Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

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

There are risks inherent in the Company' s business. The material risks and uncertainties that management believes affect the Company are described below. Adverse experience with these could have a material impact on the Company' s financial condition and results of operations. The Risk Committee of the Board of Directors oversees the Company' s efforts to manage risks through actions such as reviewing the Bank' s credit risk, liquidity and interest rate risk, monitoring the quality and risk profile of the Bank' s loan portfolio and credit administration, evaluating the Company' s securities portfolio to ensure that the Company' s objectives related to diversification, asset quality, liquidity, profitability and pledging are met, overseeing the Company' s enterprise risk management functions and overseeing the Company' s information security and cybersecurity functions. Risks Related to the Company' s **BusinessInterest** ~~Business Interest~~ Rate ~~Risk Changes~~ **RiskChanges** in interest rates affect our profitability, assets and liabilities. The Company' s income and cash flow depends to a great extent on the difference between the interest earned on loans and investment securities, and the interest paid on deposits and borrowings. Interest rates are highly sensitive to many factors that are beyond the Company' s control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the FRB. Changes in interest rates, including those driven by changes in monetary policy, could influence not only the interest the Company receives on loans and securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect (1) its ability to originate loans and obtain deposits, which could reduce the amount of fee income generated, (2) the fair value of its financial assets and liabilities, and (3) the average duration of the Company' s various categories of earning assets. Earnings could be adversely affected if the interest rates received on loans and investments fall more quickly than the interest rates paid on deposits and other borrowings. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and investments, the Company' s net interest income could also be adversely affected, which in turn could negatively affect the Company' s earnings. Increases in interest rates would likely cause an increase in the unrealized loss position on certain investments, a decrease in tangible equity, and could negatively affect the Company' s earnings if the need to liquidate these investments arose. Although management believes it has implemented asset and liability management strategies to reduce the potential effects of changes in interest rates on the results of operations, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on the financial condition and ~~results of operations. Reforms to and uncertainty regarding the London Interbank Offered Rate (" LIBOR ") may adversely affect LIBOR-based financial arrangements of the Company. The Company has certain floating- rate commercial loans that determine their applicable interest rate or payment amount by reference to LIBOR. The U. K. Financial Conduct Authority, which regulates LIBOR, has announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. In November 2020, it was announced that the rate would continue to be published through June 2023. However, the FRB has urged banks to make the transition as soon as practicable and that no new contracts should include LIBOR after the original end date of December 31, 2021. In March 2022, the Adjustable Interest Rate (LIBOR) Act (the " LIBOR Act ") was enacted. The LIBOR Act provides a statutory framework to replace U. S. dollar LIBOR with a benchmark rate based on the Secured Overnight Financing Rate (" SOFR ") for contracts governed by U. S. law that have no fallbacks or fallbacks that would require the use of a poll or LIBOR- based rate. Under the LIBOR Act, the FRB must adopt rules to identify the SOFR- based replacement rate and conforming changes for legacy LIBOR- linked contracts. The FRB issued proposed rules in July 2022, which have not yet been finalized. Despite the proximity of the June 2023 cessation date, there remain, however, a number of unknown factors regarding the transition from the LIBORs and / or interest rate benchmark reforms. Uncertainty as to the nature of alternative reference rates, and as to potential changes or other reforms to LIBOR, may adversely affect LIBOR rates and the value of LIBOR- based financial arrangements of the Company. While not expected to be material to the Company due to its insignificant exposure to LIBOR- based loans and financial instruments, the implementation of an alternative index or indices for the Company' s financial arrangements may result in less predictable outcomes, including reduced interest income if the alternative index or indices respond differently to market and other factors, the Company incurring expenses in effecting the transition, may result in reduced loan balances if borrowers do not accept the substitute index or indices and may result in disputes or litigation with customers over the appropriateness or comparability of the alternative index to LIBOR, which could have an adverse effect on the Company' s~~ results of operations. Liquidity RiskThe Company must maintain adequate sources of funding and liquidity to meet regulatory expectations, support its operations and fund outstanding liabilities. The Company' s liquidity and ability to fund and run its business could be materially adversely affected by a variety of conditions and factors, including financial and credit market disruptions and volatility, a lack of market or customer confidence in financial markets in general, or deposit competition based on interest rates, which may result in a loss of customer deposits or outflows of cash or collateral and / or adversely affect the Company' s ability to access capital markets on favorable terms. Other conditions and factors that could materially adversely affect the Company' s liquidity and funding include a lack of market or customer confidence in, or negative news about, the Company or the financial services industry generally which also may result in a loss of deposits and / or negatively affect the Company' s ability to access the capital markets; the loss of customer deposits due to reductions in customer savings rates, increased spending due to inflation, or other factors including shifting to alternative investments; counterparty availability; interest rate fluctuations; general economic conditions; and the legal, regulatory, accounting and tax environments governing the Company' s funding transactions. The possibility of a funding crisis exists at all financial institutions. A funding crisis would most likely result from a shock to the financial system that disrupts orderly short-

