

## Risk Factors Comparison 2024-02-28 to 2023-02-22 Form: 10-K

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

An investment in the Company's common stock is subject to risks inherent to the Company's business. The material risks and uncertainties that management believes affect the Company are described below. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair the Company's business operations. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this Annual Report on Form 10-K, before making an investment in the Company's common stock. If any of the following risks occur, the Company's financial condition and results of operations could be materially and adversely affected, and you could lose all or part of your investment. In this section, the term "Company" includes City National unless the circumstances dictate otherwise.

~~Economic Risks The results of the ongoing recovery from the COVID-19 pandemic on our business and financial results remain unknown. The COVID-19 pandemic created extensive disruptions to the global economy and to the lives of individuals throughout the world. Business and consumer customers of the Company continue to experiencing varying degrees of financial distress as a result of the unprecedented uncertainty, volatility and disruption in the financial markets and in governmental, commercial and consumer activity caused by the COVID-19 pandemic. Though recovery from the COVID-19 pandemic is underway, given the ongoing and dynamic nature of the circumstances, it is not possible to accurately predict the extent, severity or duration of these conditions or when or if normal economic conditions will resume. For this reason, the extent to which the COVID-19 pandemic affects our business, operations and financial condition, as well as our regulatory capital and liquidity ratios, remains uncertain and unpredictable and depends on, among other things, new information that may emerge concerning the scope, duration and severity of the COVID-19 pandemic. The adverse impact on the markets in which we operate and on our business, operations and financial condition is expected to remain elevated until the pandemic fully subsides. Even after the COVID-19 pandemic subsides, it will likely take time for the U. S. economy to recover, and the length of the recovery period is unknown. The Company's business could be materially and adversely affected during any such recovery period. To the extent the effects of COVID-19 adversely impact the Company's business and financial results, it might also have a heightening effect of the other risks described in this section.~~ Economic Conditions in the Company's Market Areas Could Negatively Impact the Company's Business and Financial Condition. The Company's business is concentrated in West Virginia, Kentucky, Virginia and southeastern Ohio. As a result, the Company's results of operation, cash flows and financial condition are affected by local and regional economic conditions. A downturn in the economies within the Company's market areas, or in any one of them, could negatively impact the Company's results of operation and financial condition. Some examples of economic deterioration include declines in economic growth, declines in consumer and business confidence, **prolonged** increases in inflation, increases in the cost of capital and credit, and limitations in the availability of credit. The Company's financial performance generally, and the ability of its customers to pay interest on and repay principal of outstanding loans to City National, is highly dependent on the strength of the economic and business environment in the market areas where the Company operates and in the United States as a whole. Additionally, the value of collateral securing loans made and held by City National is impacted by the strength of the economy. Deteriorating economic conditions in the Company's market areas could cause declines in the overall quality of the loan portfolio requiring charge-off of a greater percentage of loans and / or an increase in the allowance for credit losses, which could negatively impact the Company's results of operations and financial condition. While the economic and business environments in West Virginia, Kentucky, Virginia and southeastern Ohio have shown resilience during **the recovery from** the COVID-19 pandemic, and have shown improvement since the brief recession of 2020, there can be no assurance that such resilience and improvement will continue or that the economies in the Company's market areas, or the United States as a whole, will not slip into another recession. A lack of continued economic improvement or economic recession could adversely affect the Company's results of operation and financial condition. An economic slowdown could have the following consequences: • Loan delinquencies may increase; • Problem assets and foreclosures may increase; • Demand for City National's products and services may decline; and • Collateral (including real estate) that secures loans made by City National may decline in value, in turn reducing customers' borrowing power and making existing loans less secure. The oil, natural gas and coal industries, and businesses ancillary thereto, play an important role in the economies of West Virginia, Kentucky, Virginia and southeastern Ohio. Ongoing volatility in oil and gas prices since 2014 has negatively impacted oil and gas and other businesses in the Company's market areas. Additionally, the coal industry continues to be in decline as a result of increased environmental and safety regulatory burden, increased competition from alternative energy sources and a decline in demand for coal. The Company has limited direct exposure to coal industry specific loans. Prolonged low oil and gas prices, and continued decline in the coal industry, could result in downward pressure on businesses in the Company's market area which could negatively affect City National's customers (both individuals and businesses). As a result, the Company's operating results and financial condition could be negatively impacted. Credit and Interest Rate Risks The Value of Real Estate Collateral May Fluctuate Significantly Resulting in an Under-Collateralized Loan Portfolio. The market value of real estate, particularly real estate held for investment, can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. If the value of the real estate serving as collateral for the Company's loan portfolio were to decline materially, a significant part of the Company's loan portfolio could become under-collateralized. If the loans that are collateralized by real estate become troubled during a time when market conditions are declining or have declined, then, in the event of foreclosure, we may not be able to realize the amount of

