

## Risk Factors Comparison 2025-02-28 to 2024-02-29 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 (**the "Board"**) 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 Business Interest Rate Risk Changes in interest rates affect ~~our~~ **the Company's** 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.

**Liquidity Risk** The 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. ~~16~~ ~~The~~ ~~18~~ ~~The~~ Company depends on dividends from **the Bank** ~~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 **the its subsidiary bank Bank** and BPAS. However, payment of dividends by the ~~bank~~ **Bank subsidiary** is limited by dividend restrictions and capital requirements imposed by bank regulations. **If the Bank is unable to pay dividends to the Company, the Company might not be able to service its debt, pay its obligations or pay dividends on its common stock.**

**Credit and Lending Risk** The 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. **Furthermore, bank regulators have the authority to require the Company to make provisions for credit losses or otherwise recognize loan charge-offs following their periodic review of the Company's loan portfolio, underwriting procedures, and allowance for losses on such loans. Any increase in the allowance for credit losses or in loan charge-offs as required by such regulatory authorities could have a material adverse effect on the Company's financial condition and results of operations.** 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, **increases in property expenses, such as casualty insurance, decreases in rents,** 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~~ **Legal**, Regulatory, and Compliance Risk The 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, **dividend and / or asset growth restrictions,** damages, adverse judgments, settlements, fines, injunctions, restrictions on the way in which the Company conducts its business, or reputational harm. ~~17~~ **Although** -- **Although** 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. 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 **as well as the FDIC, CFPB, and other federal and state agencies**. 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 **risk ratings or classification classifications** of **assets loans and investments** 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, **or changes in regulatory policy or a regulator's interpretation of a law or regulation,** 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~~ **20Regulatory** agencies, including the CFPB, ~~have may introduced-~~ **introduce** new regulatory initiatives ~~and or pursued-~~ **pursue** more aggressive enforcement policies with respect to a range of regulatory compliance matters. **Regulators continue to focus on consumer protection, including product design and pricing constructs, account management and security, credit bureau reporting, disclosure rules, marketing and debt collection practices.** New initiatives and proposed rulemaking by such **applicable** regulatory agencies may significantly limit the types **and the terms** of the 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. **Any new requirements or increased enforcement of existing requirements could materially and adversely impact the Company' s revenue growth and profitability, including, as a result of increased scrutiny of pricing, underwriting and account management practices; the imposition of fines and customer remediation; higher compliance costs; reputational harm; restrictions on the Company' s ability to offer certain products or services, appropriately price for the value of products or work with certain business partners; and changes to business practices generally.** 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. **While the Company has developed policies and procedures designed to assist in compliance with these laws and regulations, no assurance is given that compliance policies and procedures will be effective.** The Company' s failure to comply **(or to ensure that agents and third- party service providers 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. **Federal banking agencies periodically conduct examinations of the Company' s business, including compliance with laws and regulations; the failure to comply with any supervisory actions to which the Company becomes subject to as a result of such examinations could adversely affect the Company. Federal bank regulatory authorities periodically conduct comprehensive examinations of the Company' s business, including compliance with laws and regulations. If, as a result of an examination, such banking agencies were to determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, asset sensitivity, risk management or other aspects of any of the Company' s operations had become unsatisfactory, or that the Company was in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. If the Company becomes subject to such regulatory actions, the Company' s business, financial condition, earnings and reputation could be adversely affected. The Company is subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and the failure to comply with these laws could lead to a wide variety of sanctions. The Community Reinvestment Act (" CRA ") requires the OCC to assess the Company' s performance in meeting the credit needs of the communities the Company serves, including low- and moderate- income neighborhoods. If the OCC determines that the Company needs to improve the Company' s performance or are in substantial non- compliance with CRA requirements, various adverse regulatory consequences may ensue. In addition, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. In addition, the Bank is subject to other federal and state laws designed to protect consumers, including the Home Ownership Protection Act, Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act of 2003, the Gramm- Leach Bliley Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the National Flood Insurance Act and various state law counterparts. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must interact with clients when taking deposits, making loans, collecting and servicing loans and providing other services. 21A successful regulatory challenge to an institution' s performance under the CRA, fair lending laws or regulations, or consumer lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also 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 the Company' s business, financial condition and results of operations. The Company faces a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti- money laundering statutes and regulations. The federal Bank Secrecy Act, PATRIOT Act and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti- money laundering programs and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the U. S. Treasury Department to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and engages in coordinated enforcement efforts with**