term funding operations or from a significant tightening of monetary policy that limits the national money supply. Many of the foregoing conditions and factors may be caused by events over which the Company has little or no control. There can be no assurance that significant disruption and volatility in the financial markets will not occur in the future. Further, the Company' s customers may be adversely impacted by such conditions, which could have a negative impact on the Company' s business, financial condition and results of operations. As a member institution of the FHLB, the Bank is required to maintain a positive tangible equity balance to retain access to the borrowing facilities offered by the FHLB. Management has implemented certain asset and liability management strategies, assessed the Bank' s future earnings capacity and evaluated its capital resources, including its parent Company resources, and believes the likelihood the Bank will be unable to maintain a positive tangible equity balance is low. In the event it became unlikely that the Bank would be able to maintain a positive tangible equity balance, it would either seek an approval from its primary federal regulator to maintain access to its FHLB borrowing facilities or transfer its eligible collateral to the FRB to avoid disruption in its wholesale borrowing capacity. ~~The~~ **16The** Company depends on dividends from ~~BPAS and~~ its banking subsidiary **and BPAS** for cash revenues to support common dividend payments and other uses, but those dividends are subject to restrictions. The ability of the Company to satisfy its obligations and pay cash dividends to its shareholders is primarily dependent on the earnings of and dividends from **its** ~~BPAS and the~~ subsidiary bank **and BPAS** . However, payment of dividends by the bank subsidiary is limited by dividend restrictions and capital requirements imposed by bank regulations. ~~18Credit~~ -- **Credit** and Lending RiskThe allowance for credit losses may be insufficient. The Company' s business depends on the creditworthiness of its customers. The Company reviews the allowance for credit losses quarterly for adequacy considering historical credit loss experience, current loan- specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency levels, risk ratings as well as changes in macroeconomic conditions. **The Company' s allowance for credit losses may fluctuate significantly from period to period due to changes in economic conditions, changes in the composition of the Company' s loan portfolios, changes in historical loss rates and changes in other credit factors, including the level of delinquent loans.** If the Company' s assumptions prove to be incorrect, the Company' s allowance for credit losses may not be sufficient to cover losses inherent in the Company' s loan portfolio, resulting in additions to the allowance. Material additions to the allowance would materially decrease its net income. It is possible that over time the allowance for credit losses will be inadequate to cover credit losses in the portfolio because of unanticipated adverse changes in the economy, market conditions or events adversely affecting specific customers, industries or markets. ~~On January 1, 2020, the Company adopted ASU No. 2016- 13, Financial Instruments – Credit Losses (Topic 326), also referred to as CECL. Under this standard, the Company' s required allowance for credit losses may fluctuate more significantly from period to period due to changes in economic conditions, changes in the composition of the Company' s loan portfolios, changes in historical loss rates and changes in other credit factors, including the level of delinquent loans.~~ Mortgage banking income may experience significant volatility. Mortgage banking income is highly influenced by the level and direction of mortgage interest rates, real estate and refinancing activity and elections made by the Company to sell or retain mortgage production. In lower interest rate environments, the demand for mortgage loans and refinancing activity will tend to increase. Increases in mortgage loan sales would have the effect of increasing fee income, but could adversely impact the estimated fair value of the Company' s mortgage servicing rights as the rate of loan prepayments increase. In higher interest rate environments, the demand for mortgage loans and refinancing activity will generally be lower. Decreases in mortgage loan sales would have the effect of decreasing fee income opportunities **. Conditions in the commercial real estate market could adversely affect the Company' s business. The deterioration of the commercial real estate market across the nation may negatively affect the economies where the Company operates and may result in customers engaged in the commercial real estate having greater difficulties fulfilling their financial responsibilities to the Company. The macroeconomic environment driving these conditions include elevated interest rates and increases in vacancy rates, particularly for office real estate. This could lead to a material adverse effect on the Company' s financial condition and results of operations through resulting increases in the Company' s allowance for credit losses, provision for credit losses and net charge- offs** . Legal, Regulatory, and Compliance RiskThe Company is or may become involved in lawsuits, legal proceedings, information- gathering requests, investigations, and proceedings by governmental agencies or other parties 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. The Company and its subsidiaries have been named or threatened to be named as defendants in various lawsuits arising from its or its subsidiaries' business activities (and in some cases from the activities of acquired companies). In addition, the Company is, or may become, the subject of governmental and self- regulatory agency information- gathering requests, reviews, investigations and proceedings and other forms of regulatory inquiry by, including but not limited to, bank regulatory agencies, the SEC, FINRA, the CFPB, the U. S. Department of Justice, the U. S. Department of Labor, state