collateral that we anticipated at the time of originating the loan. This could have a material adverse effect on the Company's provision for credit losses and the Company's operating results and financial condition. The Company Is Subject to Lending Risk, and the Impacts of Interest Rate Changes Could Adversely Impact the Company. There are inherent risks associated with the Company's lending activities. These risks include, among other things, the impact of changes in interest rates and changes in the economic conditions in the markets where the Company operates. Increases in interest rates and / or weakening economic conditions could adversely impact the ability of borrowers to repay outstanding loans or the value of the collateral securing these loans. The Company is also subject to various laws and regulations that affect its lending activities. Failure to comply with applicable laws and regulations could subject the Company to regulatory enforcement action that could result in restrictions of the Company's activities or the assessment of significant civil money penalties against the Company. A substantial portion of the Company's loan portfolio is comprised of residential and commercial real estate loans. The Company's concentration of real estate loans may subject the Company to additional risk, such as fluctuations in market value of collateral, environmental liability associated with hazardous or toxic substances found on, in or around the collateral, and difficulty monitoring income-producing property serving as a source of repayment and collateral. Any of these or other risks relating to real estate loans could adversely affect the collection by the Company of the outstanding loan balances. Default on the Repayment of Loans May Impact Operating Expenses and Earnings. The Company's customers may default on the repayment of loans, which may negatively impact the Company's earnings due to loss of principal and interest income. Increased operating expenses may result from management's allocation of time and resources to the collection and work-out of the loan. Collection efforts may or may not be successful causing the Company to write off the loan or repossess the collateral securing the loan, which may or may not exceed the balance of the loan. Remediation Costs for Real Property Could Impact the Financial Outcomes of the Company. A significant portion of the Company's loan portfolio is secured by real property. In the ordinary course of the Company's business, it sometimes takes title to real property collateral through foreclosure after a borrower defaults on the loan for which the real property is collateral. There is a risk that hazardous or toxic substances could be present on properties that the Company acquires by way of foreclosure. Though the Company conducts regular remediation evaluations in the ordinary course of business, the Company may be liable for remediation costs, as well as for personal injury and property damage relating to any hazardous or toxic substances present on the properties it acquires in foreclosure. Environmental laws may require the Company to incur substantial expenses and may materially reduce the affected property's value or limit the Company's ability to use or sell the affected property. Furthermore, remediation costs and financial and other liabilities associated with an environmental hazard could have a material adverse effect on the Company's financial condition and results of operations. Changes to Interest Rates Could Impact the Financial Outcomes of the Company. Changes in monetary policy, including changes in interest rates, could influence not only the interest income the Company receives on loans and securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect (i) the Company's ability to originate loans and obtain deposits, (ii) the fair value of the Company's financial assets and liabilities, and (iii) the average duration of the Company's mortgage-backed securities portfolio. The Company's earnings and cash flows are largely dependent upon its net interest income. Net interest income is the difference between interest income earned on interest-earning assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. 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 Board of Governors of the Federal Reserve System. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, the Company's net interest income, and therefore its earnings and net profit, could be adversely affected. Earnings also could be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings. Changes in interest rates may also negatively affect the ability of the Company's borrowers to repay their loans, particularly as interest rates rise and adjustable-rate loans become more expensive. Although management believes it has implemented effective asset and liability management strategies, including the use of derivatives as hedging instruments, to reduce the potential effects of changes in interest rates on the Company's results of operations, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on the Company's financial condition and results of operations. See the section in Item 7A. Quantitative and Qualitative Disclosures About Market Risk located elsewhere in this report for further discussion related to the Company's management of interest rate risk. The Company's Allowance for Credit Losses May Not be Sufficient. The Company maintains an allowance for credit losses, which is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management estimates the allowance balance using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics, such as differences in underwriting standards, portfolio mix, delinquency level, or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors. These evaluations are conducted at least quarterly and more frequently if deemed necessary. The determination of the appropriate level of the allowance for credit losses inherently involves a high degree of subjectivity and requires the Company to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of the Company's control, may require an increase in the allowance for credit losses. In addition, bank regulatory agencies periodically review the Company's allowance for credit losses and may require an increase in the provision for credit losses or the recognition of further loan charge-offs based on judgments different than those