the individual federal banking regulators, as well as the U. S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. Federal and state bank regulators also focus on compliance with the Bank Secrecy Act and anti-money laundering regulations. If the Company's policies, procedures and systems are deemed to be deficient or the policies, procedures and systems of the financial institutions that the Company acquires in the future are deficient, the Company would be subject to liability, including fines and regulatory actions such as restrictions on the Company's ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of the Company's business plan, including acquisition plans, which would negatively impact the Company's business, financial condition and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences.

~~18~~ Basel III capital rules generally require insured depository institutions and their holding companies to hold more capital, which could limit ~~our~~ the Company's 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~~ ~~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.

Regulation in the areas of privacy, data protection, data management, resiliency, data transfer, third party oversight, account access, artificial intelligence and machine learning and information security and cybersecurity could ~~increase~~ increase the Company's costs and affect or limit business opportunities and how the Company collects and / or uses personal information. Legislators and regulators are increasingly adopting or revising privacy, data protection, data management, resiliency, data transfer, third party oversight, account access, artificial intelligence and machine learning and information security and cybersecurity laws, including data localization, authentication and notification laws. As such laws are interpreted and applied (in some cases, with significant differences or conflicting requirements across jurisdictions), compliance and technology costs will continue to increase, particularly in the context of ensuring that adequate privacy, data protection, data management, incident management, resiliency, third party management, data transfer, security controls, account access mechanisms and controls related to artificial intelligence and machine learning are in place. Additionally, new laws and ~~regulation~~ regulations related to automated decision making, artificial intelligence and machine learning as well as the application of existing laws and regulations to these technologies may restrict or impose burdensome and costly requirements on the Company's ability to use them or impact other aspects of the Company's business.

22 Compliance with current or future laws in the aforementioned areas could significantly impact business operations, including collection, use, sharing, retention and safeguarding of consumer and / or employee information and could restrict the Company's ability to provide certain products and services or work with certain service providers, which could materially and adversely affect profitability. Failure to comply with such laws or to maintain sufficient governance and control structures could result in potentially significant regulatory and / or governmental investigations and / or actions, litigation, fines, sanctions, ongoing regulatory monitoring, customer attrition, decreases in the use of the Company's products and services, and damage to the Company's reputation and ~~and~~ brand. Changes in stakeholder expectations related to corporate responsibility matters ~~environmental, social, and governance factors~~ could negatively affect ~~our~~ the Company's operating results. There is ~~increased~~ ~~are~~ changes in public awareness and concern by ~~various stakeholders~~ investors, customers, and governmental and nongovernmental organizations on a variety of ~~corporate responsibility~~ environmental, social, and sustainability matters.

~~These changes~~ This increased awareness may include more restrictive or expansive environmental standards, more prescriptive reporting of environmental, social, and governance metrics, and other compliance requirements ~~or~~. In particular, the U. S. government is increasing its focus on climate change ~~changes in expectations~~ issues, including proposed disclosure requirements by ~~stakeholders~~ 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. In particular, certain U. S. state governments continue to be focused on climate change issues, including proposed disclosure requirements that could result in additional compliance costs, which could have an adverse impact on the Company's business and financial condition. There are additional risks related to diverging and conflicting stakeholder ~~views on corporate responsibility~~. If the Company is unable to adequately address ~~corporate responsibility~~ environmental, social, and governance matters that are of importance to ~~stakeholders~~ regulators, investors and customers, it could negatively impact the Company's reputation and the Company's business results.