attorneys general, state insurance regulators and law enforcement authorities. The results of such proceedings could lead to delays in or prohibition to acquire other companies, significant penalties, including monetary penalties, damages, adverse judgments, settlements, fines, injunctions, restrictions on the way in which the Company conducts its business, or reputational harm. ~~Although~~ **17Although** the Company establishes accruals for legal proceedings when information related to the loss contingencies represented by those matters indicates both that a loss is probable and that the amount of loss can be reasonably estimated, the Company does not have accruals for all legal or regulatory proceedings where it faces a risk of loss. In addition, due to the inherent subjectivity of the assessments and unpredictability of the outcome of legal proceedings, amounts accrued may not represent the ultimate loss to the Company from the legal proceedings in question. Thus, the Company' s ultimate losses may be higher than the amounts accrued for legal loss contingencies, which could adversely affect the Company' s financial condition and results of operations. ~~19The~~ -- **The** Company operates in a highly regulated environment and may be adversely affected by changes in laws and regulations or the interpretation and examination of existing laws and regulations. The Company and its subsidiaries are subject to extensive state and federal regulation, supervision and legislation that govern nearly

every aspect of its operations. The Company, as a financial holding company, is subject to regulation by the FRB and its banking subsidiary is subject to regulation by the OCC. These regulations affect deposit and lending practices, capital levels and structure, investment practices, dividend policy, and growth. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of a bank, the classification of assets by a bank, and the adequacy of a bank' s allowance for credit losses. In addition, the non- bank subsidiaries are engaged in providing services including, but not limited to, retirement plan administration, fiduciary services to collective investment funds, investment management and insurance brokerage services, which industries are also heavily regulated at both a state and federal level, including by state banking and insurance agencies, the U. S. Department of Labor and the SEC. Such regulators govern the activities in which the Company and its subsidiaries may engage. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation, interpretation or application, could have a material impact on the Company and its operations. Changes to the regulatory laws governing these businesses could affect the Company' s ability to deliver or expand its services and adversely impact its operating and financial condition. The Dodd- Frank Act, as amended by the Economic Growth Act, instituted major changes to the banking and financial institutions regulatory regimes in the financial services sector. The ongoing effects of the Dodd- Frank Act, as well as continued rule- making and possible future changes to the regulatory requirements, may substantially impact the Company' s and the Bank' s operations. The implications of the Dodd- Frank Act depend to a large extent on the implementation of the legislation by the FRB, the CFPB, and other agencies as well as how market practices and structures change in response to the requirements of such rule making. Changes in regulations could subject the Company, among other things, to additional costs for compliance **, reduced revenues** and limit the types of financial services and products it can offer and / or increase the ability of non- banks to offer competing financial services and products. In addition, under the current administration, regulatory agencies, including the CPFB, have introduced new regulatory initiatives and pursued more aggressive enforcement policies with respect to a range of regulatory compliance matters. New initiatives and proposed rulemaking by such regulatory agencies may significantly limit the types of products the Company may offer and the fees it may charge for its services which may have a material impact on the Company' s fee income. The Company may also be required to add additional compliance personnel or incur other significant compliance- related expenses. The Company' s business, results of operations or competitive position may be adversely affected as a result. The Company is also directly subject to the requirements of entities that set and interpret the accounting standards such as the Financial Accounting Standards Board, and indirectly subject to the actions and interpretations of the Public Company Accounting Oversight Board, which establishes auditing and related professional practice standards for registered public accounting firms and inspects registered firms to assess their compliance with certain laws, rules, and professional standards in public company audits. These regulations, along with the currently existing tax, accounting, securities, insurance, and monetary laws, regulations, rules, standards, policies and interpretations, control the methods by which financial institutions and their holding companies conduct business, engage in strategic and tax planning, implement strategic initiatives, and govern financial reporting. The Company' s failure to comply with laws, regulations or policies could result in civil or criminal sanctions, restrictions to its business model, and money penalties by state and federal agencies, and / or reputation damage, which could have a material adverse effect on the Company' s business, financial condition and results of operations. See " Supervision and Regulation " for more information about the regulations to which the Company is subject. ~~20Basel~~ **18Basel** III capital rules generally require insured depository institutions and their holding companies to hold more capital, which could limit our ability to pay dividends, engage in share repurchases and pay discretionary bonuses. The FRB, the FDIC, and the OCC adopted final rules for the Basel III capital framework which address the regulatory risk- based capital rules applicable to the Company. The capital conservation buffer requirement is 2. 5 % on top of the common Tier 1, Tier 1 and total capital requirements, resulting in a required common Tier 1 equity ratio of 7 %, a Tier 1 ratio of 8. 5 %, and a total capital ratio of 10. 