

## Risk Factors Comparison 2025-03-07 to 2024-03-08 Form: 10-K

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

An investment in the Company involves risk, which could be substantial. Market, liquidity, credit, operational, legal, compliance, reputational and strategic risks are inherent in our business. The material risks and uncertainties that management believes affect the Company are described below. Any of the following risks could affect the Company's financial condition and results of operations and could be material and / or adverse in nature. You should consider all of the following risks together with all of the other information in this Annual Report on Form 10-K. Economic and Market Conditions Risk Our financial condition and results of operations have been adversely affected, and in the future may be adversely affected, by the U. S. and international financial market and economic conditions. We have been, and in the future may be, affected by general business and economic conditions in the U. S. and, to a lesser extent, abroad. These conditions include short- term and long- term interest rates, inflation, money supply, political issues, legislative and regulatory changes, fluctuations in both debt and equity capital markets, broad trends in industry and finance, unemployment, investor confidence and customer deposit behavior, all of which are beyond our control. These conditions can change suddenly and negatively. For example, ~~economic concerns were heightened during~~ **changes in these conditions caused by** the COVID- 19 pandemic ~~from early 2020 through 2022~~, **geopolitical events such as Russia's invasion in Ukraine, and inflation adversely affected our business in prior periods**. In addition, ~~bank failures in March and April of 2023 prompted by sudden and significant withdrawals of deposits at the failing banks resulted in significant volatility in the stock prices of certain financial services institutions. Volatility due to failures of other banks or general uncertainty regarding the health of banks may affect customer deposit behavior and cause deposit withdrawals~~, **even if we are not experiencing** ~~Other~~ **the same uncertainty.** ~~future~~ **Future** changes in any of these conditions, **whether related to** including as a result of the COVID- 19 pandemic, **geopolitical** ~~the war in Ukraine, conflict in the Middle East~~, the threat or occurrence of a U. S. sovereign default or government shutdown, a downgrade, or perceived future downgrade, in the U. S. sovereign credit rating or outlook, disruptions in the financial services industry or other future events that we are unable to predict, could result in increases in loan delinquencies and non- performing assets, decreases in loan collateral values, the value of our investment portfolio and demand for our products and services or otherwise adversely affect our financial condition or results of operations. In addition, volatility and uncertainty related to inflation and its effects, ~~which could potentially contribute to poor economic conditions~~, may contribute to or enhance some of the risks described in this section. For example, higher inflation **has in the past reduced, and** could **in the future** reduce demand for our products, adversely affect the creditworthiness of our borrowers or result in lower values for our interest- earning assets and investment securities. ~~Higher inflation could also lead to higher interest rates, which could negatively affect our performance. See "Fluctuations in market interest rates have in the past adversely affected, and may in the future adversely affect, our performance" below.~~ Any of these effects, or others that we are not able to predict, could adversely affect our financial condition or results of operations. Fluctuations in market interest rates have in the past adversely affected, and may in the future adversely affect, our performance. Our profitability depends to a large extent upon our net interest income, which is the difference between interest income earned from loans and investments and the interest expense paid on deposits and borrowings. Net interest income is our largest source of revenue and can be affected significantly by changes in market interest rates, including in the shape of the yield curve or in spreads between different market interest rates, as well as by changes related to inflation. In particular, changes in relative interest rates may reduce our net interest income as the difference between interest income and interest expense decreases. As a result, we have adopted asset and liability management policies to minimize the potential adverse effects of changes in interest rates on net interest income, primarily by altering the mix and maturity of loans, investments and funding sources. See Item 7. "Management's Discussion and Analysis — Risk Management Policies — Interest Rate Risk" for additional information regarding the Company's asset and liability management policies and practices, as well as its interest rate risk position, including assumptions used in determining such, as of December 31, ~~2023~~ **2024**. There is risk that any change in interest rates could negatively affect our results of operations or financial condition. Because market interest rates may change by differing magnitudes and at different times, significant changes in interest rates over an extended period of time could reduce overall net interest income. In response to inflation, the Federal Reserve raised targeted Effective Federal Funds Rate **throughout** significantly during 2022 and through July 2023, **and** to a target range of 5.25% — 5.5%. The sharp increase in **2024 began to lower** interest rates. **The Federal Reserve Board may continue to lower** has resulted in a prolonged inverted yield curve, where short- term interest rates exceed long **during 2025 in response to economic conditions. Longer**- term interest rates. ~~These increased interest rates negatively affected our results of operations during 2022 and 2023 by decreasing net interest income, while volatile and therefore decreasing revenue and net income.~~ The increased interest rates also contributed in 2022 and 2023 to losses in our investment portfolio, including realized and unrealized losses in the AFS portfolio and unrealized losses in the HTM portfolio, a \$1.8 million charge-off of a Signature Bank corporate bond in 2023, slowing residential and commercial loan production, and may negatively impact our borrowers' ability to repay their current loan obligations, though we have **remained elevated** not yet seen any material degradation in our credit quality. These conditions may continue or worsen if the Federal Reserve continues to hold interest rates at the current level or raise interest rates in response to inflationary pressures or other economic conditions. Volatility in interest rates can also result in customer deposits flowing away from financial institutions into direct investments. ~~Direct investments, such as United States government and corporate securities and other investment vehicles (including money market mutual funds), generally pay higher rates of return than financial institutions because of the absence of federal insurance premiums,~~ and a prolonged high- interest rate

