Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

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The risks set forth below, in addition to the other risks described in this Annual Report on Form 10- K, may adversely affect the Company' s business, financial condition, strategic objectives, and operating results. In addition to the risks set forth below and the other risks described in this annual report, there may be additional risks and uncertainties that are not currently known to the Company or that the Company currently deems to be immaterial that could materially and adversely affect the Company' s business, financial condition, strategic objectives, or operating results. As a result, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. Further, to the extent that any of the information contained in this Annual Report on Form 10- K constitutes forward- looking statements, the risk factors set forth 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 or on behalf of the Company. The COVID- 19 global pandemic affected all aspects of the Company' s business since 2020. The impact of the pandemic is discussed in the" Operating" risk factors below, but it should be understood as affecting the overall risk environment and risk factors of the Company. Risk Factors Summary Lending Risks • Deterioration in the Housing Sector, Commercial Real Estate, and Related Markets May Adversely Affect Business and Financial Results. • The Company' s Emphasis on Commercial Lending May Expose the Company to Increased Lending Risks, Which Could Hurt Profits. • The Company is Subject to a Variety of Risks in Connection With Any Sale of Loans it May Conduct. • The Company is Exposed to Risk of Environmental Liability When It Takes Title to Property. ~~• New Third Party Lending Relationships and Sourcing Channels May Increase Lending Risk~~ Operating Risks • **Effects of Conditions in the Financial Markets and Economic Conditions Generally, Including Macroeconomic Pressures Such as Inflation, Supply Chain Issues, and Geopolitical Risks Associated with International Conflict, and General Economic Conditions, Either Nationally or In Our Market Areas, That Are Worse Than Expected. • The Effects of any** Public Health Emergencies **and** ~~Like the COVID- 19~~ Pandemic **Disease, Natural Disaster, War, Acts of Terrorism, Accident, or Similar Action or Event (collectively," an event")** May Adversely Affect, the Company' s Business, Financial Condition, Liquidity, and Results of Operations. • The Company is Subject to Security and Operational Risks Relating to the Use of Technology that Could Damage the Company' s Reputation and Business. • The Company Faces Cybersecurity Risks, Including Denial of Service Attacks, Ransomware, Hacking and Identity Theft that Could Result in the Disclosure of ~~Confidential~~ **Sensitive** Information or the Creation of Unauthorized Transactions, Which Could Adversely Affect the Company' s Business or Reputation and Create Significant Legal and Financial Exposure. • Counterparties and Correspondents Expose the Company to Risks. • The Company' s Business is Reliant on Outside Vendors. • Tailoring The Bank' s Delivery Model to Respond to Customer Preferences in Banking May Negatively Affect Earnings • Development of New Products and Services May Impose Additional Costs on the Company and May Expose It to Increased Operational Risk. • The ~~Discontinuation~~ **Soundness** of ~~LIBOR and the~~ **Other Financial Institutions** ~~Transition to an Alternative Reference Rate~~ Could Adversely ~~Impact~~ **Affect Us. • Legal and Regulatory Proceedings and Related Matters Could Adversely Affect Us and the Banking Industry in General. • Loss of Key Employees Could Disrupt Relationships With Certain Customers. • Mergers, Acquisitions and Dispositions Involve Numerous Risks and Uncertainties. Liquidity Risks • Liquidity is Essential to** the Company' s Business and **a Lack of Liquidity Could Adversely Affect the Company' s Financial Condition and** Results of Operations. ~~Liquidity Risks~~ **• Bank failures and stresses may lead to negative depositor confidence in depository institutions. Systemic impacts may have a material adverse effect on our financial condition and results of operations and stock price.** • The Company' s Wholesale Funding Sources May Prove Insufficient to ~~Replace Deposits at Maturity and~~ Support Operations and Future Growth. • The Company' s Ability to Service ~~Our~~ **Its** Debt, Pay Dividends, and Otherwise Pay Obligations as They Come Due Is Substantially Dependent on Capital Distributions from the Bank, and These Distributions Are Subject to Regulatory Limits and Other Restrictions. The Company' s Stock Repurchase Program is also Dependent on These Distributions. • ~~The Loss Recorded in 2020 May Have an Adverse Effect on Future Dividend Payments to Common Shareholders. •~~ Secondary Mortgage Market Conditions Could Have a Material Impact on the Company' s Financial Condition and Results of Operations. Interest Rate Risks • Market Interest Rate Conditions Could Adversely Affect Results of Operations and Financial Condition. Securities Market Value Risks • Declines in the Value of Certain Investment Securities Could Require Write- Downs, Which Would Reduce Earnings. Regulatory Matters Risks • Legislative and Regulatory Initiatives May Affect Business Activities and Increase Operating Costs. • Provisions of the Company' s Certificate of Incorporation, Bylaws, and Delaware Law, as Well as State and Federal Banking Regulations, Could Delay or Prevent a Takeover of Us by a Third Party **. • Changes in Tax Laws and Accounting Policies and Practices** . Significant Accounting Estimates Risks • Various Factors May Cause Our Allowance for Credit Losses on Loans to Increase. • Fair Value Measurements May Be Affected by Inherent Uncertainties **.** Trading of the Company' s Common Stock • The Trading History of the Company' s Common Stock is Characterized By Low Trading Volume. The Value of Shareholder Investments May be Subject to Sudden Decreases Due to the Volatility of the Price of the Common Stock. Real estate lending is a major business activity for the Company. Real estate market conditions affect the value and marketability of real estate collateral, and they also affect the cash flows, liquidity, and net worth of many borrowers whose operations and finances depend on real estate market conditions. We have a geographic concentration of loans in our market areas. Adverse conditions in the Company' s market areas could reduce growth rates, affect the ability of our customers to repay their loans and increase loan losses, and generally affect the Company' s financial condition and results of operations. Potential increases in interest rates ~~could~~ **can lead to**