of management. Any increases in the allowance for credit losses will result in a decrease in net income and capital, and may have a material adverse effect on the Company's financial condition and results of operations. See the section captioned "Allowance for Credit Losses" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations located elsewhere in this report for further discussion related to the Company's process for determining the appropriate level of the allowance for credit losses.

~~The Company May Be Adversely Impacted By The Transition From LIBOR As A Reference Rate. The United Kingdom's Financial Conduct Authority and the administrator of LIBOR announced that the publication of the most commonly used U. S. dollar London Interbank Offered Rate ("LIBOR") settings will cease to be published or cease to be representative after June 30, 2023. The Company discontinued originating LIBOR-based loans effective December 31, 2021 and is in the process of negotiating loans using its preferred replacement index, the Secured Overnight Financing Rate ("SOFR"). The transition from LIBOR has resulted in and could continue to result in added costs and employee efforts and could present additional risk. Though many contracts have already been re-negotiated, the Company is subject to litigation and reputational risks if it is unable to renegotiate and amend existing contracts with counterparties that are dependent on LIBOR, including contracts that do not have fallback language. The timing and manner in which each customer's contract transitions to AMERIBOR, SOFR or BSBY has varied on a case-by-case basis. Since AMERIBOR, SOFR and BSBY rates are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR, which may lead to increased volatility as compared to LIBOR. The transition has impacted the Company's market risk profiles and required changes to its risk and pricing models, valuation tools, product design and hedging strategies, and the full impacts to the market risk profile changes are not yet known. Although the transition has been underway, the Company is currently unable to assess what the ultimate impact of the transition from LIBOR will be. As described in Note Two of Notes to the Consolidated Financial Statements, management has reviewed all contracts, identified those that will be affected, and is in the process of transitioning the LIBOR-based loans to SOFR, or another index, by June 30, 2023.~~

Risks Related to an Investment in the Company's Securities

The Value of the Company's Common Stock Fluctuates. The market for the Company's common stock may experience significant price and volume fluctuations in response to a number of factors including actual or anticipated variations in operating results, changes in expectations of future financial performance, changes in estimates by securities analysts, governmental regulatory action, banking industry reform measures, customer relationship developments and other factors, many of which are beyond the Company's control. Furthermore, the stock market in general, and the market for financial institutions in particular, have experienced extreme volatility that often has been unrelated to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading price of the Company's common stock, regardless of actual operating performance. The Trading Volume in the Company's Common Stock Is Less Than That of Other Larger Financial Services Companies. Although the Company's common stock is listed for trading on the ~~Nasdaq~~ **NASDAQ** Global Select Market, the trading volume in its common stock is less than that of other financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of the Company's common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which the Company has no control. Given the lower trading volume of the Company's common stock, significant sales of the Company's common stock, or the expectation of these sales, could cause the Company's stock price to fall. Future Sales or the Issuance of Shares of the Company's Common Stock Could Negatively Affect its Market Price. Future sales of substantial amounts of the Company's common stock, agreements for the issuance of additional shares of the Company's common stock (such as the issuance of shares as consideration in connection with the Merger), or the perception that such sales could occur, could adversely affect the market price of the Company's common stock in the open market. We make no prediction as to the effect, if any, that future sales of shares, the issuance of shares as consideration in the Merger, or the availability of shares for future sale, will have on the market price of the Company's common stock. Shares of the Company's Common Stock Are Not FDIC Insured. Neither the FDIC nor any other governmental agency insures the shares of the Company's common stock. Therefore, the value of common stock of the Company will be based on market value and may decline.