environment may cause the Bank to experience increased deposit migration. This may cause the Bank to lose some of its low-cost deposit funding or could adversely affect the Bank's operations and liquidity. Customers may also continue to move non-interest-bearing deposits into interest-bearing accounts, thereby increasing our overall deposit costs. Higher funding costs may continue to reduce our net interest margin and net interest income. **Volatility in interest rates can also result in customer deposits flowing away from financial institutions into direct investments. Direct investments, such as U. S. government and corporate securities and other investment vehicles (including money market mutual funds), generally pay higher rates of return than financial institutions because of the absence of federal insurance premiums, and a prolonged high-interest rate environment may cause the Bank to experience increased deposit migration. This may cause the Bank to lose some of its low-cost deposit funding or could adversely affect the Bank's operations and liquidity. Customers may also continue to move non-interest-bearing deposits into interest-bearing accounts, thereby increasing our overall deposit costs. Higher funding costs may continue to reduce our net interest margin and net interest income. Changes in U. S. trade policies, including the imposition of tariffs and retaliatory tariffs, may adversely affect our business, financial condition and results of operations. There has been recent significant change to U. S. trade policies, including tariffs affecting China, Canada and Mexico and there continues to be significant discussion regarding other potential changes to U. S. trade policies, treaties and tariffs, including the potential for additional tariffs. In addition, retaliatory tariffs have been imposed and additional retaliatory tariffs are likely. Tariffs, retaliatory tariffs or other trade restrictions on products and materials that our customers import or export could cause the prices of our customers' products to increase, which could reduce demand for such products. Any of these effects could adversely affect the ability of our customers to pay their loans. For example, tariffs on Canadian imports could negatively affect a number of industries in Maine, and therefore our customers. In addition, if prices of consumer goods increase materially due to tariffs or other trade policy, the ability of individual households to pay their mortgages and other debt may be affected negatively. If our borrowers are unable to pay their loans, it would adversely affect our financial condition and results of operations. At this time, we are unable to predict whether and to what extent additional or higher tariffs or retaliatory tariffs will be imposed. This uncertainty complicates business planning for our customers in certain industries, and any resulting changes in our customers' spending and borrowing patterns in response to this uncertainty could have an adverse effect on our business and results of operations.** We could be adversely affected by the actions or commercial soundness, strength or stability of other financial institutions. Actual or perceived issues with, or rumors or questions about, one or more financial institutions, or the financial services industry more generally, have led to, and may in the future lead to, market-wide liquidity problems; rapid and significant deposit withdrawals at certain banks, particularly those with elevated levels of uninsured deposits; losses or defaults by certain institutions, up to and including failures of certain banks; and significant volatility in the stock of financial services institutions. In addition, our ability to engage in routine funding and settlement transactions could be adversely affected by any of these events or by other events that affect the commercial soundness of other financial institutions. Failures of one or more banks that are unrelated to the Bank may in the future increase the Bank's deposit insurance assessments, and customers and others may seek to make comparisons between failed or failing banks and the Bank, which, even if unfounded, can spread quickly through social media or other online channels. Such comparisons could affect customer confidence in the Bank and lead to deposit withdrawals or other negative effects we are unable to predict, any of which could materially and negatively affect our results of operations and financial condition. Financial services institutions are interrelated as a result of trading, clearing, counterparty and other relationships. We maintain a diversified securities portfolio and have exposure to many different counterparties, and we routinely execute transactions with counterparties in the financial **services industry**, including brokers and dealers, other commercial banks, investment banks, mutual and hedge funds, and other financial institutions. As a result, defaults by, or even rumors or questions about, the soundness, strength or stability of one or more financial services institutions, or the financial services industry generally, could lead to losses or defaults by us or by other institutions and organizations. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. Furthermore, our credit risk may be exacerbated when the collateral held by us cannot be liquidated or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to us. Any such losses could materially and adversely affect our results of operations. In addition, ~~if although we believe that we have adequately reviewed our investment securities for the need for an allowance for credit losses or impairment, over time, the economic and market environment may provide additional insight regarding the fair value of certain securities, which could change our judgment regarding the need for an allowance for credit losses or impairment.~~ If a counterparty should default, become insolvent, declare bankruptcy, or otherwise cease to exist, the value of our investment **securities** may be impaired. This could result in provision for credit losses or realized losses being charged against future income. Given the significant judgments involved, there is risk that material provisions may be recorded to establish an allowance for credit losses resulting in realized losses. ~~In 2023, we fully wrote-off a \$ 1. 8 million Signature Bank corporate bond, as Signature Bank failed in March 2023, and we recognized the charge-off through provisions for credit losses on our investment securities portfolio.~~ Camden National Wealth Management may be negatively affected by changes in economic and market conditions. A substantial portion of income from fiduciary services is dependent on the market value of wealth management assets under management, which are primarily marketable securities. Changes in domestic and foreign economic conditions, volatility in financial markets, and general trends in business and finance, all of which are beyond our control, could adversely impact the market value of these assets and the fee revenues derived from the management of these assets. Continued market volatility has impacted, and may in the future impact, our business and the value of our common stock. Our business performance and the trading price of shares of our common stock have in the past, and may in the future be, affected by many factors **affecting financial institutions**, including volatility in the credit, mortgage and housing markets, fluctuations in interest rates (including in response to inflation), the markets for securities relating to mortgages or housing, and the value of debt and mortgage-backed and other securities that we hold in our investment

portfolio. Government action and legislation may also impact us and the value of our common stock. We cannot predict what impact, if any, future volatility will have on our business or share price ~~and for these and other reasons our shares of common stock may trade at a price lower than that at which they were purchased~~. In addition, the value of securities, derivatives and other financial instruments which we own can be affected materially by market volatility. Volatility, illiquid market conditions or other disruptions in the financial markets may make it difficult to value certain financial instruments. Valuations of financial instruments in future periods may result in significant changes in the value of financial instruments we own. At the time of any disposition of such financial instruments, the price that we realize will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could cause a decline in the value of financial instruments that we own, which may have an adverse effect on our results of operations. In addition, losses in the value of our investment securities or loan portfolio could affect market perception of us and create volatility in our stock price. Losses in the value of our investment securities, even if they do not affect earnings or capital, could also cause some depositors, particularly those who maintain uninsured and uncollateralized deposits, to question the stability of the Bank and to move their deposits away from the Bank. Such events could negatively affect our liquidity, financial condition and results of operations.

**Credit Risk and Lending Business Risk** Our loans are concentrated in certain areas of **Maine-Northern New England** and adverse conditions in those markets could adversely affect our operations. ~~We~~ **Prior to 2025, we** primarily serve ~~served~~ individuals and businesses located in the state of Maine, with 68 % of our loan portfolio concentrated among borrowers in Maine as of December 31, ~~2023~~ **2024**, with higher concentrations of exposure in Cumberland, Kennebec, Knox and York counties. ~~Further~~ **Although our loan portfolio became more geographically diverse following our acquisition of Northway, our loan portfolio remains significantly concentrated among Northern New England borrowers, with over 50 % still located in Maine.** ~~because~~ **Because** a substantial portion of the loan portfolio is secured by real estate in this area, the value of the associated collateral is also subject to regional real estate market conditions. Adverse economic, political or business developments or natural hazards, the severity and frequency of which are increasing as a result of climate change, may affect these areas and the ability of property owners in these areas to make payments of principal and interest on the underlying mortgages. If these regions experience adverse economic, political or business conditions, such as prolonged elevated inflation and interest rates, or if they experience a pandemic or similar event, ~~such as occurred during the COVID-19 pandemic,~~ **we likely** would likely ~~experience~~ higher rates of loss and delinquency on these loans than if the loans were more geographically diverse. In addition, adverse economic, political or other events may affect certain industries in our markets more than others. For example, the COVID- 19 pandemic ~~and the resulting restrictions on individuals and economic activity~~ adversely affected hospitality, transportation and commercial real estate industries in Maine. Negative effects on those industries could result in higher rates of loss and delinquency on our loans, which could have a material, adverse effect on our financial condition or results of operations. Our loan portfolio includes commercial real estate and commercial loans, which are generally riskier than other types of loans. At December 31, ~~2023~~ **2024**, our commercial real estate and commercial loan portfolios comprised 51 % of our total loan balances. Commercial loans generally carry larger loan balances and involve a higher risk of nonpayment or late payment than residential mortgage loans. Commercial loans may lack standardized terms and may include a balloon payment feature. The ability of a borrower to make or refinance a balloon payment may be affected by a number of factors, including the financial condition of the borrower, prevailing economic conditions and prevailing interest rates, and rising interest rates may make it more difficult or impossible for borrowers to refinance maturing loans. Repayment of these loans is generally more dependent on the economy and the successful operation of a business. High vacancy rates in commercial properties ~~, including higher vacancy rates experienced during and after the COVID-19 pandemic~~ have affected, and in the future may affect, the value of commercial real estate, including by causing the value of properties securing commercial real estate loans to be less than the amounts owed on such loans. Because of the risks associated with commercial loans, we may experience higher rates of default, and other risks described above may be more pronounced, than if the portfolio were more heavily weighted toward residential mortgage loans. Higher rates of default or other events could cause us to experience higher credit losses or could otherwise have an adverse effect on our financial condition and results of operations. Refer to “ — Financial Condition — Loans ” for additional information regarding concentrations within our commercial loan portfolio. Risks of higher credit losses and other risks described above that could result from adverse economic or other events affecting any industry within our commercial loan portfolio may be exacerbated by industry concentrations within the commercial loan portfolio. If our allowance for credit losses for loans is not adequate to cover actual loan losses, our earnings could decrease. We make various assumptions and judgments about the collectability of our loan portfolio and provide an allowance for credit losses for these loans (herein referred to as the “ allowance for loan losses ”) based on a number of factors. The level of the allowance for loan losses reflects management’ s continuing evaluation of industry concentrations, specific credit risks, credit loss experience, current loan portfolio quality, current economic trends and conditions, reasonable and supportable forecasts about the future, changes in competitive, legal, and regulatory conditions, and unidentified losses inherent in the current loan portfolio ~~—On a monthly basis, management reviews the allowance for loan losses to assess recent asset quality trends and impact on the Company’ s financial condition. On a quarterly basis, the allowance for loan losses is reviewed and approved at the Company’ s Audit Committee, and later reviewed and ratified by the Bank’ s Board of Directors.~~ Determination of the allowance for loan losses is inherently subjective because it requires significant estimates and management judgment of credit risks and future trends, which are subject to material changes. If our assumptions are incorrect, the allowance for loan losses may not be sufficient to cover the losses we could experience, which would have an adverse effect on operating results, and may also cause us to increase the allowance for loan losses in the future. Deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, changes in accounting principles, and other factors, both within and outside our control, may require an increase in the allowance for loan losses. In addition, bank regulators periodically review our allowance for loan losses and may require us to increase our provisions for credit losses or