~~increase~~ **increased** capitalization rates **over time** which could adversely affect commercial property appraisals and collateral value. Residential property values may be similarly adversely impacted. Pandemic impacts on the supply **of** and demand ~~of~~ **for commercial and** residential properties have caused unusual ~~price appreciation~~ **valuation changes** in many markets, which may not be sustained if market conditions normalize. **As of December 31, 2023, commercial real estate loans comprised approximately 49 % 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 or changes in the level of interest rates. 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 issued advisories on managing commercial real estate concentrations in a challenging economic environment. 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.** The Company emphasizes commercial lending, which generally exposes the Company to a greater risk of nonpayment and loss because repayment of such loans often depends on the successful operations and income stream of the borrowers. Commercial loans are historically more susceptible to delinquency, default, fraud, and loss during economic downturns. Commercial lending involves larger loan sizes and larger relationship exposures, with greater potential impact on profits in the event of adverse loan performance. The majority of the Company' s commercial loans are secured by real estate and subject to the previously discussed real estate risk factors, as well as risks specific to individual properties and property types. ~~Recent expansion of the commercial lending team may expose the Company to new markets and risks if new lenders are not integrated with the Company' s policies, controls, and procedures.~~ The Company routinely sells newly originated residential mortgage loans and SBA guaranteed business loans, and may also sell other loans or loans portfolios. It may make certain representations and warranties to the purchaser concerning the loans sold and the procedures under which those loans have been originated and serviced. If any of these representations and warranties are invalid, the Company may be required to refund premiums, indemnify the purchaser for any related costs or losses, or it may be required to repurchase part or all of the affected loans ~~, which may be impaired~~ . The Company may also be required to repurchase loans as a result of borrower fraud or in the event of early payment default by the borrower on a loan it has sold. The Company' s ability to maintain seller / servicer relationships with government agencies and government backed entities may be jeopardized in the event of the emergence of one or more of the above risks. Demand for the Company' s loans in the secondary markets could also be affected by these risks, which could lead to a reduction in related business activities. In the course of its business, the Company may foreclose on and take title to real estate. As a result, the Company could be subject to environmental liabilities with respect to these properties for property damage, personal injury, investigation and clean- up costs. The costs associated with investigation or remediation activities could be substantial. The Company may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. ~~New Third Party Lending Relationships~~ **Effects of conditions in the financial markets** and ~~Sourcing Channels May~~ **economic conditions generally, including macroeconomic pressures such as inflation, supply chain issues, and geopolitical risks associated with international conflict, and general economic conditions, either nationally or in our market areas, that are worse than expected. Generally, our financial performance, and in particular the ability of borrowers to pay interest on and repay principal of outstanding loans and the value of the collateral securing those loans, as well as demand for loans and other products and services we offer, is very dependent on the business environment in the markets we operate in and the United States as a whole. Adverse economic conditions may result from a variety of factors, including domestic and global economic and political developments, including plateauing or decreasing economic growth and business activity, recessions, interest rates, inflation, pressures on the commercial real estate market, uncertainty regarding the U. S. government' s debt limit, a potential U. S. government shutdown, recent stress in the banking sector, international conflict, civil unrest. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, low unemployment, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence; high unemployment, natural disasters;** ~~Increase~~ **increases** ~~Lending Risk~~ **in inflation or interest rates; limitations on the availability or increases in the cost of credit and capital; or a combination of these or other factors** . The **occurrence of any of these conditions could have** ~~Company is expanding its lending sourcing channels, including~~ a **material adverse effect** ~~residential mortgage channel with local correspondents, partnering with fintech online lenders, and expanding its commercial loan sourcing channels. It is also relying more~~ on ~~third party loan servicing~~ **our financial condition and results of operations** . ~~These~~ -- **The Effects of any** ~~activities may increase the underwriting risks and loan administration risks in managing its lending activities.~~ Public Health Emergencies **and** ~~Such as the COVID- 19~~ Pandemic **Disease, Natural Disaster, War, Acts of Terrorism, Accident, or Similar Action or Event (Collectively," an Event")** May Adversely Affect, the Company' s Business, Financial Condition, Liquidity, and Results of Operations. ~~The COVID- 19 pandemic has negatively impacted the U. S. and global economy; disrupted U. S. and global supply chains and labor markets; created significant volatility and disruption in financial markets; impacted rates and yields on U. S. Treasury securities; resulted in increased credit risk in certain industries;~~

