessary, we may incur additional expenses which will reduce our net income, and our business, results of operations or financial condition may be materially and adversely affected. In addition, inaccurate management assumptions, deterioration of economic conditions affecting borrowers, new information regarding existing loans, identification or deterioration of additional problem loans, acquisition of problem loans and other factors, both within and outside of our control, may require us to increase our **ACL** ~~ALLL. In addition, we have historically maintained higher provisions for loan losses in our C & I portfolio and may continue to do so, even as we de- emphasize and reallocate the balances of this portfolio. The measure of our allowance for loan losses is dependent on the adoption and interpretation of accounting standards. These forecasts, assumptions, and models are inherently uncertain and are based upon management' s reasonable judgment in light of information currently available. The Financial Accounting Standards Board, or FASB, issued a new credit impairment model, the Current Expected Credit Loss, or CECL model, which became effective January 1, 2023. Under the CECL model, we are required to present certain financial assets carried at amortized cost, such as loans held for investment and held- to- maturity debt securities, at the net amount expected to be collected. The measurement of expected credit losses is to be based on information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This measurement takes place at the time the financial asset is first added to the balance sheet and periodically thereafter. This differs significantly from the " incurred loss " model currently required under GAAP, which delays recognition until it is probable a loss has been incurred. Accordingly, the adoption of the CECL model will materially affect how we determine our allowance for loan losses and could require us to significantly increase our allowance. Moreover, the CECL model may create more volatility in the level of our allowance for loan losses. If we are required to materially increase our level of allowance for loan losses for any reason, such increase could adversely affect our business, financial condition and results of operations~~ . Operational and Business Risks We are at risk of increased losses from fraud. Fraudulent activity has taken many forms, ranging from check fraud, mechanical devices attached to ATM machines, social engineering and phishing attacks to obtain personal information or impersonation of our clients through the use of falsified or stolen credentials and debit card fraud. Additionally, an individual or business entity may properly identify themselves, particularly when banking online, yet seek to establish a business relationship for the purpose of perpetrating fraud. Further, in addition to fraud committed against us, we may suffer losses as a result of fraudulent activity committed against third parties. Increased deployment of technologies, such as chip card technology, defray and reduce aspects of fraud; however, criminals are turning to other sources to steal personally identifiable information, such as unaffiliated healthcare providers and government entities, in order to impersonate the consumer to commit fraud. Many of these data compromises are widely reported in the media. Further, as a result of the increased sophistication of fraud activity, we have increased our spending on systems and controls to detect and prevent fraud. This will result in continued ongoing investments in the future. Nevertheless, these investments may prove insufficient and fraudulent activity could result in losses to us or our customers; loss of business and / or customers; damage to our reputation; the incurrence of additional expenses (including the cost of notification to consumers, credit monitoring and forensics, and fees and fines imposed by the card networks); disruption to our business; our inability to grow our online services or other businesses; additional regulatory scrutiny or penalties; or our exposure to civil litigation and possible financial liability any of which could have a material adverse effect on our business, financial condition and results of operations. We could be adversely affected by a failure to establish and maintain effective internal controls over financial reporting. A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that customers, regulators and investors may have of us. ~~We intend to comply with Sarbanes- Oxley Act standards regarding our internal control over financial reporting. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal controls over financial reporting.~~ Any failure to maintain internal controls over financial reporting, or any difficulties that we may encounter in such maintenance, could result in significant deficiencies or material weaknesses, result in material misstatements in our consolidated financial statements and cause us to fail to meet our reporting obligations, each of which could result in a material adverse effect on our business, financial condition or results of operations or an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. We continue to devote a significant amount of effort, time and resources to our controls and ensuring compliance with complex accounting standards and regulations. These efforts also include the management of controls to mitigate operational risks for programs and processes across the Company. **Our third party relationships could expose us to operational and regulatory risks. We occasionally rely on third parties for internal and customer- facing services. The use of third parties may pose operational,**

compliance, and strategic risks to banks. The federal banking regulators expect banks implement controls to ensure that third parties perform their activities in compliance with applicable laws and regulations. In June 2023, the federal banking agencies issued " Interagency Guidance on Third- Party Relationships: Risk Management ", which requires banks to " analyze the risks associated with each third- party relationship and to calibrate its risk management processes ". In addition, ~~once~~ **in October 2023, the FDIC issued a notice of proposed rulemaking and guidelines entitled " Guidelines Establishing Standards for Corporate Governance and Risk Management for Covered Institutions With Total Consolidated Assets of $ 10 Billion or More, " which would require covered institutions to implement corporate governance and risk management standards, among other things. Although** we **are** ~~exit emerging growth company status by no~~ **not currently within** ~~later than December 31, 2023, our independent registered public accounting firm will be required to formally attest to~~ the ~~effectiveness~~ **scope** of **institutions subject to the proposed rule, we** ~~our internal control over financial reporting in subsequent annual reports on Form 10- K. Our independent registered public accounting firm~~ may **encounter heightened expectations** ~~issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed, or~~ **for** ~~operating~~ **corporate governance and risk management in future FDIC examinations** . We depend on the accuracy and completeness of information about customers and counterparties. In deciding whether to extend credit or enter into other transactions, and in evaluating and monitoring our loan and lease portfolio on an ongoing basis, we may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. We may also rely on representations of those customers 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~~ **credit** losses, reputational damage or other effects that could have a material adverse effect on our business, financial condition or results of operations. We participate in a multi- employer non- contributory defined benefit pension plan for both our unionized and non- unionized employees, which could subject us to substantial cash funding requirements in the future. We are required to make contributions to the Consolidated Retirement Fund, a multi- employer pension plan that covers both our unionized and non- unionized employees. Our multi- employer pension plan expense totaled $ ~~6~~ **7** . ~~3~~ **2** million in ~~2022~~ **2023** . Our obligations may be impacted by the funding status of the plan, the plan' s investment performance, changes in the participant demographics, financial stability of contributing employers and changes in actuarial assumptions. In addition, if a participating employer becomes insolvent and ceases to contribute to a multiemployer plan, the unfunded obligation of the plan will be borne by the remaining participating employers. Under current law, an employer that withdraws or partially withdraws from a multi- employer pension plan may incur withdrawal liability to the plan. If, in the future, we choose to withdraw from this multi- employer pension plan, we will likely need to record significant withdrawal liabilities, which could negatively impact our financial performance in the applicable periods. Climate change and material environmental sustainability may have an effect on the performance of our business operations and asset quality which could adversely affect our financial condition and results of operations. We are subject to the growing risk of climate change. There is an increasing concern over climate- related risks and material environmental sustainability on the impacts of business operations, asset quality, and earnings. The risks related to the physical impacts of climate change include acute risks which are event- driven such as increased instances of hurricanes, tropical storms, winter storms, freezes, wildfires, tornados, floods, and other large- scale weather catastrophes. Additionally, there are chronic physical risks which are long- term global impacts from rising average temperature and sea levels. Any of these events could disrupt the reliability of our operations and those of our customers, and third party vendors and suppliers. Such events could impair the value of our assets and those assets securing loans and mortgages in our portfolio, and they could lead to fluctuations in the value of our investments. Such events could cause downturns in economic and market conditions generally, which could negatively impact our customers and third party suppliers and vendors and which could have an adverse effect on our business and financial results. Our expenses could increase due to consumer preference changes and increased legislation and regulatory requirements such as those associated with the transition to a low- carbon economy. The potential costs, including strategic planning, litigation due to increased regulatory scrutiny or negative public sentiment, technology expenditures, and losses associated with climate change related risks are difficult to predict and could have a material adverse effect on our business, financial condition and results of operation. We are exposed to risks related to our PACE financings. Property Assessed Clean Energy (" PACE") financing is a means of financing energy- efficient upgrades or the installation of renewable energy sources for commercial, industrial and residential properties that are repaid over a selected term through property tax assessments, which are secured by the property itself and paid as an addition to the owners' property tax bills. The unique characteristic of PACE assessments is that the assessment is attached to the property rather than the individual borrower. Active programs for residential PACE financing exist in California, Florida and Missouri. As of December 31, ~~2022~~ **2023** , we had a portfolio of $ ~~255~~ **258** . ~~4~~ **0** million in commercial PACE ~~securities~~ **assessments** and $ ~~656~~ **871** . ~~5~~ **9** million in residential PACE ~~securities~~ **assessments** . These ~~securities~~ **assessments** are pari passu with tax liens and generally have priority over first mortgage liens. Because PACE financing programs are typically enabled through state legislation and authorized at the local government level, variations between each state' s programs may expose us to increased compliance costs and risks. In addition, the Economic Growth, Regulatory Release, and Consumer Protection Act **(" EGRRCPA")** required the CFPB to prescribe regulations relating to residential PACE financings. In ~~March 2019~~ **May 2023** , the CFPB issued **a** ~~an advanced notice of~~ proposed ~~rulemaking~~ **rule** , but has not issued a proposed rule **implementing EGRRCPA section 307 and amending Regulation ZX to address how TILA applies to PACE transactions** . Specifically, the CFPB is contemplating regulations for PACE financing under the ability- to- repay requirements under the Truth in Lending Act, which are currently in place for residential mortgage loans. If final rules are adopted by the CFPB, we may be exposed to increased compliance and regulatory risks related to ~~our~~ **new** residential PACE assessments. If we fail to comply with any final rules adopted by the CFPB, we may face reputational and litigation risks with respect to our PACE assessments. Our trust and investment management business may be negatively impacted by changes in economic and market conditions and clients may seek legal remedies for investment performance. Our trust and investment management business may be negatively impacted by changes in general economic and market conditions because the performance of this business is directly affected by conditions in the financial and securities markets. 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, and by the threat, as well as the occurrence of global conflicts, all of which are beyond our control. We 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 decline in the performance of our investment management business and may adversely affect the market value and performance of the investment securities that we manage, which could lead to reductions in our investment management fees, because they are based primarily on the market value of the securities we manage, and could lead some of our clients to reduce their assets under our management or seek legal remedies for investment performance. If any of these events occur, the financial performance of our trust and investment management business could be materially and adversely affected. The investment management contracts we have with our clients are terminable without cause and on relatively short notice by our clients, which makes us vulnerable to short term declines in the performance of the securities under our management. Like most other companies with an investment management business, our investment management contracts with our 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 manage, which can result from factors outside our control such as adverse changes in market or economic conditions or the poor performance of some of the investments we have recommended to our clients, could lead some of our clients to move assets under our management to other asset classes such as broad index funds or treasury securities, or to investment advisors that have investment product offerings or investment strategies different than ours. Therefore, our operating results are heavily dependent on the financial performance of our investment portfolios and the investment strategies we employ in our investment management businesses and even short-term declines in the performance of the investment portfolios we manage for our clients, whatever the cause, could result in a decline in assets under management and a corresponding decline in investment management fees, which would adversely affect our results of operations. Risks Related to Privacy and Technology A failure in, or breach of, our operational or security systems or infrastructure, or those of our third- party vendors and other service providers, including as a result of cyber- attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses. Our operations rely on the secure processing, storage and transmission of confidential and other sensitive business and consumer information on our computer systems and networks and third- party providers. Under various federal and state laws, we are responsible for safeguarding such information. For example, our business is subject to joint federal bank agency rules, the **GLBA** ~~Gramm- Leach- Bliley Act~~ , the NYDFS cybersecurity regulations, the **CCPA** ~~California Consumer Privacy Act~~ , and