Operational Risk The 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.

The Company or its third-party vendors may incorporate artificial intelligence technology into certain business processes, services, or products. The use of artificial intelligence presents several risks, including an uncertain and evolving legal and regulatory environment in the U. S. and internationally and the complexity and rapid pace of change in these artificial intelligence models presents additional risks in understanding the accuracy and relevance of their outputs. 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. 19The-- **The** 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. **The sophistication and skills of bad actors are increasing in scope and capabilities**. 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) 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** 23**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, operational errors, or a digital or cybersecurity event or breach. 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 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~~ **the Company' s** business, financial condition, and results of operations, perhaps materially. 20The-- **The** 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~~ **Like the other financial services** ~~Company' s security measures and business~~ **businesses** ~~continuity plans,~~ the Company and its third - party service providers ~~may be~~ **have been** ~~the subject~~ **victim** of sophisticated and targeted ~~attacks~~ **cyberattacks** 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. **Although the Company and its service providers regularly defend against, respond to and mitigate the risks of cyberattacks, cybersecurity incidents among financial services businesses and industry generally are on the rise. The Company is not aware of any material losses it has incurred relating to cyberattacks or other information security breaches.** 24**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 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. 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 service providers, which could expose the Company to additional cybersecurity risks. Third party 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, proprietary 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 third party service providers. In addition, a number of the Company's 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 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.

The 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 Risk Regional 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, Massachusetts, and New Hampshire. 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. An 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. Each of the Company's segments have competitors that have substantially greater access to capital and scale. 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 have resulted in additional 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 fails to perform its contractual obligations. In addition, credit risk may be exacerbated when the Company's collateral held is not under its control, cannot recover funds by liquidating the collateral, 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. ~~22~~**Conditions** **26****Conditions** 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~~ **relies** on representations of those customers **and their agents**, 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~~ **governments**, 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 the allowance for credit losses, pension, post-retirement and other employee benefit plans, goodwill and other intangible assets, reserves related to litigation and 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's 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. ~~23~~**The** ~~27~~**The** 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 new government administration, including but not limited to government agency staff reductions and related operating issues, uncertainty related to policy changes that directly or indirectly impact consumer spending and business investment**, 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, terrorism or other geopolitical events. **The scarcity or unavailability of affordable casualty insurance on consumers' homes and autos, as well as businesses' property, plant, and equipment, would impair asset prices and have a negative impact on economic activity and growth**. 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 pandemic, including supply chain disruptions, increased inflation, changes to the Company's customers' industries, and the potential emergence of ~~new~~ **pandemics and other health crises** 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 **Board**, 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. **Actions taken by the U. S. Federal government, including material changes in fiscal and foreign trade policy, could also 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. Examples of such policy changes are reduced or delayed U. S. Federal government spending, new or higher U. S. imposed tariffs on imports and retaliatory tariffs imposed by foreign governments on U. S. exports.** Changes to existing U. S. laws and regulatory policies and evolving priorities, including those related to financial regulation, consumer compliance, taxation, fiscal policy, **trade policy such as tariffs**, 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, **tariffs**, 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** **28** **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, the level of 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, the level of or change in interest rates, **tariffs**, 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. **24** ~~Pandemics~~ **Pandemics**, epidemics, disease outbreaks and other public health crises, ~~such as the COVID-19 pandemic~~, have disrupted ~~our~~ **the Company's** business and operations ~~in the past~~, and future outbreaks ~~or reemergence of the COVID-19 pandemic~~ could materially adversely impact ~~our~~ **the Company's** 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~~ **the Company's** 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 could have a material impact on ~~our~~ **the Company's** 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. **29** **Risk Related to Acquisition and De Novo Expansion Activity** Acquisition 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, 2023, 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