Strategic Risks Due to Increased Competition, the Company May Not be Able to Attract and Retain Banking Customers. The Company faces substantial and intense competition in all areas of its operation, including interest rates and other terms for loans and deposits and the range and quality of services provided. Competition comes from a variety of different competitors, many of which have competitive advantages over the Company. The Company faces competition from:

- local, regional and national banks;
- savings and loans associations;
- Internet banks;
- credit unions;
- mutual funds;
- mortgage banking firms;
- finance companies;
- financial technology ("fin-tech") companies;
- brokerage firms;
- investment advisory and wealth management firms;
- investment banking firms; and
- other entities.

In particular, many of City National's competitors are larger banks and financial institutions whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous banking locations and mount extensive promotional and advertising campaigns. Additionally, the Company's competitors may have products and services not offered by the Company, which may cause current and potential customers to choose those institutions over the Company. The financial services industry could become even more competitive as a result of legislative, regulatory, and technological changes and the continued consolidation within the banking industry. Consumer preferences and expectations continue to evolve, and technology and regulatory changes have lowered barriers to entry and made it possible for banks to expand their geographic reach by providing services over the internet and for non-banks to offer products and services typically provided by banks. Many of our non-bank competitors have fewer regulatory constraints and expenses associated with regulatory compliance and may have lower cost structures, such as credit unions that are not subject to federal income tax. The Company's ability to compete successfully depends on a number of factors, including our ability to develop, maintain, and build long-term customer relationships; our ability to expand our market area and range of services and products offered; our ability to keep up-to-date with technological advancements, both with respect to new and existing products and with respect to

cybersecurity; customer satisfaction with our products and services; and general industry and economic trends. Failure to perform successfully in any of these areas could significantly weaken our competitive position. If the Company is unable to attract new customers and retain current customers, loan and deposit growth could decrease, causing the Company's results of operations and financial condition to be negatively impacted. New Lines of Business or New Products and Services May Subject the Company to Additional Risks. From time to time, the Company may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and / or products and services, the Company may invest significant time and resources. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. If we are unable to successfully manage these risks in the development and implementation of new lines of business or new products or services, it could have a material adverse effect on the Company's business, financial condition and result of operations. The Company Faces Technological Change and the Emergence of Nonbank Alternatives to the Financial System. Consumers may decide not to use banks to complete their financial transactions or invest or deposit their funds. Technology and other changes, including the emergence of fin- tech companies are allowing parties to complete financial transactions through alternative methods that historically have involved banks. For example, consumers can pay bills and transfer funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as "disintermediation," could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost of deposits as a source of funds could have a material adverse effect on our financial condition and results of operations. The banking and financial services industry continually undergoes technological change, with frequent introductions of new technology- driven products and services. The Company's future success depends on its ability to address the needs and preferences of its customers by using technology to provide products and services that enhance customer convenience and that create additional efficiencies in the Company's operations. Many of the Company's competitors have greater resources to invest in technological improvements, and the Company may not be able to implement new technology- driven products and services as quickly and effectively as its competitors. In addition, the necessary process of updating technology can itself lead to disruptions in the availability or function of systems. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse effect on the Company's business and results of operations. The Value of the Company's Investments Could Decline. The Company holds available- for- sale investment securities, which are carried at fair value. The determination of fair value for certain of these securities requires significant judgment of the Company's management. Therefore, the market price the Company receives for its investment securities could be less than the carrying value for such securities. Further, the value of the Company's investment portfolio could decline for numerous reasons, many of which are outside the Company's control, including general market conditions, volatility in the securities market, and inflation rates or expectations of inflation. A portion of the Company's investment portfolio consists of municipal securities. The value of these securities is subject to additional factors, including the financial condition of the government issuer and general demand for municipal securities. The Company May Be Required to Write Down Goodwill and Other Intangible Assets, Causing Its Financial Condition and Results to Be Negatively Affected. When the Company acquires a business, a portion of the purchase price of the acquisition is allocated to goodwill and other identifiable intangible assets. The excess of the purchase price over the fair value of the net identifiable tangible and intangible assets acquired determines the amount of the purchase price that is allocated to goodwill acquired. At December 31, 2022-2023, the Company's goodwill and other identifiable intangible assets were approximately \$ 116-163 million. Under current accounting standards, if the Company determines goodwill or intangible assets are impaired, it would be required to write down the value of these assets. The Company conducts an annual review to determine whether goodwill and other identifiable intangible assets are impaired. The Company recently completed such an impairment analysis and concluded that no impairment charge was necessary for the year ended December 31, 2022-2023. The Company cannot provide assurance whether it will be required to take an impairment charge in the future. Any impairment charge would have a negative effect on its shareholders' equity and financial results and may cause a decline in the Company's stock price. The Company May Require Additional Capital in the Future, But That Capital May Not Be Available or May Be Dilutive. The Company faces liquidity risk, which is the possibility that the Company may not be able to meet its obligations as they come due, both to creditors and customers, or capitalize on growth opportunities because of a lack of liquidity. Lack of liquidity can be caused by an inability to liquidate assets or obtain adequate financing on a timely basis, at a reasonable cost and on other reasonable terms, and within acceptable risk tolerances. The Company is also required by its regulators to maintain specified levels of capital to maintain its operations. The Company's business needs and future growth, including future acquisitions or organic growth into new markets and business lines, may require it to raise additional capital. One of the Company's main sources for liquidity is customer deposits. Increased competition and the availability of alternative products may reduce the Company's ability to attract and retain core deposits. If customers move money out of bank deposits into other investments, we could lose a relatively low cost source of funds. The Company's ability to raise additional capital, whether in the form of debt or equity, is dependent on several factors, including the condition of capital markets, investment demand, and the Company's financial condition and performance. We cannot assure that we will be able to raise additional capital in the future on terms that are favorable or acceptable to us, or at all. The issuance of debt may increase our capital costs and reduce our liquidity. The issuance of equity securities, including common stock or one or more series of preferred stock, of the Company may reduce the value of our common stock and have a dilutive effect on holders of our common stock. The Company may issue debt or equity securities that are senior in priority to our common stock as to distributions and liquidation, which could negatively affect the value of our common stock. Acquisition and Other Growth Opportunities May Present Challenges. Any future acquisitions may result in unforeseen difficulties, which could require significant time and attention from the