~~increased demands on capital and liquidity; and affected employment wages, consumer confidence, and inflation. In addition, the pandemic has resulted in temporary closures and curtailment of individual and business activities in our footprint. The pandemic has resulted in increases in the Company' s allowance for credit losses and the recognition of impairment of our goodwill.~~ Some of the risks the Company faces from ~~the pandemic~~ **an Event** include, but are not limited to: the health and availability of our colleagues, the supply of labor, inflationary impacts on operating costs, the financial condition of our clients and the demand for our products and services, changes in interest rates, recognition of credit losses and increases in the allowance for credit losses, impacts if customers draw on their lines of credit or draw down deposits or seek additional loans to help finance their businesses, and a significant deterioration of business conditions in our markets. Sustained adverse effects may also increase our cost of capital, prevent us from satisfying our minimum regulatory capital ratios and other supervisory requirements, or result in downgrades in our credit rating. The extent to which **an Event** ~~the COVID- 19 pandemic~~ impacts our business, financial condition, liquidity and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of ~~the pandemic~~ **an Event**, the continued effectiveness of our business continuity plan, the direct and indirect impact of ~~the pandemic~~ **an Event** on our customers, colleagues, counterparties and service providers, and actions taken by governmental authorities and other third parties in response to ~~the pandemic~~ **an Event**. The length of ~~the~~ **a** pandemic and the effectiveness of the measures being put in place to address it are unknown and we face possible continued impacts on liquidity, operating revenues, and credit performance. To the extent ~~the~~ **a** pandemic adversely affects our business, financial condition, liquidity, or results of operations, it may also have the effect of heightening many of the other risks described in this Annual Report on Form 10- K. Security breaches of ~~confidential~~ **sensitive** information in our technology platforms could expose the Company to possible liability and damage its reputation. Any compromise of data security could also deter customers from using the Company' s services. The Company relies on industry standard internet security and authentication systems to effect secure transmission of data. These precautions may not protect the Company' s security systems from compromises or breaches and could result in damage to its reputation and business. The Company utilizes third party core banking software, in addition to other outsourced data processing. If third party providers encounter difficulties or if the Company has difficulty in communicating and / or transmitting with such third parties, it could significantly affect its ability to adequately process and account for customer transactions, which could significantly affect its business operations. The Company interfaces with electronic payments systems which are subject to security and operational risks. The Company utilizes file encryption in designated internal systems and networks and is subject to certain state and federal regulations regarding how the Company manages data security. The Company' s enterprise governance risk and compliance function includes a framework of controls, policies and technologies to monitor and protect information from cyberattacks, mishandling, and loss, together with safeguards related to the confidentiality, integrity, and availability of information. Natural disasters and disaster recovery risks could affect its operating systems, which could affect its reputation. The Company' s business continuity program addresses crisis management, business impact, and data and systems recovery. Potential problems with the management of technology security and operational risks may affect regulatory compliance, which could affect operating costs and expansion plans. Implementation of certain new technologies, such as those related to artificial intelligence, automation and algorithms, may have unintended consequences due to their limitations, potential manipulation, or our failure to use them effectively. Increased levels of remote access resulting from more work from home employees may create additional opportunities for cybercriminals to exploit vulnerabilities, and employees may be more susceptible to phishing and social engineering attempts due to work responsibilities at home. In addition, technological resources may be strained due to the number of remote users. The Company' s computer systems and network infrastructure are subject to security risks and could be susceptible to cyber- attacks, such as denial of service attacks, hacking, terrorist activities or identity theft. Financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to ~~confidential~~ **sensitive** information, destroy data, steal financial assets, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyber- attacks and other means. Denial of service attacks have been launched against a number of large financial services institutions. As a growing regional bank, the Company may be subject to similar attacks in the future. Hacking and identity theft risks could cause serious reputational harm and possible financial loss to the Company. Cyber threats are rapidly evolving and the Company may not be able to anticipate or prevent all such attacks. **Advancements in the use of artificial intelligence could lead to adversarial attacks by exploiting vulnerabilities to manipulate model outputs or bypass security controls.** The Company may incur increasing costs in an effort to minimize these risks and could be held liable for any security breach or loss. Despite efforts to ensure the integrity of its systems, the Company will not be able to anticipate all security breaches of these types, and the Company may not be able to implement effective preventive measures against such security breaches. The techniques used by cyber criminals change frequently and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments. Those parties may also attempt to fraudulently induce employees, customers or other users of the Company' s systems to disclose sensitive information in order to gain access to its data or that of its clients or to conduct unauthorized financial transactions. These risks may increase in the future as the Company continues to increase its mobile- payment and other internet- based product offerings and expands its internal usage of web- based products and applications. A successful penetration or circumvention of system security could cause serious negative consequences to the Company, including significant disruption of operations, misappropriation of ~~confidential~~ **sensitive** information of the Company or that of its customers, or damage to computers or systems of the Company or those of its customers and counterparties. A security breach could result in violations of applicable privacy and other laws, financial loss to the Company or to its customers, loss of confidence in the Company' s security measures, significant litigation exposure, and harm to the Company' s reputation, all of which could have a material adverse effect on the Company. The Company' s use of derivative financial instruments exposes us to financial and contractual risks with counterparties. The Company maintains correspondent bank relationships, purchase