the **CPRA** ~~California Privacy Rights Act~~ which, among other things: (i) impose certain limitations on our ability to share nonpublic personal information about our customers with nonaffiliated third parties; (ii) require that we provide certain disclosures to customers and others about our information collection, sharing and security practices and afford customers the right to " opt out " of any information sharing by us with nonaffiliated third parties (with certain exceptions); (iii) limit retention of customer data; (iv) require notification of certain data breaches **be provided to consumers and, in some circumstances, regulators** ; ~~and~~ (v **) require notification of extortion payments and ransomware deployments; (vi) require enhanced governance of cyber risk, including risk assessments at least annually and whenever a change in the business or technology causes a material change to our cyber risk; and (vii**) require that we develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on our size and complexity, the nature and scope of our activities, and the sensitivity of customer information we process, as well as plans for responding to data security breaches. Ensuring that our collection, use, transfer and storage of personal information complies with all applicable laws and regulations can increase our costs. In particular, information pertaining to us and our customers is maintained, and transactions are executed, on our networks and systems or those of our customers or third- party partners, such as our online banking or reporting systems. The secure maintenance and transmission of confidential information, as well as execution of transactions over these systems, are essential to protect us and our customers against fraud and security breaches and to maintain our clients' confidence. While we have not experienced any material breaches of information security, such breaches may occur through intentional or unintentional acts by those having access or gaining access to our systems or our customers' or counterparties' confidential information, 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 use to prevent fraudulent transactions and to protect data about us, our customers and underlying transactions, as well as the technology used by our customers to access our systems. Further, risk of cybersecurity incidents may increase with the political and economic instability or warfare (including the Russia and Ukraine war **and campaigns by Chinese hackers to infiltrate computer networks associated with critical American infrastructure**). We cannot be certain that the security measures we, or processors, have in place to protect this sensitive data will be successful or sufficient to protect against all current and emerging threats designed to breach our systems or those of processors. Although we have developed, and continue to invest in, systems and processes that are designed to detect and prevent security breaches and cyber- attacks and ~~periodically~~ **regularly** test our security, a breach of our systems, or those of processors, could result in losses to us or our customers; loss of business and / or customers; damage to our reputation; the incurrence of additional expenses (including the cost of notification to consumers, credit monitoring and forensics, and fees and fines imposed by the card networks); disruption to our business; our inability to grow our online services or other businesses; additional regulatory scrutiny or penalties; or our exposure to civil litigation and possible financial liability — any of which could have a material adverse effect on our business, financial condition and results of operations. We depend on information technology and telecommunications systems of third-party servicers, and systems failures, interruptions or breaches of security involving these systems could have an adverse effect on our operations, financial condition and results of operations. Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems, third- party servicers **'** accounting systems and mobile and online banking platforms. We outsource many of our major systems, such as data processing, loan servicing, item / payment processing systems, and online banking platforms. 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 operations. Because our information technology and telecommunications systems interface with and depend on third- party systems, we could experience service denials if demand for such services exceeds capacity or such third- party systems fail or experience interruptions. If sustained or repeated, a system failure or service denial could result in a deterioration of our ability to process new and renewal loans or to gather deposits and provide customer service and it could compromise our ability to operate effectively, damage our reputation, result in a loss of business and subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. In addition, failure of third parties to comply with applicable laws and regulations, or fraud, misconduct, or material errors on the part of our employees or employees of any of these third parties could disrupt our operations or adversely affect our reputation. It may be difficult for us to replace some of our third- party vendors, particularly vendors providing our core banking, debit card services and information services, in a timely manner if they are unwilling or unable to provide us with these services in the future for any reason and even if we are able to replace them, it may be at higher cost or result in the loss of customers. Any such events could have a material adverse effect on our business, financial condition or results of operations. **In November 2021, federal bank regulators issued a joint final rule to establish computer- security incident notification requirements for banking organizations and their bank service providers. The rule requires FDIC- supervised banks to report certain incidents to their case manager and also requires covered bank service providers to promptly notify their FDIC-supervised bank customer when the service provider determines that it has experienced a notification incident.** As a result of financial entities and technology systems 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. Although we review business continuity and backup plans for our vendors and take other safeguards to support our operations, such plans or safeguards may be inadequate. As a result of the foregoing, our ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact. We must respond to rapid technological changes, and these changes may be more difficult or expensive than anticipated. We will have to respond to future technological changes. Specifically, if our competitors introduce new banking products and services embodying new technologies **such as artificial intelligence and machine learning** , or if new banking industry standards and practices emerge, then our existing product and service offerings, technology and systems may be impaired or become obsolete. Further, if we fail to adopt or develop new technologies or to adapt our products and services to emerging industry standards, then we may lose current and future customers, which could have a material adverse effect on our business, financial condition and results of operations. Many of our competitors have substantially greater resources to invest in technological improvements than we do. The financial services industry is changing rapidly, and to remain competitive, we must continue to enhance and improve the functionality and features of our products, services and technologies. These changes may be more difficult or expensive than we anticipate. We expect that new technologies and business processes applicable to the banking industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. Because the pace of technological change is high and our industry is intensely competitive, we may not be able to sustain our investment in new technology as critical systems and applications become obsolete or as better ones become available. A failure to maintain current technology and business processes could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition or results of operations. Risks Related to Our Human Capital