recognize further loan charge-offs. Any increase in our allowance for loan losses or loan charge-offs as required by regulatory authorities could have a material adverse effect on our consolidated results of operations and financial condition. If additional amounts are provided to the allowance for credit losses, our earnings could decrease. Prepayments of loans may negatively impact our business. Generally, our customers may prepay the principal amount of their outstanding loans at any time, frequently without financial penalty to the borrower. The speeds at which such prepayments occur, as well as the size of such prepayments, are within our customers' discretion. Fluctuations in interest rates, in certain circumstances, may also lead to high levels of loan prepayments. If customers prepay the principal amount of their loans, and we are unable to lend those funds to other borrowers or invest the funds at the same or higher interest rates, interest income will be reduced. A significant reduction in interest income could have a negative impact on our results of operations and financial condition.

**Competitive and Strategic Risk** We experience strong competition within our industry and markets, which may impact our profitability and adversely affect the price of our common stock. Competition in the banking and financial services industry is strong. In our market areas, we compete for loans, deposits and other financial products and services with large financial companies, local independent banks, thrift institutions, savings institutions, mortgage brokerage firms, credit unions, finance companies, mutual funds, insurance companies, brokerage and investment banking firms, and other financial intermediaries that offer similar services. Some of these competitors have substantially greater resources and lending limits than those of the Bank and may offer services that the Bank does not or cannot provide. Some of our non-bank competitors are not subject to the same extensive regulations we are, and, as a result, may be able to compete more effectively for business. In particular, the activity of non-bank lenders and other financial technology companies ("fintechs") has grown significantly over recent years and is expected to continue to grow. Fintechs have offered and may continue to offer bank or bank-like products. For example, a number of fintechs have applied for, and in some cases received, bank or industrial loan charters. In addition, other fintechs have partnered with existing banks to allow them to offer deposit and loan products to their customers. Regulatory changes may also make it easier for fintechs to partner with banks and offer deposit products, or increase the regulation ability of fintechs to compete through the use of non-banking products such as cryptocurrency raised the asset thresholds at which more onerous regulatory requirements apply, which could cause certain large bank holding companies with less than \$ 250 billion in total consolidated assets, which were previously subject to more stringent enhanced prudential standards, to become more competitive or alternative payment systems to pursue expansion more aggressively. There is also increased competition by out-of-market competitors through online and mobile channels. Our long-term success depends on our ability to compete successfully with other financial institutions and fintechs. Because we maintain a smaller staff and have fewer financial and other resources than larger institutions with which we compete, we may be limited in our ability to attract customers. If we are unable to attract and retain customers, we may be unable to achieve growth in the loan and core deposit portfolios, and our results of operations and financial condition may be negatively affected. In addition, return on shareholders' equity and other measures of profitability, which affect the market price of our common stock, depend in part on continued growth and expansion. The ability to generate internal growth is affected by the competitive factors described herein as well as by the primarily rural characteristics and related demographic features of the markets we serve. If we are unable to compete or grow effectively in our markets, it could adversely affect our business and the price of our common stock. Market changes may adversely affect pricing of, and demand for, our services and impact results of operations. Channels for servicing our customers are evolving rapidly, with less reliance on traditional branches, more use of online and mobile banking, and increased demand for universal bankers and other relationship managers who can service multiple product lines. We compete with larger providers that are rapidly evolving their service offerings, thereby escalating the costs of evolving the Bank's efforts to keep pace. We have a process for evaluating the profitability of our branches and other office and operational facilities. The identification of unprofitable operations and facilities can lead to restructuring charges and introduce the risk of disruptions to revenues and customer relationships. In addition, our success depends, in part, on our ability to adapt products and services to changing industry standards. There is increasing pressure to provide products and services at lower prices. Lower prices can reduce our net interest margin and revenues from fee-based products and services. The adoption of new or emerging technologies, such as blockchain and artificial intelligence, or further developments in current technologies may require us to make substantial expenditures to modify or adapt our existing products and services to remain competitive. These and other capital investments in our businesses may not produce expected growth in earnings anticipated at the time of the expenditure. We might not be successful in developing or introducing new products and services, adapting to changing customer preferences and spending and saving habits (which may be altered significantly and suddenly), achieving market acceptance of our products and services, or sufficiently developing and maintaining loyal customer relationships.

**Sustainability-related topics as well as companies' actions and initiatives on such issues, have received significant attention from a wide range of stakeholders. The U. S. federal government, U. S. states and certain other countries and regions have adopted or are considering legislation, regulation or policies on these topics. Compliance with such laws, regulations or policies, including any that may be adopted in the future, could, among other things, increase the costs of operating our businesses, reduce the demand for our products and services and impact the prices we charge our customers, any or all of which could adversely affect our results of operations. In addition, policymakers in some jurisdictions have adopted or proposed laws, regulations and policies that diverge from, or potentially conflict with, those in other jurisdictions. Failure to comply with any legislation, regulation or policy, including as a result of making good faith interpretations that may differ from those taken by enforcement authorities in relevant jurisdictions, could potentially result in substantial fines, criminal sanctions, reputational harm or operational changes. Moreover, our customers, stockholders, employees and other stakeholders have diverse expectations, demands and perspective on these topics, which are continuing to evolve. We may not be able to meet the diverse expectations and demands of all our stakeholders, which could harm our reputation, reduce customer demand for our products and services, and subject us to legal and operational risks.** Camden National Wealth Management faces intense competition in