loans, manages certain loan participations, engage in securities and funding transactions, and undergo other activities with financial counterparties that are customary to its industry. The Company also utilizes services from major vendors of technology, telecommunications, and other essential operating services. There is financial, reputational, and operational risk in these relationships, which the Company seeks to manage through internal controls and procedures, but there are no assurances that the Company will not experience loss or interruption of its business as a result of unforeseen events with these providers. The Company' s mortgage banking operations have exposed us to counterparty transactions including the use of third parties to participate in the management of interest rate risk and mortgage sales and hedging **, as well as mortgage servicing** . Financial, reputational, and operational risks are inherent in these counterparty and correspondent relationships. The Company could experience losses if there are failures in the controls or accounting, including those related to derivatives activities or if there are performance failures by any counterparties. The risk of loss is increased when interest rates change suddenly and if the intended hedging objectives are not achieved as a result of market or counterparty behaviors. The Company' s business is highly dependent on the use of certain outside vendors for its day- to- day operations. The Company' s operations and reputation are exposed to risk that a vendor may not perform in accordance with established performance standards required in its agreements for any number of reasons including a change in their senior management, their financial condition, their product line or mix and how they support existing customers, or a simple change in their strategic focus. While the Company has comprehensive programs, policies and procedures in place to mitigate risk at all phases of vendor management from selection, to performance monitoring and renewals, the failure of a vendor to perform in accordance with contractual agreements could be disruptive to its business, which could have a material adverse effect on its financial condition, strategic objectives, and results of **operations. Tailoring The Bank' s Retail Delivery Model to Respond to Consumer Preferences in Banking May Negatively Affect Earnings. The Company' s branch network continues to be a very significant source of new business generation, however, consumers continue to migrate much of their routine banking to self- service channels. In recognition of this shift in consumer patterns, we regularly review the branch network, which has resulted in branch consolidation accompanied by the enhancement of the Bank' s capabilities to serve its customers through alternate delivery channels. The benefits of this strategy will depend on our ability to realize expected benefits without experiencing significant customer attrition, unexpected costs, or unanticipated disruptions to** operations. The Company' s financial performance depends, in part, on its ability to develop and market new and innovative services and to adopt or develop new technologies that differentiate its products or provide cost efficiencies, while avoiding increased related expenses. This dependency is exacerbated in the current " FinTech " environment, where financial institutions are investing significantly in evaluating new technologies, such as " Blockchain, " and developing potentially industry- changing new products, services and industry standards. The introduction of new products and services can entail significant time and resources, including regulatory approvals. Substantial risks and uncertainties are associated with the introduction of new products and services, including technical and control requirements that may need to be developed and implemented, rapid technological change in the industry, the Company' s ability to access technical and other information from its clients, the significant and ongoing investments required to bring new products and services to market in a timely manner at competitive prices and the preparation of marketing, sales and other materials that fully and accurately describe the product or service and its underlying risks. The Company' s failure to manage these risks and uncertainties also exposes it to enhanced risk of operational lapses which may result in the recognition of financial statement liabilities. Regulatory and internal control requirements, capital requirements, competitive alternatives, vendor relationships and shifting market preferences may also determine if such initiatives can be brought to market in a manner that is timely and attractive to the Company' s clients. Products and services relying on internet and mobile technologies may expose the Company to fraud and cybersecurity risks. Failure to successfully manage these risks in the development and implementation of new products or services could have a material adverse effect on the Company' s business and reputation, as well as on its consolidated results of operations and financial condition. ~~Tailoring~~ The ~~Bank' s Retail Delivery Model~~ **soundness of other financial institutions could adversely affect us. Financial services institutions are interrelated as a result of clearing, trading, counterparty, or other relationships. We have exposure** to ~~Respond to Consumer Preferences~~ **many different counterparties and industries, and we routinely execute transactions with counterparties** in ~~Banking~~ **the financial services industry, including brokers and dealers, commercial banks, investment banks, and other institutional clients.** ~~May~~ **Many of these transactions expose us** ~~Negatively Affect Earnings. The Company' s branch network continues~~ to **credit risk in the event of a default by our counterparty or client. In addition, our credit risk may** be **exacerbated when** ~~a very significant source of new business generation, however, consumers continue to migrate much of their~~ -- **the collateral held** ~~routine banking to self- service channels. In recognition of this shift in consumer patterns, we regularly review the branch network, which has resulted in branch consolidation accompanied~~ by **us cannot be realized or** ~~the enhancement of the Bank' s capabilities to serve its~~ - **is** ~~customers through alternate delivery channels. The benefits~~ **liquidated at prices not sufficient to recover the full amount** of ~~this strategy will depend~~ **the credit or derivative exposure due us. Any such losses could have a material adverse effect** on our ~~ability to realize expected benefits without experiencing significant customer attrition~~ **financial condition and results of operations. Additionally, in early 2023, the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank resulted in decreased confidence in banks among depositors, other counterparties and investors. Such events and developments could materially and adversely affect our business or financial condition, including through declines in deposits, increased costs of funds, potential liquidity pressures, increased regulation, and declines and volatility in the price of our common stock. Legal and regulatory proceedings and related matters could adversely affect us and the banking industry in general** . The ~~interest rates paid on certain of the~~ Company ~~' s floating- rate funding, hedging transactions and products, such as~~ **has been** ~~floating- rate loans and mortgages~~ , ~~are indexed~~ **and in the future could be, subject** to **various regulatory and legal proceedings, including class action litigation. It is inherently difficult to gauge**