We depend on our executive officers and other key employees, and our ability to attract additional key personnel, to continue the implementation of our long- term business strategy, and we could be harmed by the unexpected loss of their services. We believe that our continued growth and future success will depend in large part on the skills of our executive officers and other key employees and our ability to motivate and retain these individuals, as well as our ability to attract, motivate and retain qualified senior and middle management and other skilled employees. Competition for employees is intense, and the process of locating key personnel with the combination of skills and attributes required to execute our business strategy may be lengthy. If the services of any of our of key personnel should become unavailable for any reason, we may not be able to identify and hire qualified persons on terms acceptable to us, or at all, which could have a material adverse effect on our business, financial condition, results of operation and future prospects. We may not be successful in retaining our key personnel, and the unexpected loss of services of one or more of our key personnel could have a material adverse effect on our business because of their skill, customer relationships, knowledge of our markets, years of industry experience and the difficulty of promptly finding qualified replacement personnel. Leadership transitions can be inherently difficult to manage, and inadequate transitions may cause disruptions to our business due to, among other things, diverting management' s attention or causing a deterioration in morale. Our business could suffer if we experience employee work stoppages, union campaigns or other labor difficulties, and efforts by labor unions could divert management attention and adversely affect operating results. As of December 31, ~~2022~~ **2023** , we had ~~409~~ **425** employees, of which approximately 21 % are represented by collective bargaining agreements or an employee union. Although we believe that our relationship with our employees is good, and we have not experienced any material work stoppages, work stoppages may occur in the future. Union activities also may significantly increase our labor costs, disrupt our operations and limit our operational flexibility. From time to time, we are subject to unfair labor practice charges, complaints and other legal, administrative and arbitration proceedings initiated against us by unions, the National Labor Relations Board or our employees, which could negatively impact our operating results. In addition, negotiating collective bargaining agreements could divert management attention, which could also adversely affect operating results. On ~~March 11~~ **December 20** , ~~2020~~ **2023** , we **and OPEIU** entered into ~~an amended and restated~~ **a Memorandum of Agreement (" MOA"), which among other things (i) extended the term of the** collective bargaining agreement **to** ~~with the Office and Professional Employees International Union, Local 153, AFL- CIO (the “ CBA ”) which expires on~~ June 30, ~~2023~~ **2026** ~~. The CBA was updated to include certain provisions in accordance with law and / or in line with our mission~~ , ~~vision~~ and ~~values, such as (i) expanding the non- discrimination language,~~ (ii) ~~including a lactation provision, (iii) addressing paid family leave, and (iv) reflecting the $ 20 / hour minimum wage and additional raise to each grade accordingly. It also~~ provided for a 3 **. 5** % wage increase effective **the 1st of** July ~~1, 2020~~ **2023** , ~~July 1, 2021~~ **2024** and ~~July 1, 2022~~ **2025** , respectively. Capital and Liquidity Risks We are subject to liquidity risk. We require liquidity to meet our deposit and debt obligations as they come due. Our access to funding sources in amounts adequate to finance our activities or on terms that are acceptable to us could be impaired by factors that affect us specifically or the financial services industry or economy generally. Factors that could detrimentally impact our access to liquidity sources include a downturn in the geographic markets in which our loans are concentrated, difficult credit markets, adverse regulatory or judicial actions against labor unions, political organizations or not- for profits, or adverse regulatory actions against us. Our access to deposits may also be affected by the liquidity needs of our depositors, particularly in an inflationary environment where they may be compelled to withdraw deposits in order to cover rising expenses. As a part of our liquidity management, we must ensure we can respond effectively to potential volatility in our customers’ deposit balances. **Our total on- balance sheet and off- balance sheet deposits totaled $ 7. 32 billion as of December 31, 2023.** For instance, our **on- balance sheet and off- balance sheet deposits from** political campaigns, PACs, and state and national party committee clients totaled $ ~~643~~ **1** . ~~6~~ **19** ~~million~~ **billion** ~~in~~ **, or 16 % of total on- balance sheet and off- balance sheet** deposits as of December 31, ~~2022~~ **2023** and may increase or decrease their deposit balances significantly as we approach an election campaign, resulting in short- term volatility in their deposit balances held with us through election cycles. **Additionally, our on- balance sheet and off- balance sheet deposits from labor unions totaled $ 1. 71 billion, or 23 % of total on- balance sheet and off- balance sheet deposits as of December 31, 2023.** Although we have been able to replace maturing or withdrawn deposits and advances historically as necessary, we might not be able to replace such funds in the future, especially if a large number of our depositors or those depositors with a high concentration of deposits sought to withdraw their accounts. We could encounter difficulty meeting a significant deposit outflow which could negatively impact our profitability or reputation. Any long- term decline in deposit funding would adversely affect our liquidity. While we believe our funding sources are adequate to meet any significant unanticipated deposit withdrawal, we may not be able to manage the risk of deposit volatility effectively. A failure to maintain adequate liquidity **could materially and adversely affect our business, results of operations or financial condition. The recent bank failures caused substantial market disruption that has not yet stabilized, leading to ongoing concerns about the liquidity of the financial services industry. Ongoing destabilization could exacerbate deposit outflows due to concerns that deposits held at the Bank exceed the amount of insurance provided by the FDIC, which provides basic deposit coverage with limits up to $ 250, 000 per customer. In particular, continuing negative media attention and the rapid spread of rumors, concerns and misinformation on social media could cause panic among investors, depositors, customers and the general public. Deposit outflows could increase if customers with uninsured deposits look for alternative placements for their funds to weather banking sector volatility and instability. Our total estimated uninsured deposits at December 31, 2023 was $ 4. 0 billion. Our cash, off- balance sheet deposits, and borrowing capacity totaled $ 3. 0 billion of immediately available funds, in addition to unpledged securities with two- day availability of $ 582 million for total liquidity within two- days of $ 3. 6 billion, which provided coverage for 89 % of total uninsured deposits. An increase in deposit outflows could require us to seek alternate sources of liquidity to fund our operations and meet withdrawal demands. We may sell investment securities at a loss, negatively impacting our net income, earnings, and capital. As of December 31, 2023, our net unrealized losses on available for sale securities totaled $ 102. 3 million, and our net unrecognized losses on held- to- maturity securities totaled $ 148. 