attracting and retaining clients. Due to strong competition, Camden National Wealth Management may not be able to attract and retain clients at current levels. Competition is strong as there are numerous well-established and successful investment management and wealth advisory firms including commercial banks and trust companies, investment advisory firms, mutual fund companies, stock brokerage firms, and other financial companies. Our ability to attract and retain wealth management clients is dependent upon our ability to compete with competitors' investment products, level of investment performance, client services, and marketing and distribution capabilities. If we are not successful, our results of operations and financial condition may be negatively affected. The Company faces competition in pursuing acquisition opportunities, may not be able to identify attractive acquisition targets or may not be able to complete future acquisitions. In pursuing acquisition opportunities, we may be in competition with other companies having similar growth strategies, including banks, bank holding companies, mutual banks and mutual holding companies. In addition, economic conditions may impede our ability to identify or acquire acquisition candidates. In particular, current market conditions have resulted in large unrealized losses in the investment portfolios at many banking organizations. If we were to acquire such an organization, any such losses would be recognized, thereby impeding our ability to complete an acquisition on acceptable terms. Furthermore, a number of banks in our markets or neighboring markets are organized as mutual banks and may not be interested in a transaction with a counterparty that is not organized in the same manner, such as the Company. These and other economic factors or competition for these acquisitions could result in increased acquisition prices and a lack of attractive acquisition opportunities. As a result, we may not be able to identify or acquire acquisition candidates. In addition, we generally must receive federal regulatory approval before we can acquire a bank or bank holding company. Our ability to pursue or complete an attractive acquisition could be negatively affected by regulatory delay or other regulatory issues. We cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. If we commit certain regulatory violations, including those that result in a downgrade in certain of our bank regulatory ratings, we may not be able to pursue future acquisitions for a period of time, or governmental authorities could preclude us from doing so even if we were otherwise able. **Completed acquisitions may not produce the expected results, may result in unforeseen integration difficulties and may dilute shareholders' interests. There can be no assurance that we will realize the anticipated positive results of any acquisition we complete, such as our recently completed acquisition of Northway, including results related to expected revenue increases, cost savings, increases in geographic or product presence or other projected benefits. We may incur substantial expenses related to acquisitions and integration of acquired companies. Successful integration of an acquired company may present challenges due to differences in systems, operations, policies and procedures, management teams and corporate cultures and may be more costly or difficult to complete than anticipated or have unanticipated adverse results. Integration efforts could divert management's attention and resources, which could adversely affect our operations or results. Integration efforts could result in higher than expected customer loss, deposit attrition, loss of key employees, issues with systems and technology, disruption of our businesses or the businesses of the acquired company, or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve anticipated benefits of the acquisition. We issued additional shares of our common stock as consideration for our acquisition of Northway, which diluted our shareholders' ownership interests. Other future acquisitions may be material to us, and we may issue additional shares of our common stock to pay for those acquisitions, which would further dilute current shareholders' ownership interests.**

Liquidity Risk Our cost of funds has increased and may in the future increase further as a result of loss of deposits, a change in deposit mix or changes in interest rates. Deposits are a low cost, stable source of funding. We compete with banks, other financial institutions and fintechs for deposits. ~~Recent increases~~ **Increases** in short-term interest rates ~~have~~ **throughout 2022 and 2023** ~~resulted in and are expected to continue to result~~ in more intense competition in deposit pricing. Competition and increasing interest rates ~~have~~ caused us to increase the interest rates we pay on deposits. **Although the Federal Reserve began to lower short-term interest rates in 2024, competition for deposits remains elevated.** In addition, a loss in the value of our investment or loan portfolio, perceived concerns regarding our or the Bank's capital position or perceived concerns regarding the level of the Bank's uninsured and uncollateralized deposits could cause rapid and significant deposit outflows. Funding costs may increase further if we lose deposits and are forced to replace them with more expensive sources of funding, if clients shift their deposits into higher cost products or if we need to continue to raise interest rates to avoid losing deposits. Higher funding costs reduce our net interest margin, net interest income and net income. If we were to experience a significant outflow of deposits, we may face significantly increased funding costs, suffer significant losses and have a significantly reduced ability to raise new capital. As of December 31, ~~2023~~ **2024**, brokered deposits made up ~~2-4~~ % of our total deposits. We have utilized and will continue to utilize brokered deposits when it is a more cost effective source of funding compared to alternative funding sources. Should we become less than well-capitalized under the prompt corrective action framework, our use of brokered deposits may be limited, which could result in the use of more costly funding sources that would reduce our net interest margin, net interest income and net income. See "Supervision and Regulation — Capital Adequacy and Safety and Soundness — Prompt Corrective Action" and "Supervision and Regulations — Regulation of the Bank — Brokered Deposits" for additional information on the prompt corrective action framework and the regulation of brokered deposits. Wholesale funding sources may prove insufficient to replace deposits and support our operations and future growth. The Company and the Bank must maintain sufficient funds to respond to the needs of depositors and borrowers. To manage liquidity, we draw upon a number of funding sources in addition to core deposit growth and repayments and maturities of loans and investments. These sources include brokered deposits, borrowings through the Federal Home Loan Bank of Boston ("FHLBB") and correspondent banks, proceeds from the sale of investments and loans, and liquidity resources at the holding company. Our ability to manage liquidity will be severely constrained if we are unable to maintain access to funding or if adequate financing is not available to accommodate future growth at acceptable costs, or if there are unforeseen outflows of cash or collateral, such as that seen by certain ~~financial institutions during 2020 when corporate customers drew on revolving credit facilities at a historic pace in response to COVID-~~