the result of ~~the~~ **these matters** ~~London Interbank Offered Rate (“ LIBOR ”). The use of LIBOR on new contracts was discontinued on December 31~~ , ~~2021,~~ and ~~LIBOR~~ **there can be no guarantee that we** will **prevail in** ~~cease publication after June 30, 2023. Regulators and various financial industry groups have sponsored or formed committees (e. g., the Federal Reserve- sponsored Alternative Reference Rates Committee) to, among other things, facilitate the identification of an~~ **any litigation** ~~alternative benchmark index to replace LIBOR, and publish consultations on recommended practices for~~ - **or proceeding** ~~transitioning away from LIBOR, including (i) the utilization of recommended fallback language for LIBOR- linked financial instruments, and (ii) development of alternative pricing methodologies for recommended alternative benchmarks such as the Secured Overnight Financing Rate (“ SOFR ”)~~ . **Legal** ~~SOFR is a measure of the cost of borrowing cash overnight, collateralized by U. S. Treasury securities, and is based on directly observable U. S. Treasury- based repurchase transactions. The March 2022 enactment of the Adjustable Interest Rate (LIBOR) Act and the Federal Reserve’ s proposed implementing regulations established SOFR as the benchmark rate that will automatically apply to agreements that rely on LIBOR and do not have an~~ **and regulatory matters of** ~~alternative contractual fallback benchmark rate. The selected SOFR- based replacement benchmark rates may also apply automatically to contracts with fallback provisions that authorize a particular person to determine the replacement benchmark. The Company adopted SOFR as its preferred benchmark as an~~ **any degree** ~~alternative to LIBOR for use in new contracts beginning on January 1, 2022. At this time, it is still not possible to predict whether these recommendations and proposals will be broadly accepted in the market, whether they will continue to evolve, and what the effect~~ of **significance** ~~their implementation may be on the markets for floating- rate financial instruments. The discontinuation of LIBOR~~ could result in ~~disputes with customers~~ **significant costs and diversion of** ~~or~~ **our efforts could have a material adverse effect on our financial condition and operating results. As disclosed in Part I, Item 3, “ Legal Proceedings, ” we currently have ongoing proceedings. If we settle these claims or the litigation is not resolved in our favor, we could suffer reputational damage, incur legal costs, and settlements or judgments that may exceed amounts covered by our existing insurance policies. We cannot provide assurances that our insurer will cover all legal costs, settlements or judgments we incur. If we are not successful in defending ourselves from these claims, or if our insurer does not cover the full amount of legal costs we incur, the outcome could materially adversely affect our business, results of operations and financial condition. Furthermore, adverse determinations in such matters could result in actions by our regulators that could materially adversely affect our business, financial condition or results of operations. There can be no assurance that** other ~~counterparties~~ **proceedings** , **which may have a material** ~~changes to the Company’ s risk exposures (for example, if the anticipated discontinuation of LIBOR adversely~~ -- **adverse** ~~affects~~ - **effect** ~~the availability or cost of floating- rate funding and, therefore, the Company’ s exposure to fluctuations in interest rates), or otherwise result in losses~~ on ~~a product or~~ **our business, results** ~~having to pay more or receive less on securities that the Company has issued or owns. A substantial portion of the Company’ s on- and off~~ - **of operations or** ~~- balance sheet~~ financial ~~instruments~~ **condition will not** ~~are~~ **arise in** ~~indexed to LIBOR, including interest rate swap agreements and other~~ -- **the near** ~~contracts used for~~ - **or** ~~hedging and trading account purposes, loans to commercial customers and consumers (including mortgage loans and other loans), and~~ long- term ~~borrowings~~ **future** . ~~In addition, such~~ **Loss of key employees could disrupt relationships with** ~~uncertainty~~ ---- **certain customers. Our customer relationships are crucial to the success of our business, and the loss of key employees with significant customer relationships could lead to the loss of business if the customers were to follow that employee to a competitor. While we believe our relationships with key personnel are strong, we cannot guarantee that all of our key personnel will remain with us, which** could result in **the** ~~pricing volatility and increased capital requirements,~~ loss of ~~market~~ **some customers, which may have a negative impact on our business, financial condition, and results of operations. Mergers, acquisitions and dispositions involve numerous risks and uncertainties. The Company has in the past and may in the future pursue mergers, acquisitions and disposition opportunities involving financial institutions and financial services companies. Mergers, acquisitions and dispositions involve a number of risks and challenges. Acquisition related risks include the expenses involved; potential diversion of management’ s attention from other strategic matters; integration of branches and operations acquired; outflow of customers from the acquired branches; retention of personnel from acquired companies or branches; competing effectively in geographic areas not previously served; managing growth resulting from the transaction; and dilution in the acquirer' s book and tangible book value per** share **. The Company continually looks to optimize its branch network and real estate. The disposition of branches or business operations could result** in ~~certain products,~~ **the loss of some customers or unanticipated costs related to deconversion and transfer. Such dispositions may have an unanticipated** adverse ~~tax or accounting impacts~~ - **impact on** ~~, and compliance, legal and operational~~ **operations** ~~costs and risks~~ **, earnings or liquidity** . Net interest income is the Company' s largest source of income. Changes in interest rates can affect the amount of interest we receive on loans and investments and the amount of interest we pay on deposits and borrowings, which may affect our net interest margins and other elements of net income. The Company’ s interest rate sensitivity is discussed in more detail in Item 7A of this report and is the primary market risk to its condition and operations. Changes in interest rates can also affect the demand for the Company’ s products and services, supply conditions in the U. S. financial and capital markets, loan prepayments, the Company’ s ability to originate ~~real estate~~ loans, the value of its assets, its ability to realize gains from the sale of assets, and loan delinquencies and defaults, all of which ultimately affect earnings. Changes in interest rates may also affect the market value of the Company’ s investment securities portfolio, which may affect the level and ~~adequate~~ **adequacy** of its regulatory capital. During 2022 **and 2023** , in response to accelerated inflation, the Federal Reserve implemented monetary tightening policies, resulting in significantly increased interest rates. ~~The Federal Reserve has signaled that further tightening is anticipated~~ . If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore earnings, could be adversely affected. In a rising rate environment, demand for loans may decrease and loans with adjustable interest rates are more likely to experience a higher rate of default. ~~Additionally~~ **Conversely** , **if the interest rates received on loans and**

other investments decline faster than rates paid on deposits and other borrowings, our net interest income, and therefore earnings, could be similarly adversely affected. ~~changes~~ **Changes** in interest rates also affect the fair value of the securities portfolio. Generally, the value of securities moves inversely with changes in interest rates. ~~Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings.~~ In addition, in a ~~falling~~ rate ~~environment or the recent pandemic- related~~ environment where the Federal Reserve held the federal reference rate near 0. 00 %, **accelerated** ~~loans~~ - **loan repayments** may ~~be prepaid sooner than we expect, which could~~ result in a delay between when we receive the prepayment and when we are able to redeploy the funds into new interest- earning assets **,** and in a decrease in the amount of interest income we are able to earn on those assets. Any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations. Also, our interest rate risk modeling techniques and assumptions likely may not fully predict or capture the impact of actual interest rate changes on our balance sheet. **Liquidity is essential to the Company' s business and a lack of liquidity could adversely affect the Company' s financial condition and results of operations. Liquidity is essential to the Company' s business. The Company relies on its ability to generate deposits and effectively manage the repayment of its liabilities to ensure that there is adequate liquidity to fund operations. An inability to raise funds through deposits, borrowings, the sale and maturities of loans and securities and other sources could have a substantial negative effect on liquidity. The Company' s most important source of funds is its deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk adjusted return, which are strongly influenced by such external factors as the direction of interest rates, local and national economic conditions and the availability and attractiveness of alternative investments. Further, the demand for deposits may be reduced due to a variety of factors such as negative trends in the banking sector, the level of and / or composition of our uninsured deposits, demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the Federal Reserve or regulatory actions that decrease customer access to particular products. If customers move money out of bank deposits and into other investments such as money market funds, the Company would lose a relatively low- cost source of funds, which would increase its funding costs and reduce net interest income. Any changes made to the rates offered on deposits to remain competitive with other financial institutions may also adversely affect profitability and liquidity. Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities and / or loans, brokered deposits, borrowings from the FHLB and / or and the Federal Reserve Bank of Boston discount window, and unsecured borrowings. The Company also may borrow funds from third- party lenders, such as other financial institutions. The Company' s access to funding sources in amounts adequate to finance or capitalize its activities, or on terms that are acceptable, could be impaired by factors that affect the Company directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry, a decrease in the level of the Company' s business activity as a result of a downturn in markets or by one or more adverse regulatory actions against the Company or the financial sector in general. Any decline in available funding could adversely impact the Company' s ability to originate loans, invest in securities, meet expenses, or to fulfill obligations such as meeting deposit withdrawal demands, any of which could have a material adverse impact on its liquidity, business, financial condition and results of operations. Bank failures and stresses may lead to negative depositor confidence in depository institutions. Systemic impacts may have a material adverse effect on our financial condition and results of operations and stock price. In 2023, several large banks failed due to deposit runs. These banks also had elevated levels of uninsured deposits, which may be less likely to remain at the bank over time and less stable as a source of funding than insured deposits. These failures led to volatility and declines in the market for bank stocks and questions about depositor confidence in depository institutions. In 2024, elevated commercial real estate losses at a large bank led to industry stock price declines. Recent events have led to a greater focus by institutions, investors and regulators on the on- balance sheet liquidity of and funding sources for financial institutions, the composition of its deposits, including the amount of uninsured deposits, the amount of accumulated other comprehensive loss, capital levels and interest rate risk management. Impacts on our liquidity, deposits, capital levels and interest rate risk may have a material adverse effect on our financial condition and results of operations. The premiums of the FDIC' s deposit insurance program are subject to increases based on claims on the fund related to bank failures. Banking regulators have signaled further review of regulatory requirements and the potential for changes to laws or regulations governing banks and bank holding companies. Changes resulting from these events could include increased regulatory oversight, higher capital requirements or changes in the way regulatory capital is calculated, and the impositions of additional restrictions through regulatory changes or supervisory or enforcement activities, each of which could have a material impact on our business. The Company' s Wholesale Funding Sources May Prove Insufficient to Replace Deposits at Maturity and Support Operations and Future Growth.