0 million. Other alternate sources of liquidity could include higher- cost borrowings (as a result of competition for liquidity and elevated interest rates), which could negatively affect our financial performance. Regulators could impose new liquidity requirements on banks, which could limit future growth. These changes may be more difficult or expensive than we anticipate. In response to the recent bank failures and loss of public confidence in the banking sector, the government has increased its scrutiny of financial institutions. State and federal lawmakers and regulators have proposed new measures and regulations regarding capital levels, deposit concentrations, liquidity, risk management and deposit insurance. Such legal and regulatory changes** could materially and adversely affect our business, results of operations or financial condition. Our business needs and future growth may require us to raise capital, but that capital may not be available or may be dilutive. Our ability to raise capital will depend on, among other things, conditions in the capital markets, which are outside of our control, and our financial performance. Accordingly, we cannot provide assurance that such capital will be available on terms acceptable to us or at all. Any occurrence that limits our access to capital, may adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. Any inability to raise capital on acceptable terms when needed could have a material adverse effect on our business, financial condition and results of operations and could be dilutive to both tangible book value and our share price. In addition, an inability to raise capital when needed may subject us to increased regulatory supervision and the imposition of restrictions on our growth and business. These restrictions could negatively affect our ability to operate or further expand our operations through loan growth, acquisitions or the establishment of additional branches. These restrictions may also result in increases in operating expenses and reductions in revenues that could have a material adverse effect on our financial condition, results of operations and our share price. We may be subject to more stringent capital requirements in the future. We are subject to regulatory requirements specifying minimum amounts and types of capital that we must maintain. From time to time, the regulators change these regulatory capital adequacy guidelines. If we fail to meet these minimum capital guidelines and other regulatory requirements, we may be restricted in the types of activities we may conduct and we may be prohibited from taking certain capital actions, such as paying dividends and repurchasing or redeeming capital securities. In particular, the capital requirements applicable to us under the Basel III rules, which became fully phased- in on January 1, 2019 required us to satisfy additional, more stringent, capital adequacy standards. **The Basel III endgame rules, which were proposed in July 2023, would impose higher capital requirements on U. S. banks with at least $ 100 billion of assets.** While **the proposed rules are not currently expected to impact us, and** we expect to meet the requirements of the Basel III rules, **a** ~~we may fail to do so. Failure~~ **failure** to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on our financial condition and results of operations. In addition, these requirements could have a negative impact on our ability to lend, grow deposit balances, make acquisitions or make capital distributions in the form of dividends or share repurchases. Higher capital levels could also lower our return on equity. Risks Related to Our Strategy We may not be able to implement our growth strategy or manage costs effectively, resulting in lower earnings or profitability. There can be no assurance that we will be able to continue to grow and to be profitable in future periods, or, if profitable, that our overall earnings will remain consistent or increase in the future. Our growth requires that we increase our loans, assets under management and deposits while managing risks by following prudent loan underwriting standards without increasing interest rate risk, increasing our noninterest expenses or compressing our net interest margin, maintaining more than adequate capital at all times, hiring and retaining qualified employees and successfully implementing strategic initiatives. Even if we are able to increase our interest income, our earnings may nonetheless be reduced by increased expenses, such as additional employee compensation or other general and administrative expenses and increased interest expense on any liabilities incurred or deposits solicited to fund increases in assets. Additionally, if our competitors extend credit on terms we find to pose excessive risks, or at interest rates which we believe do not warrant the credit exposure, we may not be able to maintain our lending volume and could experience deteriorating financial performance. Our inability to manage our growth successfully or to continue to expand into new markets could have a material adverse effect on our business, financial condition or results of operations. New lines of business, products, product enhancements or services may subject us to additional risks. From time to time, we may implement new lines of business or offer new products or product enhancements as well as new services within our 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 may invest significant time and resources, although we 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. 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. For example, several of our competitors have successfully introduced innovative investment management products. The introduction of such new products requires continued innovative efforts on the part of our management and may require significant time and resources as well as ongoing support and investment. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also affect the implementation of a new line of business or offerings of new products, product enhancements or services. Furthermore, any new line of business, product, product enhancement or service or system conversion could have a significant impact on the effectiveness of our 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 business, financial condition or results of operations. Our ability to maintain our reputation is critical to the success of our business, including our ability to attract and retain customers, and failure to do so may materially adversely affect our performance. We are a Certified B ~~Corporation~~ **CorporationTM** ~~TM~~. The term " Certified B Corporation " does not refer to a particular form of legal entity, but instead refers to companies certified by the B Lab, an independent nonprofit organization, as meeting rigorous standards of social and environmental performance, accountability and transparency. B Labs sets the standards for Certified B ~~Corporation~~ **CorporationTM** ~~TM~~ certification and may change those standards over time. Our reputation could be harmed if we lose our Certified B ~~Corporation~~ **CorporationTM** ~~TM~~ status, whether by choice or by our failure to meet B Lab' s certification requirements, if that change in status were to create a perception that we are no longer committed to the values shared by Certified B ~~Corporations~~ **CorporationsTM** ~~TM~~. Likewise, our reputation could be harmed if our publicly reported B ~~Corporation~~ **CorporationTM** ~~TM~~ score declines, if that were to create a perception that we are less focused on meeting the Certified B ~~Corporation~~ **CorporationTM** ~~TM~~ standards. As a fund manager, we continue to engage in stockholder activism, pressing companies to adopt best practices on a range of environmental, social and corporate governance topics. This activism has caused and could cause increased scrutiny over our own environmental, social and corporate governance activities. Any failure, or perceived failure, in our ability to maintain environmental, social and corporate governance best practices could damage our reputation adversely affecting our business, results of operations or financial condition. Maintaining our reputation also depends on our ability to successfully prevent third- parties from infringing on our brand and associated trademarks. Defense of our reputation and our trademarks, including through litigation, could result in costs adversely affecting our business, results of