~~19 or by certain~~ banks that experienced large and sudden outflows of deposits in 2023. In addition, if we are required to rely more heavily on more expensive funding sources to support future growth, our revenues may not increase proportionately to cover our costs. In this case, operating margins and profitability would be adversely affected. Turbulence in the capital and credit markets may adversely affect our liquidity and financial condition and the willingness of certain counterparties and customers to do business with us. We could lose access to sources of liquidity if we were to experience financial or regulatory issues. We rely on sources of liquidity provided by the Federal Reserve, such as the Federal Reserve discount window and other liquidity facilities that the Federal Reserve may establish from time to time, as well as liquidity provided by FHLBB. To access these sources of liquidity, the Federal Reserve or FHLBB may impose conditions that we and the Bank are in sound financial condition (as determined by the Federal Reserve or FHLBB) or that we and the Bank maintain minimum supervisory ratings. If we or the Bank were to experience financial or regulatory issues, it could affect our or the Bank's ability to access liquidity facilities, including at times when we or the Bank needs additional liquidity for the operation of its business. If we or the Bank were to lose access to these liquidity sources, it could have a material adverse effect on our operations and financial condition. In addition, ~~recent~~ bank failures **during 2023** led to significant volatility in the financial services industry and to liquidity problems at certain institutions. Although governmental support was provided in connection with ~~recent~~ **the 2023** bank failures, including the FDIC's invoking the systemic risk exception to guarantee uninsured deposits, there can be no guarantee that the FDIC will invoke the systemic risk exception in connection with any future bank failures or that the government would otherwise take any action to provide liquidity to troubled institutions. Further, even if governmental support for financial institutions is available in the future, it may not be sufficient to address systemic risks. We are a holding company and dependent upon our subsidiary for dividends, distributions and other payments to meet our liquidity needs. We are a legal entity separate and distinct from our direct and indirect subsidiaries. Our revenue (on a parent- only basis) is derived primarily from interest and dividends paid to us by the Bank. Our right, and consequently the right of our shareholders, to participate in any distribution of the assets or earnings of the Bank through the payment of such dividends or otherwise is necessarily subject to the prior claims of creditors of the Bank (including depositors), except to the extent that certain claims of us in a creditor capacity may be recognized. Holders of our common stock are entitled to receive dividends only when, and if declared by our Board of Directors. Although we have historically declared cash dividends on our common stock, we are not required to do so and our Board of Directors may reduce or eliminate our common stock dividend in the future. The FRB has authority to prohibit bank holding companies from paying dividends if such payment is deemed to be an unsafe or unsound practice. Additionally, the OCC has the authority to use its enforcement powers to prohibit a bank from paying dividends if, in its opinion, the payment of dividends would constitute an unsafe or unsound practice. Further, as a bank holding company, we are required inform and consult with FRB supervisory staff prior to declaring and paying a dividend that exceeds earnings for the period for which the dividend is being paid. If we experience losses in a series of consecutive quarters, we may be required to inform and consult with the FRB supervisory staff prior to declaring or paying any dividends. In this event, there can be no assurance that the FRB will approve the payment of such dividends. Our ability to pay dividends would also be restricted under current regulatory capital rules if we do not maintain a capital conservation buffer. A reduction or elimination of dividends could adversely affect the market price of our common stock. See Item 1. "Business — Supervision and Regulation — Dividend Restrictions" and "Business — Supervision and Regulation — Regulatory Capital Requirements." Regulatory and Legal Risk Our banking business is highly regulated, and we may be adversely affected by changes in law and regulation. We are subject to regulation and supervision by the FRB, and the Bank is subject to regulation and supervision by the OCC and the FDIC, as well as regulations issued by the CFPB. Federal laws and regulations govern numerous matters affecting us, including changes in the ownership or control of banks and bank holding companies, maintenance of adequate capital and the financial condition of a financial institution, permissible types, amounts and terms of extensions of credit and investments, permissible non- banking activities, the level of reserves against deposits and restrictions on dividend payments. The OCC possesses the power to issue cease and desist orders to prevent or remedy unsafe or unsound practices or violations of law by banks subject to their regulation, and the FRB possesses similar powers with respect to bank holding companies. These and other restrictions limit the manner in which we may conduct business and obtain financing. Our business is highly regulated and the laws, rules, regulations, and supervisory guidance and policies applicable to us are subject to regular modification and change, and there have been significant revisions to the laws and regulations applicable to banks and bank holding companies that have been enacted or proposed in recent years. We expect that we will remain subject to extensive regulation and supervision, and that the level of regulatory scrutiny may fluctuate over time, based on numerous factors, including changes in the U. S. presidential administration or one or both houses of Congress and public sentiment regarding financial institutions (which can be influenced by scandals and other incidents that involve participants in the industry). In particular, **recent changes in national political leadership** ~~fee revenues from non- sufficient funds, overdraft protection and other bank fees have been,~~ **introduced uncertainty into the direction and timing of any future regulation. Although and- an may continue to be** **overall reduction in the regulation of the financial services sector could result in some operational and cost benefits**, **subject any potential new regulations or changes to existing regulations and supervisory expectations may necessitate changes to our existing regulatory compliance and risk management programs. New regulations and changes to existing regulations and supervisory expectations have** increased scrutiny. For example, **and may** the OCC has in the **future increase** ~~past discussed options to reform national bank overdraft practices that,~~ **our costs over time** if implemented, could impose significant restrictions on a national bank's ability to charge overdraft protection fees. In addition, **changes to statutes, regulations or** the CFPB recently proposed a rule that would significantly alter the regulatory **policies** framework applicable to overdraft fees imposed by financial institutions with \$ 10 billion or more in total assets, **or** including by imposing significant limits on the **their interpretation** amount of overdraft fees a financial institution would be permitted to charge. Although the proposed rule would not apply to the Bank, the CFPB has indicated that it may consider changes to regulations applicable to smaller institutions such as the Bank. Formal rules or

guidance to implement such restrictions have not been proposed, but the implementation of any such restrictions, and / or regulatory practices, requirements or expectations, could adversely affect us in substantial and / or unpredictable ways results of operations. In addition, particular, the potential effects of Biden Administration has called on all regulatory agencies to reduce or eliminate certain fees relating to a number of proposed regulations on us remain uncertain due to legal challenges services, including banking services. At the same time, the CFPB launched an initiative to reduce the recent amounts and types of fees financial institutions may charge. Such changes could affect our ability or willingness to provide certain products or services, necessitate changes to our business practices or reduce our revenues. Further, recent events in the banking industry, including three the U. S. presidential administration high-profile bank failures in 2023, and control of the U. S. Senate, which could results result of in changing federal or state regulatory priorities investigations into the failures could result in increased regulatory scrutiny and heightened regulatory requirements, any of which could require us to expend significant time and effort to implement appropriate compliance procedures or to incur other expenses, and could negatively affect our financial condition or results of operations. We are unable to predict the form or nature of any future changes to statutes or regulation, including the interpretation or implementation thereof. Changes to statutes, regulations, or regulatory policies, including changes in interpretation or implementation of statutes, regulations, or policies, have and could in the future subject us to additional costs, limit the types of financial services and products we may offer, and / or increase the ability of non- banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations, policies or supervisory guidance could result in enforcement and other legal actions by federal or state authorities, including criminal and civil penalties, the loss of FDIC insurance, revocation of a banking charter, other sanctions by regulatory agencies, civil money penalties, and / or reputational damage, which could have a material adverse effect on our business, financial condition, and results of operations. See Item 1., “Business — Supervision and Regulation.” We may become involved in lawsuits and legal proceedings that may lead to adverse consequences. As a participant in the financial services industry, many aspects of the Company’s business involve substantial risk of legal liability. For example, banking organizations have been subject to claims regarding patent infringement or other violations of intellectual property rights in recent years which, in some cases, have resulted in large judgments against the banks. From time to time, we are named or threatened to be named as defendants in various lawsuits, including class actions, arising from our business activities. In addition, when other financial institutions receive adverse judgments in litigation or agree to settlements, that may encourage plaintiffs and their attorneys to bring and maintain claims, including class actions, against other financial institutions, including the Company. There is no assurance that litigation with private parties will not increase in the future. Future actions against us may result in judgments, settlements, fines, penalties or other results adverse to us, which could materially adversely affect our business, financial condition or results of operations, or cause serious reputational harm to us. Although In addition, the scope of insurance coverage we maintain insurance, the scope of this coverage may not provide us with full, or even partial, coverage in any particular case. As a result, a judgment against us in any such litigation and / or legal costs incurred in defending us against such litigation could have a material adverse effect on our financial condition and results of operation. We may incur fines, penalties and other negative consequences from regulatory violations, possibly even inadvertent or unintentional violations. The financial services industry is subject to intense scrutiny from bank supervisors in the examination process and aggressive enforcement of federal and state regulations, particularly with respect to mortgage- related practices and other consumer compliance matters, and compliance with AML, BSA and OFAC regulations, and economic sanctions against certain foreign countries and nationals. Enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. In addition, some legal / regulatory frameworks provide for the imposition of fines or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though there were systems and procedures designed to ensure compliance in place at the time. There have been a number of significant enforcement actions in recent years by regulators, state attorneys general and the Department of Justice against banks and other non- bank financial institutions with respect to AML and sanctions laws, and some have resulted in substantial penalties including criminal pleas. Although the Company and the Bank have adopted policies and procedures designed to comply with these laws, any failure to comply with these laws and other regulations, or to maintain an adequate compliance program, could result in significant fines, penalties, lawsuits, regulatory sanctions, reputational damage, or restrictions on our business. We are subject to numerous laws designed to meet the credit needs of low- and moderate- income communities and to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions. The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose community investment and nondiscriminatory lending requirements on financial institutions. The FRB, OCC, CFPB, the Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution’s performance under the Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act or other fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions, restrictions on expansion and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution’s performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition and results of operations. We are required to maintain sufficient capital and adequate liquidity. As a banking organization, our capital and liquidity are subject to regulation and supervision by banking regulators. We are required to maintain minimum levels of capital. In addition, our banking regulators could require us to maintain more and higher quality capital than previously expected. Our banking regulators could also require us to hold higher levels of short-term investments, thereby limiting our ability to invest in longer- term or less liquid assets at higher yields. The need to maintain capital and liquidity could result in our being required to take steps to increase our regulatory capital and may dilute shareholder value or limit our ability to pay dividends or otherwise return capital to our investors through stock repurchases. In addition, if