** The Company must maintain sufficient funds to respond to the needs of depositors and borrowers. As a part of its liquidity management, the Company uses a number of funding sources in addition to deposit growth and cash flows from loans and investments. These sources include Federal Home Loan Bank advances, **issuance of Brokered CDs,** proceeds from the sale of loans, and liquidity resources at the holding company. The Company **'** ~~uses brokered deposits both to support ongoing growth and to provide enhanced deposit insurance to support large dollar commercial relationships. The Company'~~ s financial flexibility will be severely constrained if the Company is unable to maintain access to wholesale funding or if adequate financing is not available to accommodate future growth at acceptable costs. Turbulence in the capital and credit markets may adversely affect liquidity and financial condition and the willingness of certain counterparties and customers to do business with the Company. **The Company' s Ability to Service Our Debt, Pay Dividends, and Otherwise Pay Obligations as They Come Due Is Substantially Dependent on Capital Distributions from the Bank, and**

These Distributions Are Subject to Regulatory Limits and Other Restrictions. The Company' s Stock Repurchase Program is also Dependent on These Distributions. A substantial source of holding company income is the receipt of dividends from the Bank, from which the Company services debt, ~~pay~~ **pays** obligations, and ~~pay~~ **pays** shareholder dividends. The availability of dividends from the Bank is limited by various statutes and regulations. It is possible, depending upon the financial condition of the Bank and other factors, that the applicable regulatory authorities could assert that payment of dividends **from the Bank to the Company** or other types of payments are **considered** an unsafe or unsound practice. If the Bank is unable to pay dividends, the Company may not be able to service debt, pay debt obligations, or pay dividends on its common stock. The Company may also be unable to repurchase common stock under ~~its~~ **a then outstanding** ~~Stock~~ **stock** ~~Repurchase~~ **repurchase** ~~Program~~ **program** . In addition to being affected by interest rates, the secondary mortgage markets are also subject to investor demand for residential mortgage loans and increased investor yield requirements for these loans. These conditions may fluctuate or worsen in the future. As a result, a prolonged period of secondary market illiquidity may reduce the Company' s loan production volumes and operating results. Secondary markets are significantly affected by Fannie Mae, Freddie Mac and Ginnie Mae (collectively, the " Agencies ") for loan purchases that meet their conforming loan requirements. These agencies could limit purchases of conforming loans due to capital constraints, a change in the criteria for conforming loans or other factors. Proposals to reform mortgage finance could affect the role of the Agencies and the market for conforming loans which comprise the majority of the Company' s mortgage lending and related originations income. **Changes in interest rates can also affect the demand for the Company' s products and services, supply conditions in the U. S. financial and capital markets, loan prepayments, the Company' s ability to originate real estate loans, the value of its assets, its ability to realize gains from the sale of assets, and loan delinquencies and defaults, all of which ultimately affect earnings. Changes in interest rates may also affect the market value of the Company' s investment securities portfolio, which may affect the level and adequate of its regulatory capital. During 2022 and 2023, in response to accelerated inflation, the Federal Reserve implemented monetary tightening policies, resulting in significantly increased interest rates. The Federal Reserve has signaled that further tightening is anticipated. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore earnings, could be adversely affected. In a rising rate environment, demand for loans may decrease and loans with adjustable interest rates are more likely to experience a higher rate of default. Additionally, changes in interest rates also affect the fair value of the securities portfolio. Generally, the value of securities moves inversely with changes in interest rates. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings. In addition, in a falling rate environment or the recent pandemic- related environment where the Federal Reserve held the federal reference rate near 0. 00 %, loans may be prepaid sooner than we expect, which could result in a delay between when we receive the prepayment and when we are able to redeploy the funds into new interest- earning assets and in a decrease in the amount of interest income we are able to earn on those assets.