operations or financial condition. We face strong competition from other banks and financial institutions and other wealth and investment management firms that could hurt our business. The banking business is highly competitive, and we experience competition in our markets from many other financial institutions. We compete with commercial banks, credit unions, savings and loan associations, mortgage banking firms, non- traditional financial- services providers, other financial service businesses, including investment advisory and wealth management firms, mutual fund companies, and securities brokerage and investment banking firms, as well as super- regional, national and international financial institutions that operate offices in our primary market areas and elsewhere. As customers' 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 Fintech, i. e. " non- banks " to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Because of this rapidly changing technology, our future success will depend in part on our ability to address our customers' needs by using technology and to identify and develop new, value- added products for existing and future customers. Failure to do so could impede our time to market, reduce customer product accessibility, and weaken our competitive position. Customer loyalty can be easily influenced by a competitor' s products, especially offerings that could provide cost savings or a higher return to the customer. Moreover, this competitive industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation **. In October 2023, the CFPB issued a Notice of Proposed Rulemaking for the Required Rulemaking on Personal Financial Data Rights rule to promote " open and decentralized banking " by requiring covered institutions to allow customers to authorize the transfer of certain customer information to other financial institutions. Once finalized, this rule could enable greater competition among banks and nonbanks for consumer market share, which could have a material adverse effect on our business, financial condition or results of operations** . Difficulties in obtaining regulatory approval for acquisitions and in combining the operations of acquired entities with the Company' s own operations may prevent us from achieving the expected benefits from our acquisitions. The Company has expanded its business through past acquisitions and may do so in the future. Our ability to complete acquisitions is in many instances subject to regulatory approval, and we cannot be certain when or if, or on what terms and conditions, any required regulatory approvals would be granted. In addition, inherent uncertainties exist when integrating the operations of an acquired entity, including in ability to fully achieve the Company' s strategic objectives and planned operating efficiencies in an acquisition, disruption of the Company' s business and diversion of management' s time and attention and exposure to unknown or contingent liabilities of acquired entities. Legal, Accounting, Regulatory, and Compliance Risks Changes in our accounting policies or in accounting standards could materially affect how we report our financial results and condition. Changes in our accounting policies or in accounting standards could materially affect how we report our financial results and condition. From time to time, the FASB changes the financial accounting and reporting standards that govern the preparation of our financial statements. As a result of such changes, whether promulgated or required by the FASB or other regulators, we could be required to change certain of the assumptions or estimates we have previously used in preparing our financial statements, which could negatively affect how we record and report our results of operations and financial condition generally. ~~Furthermore, once we exit emerging growth company status, by no later than December 31, 2023, we will no longer be able to rely on Section 107 of the JOBS Act, which currently provides us with an extended transition period for complying with new or revised accounting standards affecting public companies until they would apply to private companies.~~ Our 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 accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with GAAP and reflect management' s judgment of the most appropriate manner in which to report our financial condition and results. 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 reporting materially different results than would have been reported under a different alternative. Certain accounting policies are critical to presenting our 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. The critical accounting policies include the ~~ALLL~~ **ACL** . Because of the uncertainty of estimates involved in this matters, we may be required to significantly increase the allowance or sustain ~~loan~~ **credit** losses that are significantly higher than the reserve provided. Any of these could have a material adverse effect on our business, financial condition or results of operations. See " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " The banking industry is heavily regulated and that regulation, together with any future legislation or regulatory changes, could limit or restrict our activities and adversely affect our operations or financial results. We operate in an extensively regulated industry and we are subject to examination, supervision, and comprehensive regulation by various federal and state agencies. The Company is subject to Federal Reserve regulations, and the Bank is subject to regulation, supervision and examination by the FDIC and the NYDFS. Our compliance with banking regulations is costly and restricts some of our activities, including payment of dividends, mergers and acquisitions, investments, loans and interest rates and locations of offices. We are also subject to capitalization guidelines established by our regulators, which require us to maintain adequate capital to support our business. If, as a result of an exam, a banking agency were to determine that the financial condition, capital adequacy, asset quality, asset concentration, earnings prospects, management, liquidity sensitivity to market risk or other aspects of any of our operations has become unsatisfactory, or that we or our management are in violation of any law or regulation, the banking agency could take a number of different remedial actions as it deems appropriate. Furthermore, our regulators also have the ability to compel us to take certain actions, or restrict us from taking certain actions entirely, such as actions that our regulators deem to constitute an unsafe or unsound banking practice. Our 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 (such as a memorandum of understanding, a written supervisory agreement or a cease and desist order), civil money penalties or damage to our reputation, all of which could have a material adverse effect on our business, financial condition or results of operations. Our trust and investment management businesses are highly regulated. Through our investment management division, we provide investment management, custody, safekeeping and trust services to institutional clients. These products and services require us to comply with a number of regulations issued by the Department of Labor, the Employee Retirement Income Security Act, the FDIC Statement of Principles of Trust Department Management, and federal and state securities regulators. Our failure to comply with applicable laws or regulations could result in fines, suspensions of individual employees, litigation, or other sanctions. Any such failure could have an adverse effect on our reputation and could adversely affect our business, financial condition, results of operations or prospects. The Federal Reserve may require us to commit capital resources to support the Bank. The Federal Reserve requires a bank 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. 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 such a subsidiary bank. In addition, the Dodd- Frank Act directs the federal bank regulators to require that all companies that directly or indirectly control an insured depository institution serve as a source of strength for the institution. Under these requirements, in the future, we could be required to provide financial assistance to the Bank if the Bank experiences financial distress. A capital injection may be required at times when we do not have the resources to provide it, and therefore we may be required to borrow the funds. 