Company's management that would otherwise be directed at developing its existing business and managing expenses. In addition, the Company could discover undisclosed liabilities resulting from any acquisitions for which it may become responsible. Further, the benefits that the Company anticipates from these acquisitions may not develop. We may experience difficulty integrating businesses acquired through mergers and acquisitions and may fail to realize the expected revenue increases, cost savings, increases in market presence, and other projected benefits from acquisition activity. Acquisitions utilizing the Company's common stock as consideration may dilute the value of the Company's common stock, which dilution may not be recouped or recovered for a significant amount of time after the acquisition, if ever. Any merger or acquisition opportunity that we decide to pursue will ultimately be subject to regulatory approval and other closing conditions. We may expend significant time and resources pursuing potential acquisitions that are never consummated due to lack of regulatory approval or other issues. Competition for acquisition candidates in the banking industry is intense. We may expend significant time and resources evaluating acquisition candidates and conducting due diligence that does not lead to an acquisition opportunity. The Company may implement new lines of business, enter new market areas, or offer new products and services from time to time. There can be substantial risks and uncertainties associated with these efforts. The Company may invest significant time and resources in developing and marketing new lines of business, but the benefits that the Company anticipates from these activities may not develop as expected. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences may impact the Company's ability to successfully implement organic growth strategies. Failure to successfully manage these risks could have a material adverse effect on the Company's financial condition and results of operations.

**Operational Risks The Company May be Adversely Affected by the Soundness of Third Parties, Including Other Financial Institutions.** The Company's business is highly dependent on third party vendors, especially with respect to information technology and telecommunication systems, payment processing system, and mobile and online banking systems. Our operations rely heavily on the secure processing, storage, transmission, and monitoring of information and transactions, and many of these services are outsourced to third party vendors. The failure of these systems or the inability of a third party vendor to continue providing these services on a reliable basis could adversely affect our operations. In addition, the failure of third parties to comply with applicable laws and regulations, or fraud or misconduct on the part of any of these third parties, could disrupt our operations and adversely affect our reputation. It may be difficult for us to replace some of our critical third party vendors, particularly vendors providing our core banking, debit card services and information services, in a timely manner and on terms that are favorable or acceptable to us. Any of these events could increase our expenses and have a material adverse effect on our business, financial condition, and results of operations. Financial services institutions are interrelated with one another as a result of trading, clearing, counterparty, and other relationships. The Company has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional clients. Many of these transactions expose the Company to credit risk in the event of a default by a counterparty or client. In addition, the Company's 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 business, financial condition and results of operations. Further, as a result of financial entities and technology systems becoming more interdependent and complex, a cybersecurity incident, information breach or loss, or technology failure that comprises the systems or data of one financial entity could have a material impact on counterparties or other market participants, including the Company.