** Securities Market Values Declines in the value of investment securities due to market conditions and / or issuer impairment could result in losses that can reduce capital and earnings. Such declines can result from changes in interest rates and inflation. The Company' s investment in equity securities and non- investment grade **or unrated** debt securities present heightened credit and price risks. Under ~~new~~ **applicable** accounting standards, equity gains and losses are recorded to current period operating results. The Company has an investment in the stock of the Federal Home Loan Bank of Boston (" FHLBB") which could result in write- down in the event of impairment. New federal or state laws and regulations could affect lending, funding practices, capital, and liquidity standards. New laws, regulations, and other regulatory changes may also increase compliance costs and affect business and operations. Moreover, the FDIC sets the cost of FDIC insurance premiums, which can affect profitability. Regulatory capital requirements and their impact on the Company may change. The Company may need to raise additional capital in the future to support operations and continued growth. The Company' s ability to raise capital, if needed, will depend on its condition and performance, and on market conditions. New laws, regulations, and other regulatory changes, along with negative developments in the financial industry and the domestic and international credit markets, may significantly affect the markets in which the Company does business, the markets for and value of its loans and investments, and ongoing operations, costs and profitability. For more information, see " Regulation and Supervision " in Item 1 of this report. With total assets over $ 10 billion, the Company and the Bank are subject to closer supervision by their primary regulators and, as to compliance with consumer protection laws and regulations, the Consumer Financial Protection Bureau. The Company and the Bank are subject to capital stress testing expectations which require significant resources and infrastructure. If the Company' s compliance with the enhanced supervision and requirements is insufficient, there can be significant negative consequences for its operations, profitability, and ability to further pursue its strategic growth plan. Provisions in the Company' s certificate of incorporation and bylaws, the corporate law of the State of Delaware, and state and federal regulations could delay, defer or prevent a third party from acquiring us, despite the possible benefit stockholders, or otherwise adversely affect the price of its common stock. These provisions include: limitations on voting rights of beneficial owners of more than 10 percent of common stock; supermajority voting requirements for certain business combinations; the election of directors to terms of one year; and advance notice requirements for nominations for election to the Company' s Board of Directors and for proposing matters that stockholders may act on at stockholder meetings. In addition, the Company is subject to Delaware laws, including one that prohibits engaging in a business combination with any interested stockholder for a period of three years from the date the person became an interested stockholder unless certain conditions are met. These provisions may discourage potential takeover attempts, discourage bids for the Company' s common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, its common stock. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors other than the candidates nominated by the Board **. Changes in tax laws and accounting**

policies and practices. We are subject to income taxes and complex tax regimes in the United States. We cannot predict future changes in the tax regulations that we are subject to, and any changes could have a material impact on our tax liability or result in increased costs of our tax compliance obligations. Additionally, from time to time, the regulatory agencies and other authoritative bodies, such as the Financial Accounting Standards Board (" FASB"), change the financial accounting and reporting standards that govern the preparation of the Company' s financial statements. These changes can be hard to predict and can materially impact how management records and reports the Company' s financial condition and results of operations . Various Factors May Cause our Allowance for Credit Losses on Loans to Increase. The Company has an allowance for current expected credit losses on loans maintained through a provision for credit losses charged to expense. This represents our estimate of current expected credit losses based on an evaluation of risks within the portfolio of loans. The level of the allowance represents management' s estimate of current expected credit losses over the contractual life of the existing loan portfolio. The determination of the appropriate level of the allowance inherently involves a degree of subjectivity and requires that we make significant estimates of current credit risks and current trends and reasonable and supportable forecasts of future economic conditions, all of which may undergo frequent and material changes. Changes in economic and other conditions affecting borrowers, including inflation and interest rates, along with new information regarding existing loans other factors, may indicate the need for a future increase in the allowance. The Company uses fair value measurements to determine fair value disclosures and to record fair value adjustments to certain assets and liabilities, such as interest rate swaps, ~~impaired loans,~~ securities available for sale, and derivatives. Additionally, from time to time, the Company may be required to record certain assets at fair value on a non- recurring basis, such as ~~certain impaired~~ **individually evaluated** loans held for investment and capitalized servicing rights. Whenever there is no readily available market data, management uses its best estimate and assumptions in determining fair value, but these estimates involve inherent uncertainties and the application of management' s judgment. As a result, if other assumptions had been used, our recorded earnings or disclosures could have been materially different from those reflected in these financial statements. The level of interest and trading in the Company' s stock depends on many factors beyond the Company' s control. The market price of the Company' s common stock may be highly volatile and subject to wide fluctuations in response to numerous factors, including, but not limited to, the factors discussed in other risk factors and the following: actual or anticipated fluctuations in operating results; changes in interest rates and inflation; changes in the legal or regulatory environment; press releases, announcements or publicity relating to the Company or its competitors or relating to trends in its industry; changes in expectations as to future financial performance, including financial estimates or recommendations by securities analysts and investors; future sales of its common stock; changes in economic conditions in the marketplace, general conditions in the U. S. economy, financial markets or the banking industry; and other developments. These factors may adversely affect the trading price of the Company' s common stock, regardless of actual operating performance, and could prevent stockholders from selling their common stock at a desirable price. In the past, stockholders have brought securities class action litigation against a company following periods of volatility in the market price of their securities. The Company could be the target of similar litigation in the future, which could result in substantial costs and divert management' s attention and resources. ~~37~~