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 holding company' s general unsecured creditors, including the holders of its note obligations. Thus, any borrowing that must be done by the holding company in order to make the required capital injection becomes more difficult and expensive and will adversely impact the holding company' s cash flows, financial condition, results of operations and prospects. We face a risk of noncompliance with the **BSA** ~~Bank Secrecy Act~~ and other anti- money laundering statutes and regulations and corresponding enforcement proceedings. The **BSA** ~~federal Bank Secrecy Act~~, the PATRIOT Act **, the Anti- Money Laundering Act of 2020,** and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti- money laundering programs, and to file suspicious activity and currency transaction reports as appropriate. **FinCEN** ~~The federal Financial Crimes Enforcement Network~~, established by the U. S. Treasury Department to administer the **BSA** ~~Bank Secrecy Act~~, is authorized to impose significant civil money penalties for violations of those requirements and has engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U. S. Department of Justice, Drug Enforcement Administration and IRS. There is also increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control. Federal and state bank regulators also focus on compliance with **BSA** ~~Bank Secrecy Act~~ and anti- money laundering regulations. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we may acquire are deficient, we would be subject to liability, including fines, and regulatory actions such as restrictions on our ability to pay dividends and engage in acquisitions, which would negatively impact our business, financial condition and results of operations. In recent years, sanctions that the regulators have imposed on banks that have not complied with all requirements have been especially severe. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us, which could have a material adverse effect on our business, financial condition and results of operations. We are subject to the Community Reinvestment Act and federal and state fair lending laws, and failure to comply with these laws could lead to material penalties. The Community Reinvestment Act (" CRA "), the **ECOA** ~~Equal Credit Opportunity Act~~ and the **FHA** ~~Fair Housing Act~~ impose nondiscriminatory lending requirements on financial institutions. The FDIC, the NYDFS, the Department of Justice, and other federal and state agencies are responsible for enforcing these laws and regulations. ~~There are proposed revisions to~~ **In October 2023, the FDIC, the FRB and the OCC jointly adopted final regulations for modernizing and implementing** the CRA, which ~~could affect our~~ **will become effective on April 1, 2024, with a multi- year phase- in. These regulations create a complex regulatory scheme that will impact how the Bank' s compliance with the CRA is evaluated and that will increase its** compliance obligations **, unless the regulations are successfully challenged in court** . Private parties may also have the ability to challenge an institution' s performance under fair lending laws in private class action litigation. A successful challenge to our performance under the fair lending laws and regulations could adversely impact our rating under the CRA and result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on merger and acquisitions and expansion activity, which could negatively impact our reputation, business, financial condition and results of operations **. We are exposed to litigation and compliance risks related to our ESG products. As a Certified B CorporationTM, we maintain an explicit commitment to the highest corporate social responsibility and ESG standards. Recently, there has been growing concern from advocacy groups, government agencies and the general public on ESG matters and increasingly regulators, customers, investors, employees and other stakeholders are focusing on ESG matters and related disclosures. Growing interest on the part of investors and regulators in ESG factors and increased demand for, and scrutiny of, ESG- related disclosures, have also increased the risk that companies could be perceived as, or accused of, making inaccurate or misleading statements regarding their ESG efforts or initiatives. There has been a significant rise in climate- related probes and litigation, including greenwashing claims, against banks. " Greenwashing " involves a business making misleading sustainability- related claims to investors or consumers, usually to boost its reputation and bottom line. Furthermore, ESG products in the banking and financial services sectors have become subject to heightened regulatory scrutiny for potentially misleading claims and poor controls. In 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential ESG- related misconduct, including greenwashing. The SEC is bringing an increasing number of enforcement actions addressing ESG issues, including charges for making materially misleading statements about controls concerning ESG products and for policies and procedures failures. Allegations that our ESG products contain claims that have misled investors or consumers, or that the claims are subject to poor controls, even if**

ultimately unfounded, may fundamentally damage our reputation and our financial performance . Our financial condition may be affected negatively by the costs of litigation. In difficult market conditions, the volume of claims and amount of damages sought in litigation and investigations against financial institutions have historically increased. We may be involved from time to time in a variety of litigation, investigations or similar matters arising out of our business. In many cases, we may seek reimbursement from our insurance carriers to cover such costs and expenses. Our insurance may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Should the ultimate judgments or settlements in any litigation or investigation significantly exceed our insurance coverage, they could have a material adverse effect on our business, financial condition and results of operations. In addition, we may not be able to obtain appropriate types or levels of insurance in the future, nor may we be able to obtain adequate replacement policies with acceptable terms, if at all. From time to time we are, or may become, involved in suits, legal proceedings, information- gatherings, investigations and proceedings by governmental and self- regulatory agencies that may lead to adverse consequences. Many aspects of the banking business involve a substantial risk of legal liability. From time to time, we are, or may become, the subject of information- gathering requests, reviews, investigations and proceedings, and other forms of regulatory inquiry, including by bank regulatory agencies, self- regulatory agencies, and law enforcement authorities. The results of such proceedings could lead to significant civil or criminal penalties, including monetary penalties, damages, adverse judgments, settlements, fines, injunctions, restrictions on the way we conduct our business or reputational harm. Risks Related to Our Common Stock **Shares** ~~Because we are an emerging growth company and because we have decided to take advantage~~ of ~~certain exemptions from various reporting and other requirements applicable to emerging growth companies,~~ our common stock could ~~be less attractive~~ **face volatility due** to ~~investors~~ **banking sector uncertainty** . ~~We qualify~~ **The recent bank failures have negatively impacted the price of securities issued by financial institutions, which underscores the sensitivity of bank holding company public trading prices to generalized concerns about the health of the banking industry** as **a whole** ~~an " emerging growth company " under the Jumpstart Our Business Startups Act of 2012~~ , **regardless** ~~or the JOBS Act, but we expect to