we fail to maintain appropriate levels of capital or liquidity, we could become subject to formal or informal enforcement actions that may impose restrictions on our business, including limiting our lending activities or our ability to expand, requiring us to raise additional capital (which may be dilutive to shareholders) or requiring regulatory approval to pay dividends or otherwise return capital to shareholders. See Item 1. “ Business- Supervision and Regulation- Regulatory Capital Requirements ” for additional information on capital requirements applicable to us and the Bank. Operational and Business Risk Damage to our reputation could significantly harm our business. We are dependent on our reputation within our market area, as a trusted and responsible financial company, for all aspects of our relationships with customers, employees, vendors, third- party service providers and others with whom we conduct business or potential future business, particularly because our business is primarily concentrated in certain areas of **Maine-Northern New England** . Our actual or perceived failure to (i) identify and address potential conflicts of interest, ethical issues, money- laundering, or privacy issues; (ii) meet legal and regulatory requirements applicable to the Bank and to the Company; (iii) maintain the privacy of customer and accompanying personal information; (iv) maintain adequate record keeping; (v) engage in proper sales and trading practices; and (vi) identify the legal, reputational, credit, liquidity and market risks inherent in our products; or any action of one of our employees that results in actual or perceived misconduct or error, among other things, could give rise to reputational risk that could cause harm to the Bank and our business prospects. If we fail to address any of these issues in an appropriate manner, we could be subject to additional legal risks, which, in turn, could increase the size and number of litigation claims and damages asserted or subject us to enforcement actions, fines and penalties and cause us to incur related costs and expenses. Because we primarily serve individuals and businesses located in Maine **and New Hampshire**, any negative impact resulting from reputational harm, including any impact on our ability to attract and retain customers and employees, likely would be greater than if our business were more geographically diverse. Moreover, the advent and expansion of social media creates the potential for rapid and widespread dissemination of information, including inaccurate, misleading, or false information, that could damage our reputation and affect our ability to attract and retain customers and employees. We may incur significant losses as a result of ineffective risk management processes and strategies. We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application may not be effective and may not anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes. Market conditions over the last several years ~~, including those resulting from the COVID-19 pandemic,~~ have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk. If our risk and control framework, or the assumptions underlying our framework, prove ineffective, we may not be able to mitigate our risk exposures effectively, and, as a result, we could incur litigation, negative regulatory consequences, reputational damage or other adverse consequences, and we could suffer unexpected losses that may affect our business, financial condition or results of operations. Our business may be adversely affected if we are unable to attract and retain qualified employees. ~~The Company’s employees are its most important resource, and in many areas of the financial services industry, competition~~ **Competition** for qualified personnel is intense **in many areas of the financial services industry** . If the Company provides inadequate succession planning, or is unable to continue to retain and attract qualified employees, this could result in a material adverse effect on the Company’s performance, including its competitive position. ~~COVID-19 had significant effects on labor and employment, including heightened pressures on employers to increase compensation and provide work-from-home and other flexible working arrangements. Since the COVID-19 pandemic, employees have shifted their focus to expectations that extend beyond compensation, including better work-life balance, improved advancement opportunities and improved training, and many businesses, including us, have experienced higher rates of turnover as a result of such changes. Our ability to compete successfully for talent has been and may continue to be affected by our ability to adapt quickly to such shifts in employee focus, and there is no assurance that these developments will not cause increased turnover or impede our ability to retain and attract qualified employees.~~ We could be held responsible for environmental liabilities of properties we acquired through foreclosure. In the course of business, we may acquire, through foreclosure, properties securing loans originated or purchased that are in default. Particularly in commercial real estate lending, there is a risk that material environmental violations could be discovered on these properties. In this event, we might be required to remedy these violations at the affected properties at our sole cost and expense. The cost of remedial action could substantially exceed the value of affected properties. We may not have adequate remedies against the prior owner or other responsible parties and could find it difficult or impossible to sell the affected properties. These events could have an adverse effect on our financial condition and results of operations. Systems failures, interruptions or breaches of security concerning our information base, including the information we maintain relating to our customers, could have an adverse effect on our financial condition and results of operations. In the ordinary course of business, we rely on electronic communications and information systems to conduct our business and to store sensitive data, including financial information regarding customers. We are subject to certain operational risks, including, but not limited to, data processing system failures and errors, inadequate or failed internal processes, human error, customer or employee fraud, cyberattacks, hacking, identity theft and catastrophic failures resulting from terrorist acts or natural disasters. We depend upon data processing, software, communication, and information exchange on a variety of computing platforms and networks and over the internet, and we rely on the services of a variety of vendors to meet our data processing and communication needs. **We** ~~Despite instituted safeguards, we~~ cannot be certain that all of our systems are entirely free from vulnerability to attack or other technological difficulties or failures. If information security is breached or other technology difficulties or failures occur, information may be lost or misappropriated, services and operations may be interrupted and we could be exposed to claims from customers. A cybersecurity breach or cyberattack could persist for an extended period before being detected and could result in theft of sensitive data or disruption of our transaction processing systems. **Any** ~~While we maintain a system of internal controls~~