5 %. Failure to satisfy any of these three capital requirements will result in limits on paying dividends, engaging in share repurchases and paying discretionary bonuses. These limitations establish a maximum percentage of eligible retained income that could be utilized for such actions and potentially limit the Company' s ability to pay dividends, engage in share repurchases and pay discretionary bonuses. Increased regulation and stakeholder expectations related to environmental, social, and governance factors could negatively affect our operating results. There is increased public awareness and concern by investors, customers, and governmental and nongovernmental organizations on a variety of environmental, social, and sustainability matters. This increased awareness may include more restrictive or expansive environmental standards, more prescriptive reporting of environmental, social, and governance metrics, and other compliance requirements. In particular, the U. S. government is increasing its focus on climate change issues, including proposed disclosure requirements by the SEC that could result in additional compliance costs. The Company may face increased costs to address and report on these matters, which could have an adverse impact on the Company' s business and financial condition. If the Company is unable to adequately address environmental, social, and governance matters that are of importance to regulators, investors and customers, it could negatively impact the Company' s reputation and the Company' s business results. Operational RiskThe Company continually encounters technological change and the failure to understand and adapt to these changes could have a negative impact on the business. The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology- driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. The Company' s future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in the Company' s operations. Many of the Company' s competitors have substantially greater resources to invest in technological improvements **, including artificial intelligence** . The Company may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to its customers and the costs of this technology may negatively impact the Company' s results of operations. Failure to

successfully keep pace with technological changes affecting the financial services industry could have a material adverse impact on the Company’ s financial condition and results of operations. ~~21The~~ **19The** Company is exposed to fraud in many aspects of the services and products that it provides. The Company offers a wide variety of products and services many of which could be vulnerable to fraud. Although the Company has various processes and controls in place to mitigate fraud, the risk cannot be eliminated and certain exposures are outside the Company’ s control. For example, when account credentials and other access tools are not adequately protected by its customers, risks and potential costs may increase. Fraud or fraudulent attempts may also increase as (a) ~~sales~~ **volumes** of services and products expand, (b) those who are committing fraud adapt their methods to circumvent existing controls, become more sophisticated and more determined, and (c) services and product offerings expand. The foregoing and other factors may cause the Company’ s operational losses to increase as a result. The Company is subject to a variety of operational risks, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, which may adversely affect the Company’ s business and results of operations. The Company is exposed to many types of operational risks, including reputational risk, legal and compliance risk, the risk of fraud or theft by employees or outsiders, unauthorized transactions by employees, ~~or~~ operational errors, ~~including clerical~~ or **a digital** ~~record keeping errors~~ or **cybersecurity event** ~~those resulting from faulty~~ or **breach** ~~disabled computer or telecommunications systems or disclosure of confidential proprietary information of its customers~~ . Negative public opinion can result from actual or alleged conduct in any number of activities, including lending practices, sales practices, customer treatment, corporate governance and acquisitions and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect the Company’ s ability to attract and keep customers and can expose the Company to litigation and regulatory action. Actual or alleged conduct by the Company can result in negative public opinion about its business and financial loss. If personal, nonpublic, confidential, or proprietary information of customers in the Company’ s possession were to be mishandled or misused, the Company could suffer significant regulatory consequences, reputational damage, and financial loss. Such mishandling or misuse could include, for example, if such information were erroneously provided to parties who are not permitted to have the information, either by fault of its systems, employees, or counterparties, or where such information is intercepted or otherwise inappropriately taken by third parties. Because the nature of the financial services business involves a high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. The Company’ s necessary dependence upon automated systems to record and process transactions and the large transaction volumes may further increase the risk that technical flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. Further, the significant value of money managed and administered may result in larger exposures. The Company also may be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control (for example, computer viruses or electrical or telecommunications outages), which may give rise to disruption of service to customers and to financial loss or liability. The Company is further exposed to the risk that external ~~vendors~~ **third party service providers** , including those hosting “ cloud ” computing service, may be unable to fulfill their contractual obligations (or will be subject to the same risk of fraud or operational errors by their respective employees **or other third parties**) and to the risk that business continuity and data security systems prove to be inadequate. The occurrence of any of these risks could result in a diminished ability to operate the Company’ s business, potential liability to clients, reputational damage, and regulatory intervention, which could adversely affect our business, financial condition, and results of operations, perhaps materially. ~~22The~~ **20The** Company’ s information systems may experience an interruption or security breach and expose the Company to additional operational, compliance, cybersecurity and legal risks. The Company relies heavily on existing and emerging communications and information systems to conduct its business. Despite the Company’ s security measures and business continuity plans, the Company and its ~~vendors~~ **third party service providers** may be the subject of sophisticated and targeted attacks intended to obtain unauthorized access to assets or confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, ransomware, phishing attacks, cyber- attacks, or breaches due to errors or malfeasance by employees, contractors and others who have access to or obtain unauthorized access to the Company’ s systems and networks. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and may be difficult to anticipate or to detect for long periods of time. The constantly changing nature of the threats means that the Company may not be able to prevent all data security breaches or misuse of data. Any failure, interruption or breach in security of these systems could result in failures or disruptions in the Company’ s online banking system, its general ledger, and its deposit and loan servicing and origination systems or other systems. Furthermore, if personal, confidential or proprietary information of customers or clients in the Company’ s or ~~vendors~~ **third party service providers** ’ possession were to be mishandled or misused, the Company could suffer significant regulatory consequences, reputational damage and financial loss. Such mishandling or misuse could include circumstances where, for example, such information was erroneously provided to parties who are not permitted to have the information, either by fault of the Company’ s systems, employees, or counterparties, or where such information was intercepted or otherwise inappropriately taken by third parties. The Company has policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of its information systems; however, any such failure, interruption or security breach could adversely affect the Company’ s business and results of operations through loss of assets or by requiring it to expend significant resources to correct the defect, as well as exposing the Company to customer dissatisfaction and civil litigation, regulatory fines or penalties or losses not covered by insurance. Evolving data security and privacy requirements could increase the Company’ s costs and expose it to additional operational, compliance, and legal risks. The Company’ s business requires the secure processing and storage of sensitive information relating to its customers, employees, business partners, and others. However, like any financial institution operating in today’ s digital business environment, the Company is subject to threats to the security of its networks and data, as described above. These threats continue to increase as the frequency, intensity and sophistication of attempted attacks and intrusions increase around the world. In response to these

threats there has been heightened legislative and regulatory focus on data privacy and cybersecurity in the U. S. and internationally ~~and as~~ **. As** a result, the Company must comply with an evolving set of legal requirements in this area, including substantive cybersecurity standards as well as requirements for notifying regulators and affected individuals in the event of a data security incident **, in particular the new SEC cybersecurity disclosure requirements that may require the Company to expend additional costs in the event of a material cybersecurity breach** . This regulatory environment is increasingly challenging and may present material obligations and risks to the Company' s business, including significantly expanded compliance burdens, costs and enforcement risks. The Company relies on third party ~~vendors~~ **service providers** , which could expose the Company to additional cybersecurity risks. Third party ~~vendors~~ **service providers** provide key components of the Company' s business infrastructure, including certain data processing, cloud computing, and information services. On behalf of the Company, third parties may transmit confidential, propriety information. Although the Company requires third party providers to maintain certain levels of information security which are verified through review of documentation collected as part of due diligence and ongoing monitoring of third party providers, such providers may remain vulnerable to breaches, unauthorized access, misuse, computer viruses, or other malicious attacks that could ultimately compromise sensitive information or result in funds being transferred. While the Company may contractually limit liability in connection with attacks against third party providers, the Company remains exposed to the risk of loss associated with such ~~vendors~~ **third party service providers** . In addition, a number of the Company' s ~~vendors~~ **third party service providers** are large national entities with dominant market presence in their respective fields. Their services could prove difficult to replace in a timely manner if a failure or other service interruption were to occur. Failures of certain ~~vendors~~ **third party service providers** to provide contracted services could adversely affect the Company' s ability to deliver products and services to customers and cause the Company to incur significant expense. ~~23The~~ **21The** Company' s ability to attract and retain qualified employees is critical to the success of its business, and failure to do so may have a materially adverse effect on the Company' s performance. The Company' s employees are its most important resource, and in many areas of the financial services industry, competition for qualified personnel is intense and certain of the Company' s competitors have directly targeted its employees, including competitors who are outside of our geographic footprint offering work from home opportunities. The imposition on the Company or its employees of certain existing and proposed restrictions or taxes on executive compensation may adversely affect the Company' s ability to attract and retain qualified senior management and employees. The Company' s business could be adversely impacted by increases in labor costs, including wages and benefits, triggered by regulatory actions regarding wages; increased health care and workers' compensation insurance costs; increased costs of