exit this status by no later than December 31, 2023, which is the last day~~ of ~~the fiscal year in which the fifth anniversary of our initial public offering on August 13, 2018. For as long as we remain an emerging growth company, we 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 (i) we are exempt from the requirements to obtain an attestation and report from our auditors on management' s assessment of our internal control over financial reporting under the Sarbanes- Oxley Act; (ii) we are permitted to have less extensive disclosure about our executive compensation arrangements; and (iii) we are not required to give our stockholders non- binding advisory votes on executive compensation or golden parachute arrangements (although we intend to do so). Once we exit emerging growth company status, we will no longer be able to rely on these exemptions. Until then~~ - **the health** ~~, we may continue to take advantage~~ of **a particular institution** ~~some or all of the reduced regulatory and reporting requirements that will be available to us as long as we continue to qualify as an emerging growth company~~ . ~~It is possible that some investors~~ **Ongoing stress in the banking sector** could ~~find~~ **adversely impact the market price of** our common stock ~~less attractive because we may take advantage of these exemptions. If some investors find our common stock less attractive, there may be a less active trading market for our common stock and our stock price may be more volatile. Because we have elected to use the extended transition period for complying with new or revised accounting standards for an~~ **and** ~~emerging growth company~~ our **business,** financial **condition** ~~statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates. We have 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 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~~ **results** of **operations** ~~this election, our financial statements may not be comparable to companies that comply with these accounting standards as of the public company effective dates. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our common stock. As an example, we are not required to implement CECL until 2023. As a result, any impact on our financial statements could be delayed compared to other public companies~~ . We cannot predict if investors will find our common stock less attractive ~~because we rely on this exemption~~ **as a result of these market stresses** . If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. Our ability to pay dividends is subject to regulatory limitations and the Bank' s ability to pay dividends to us is also subject to regulatory limitations. The Company is a bank holding company that conducts substantially all of its operations through the Bank. As a result, our ability to make dividend payments on our common stock depends primarily on certain federal regulatory considerations and the receipt of dividends and other distributions from the Bank. As is the case with all financial institutions, the profitability of the Bank is subject to the fluctuating cost and availability of money, changes in interest rates, and in economic conditions in general. Holders of our common stock are only entitled to receive such cash dividends as our Board of Directors may declare out of funds legally available for such payments. Although we currently expect to continue to pay quarterly dividends, any future determination relating to our dividend policy will be made by our Board of Directors and will depend on a number of factors. Any actual determination relating to our dividend policy and the declaration of future dividends will be made, subject to applicable law and regulatory approvals, by our Board of Directors and will depend on a number of factors, including: (i) our historical and projected financial condition, liquidity and results of operations, (ii) our capital levels and needs, (iii) tax considerations, (iv) any acquisitions or potential acquisitions that we may examine, (v) statutory and regulatory prohibitions and other limitations, (vi) the terms of any credit agreements or other borrowing arrangements that restrict our ability to pay cash dividends, (vii) general economic conditions and (viii) other factors deemed relevant by our Board of Directors. The Board of Directors may determine not to pay any cash dividends at any time. There can be no assurance that we will pay any dividends to holders of our common stock, or as to the amount of any such dividends. For more information, see " Cautionary Note Regarding Forward- Looking Statements " and " Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Dividend Policy. " We have several significant investors whose individual interests may differ from yours. A significant percentage of our common stock is currently held by investment funds affiliated with an amalgamation of Workers United and numerous joint boards, locals or similar organizations authorized under the constitution of Workers United (the " Workers United Related Parties "). Workers United Related Parties own approximately ~~41~~ **42** % of our common stock. Significant stockholders will have a greater ability than our other stockholders to influence the election of directors and the potential outcome of other matters submitted to a vote of our stockholders, including mergers and acquisition transactions, amendments to our certificate of incorporation and bylaws, and other extraordinary corporate matters. The interests of these investors could conflict with the interests of our other stockholders, and any future transfer by these investors of their shares of common stock to other investors who have different business objectives could adversely affect our business, results of operations, financial condition, prospects or the market value of our common stock. Workers United Related Parties have also entered into agreements with us that contain certain provisions, including, among others, provisions relating to our governance, information rights, tag- along rights, board designation rights, and certain board and stockholder approval rights. Additionally, Workers United Related Parties have entered into agreements with us that provide certain registration rights under existing registration rights agreements, and in the case of the Workers United Related Parties, the establishment of an advisory board. Transfers of our common stock owned by the Workers United Related Parties could adversely impact your rights as a stockholder and the market price of our common stock. The Workers United Related Parties may transfer all or part of the shares of our common stock that they own, without allowing you to participate or realize a premium for any investment in our common stock, or distribute shares of our common stock that it owns to their members. Sales or distributions by the Workers United Related Parties of such common stock could adversely impact prevailing market prices for our common stock. Additionally, a sale of common stock by the Workers United Related Parties to a third party could adversely impact the market price of our common stock and our business, financial condition and results of operations. For example, a change in control caused by the sale of our shares by the Workers United Related Parties may result in a change of management decisions and business policy. Shares of our common stock are subject to dilution. ~~As of December 31, 2022, we had 30, 700, 198 shares of common stock issued and outstanding. Under our certificate of incorporation, our Board of Directors and subject to any limitations under applicable laws or the rules of The Nasdaq Global Market, we may issue up to 39, 299, 802 additional shares of our common stock, which authorized amount could be increased by a vote of a majority of our outstanding shares.~~ We may issue additional shares of our common stock in the future pursuant to current or future equity compensation plans or in connection with future acquisitions or financings. If we choose to raise capital by selling shares of our common stock for any reason, the issuance would have a dilutive effect on the holders of our common stock and could have a material negative effect on the value of our common stock. ~~46~~ **47**