and procedures, any of these results could have a material adverse effect on our reputation, business, financial condition, results of operations or liquidity. ~~We regularly assess and test our security systems and disaster preparedness, including back-up systems, but the risks are substantially escalating. As a result, cybersecurity and the continued enhancement of our controls and processes to protect our systems, data and networks from attacks, unauthorized access or significant damage remain a priority. We have expended substantial resources to protect our systems, and may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures in our computer systems and networks, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through insurance maintained by us. Any such losses, which may be difficult to detect, could adversely affect our financial condition or results of operations. In addition, the occurrence of such a loss could expose the Company and the Bank to reputational risk, the loss of customers and additional regulatory scrutiny.~~ We are subject to a variety of cybersecurity risks that, if realized, could adversely affect our business, financial condition and results of operations. Information security risks for financial institutions such as the Company and the Bank are significant due to the use of online, telephone and mobile banking channels by customers and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties. Third parties with whom we or our customers do business also present operational and information security risks to us. We see an increasing trend of cyberattacks targeting providers in the financial services industry, as well as increased security breaches or failures of their own systems. Our operations rely on the secure processing, transmission and storage of confidential information in our computer systems and networks. Our businesses rely on our digital technologies, computer and email systems, software, and networks to conduct their operations. As our reliance on technology systems increases, the potential risks of technology-related interruptions in our operations or the occurrence of cyber incidents also increases. Our technologies, systems, networks and our customers' devices are periodically the target of cyberattacks, and may be the target of future cyberattacks, including through the introduction of computer viruses, and / or malicious code, or by means of phishing attacks, social engineering or other information security breaches. Malicious actors may also attempt to fraudulently induce employees, customers or other users of our systems to disclose sensitive information, including passwords and other identifying information, in order to gain access to data or our systems. In recent years, there have been several well-publicized attacks on various companies, including in the financial services industry, and personal, proprietary, and public e-mail systems in which the perpetrators gained unauthorized access to confidential information and customer data, often through the introduction of computer viruses or malware, cyberattacks, phishing, social engineering or other means. Even if not directed at the Company or the Bank specifically, attacks on other entities with whom we do business or on whom we otherwise rely or attacks on financial or other institutions important to the overall functioning of the financial system could adversely affect, directly or indirectly, aspects of our business. Information security risks continue to increase, in part because of the proliferation of new technologies, **including artificial intelligence ("AI")**, ongoing work-from-home arrangements, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties, some of which may be linked to terrorist organizations or hostile foreign governments. ~~As We have expended substantial resources to protect our systems and, as~~ **As We have expended substantial resources to protect our systems and, as** cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our systems or to investigate and remediate vulnerabilities. System enhancements and updates may also create risks associated with implementing and integrating new systems. Due to the complexity and interconnectedness of information technology systems, the process of enhancing our systems can itself create a risk of systems disruptions and security issues. ~~Although~~ **Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges and could result in significant costs to remediate or replace the defective components. In addition,** ~~we believe we have appropriate information security controls may incur significant training, licensing, maintenance, consulting and amortization expenses during and after systems implementations, and any such costs may continue for and- an~~ **we believe we have appropriate information security controls may incur significant training, licensing, maintenance, consulting and amortization expenses during and after systems implementations, and any such costs may continue for and- an** procedures, ~~we extended period of time. We~~ may not be able to anticipate, detect, or implement effective preventative measures against all potential threats, particularly because the techniques used by cyber criminals change frequently, often are not recognized until launched and can be initiated from a variety of sources. In addition, a cybersecurity breach or cyberattack could persist for an extended period before being detected, which could exacerbate the harmful effects of a successful cyberattack. If one or more of the events described above occurs, this could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our customers' confidential, proprietary and other information, the theft of customer assets through fraudulent transactions or disruption of our or our customers' or other third parties' business operations, which could result in legal or regulatory action, significant losses, increased compliance costs or reputational damage, any of which could adversely affect our business, financial condition or results of operations. Because the investigation of any information security breach is inherently unpredictable and would require substantial time to complete, the Company may not be able to quickly remediate the consequences of any breach, which may increase the costs, and enhance the negative consequences associated with a breach. In addition, to the extent the Company's insurance covers aspects of any breach, such insurance may not be sufficient to cover all of the Company's losses. As cybersecurity and data privacy risks for banking organizations and other financial institutions have significantly increased in recent years, cybersecurity and data privacy issues have become the subject of increasing legislative and regulatory focus. We could be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified such that we are required to alter our systems or are required to change our business practices or privacy policies. If cybersecurity, data privacy, data protection, data transfer or data retention laws are implemented, interpreted or applied in a manner inconsistent with our current practices, we may be subject to fines, litigation or regulatory enforcement actions or ordered to change our business practices, policies or systems in a manner that adversely affects our results of operations. We must adapt to information technology changes in the financial services industry, which could present operational issues, require significant capital spending, or impact our reputation. The financial services industry is constantly undergoing technological

changes, with frequent introductions of new technology- driven products and services. ~~We invest significant resources in information technology system enhancements in order to provide functionality and security at an appropriate level. The effective use of technology increases efficiency and enables financial institutions to better serve customers and reduce costs.~~ Our future success will depend, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. **To compete effectively, the Company may use new and evolving technologies, including AI and machine learning, to help improve its customer service, marketing, and products or to automate certain business decisions or risk management practices, such as fraud identification.** We may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to our customers. Failure to successfully implement and integrate future system enhancements could adversely impact the ability to provide timely and accurate financial information in compliance with legal and regulatory requirements, which could result in sanctions from regulatory authorities. Such sanctions could include fines and suspension of trading in our stock, among others. In addition, future system enhancements could have higher than expected costs and / or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations. ~~Failure~~ **Furthermore, legal and regulatory requirements relating to properly utilize system enhancements that new technologies such as AI are evolving rapidly, implemented in the future could result in impairment charges that adversely impact our financial condition and the inability results of operations and could result in significant costs to remediate predict how this regulation will take shape and the absence of a uniform regulatory framework or for AI** replace the defective components. In addition, we may **present unforeseen challenges in applying** incur significant training, licensing, maintenance, consulting and amortization **relying on existing compliance systems. Complying with such requirements could increase** expenses during and after systems implementations, and any such costs may continue for an **and extended period of time exposure to legal or regulatory proceedings** . We rely on other companies to provide key components of our business infrastructure. Third - party vendors provide key components of our business infrastructure such as internet connections, network access and core application processing. ~~While we have selected these third party vendors carefully, we do not control their actions.~~ Any problems caused by these third parties, including as a result of their not providing us their services for any reason or their performing their services poorly, could adversely affect our ability to deliver products and services to our customers or otherwise conduct our business efficiently and effectively. Replacing these third party vendors could also entail significant delay and expense. Third parties with which we do business could also be sources of information security risk to us, including from breakdowns, systems failures or cyber threats through their systems to our systems. Any of these occurrences could impact our ability to operate our business, or cause financial loss, potential liability to clients, reputational damage or regulatory consequences, any of which could have a material adverse effect on our financial condition or results of operations. Our operations and financial performance could be adversely affected by natural disasters, and climate change may exacerbate those risks and create compliance, strategic, reputational and other risks. Our business, as well as the operations and activities of our customers, could be negatively affected by climate change. Climate change presents both immediate and long- term risks to us and our customers and these risks are expected to increase over time. Climate change presents several risks, including (i) operational risk from the physical effects of climate events on our facilities and other assets, on our vendors' facilities and on our customers' assets, including real estate pledged as collateral for our loans; and (ii) transitional risks, including new or more stringent regulatory requirements and potential effects on our reputation and / or changes in our business as a result of our climate change practices, our carbon footprint and our business relationships with customers who operate in carbon- intensive industries. Natural disasters can disrupt our operations, result in damage to our properties, reduce or destroy the value of the collateral for our loans and negatively affect the economies in which we operate, which could have a material adverse effect on our results of operations and financial condition. A significant natural disaster, such as a tornado, hurricane, earthquake, fire or flood, could have a material adverse impact on our ability to conduct business (including as a result of damage to our own facilities or systems or to the facilities or systems of third- party vendors on which we rely), and our insurance coverage may be insufficient to compensate for losses that may occur. Because we primarily serve individuals and businesses located in ~~Maine~~ **Northern New England** , a natural disaster likely would have a greater impact on our business, operations and financial condition than if our business were more geographically diverse. Both the frequency and severity of some kinds of natural disasters, including wildfires, flooding, tornadoes and hurricanes, have increased, and we expect will continue to increase, as a result of climate change. In addition, long- term shifts in the climate, including altered distribution and intensity of rainfall, rising sea levels and a rising heat index, negatively affect our ability to predict the effects of natural disasters accurately. Climate change may result in reduced availability of insurance for our borrowers, including insurance that protects property pledged as collateral, or disrupt their operations, which could increase our credit risk by diminishing borrowers' repayment capacity or collateral values. ~~Efforts~~ **To the extent the U. S. continues** to transition to a low- carbon economy could result, **related risks may arise from changes in new consumer preferences, technologies, public policies and legal and / or more stringent regulatory requirements. Federal New laws and state banking regulators regulations and supervisory authorities could result in significant costs as the we implement compliance, investors disclosure and other programs** stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their customers, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. Ongoing legislative or regulatory uncertainties and changes regarding climate risk management and practices may result in higher regulatory, compliance, credit and reputational risks and costs, and failure ~~Failure~~ **Failure** to comply with any **new applicable laws or regulations could result in legal or regulatory sanctions and harm to our reputation. Failure to adequately consider transition risks in our operations could lead to a loss of market share, lower revenues, decreased asset values and higher credit costs.** In addition, we may not be able to meet the diverging expectations and priorities of different groups,