other benefits necessary to attract and retain high quality employees with the right skill sets; and increased wages, benefits and costs related to inflationary and other pressure on wages now being experienced. If the Company provides inadequate succession planning or is unable to continue to retain and attract qualified employees, the Company' s performance, including its competitive position, could have a materially adverse effect. External and Market- Related RiskRegional economic factors may have an adverse impact on the Company' s business. The Company' s main markets are located in the states of New York, Pennsylvania, Vermont and Massachusetts. Most of the Company' s customers are individuals and small and medium- sized businesses which are dependent upon the regional economy. Accordingly, the local economic conditions in these areas have a significant impact on the demand for the Company' s products and services as well as the ability of the Company' s customers to repay loans, the value of the collateral securing loans and the stability of the Company' s deposit funding sources. A prolonged economic downturn in these markets could negatively impact the Company. The financial services industry is highly competitive and creates competitive pressures that could adversely affect the Company' s revenue and profitability. The financial services industry in which the Company operates is highly competitive. The Company competes not only with commercial and other banks and thrifts, but also with insurance companies, mutual funds, hedge funds, securities brokerage firms and other companies offering financial services in the U. S., globally and over the Internet. The Company competes on the basis of several factors, including capital, access to capital, revenue generation, quality customer service, products, services, transaction execution, innovation, reputation and price. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have been acquired by or merged into other firms. These developments could result in the Company' s competitors gaining greater capital and other resources, such as a broader range of products and services and geographic diversity. The Company may experience pricing pressures **and experience deposit outflows** as a result of these factors and as some of its competitors seek to increase market share by reducing prices or paying higher rates of interest on deposits. Finally, technological change is influencing how individuals and firms conduct their financial affairs and changing the delivery channels for financial services, with the result that the Company may have to contend with a broader range of competitors including many that are not located within the geographic footprint of its banking office network. The Company may be adversely affected by the soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. The Company has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry. Many of these transactions expose the Company to credit risk in the event of a default by a counterparty or client. In addition, credit risk may be exacerbated when the collateral held by the Company cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to the Company. Any such losses could have a material adverse effect on the Company' s financial condition and results of operations. ~~24Conditions~~ **22Conditions** in the insurance market could adversely affect the Company' s earnings. Revenue from insurance fees and commissions could be negatively affected by fluctuating premiums in the insurance markets or other factors beyond the Company' s control. Other factors that affect insurance revenue are the profitability and growth of the Company' s clients, the renewal rate of the current insurance policies, continued development of new product and services as well as access to new markets. The Company' s insurance revenues and profitability may also be adversely affected by new laws and regulatory developments impacting the healthcare and insurance markets as well as the

financial stability of insurance carriers. Changes in the equity markets could materially affect the level of assets under management and the demand for other fee- based services and could adversely affect the Company' s earnings. Economic downturns could affect the volume of income from and demand for fee- based services. Revenue from the wealth management and employee benefit trust businesses depends in large part on the level of assets under management and administration. Market volatility and the potential to lead customers to liquidate investments, as well as lower asset values, can reduce the level of assets under management and administration and thereby decrease the Company' s investment management and employee benefit trust revenues. Financial services companies depend on the accuracy and completeness of information about customers and counterparties. In deciding whether to extend credit or enter into other transactions, the Company may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. The Company may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports or other information could have a material adverse impact on business and, in turn, the Company' s financial condition and results of operations. The Company may be required to record impairment charges related to goodwill, other intangible assets and the investment portfolio. The Company may be required to record impairment charges in respect to goodwill, other intangible assets and the investment portfolio. Numerous factors, including lack of liquidity for resale of certain investment securities, absence of reliable pricing information for investment securities, the economic condition of state and local municipalities, adverse changes in the business climate, adverse actions by regulators, unanticipated changes in the competitive environment or a decision to change the operations or dispose of an operating unit could have a negative effect on the investment portfolio, goodwill or other intangible assets in future periods. The Company' s financial statements are based, in part, on assumptions and estimates, which, if incorrect or conditions change, could cause unexpected losses in the future. Pursuant to accounting principles generally accepted in the United States, the Company is required to use certain assumptions and estimates in preparing its financial statements, including ~~in determining~~ **the allowance for** credit ~~loss~~ **losses** ~~reserves~~, ~~mortgage repurchase liability~~ **pension, post- retirement** and **other employee benefit plans, goodwill and other intangible assets,** reserves related to litigation **and** ~~, among~~ other items. Certain of the Company' s financial instruments, including available- for- sale securities and certain loans, among other items, require a determination of their fair value in order to prepare the Company' s financial statements. Where quoted market prices are not available, the Company may make fair value determinations based on internally developed models or other means which ultimately rely to some degree on management judgment. Some of these and other assets and liabilities may have no direct observable price levels, making their valuation particularly subjective, as they are based on significant estimation and judgment. In addition, sudden illiquidity in markets or declines in prices of certain loans and securities may make it more difficult to value certain balance sheet items, which may lead to the possibility that such valuations will be subject to further change or adjustment. If assumptions or estimates underlying the Company' s financial statements are incorrect, it may experience material losses. **Further detail on the nature and sensitivity of these management assumptions is included in Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations, under Critical Accounting Policies and Estimates.** ~~25The~~ **23The** Company' s business and results of operations may be adversely affected by the U. S. and global financial markets, fiscal, monetary, and regulatory policies, and economic conditions generally. General political, economic, and social conditions in the U. S. and in countries abroad affect markets in the U. S. and ultimately the Company' s business. In particular, U. S. markets may be affected by the level and volatility of interest rates, availability and market conditions of financing, economic growth, historically high levels of inflation, supply chain disruptions, consumer spending, employment levels, labor shortages, wage escalation or stagnation, changes in home prices, commercial property values, the growth of global trade and commerce, the availability and cost of capital and credit, and investor sentiment and confidence. Additionally, U. S. energy and commodity markets may be adversely affected by the current or anticipated impact of climate change, extreme weather events or natural disasters, the emergence or continuation of widespread health emergencies or pandemics, ~~cyberattacks~~ **cyber attacks** or campaigns, military conflict ~~, including the war between Russia and Ukraine~~ , terrorism or other geopolitical events. Also, any sudden or prolonged market downturn in the U. S., as a result of the above factors or otherwise, could result in a decline in net interest income and noninterest income and adversely affect the Company' s results of operations and financial condition, including capital and liquidity levels. The economic developments in connection with the ~~ongoing~~ pandemic, including supply chain disruptions, increased inflation, changes to the Company' s customers' industries, and the **potential** emergence of new **pandemics** ~~COVID-19 variants~~ in the U. S. and abroad have adversely impacted and may continue to adversely impact financial markets and macroeconomic conditions and could result in additional market volatility and disruptions globally. Actions taken by the Federal Reserve, including changes in its target funds rate, balance sheet management, and lending facilities are beyond the Company' s control and difficult to predict. These actions can affect interest rates and the value of financial instruments and other assets and liabilities and can impact the Company' s borrowers. Sudden changes in monetary policy, for example in response to high inflation, could lead to financial market volatility, increases in market interest rates, and a flattening or inversion of the yield curve. For example, higher inflation, or volatility and uncertainty related to inflation, could reduce demand for the Company' s products, adversely affect the creditworthiness of the Company' s borrowers, or result in lower values for the Company' s investment securities and other interest- earning assets. Changes to existing U. S. laws and regulatory policies and evolving priorities, including those related to financial regulation **, consumer compliance** , taxation, fiscal policy, climate change, and healthcare, may adversely impact U. S. or global economic activity and the Company' s customers and its earnings and operations. For example, a slowdown in consumer demand due to increased inflation could limit the ability of firms to pass on fast- rising costs for labor, transportation and other inputs, weighing on earnings and potentially leading to an equity market downturn. Significant fiscal policy changes and / or initiatives may also raise the federal debt, affect businesses and household after- tax incomes and increase uncertainty surrounding the formulation and direction of U. S. monetary policy

and volatility of interest rates. Any of these developments could adversely affect the Company' s consumer and commercial businesses, its customers, its securities portfolios, including the risk of lower re- investment rates within those portfolios, its level of loan net charge- offs and provision for credit losses, the carrying value of its deferred tax assets, its capital levels, its liquidity and its results of operations. The Company' s consumer businesses can be negatively affected by adverse economic conditions and governmental policies. The Company' s consumer businesses are particularly affected by U. S. economic conditions, including changes in personal and household incomes, unemployment or underemployment, ~~prolonged periods~~ **the level** of ~~exceptionally low~~ **or change in** interest rates, increased housing and automobile prices, the level of inflation and its effect on prices for goods and services, consumer and small business confidence levels, and changes in consumer spending or in the level of consumer debt. Heightened levels of unemployment or underemployment that result in reduced personal and household income could negatively affect consumer credit performance to the extent that consumers are less able to service their debts. In addition, unemployment or underemployment, sustained low economic growth, ~~low~~ **the level of** or ~~negative~~ **change in** interest rates, inflationary pressures or recessionary conditions could reduce deposit balances and