**The Company Depends on the Accuracy and Completeness of Information About Our Customers and Counterparties.** The Company relies on information provided to us by or on behalf of customers and other third parties, including financial statements, credit reports, and other financial information, in deciding whether to extend credit or enter into other transactions and in evaluating and monitoring our loan portfolio. The Company also relies on representations from our customers, counterparties, and other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate, incomplete, fraudulent or misleading financial or business information could result in credit losses, reputational damage, or other effects that could have a material adverse effect on our financial condition and results of operation.

**The Company's Risk Management Practices May Prove to be Inadequate or Not Fully Effective.** The Company's risk management framework seeks to mitigate risk and appropriately balance risk and return. The Company has established policies and procedures intended to identify, monitor and manage the types of risk which it is subject to, including credit risk, market risk, liquidity risk, operational risk and reputational risk. Although the Company has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future, these policies and procedures, as well as its risk management techniques, may not be fully effective. In addition, as regulations and markets in which the Company operates continue to evolve, its risk management framework may not always keep sufficient pace with those changes. If the Company's risk management framework does not effectively identify or mitigate its risks, the Company could suffer unexpected losses and could be materially adversely affected. Management of the Company's risks in some cases depends upon the use of analytical and / or forecasting models. If the models the Company uses to mitigate these risks are inadequate, it may incur increased losses. In addition, there may be risks that exist, or that develop in the future, that the Company has not appropriately anticipated, identified or mitigated.

**The Company May Not Be Able to Attract and Retain Skilled Key Employees.** The Company's success depends, in large part, on its ability to attract, retain, motivate and develop key employees. Competition for key employees is ongoing and the Company may not be able to attract, retain or hire the key employees who are wanted or needed, which may also negatively impact the Company's ability to execute identified business strategies. Because the Company operates primarily in specific geographic markets, its hiring pool is also limited by those markets. Competition for key employees may require the Company to offer higher compensation to attract or retain key employees, which may adversely affect the salaries and employee benefit costs of the Company. Various restrictions on the compensation which may be paid to certain executive officers were imposed under the Dodd-Frank Act and other legislation and regulations.