including our employees, shareholders and regulators. We could also experience increased expenses resulting from strategic planning, litigation and technology and market changes, to consumer and reputational harm as a result of business preferences or in the attitudes of negative public sentiment, regulators regulatory scrutiny, shareholders and reduced investor and employee confidence due to our response to climate change, may affect the activities in which we engage and the products that we offer, and may require us to adjust our climate change lending portfolios and business strategies strategy. Risks associated with climate change are continuing to evolve rapidly, making it difficult to assess the effects of climate change on our business, and we expect that climate change-related risks will continue to evolve and increase over time. In addition, environmental matters have been the subject of increased focus by regulators, particularly with respect to the accuracy of statements made by issuers regarding their ESG practices, initiatives and investment strategies. The SEC has established an enforcement task force to examine ESG practices and disclosures by public companies and identify inaccurate or misleading statements, often referred to as “greenwashing.” There have been enforcement actions relating to ESG disclosures and policies and procedures failures, and we expect that there will be a greater level of enforcement activity in the future. A perception or accusation of greenwashing could damage our reputation, result in litigation or enforcement actions, or adversely affect our ability to raise capital and attract and retain customers. Acts of terrorism, pandemics and other external events could harm our business. Acts of terrorism, war or other international hostilities, civil unrest, violence or pandemics could cause disruptions to our business or the economy as a whole, such as the disruptions experienced during the COVID-19 pandemic. Any of these events could affect us directly (for example, by interrupting our systems, causing significant damage to our facilities or otherwise preventing us from conducting our ordinary business) or indirectly as a result of effects on our borrowers and other customers or third-party vendors (for example, by damaging property pledged as collateral for our loans). The Company has suffered, and could in the future suffer, adverse consequences to the extent that pandemics, such as the COVID-19 pandemic, terrorist activities, civil unrest, international hostilities, including Russia’s invasion of Ukraine and conflict in the Middle East, or other external events affect the financial markets or the economy in general or in any region in which the Company, or third parties on which the Company relies, operate. For example, the COVID-19 pandemic created economic and financial disruptions that have adversely affected, and may in the future adversely affect, the Company’s business, financial condition, capital and results of operations. During the COVID-19 pandemic, the Company experienced significant disruptions to its normal operations, including the temporary closing of branches and a sudden increase in the volume of work-from-home arrangements. In addition, the Company was indirectly negatively affected by the pandemic’s effects on the Company’s borrowers and other customers, and by its effects on global financial markets. The COVID-19 pandemic caused, and any future pandemics, terrorist activities, civil unrest or international hostilities, may cause, an increase in delinquencies, bankruptcies or defaults that could result in the Company experiencing higher levels of nonperforming assets, net charge-offs and provisions for credit losses. Depending on the impact of external events current international hostilities on general economic and market conditions, there is a risk that adverse conditions could occur or worsen, including supply chain disruptions; higher inflation; decreased demand for our the Company’s products and services or those of its our borrowers, which could increase credit risk; challenges related to maintaining sufficient qualified personnel due to labor shortages, talent attrition, employee illness, or willingness to return to work; and disruptions to our business operations at or the those of our Company and at counterparties, vendors and other service providers. Our In addition, the escalation or continuation of international hostilities, including the war between Russia and Ukraine and conflict in the Middle East, could result in, among other things, further increased risk of cyberattacks, supply chain disruptions, higher inflation, lower consumer demand and increased volatility in commodity, currency and other financial markets. The Company’s ability to mitigate the adverse consequences of these occurrences is in part dependent on the quality of our the Company’s resiliency planning, and our the Company’s ability, if any, to anticipate the nature of any such event that occurs. The adverse effects of pandemics, terrorist activities, civil unrest, international hostilities or other external events also could be increased to the extent that there is a lack of preparedness on the part of national or regional emergency responders or on the part of other organizations and businesses that we the Company transacts transact with, particularly those that it we depends depend upon, but has have no control over.

**Accounting and Tax Risk** Our financial statements are based in part on assumptions and estimates, which, if wrong, could cause unexpected losses in the future. Pursuant to U. S. generally accepted accounting principles, we are required to use certain assumptions and estimates in preparing our financial statements, including in determining credit loss reserves, reserves related to litigation and the fair value of certain assets and liabilities, among other items. If assumptions or estimates underlying our financial statements are incorrect, we may experience material losses. For additional information, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies Estimates.” We may be required to write down goodwill and other identifiable intangible assets. When we acquire a business, a portion of the purchase price of the acquisition may be allocated to goodwill and other identifiable intangible assets. The excess of the purchase price over the fair value of the net identifiable tangible and intangible assets acquired determines the amount of the purchase price that is allocated to goodwill. At December 31, 2023-2024, our goodwill and other identifiable intangible assets totaled \$ 95.7 million. Under current accounting standards, if we determine goodwill or intangible assets are impaired, we would be required to write down the value of these assets to fair value. We conduct an annual review, or more frequently if events or circumstances warrant such additional review, to determine whether goodwill is impaired. We recently completed our goodwill impairment analysis as of November 30, 2023-2024 and concluded goodwill was not impaired. We conduct a review of our other intangible assets for impairment should events or circumstances warrant such review. There were no triggers for such review for impairment for other intangible assets for the year ended December 31, 2023-2024. We may be required to take an impairment charge in the future. Any impairment charge would have a negative effect on our shareholders’ equity and financial results and may cause a decline in our stock price. On January 2, 2025, we completed the acquisition of Northway. As part of this acquisition, we expect additional goodwill and other intangible assets to be recognized upon completion of

**our purchase accounting, as further described within Note 23 of the consolidated financial statements. The goodwill and intangible assets created from the acquisition of Northway will also be subject to assessment for impairment as described above.**

Changes in accounting standards can be difficult to predict and can materially impact how we record and report our financial condition and results of operations. Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time, the FASB and the SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can be hard to anticipate and implement and can materially impact how we record and report our financial condition and results of operations. For example, the introduction of Accounting Standard Update No. 2016- 13, Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ ASU 2016- 13 ”), as updated, commonly referred to as “ CECL, ” substantially changed how we calculate our allowance for credit losses. Other future changes in accounting standards could materially impact how we report our financial condition, and we cannot predict whether such standards will be adopted or their resultant impact. Changes in tax laws and regulations and differences in interpretation of tax laws and regulations may adversely impact our financial statements. Local, state or federal tax authorities may interpret tax laws and regulations differently than we do and challenge tax positions that we have taken on tax returns. This may result in differences in the treatment of revenues, deductions, credits and / or differences in the timing of these items. The differences in treatment may result in payment of additional taxes, interest or penalties that could have a material adverse effect on our results. In addition, there may be future changes to tax laws, administrative rulings or court decisions that could adversely affect our financial condition, including an increased provision for income taxes and / or reduced net income. We are not able to predict the timing or impact of any changes in local, state or federal tax laws.