diminish customer demand for the products and services offered by the Company' s businesses. In addition, governmental proposals to permit student loan obligations to be discharged in bankruptcy proceedings could, if enacted into law, encourage certain of the Company' s customers to declare personal bankruptcy and thereby trigger defaults and charge- offs of consumer loans extended to those customers. ~~26Pandemics~~ **24Pandemics** , epidemics, disease outbreaks and other public health crises, such as the COVID- 19 pandemic, have disrupted our business and operations, and future outbreaks or reemergence of the COVID- 19 pandemic could materially adversely impact our business, financial condition, liquidity and results of operations. Pandemics, epidemics or disease outbreaks in the U. S. or globally, including the COVID- 19 pandemic, have disrupted, and may in the future disrupt, our business, which could materially affect our results of operations, financial condition, liquidity and future expectations. The COVID- 19 pandemic adversely affected businesses, economies and financial markets worldwide, placed constraints on the operations of businesses, decreased consumer mobility and activity, and caused significant economic volatility in the United States and international capital markets. Any new pandemic or other public health crisis ~~, or the reemergence of the COVID- 19 pandemic,~~ could have a material impact on our business, financial condition and results of operations going forward. **Recent negative developments affecting the banking industry have eroded customer confidence in the banking system and may have adverse impacts on the Company' s business. The recent high- profile collapse of certain U. S. banks has generated significant market volatility among publicly traded bank holding companies and, in particular, community and regional banks. These market developments have negatively impacted customer confidence in the safety and soundness of community and regional banks. As a result, customers may choose to move or maintain deposits with larger financial institutions or outside of the banking industry, which could materially adversely impact the Company' s liquidity, loan funding capacity, net interest margin, capital and results of operations. While the federal regulators have made statements ensuring that depositors of these recently failed banks would have access to their deposits, including uninsured deposit accounts, there is no guarantee that such actions will be successful in restoring customer confidence in community and regional banks and the banking system more broadly or that any future bank failures will receive the same treatment. Adverse regulatory findings or new regulatory requirements arising from the recent bank failures could increase the Company' s expenses, reduce the Company' s revenues and affect the Company' s operations. The Company anticipates increased regulatory scrutiny, within the course of routine examinations and new regulations designed to address the recent negative developments in the banking industry, all of which may increase the Company' s costs of doing business and reduce its profitability.** Risk Related to Acquisition **and De Novo Expansion** ActivityAcquisition **and de novo expansion** activity could adversely affect the Company' s financial condition and result of operations. The business strategy of the Company includes growth through acquisition **and the opening of de novo branches to expand its business footprint** . Recently completed and future acquisitions **and de novo branches** will be accompanied by the risks commonly encountered in acquisitions **and expansion into near geographic areas** . These risks include among other things: limitations on potential acquisition targets based upon regulatory restrictions, obtaining timely regulatory approval, the **purchase or lease of real estate that promotes the Bank' s de novo branch strategy, attracting and hiring appropriate talent, the** difficulty of integrating operations and personnel **, the difficulty associated with attracting new clients** , the potential disruption of the Company' s ongoing business, the inability of the Company' s management to maximize its financial and strategic position, the inability to maintain uniform standards, controls, procedures and policies, the potential that errors, omissions or circumstances existing prior to or at the time of the closing result in losses after the close, and the impairment of relationships with employees and customers as a result of changes in ownership and management. Further, the asset quality or other financial characteristics of a company may deteriorate after the acquisition agreement is signed or after the acquisition closes. A portion of the Company' s loan portfolio was acquired primarily through whole- bank acquisitions and was not underwritten by the Company at origination. At December 31, ~~2022~~ **2023** , ~~14~~ **11** % of the loan portfolio was acquired and was not underwritten by the Company at origination, and therefore is not necessarily reflective of the Company' s historical credit risk experience. The Company performed extensive credit due diligence prior to each acquisition and marked the loans to fair value upon acquisition, with such fair valuation considering expected credit losses that existed at the time of acquisition. However, there is a risk that credit losses could be larger than currently anticipated, thus adversely affecting earnings. **25** ~~General RisksTrading activity in the Company' s common stock could result in material price fluctuations. The market price of the Company' s common stock may fluctuate significantly in response to a number of other factors including, but not limited to: ● Changes in securities analysts' expectations of financial performance; ● Volatility of stock market prices and volumes; ● Incorrect information or speculation; ● Changes in industry valuations; ● Variations in operating results from general expectations; ● Actions taken against the Company by various regulatory agencies; ● Changes in authoritative accounting guidance by the Financial Accounting Standards Board or other regulatory agencies; ● Changes in general domestic economic~~

~~conditions such as inflation rates, tax rates, unemployment rates, oil prices, labor and healthcare cost trend rates, recessions, and changing government policies, laws and regulations; and • Severe weather, natural disasters, acts of war or terrorism and other external events. 27~~