In addition, the Company's incentive compensation structure is subject to review by regulators, who may identify deficiencies in the structure or issue additional guidance on the Company's compensation practices, causing the Company to make changes that may affect its ability to offer competitive compensation to these individuals or that place it at a disadvantage to non-financial service competitors. The Company's ability to attract and retain talented employees may be affected by these restrictions, or any new executive compensation limits or regulations. Risks Related to Legal, Reputational and Compliance Matters Certain Banking Laws May Have an Anti – Takeover Effect. Application of certain federal banking laws and regulations applicable to the Company and City National, including regulatory approval requirements for change in control, merger or other business combination transactions, could make it more difficult for a third party to acquire the Company or City National, even if doing so would be perceived to be beneficial to the Company's shareholders. These laws and regulations effectively inhibit a non – negotiated merger or other business combination, which, in turn, could adversely affect the market price of the Company's common stock. The Company's Ability to Pay Dividends Is Limited. Although the Board of Directors has declared cash dividends in the past, the Company's current ability to pay dividends is largely dependent upon the receipt of dividends from City National. Federal laws impose restrictions on the ability of City National to pay dividends. Holders of shares of the Company's common stock are entitled to dividends if, and when, they are declared by the Company's Board of Directors out of funds legally available for that purpose. Additional restrictions are placed upon the Company by the policies of federal regulators, including the Federal Reserve Board's November 14, 1985 policy statement, which provides that bank holding companies should pay dividends only out of the past year's net income, and then only if their prospective rate of earnings retention appears consistent with their capital needs, asset quality, and overall financial condition. In general, future dividend policy is subject to the discretion of the Board of Directors and will depend upon a number of factors, including the Company's and City National's future earnings, capital requirements, regulatory constraints and financial condition. There can be no assurance that the Company will continue to pay dividends to its shareholders in the future. The Company and City National Are Extensively Regulated. The Company operates in a highly regulated environment and is subject to supervision and regulation by a number of governmental regulatory agencies, including the Federal Reserve Board, the OCC and the FDIC. Regulations adopted by these agencies, which are generally intended to provide protection for depositors and customers rather than for the benefit of shareholders, govern a comprehensive range of matters including but not limited to (i) ownership and control of the Company's equity, (ii) acquisition of other companies and businesses, (iii) permissible activities and investments, (iv) maintenance of adequate capital levels and (v) other operational aspects. Compliance with banking regulations is costly and restricts certain of our activities, including the payment of dividends, mergers and acquisitions, investments, loan amounts and concentrations, interest rates, opening and closing branch locations, and other activities. The bank regulatory agencies also possess broad authority to prevent or remedy unsafe or unsound practices or violations of law. These agencies have significant discretion in their ability to enforce penalties and further limit the Company's activities if the Company fails to comply with applicable regulations. The Dodd- Frank Act instituted major changes to the bank and financial institutions regulatory regimes, and additional changes continue to be proposed and implemented by various regulatory agencies. Other changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect the Company in substantial and unpredictable ways. Such changes could subject the Company to reduced revenues, additional costs, limit the types of financial services and products the Company may offer and / or increase the ability of non-banks to offer competing financial services and products, among other things. The burden and expenses associated with regulatory compliance have been increasing and may continue to increase. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and / or reputation damage, which could have a material adverse effect on the Company's business, financial condition and results of operations. Proposals to change the laws and regulations governing financial institutions are frequently raised in Congress and before bank regulatory authorities. Changes in applicable laws or regulations could materially affect the Company's business, and the likelihood of any major changes in the future and their effects are impossible to determine. Moreover, it is impossible to predict the ultimate form any proposed legislation might take or how it might affect the Company. The Company's Controls and Procedures May Fail or Be Circumvented. Any failure or circumvention of the Company's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Company's business, results of operations and financial condition. Management regularly reviews and updates the Company's internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, no matter how well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Significant Legal Actions Could Result in Substantial Liabilities. From time to time, the Company is subject to claims related to its operations. These claims and legal actions, including supervisory actions by its regulators, could involve large monetary claims and cause the Company to incur significant defense expenses. As a result, the Company may be exposed to substantial liabilities, which could negatively affect its shareholders' equity and financial results. The Company Faces Reputational Risk. The Company faces threats to its reputation from many sources, including adverse sentiment about financial institutions generally, unethical practices, employee misconduct, failure to deliver expected standards of service or quality, regulatory compliance deficiencies, and questionable or fraudulent activities of the Company's employees and customers. Negative publicity may arise regarding the Company's business, employees, or customers, with or without merit, and could result in the loss of customers, investors and employees, costly litigation, a decline in revenue, and increased regulatory oversight. The Company Is Subject to Possible Claims and Litigation Relating to Fiduciary Activities. A significant portion of the business conducted in the Company's trust division involves the Company assuming the special role of a fiduciary to its customers and to the beneficiaries of its customers' assets. Customers or beneficiaries could make claims and take legal action relating to the Company's fiduciary activities. Whether such claims and legal action related to the Company's performance of its fiduciary responsibilities are founded or unfounded, if such matters are not resolved in a manner favorable to the Company,

they may result in significant financial liability. Furthermore, the mere existence of a claim or legal action related to the Company's fiduciary activities could adversely affect the Company's reputation among customers and prospective customers. Any financial liability or reputation damage could have a material adverse effect on the Company's business, which, in turn, could have a material adverse effect on its financial condition and results of operations. Changes in Tax Law and Accounting Standards Could Materially Affect the Company's Operations. Changes in tax laws, or changes in the interpretation of existing tax laws, could materially adversely affect the Company's operations. Similarly, new accounting standards, changes to existing accounting standards, and changes to the methods of preparing financial statements could impact the Company's reported financial condition and results of operations. These factors are outside the Company's control and it is impossible to predict changes that may occur and the effect of such changes. Risks Related to Privacy and Technology System Failure, Cybersecurity Breaches, Fraud and Employee Misconduct Could Subject the Company to Increased Operating Costs, as Well as Litigation and Other Potential Losses. The computer systems and network infrastructure that the Company uses could be vulnerable to unforeseen hardware and cybersecurity issues, including "hacking" and "identity theft." The Company's operations are dependent upon its ability to protect its computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. Any damage or failure that causes an interruption in the Company's operations could have an adverse effect on its financial condition and results of operations. In addition, the Company's operations are dependent upon its ability to protect the computer systems and network infrastructure utilized by the Company, including its mobile and Internet banking activities, against damage from physical break-ins, cybersecurity breaches, acts of vandalism, computer viruses, theft of information, misplaced or lost data, programming and / or human errors, and other disruptive problems. The Company is further exposed to the risk that its third-party service providers may be unable to fulfill their contractual obligations with respect to managing the Company's information and systems. Any cybersecurity breach or other disruptions, whether by the Company or its third-party vendors, would jeopardize the security of information stored in and transmitted through the Company's computer systems and network infrastructure, which may result in significant liability to the Company, damage its reputation and inhibit current and potential customers from its using Internet banking services. The Company could incur substantial costs and suffer other negative consequences, such as: remediation costs, such as liability for stolen assets or information, repairs of system damage, and incentives to customers in an effort to maintain relationships after an attack; increased cybersecurity protection costs, such as organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants; and damage to the Company's competitiveness, stock price, and long-term shareholder values. Despite efforts to ensure the integrity of the Company's systems, the Company will not be able to anticipate all security breaches of these types, nor will it be able to implement guaranteed preventive measures against such security breaches. Persistent attackers may succeed in penetrating defenses given enough resources, time and motive. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations or hostile foreign governments. These risks may increase in the future as the Company continues to increase its mobile payment and other Internet-based product offerings and expand its internal usage of web-based products and applications. A successful attack to the Company's system security or the system security of one of its critical third-party vendors could cause it serious negative consequences, including significant disruption of operations, misappropriation of confidential information, and damage to its computers or systems or those of its customers and counterparties. A successful security breach could result in violations of applicable privacy and other laws, financial loss to the Company or to its customers, loss of confidence in its security measures, significant litigation exposure, and harm to its reputation, all of which could have a material adverse effect on the Company. Criminals are committing fraud at an increasing rate and are using more sophisticated techniques, including through use of artificial intelligence technologies. The Company faces risk of fraudulent activity in many forms, including online payment transfer fraud, debit card fraud, check fraud, mechanical devices attached to ATMs or ITMs, phishing attacks to obtain personal information, email-related frauds and the impersonation of Company executives or vendors, and impersonation of clients through the use of falsified or stolen credentials. The Company may suffer losses as a result of fraudulent activity committed against it, its customers, and other counterparties. The Company could be adversely affected if one of its employees causes a significant operational breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates the Company's operations or systems. Misconduct by employees could include fraudulent, improper or unauthorized activities on behalf of customers or improper use of confidential information. Employee errors or misconduct could subject the Company to regulatory enforcement action, legal action, reputational damage, and other losses. For more information on how the Company manages cybersecurity risk, please refer to Item 1C. Cybersecurity.

**General Risk Factors** The Company Relies Heavily on Its Management Team, and the Unexpected Loss of Key Management May Adversely Affect Its Operations. The Company's success to date has been strongly influenced by its ability to attract and to retain senior management personnel experienced in banking in the markets it serves. Competition for key personnel is intense. The Company's ability to retain executive officers and the current management teams will continue to be important to the successful implementation of its strategies. The Company has employment agreements with these key employees in the event of a change of control, as well as confidentiality, non-solicitation and non-competition agreements related to its stock options. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on the Company's business and financial results. Severe Weather, Natural Disasters, Acts of War or Terrorism, and Other External Events Could Significantly Impact the Company's Business. Severe weather, natural disasters, health emergencies (including COVID-19), acts of war or terrorism, and other adverse external events, especially those that directly affect the Company's market areas, could have a significant impact on the Company's ability to conduct business. These events could adversely affect the ability of borrowers to repay outstanding loans, decrease the value of collateral securing loans, cause significant property and infrastructure damage, and affect the stability of the Company's deposit base.

The Company may experience decreased revenue, increased charge-offs, and other expenses. Climate Change Could Materially Impact the Company's Underlying Customers or the General Economic Conditions, Resulting in Impacts on the Company. The Company's business, as well as the operations and activities of its customers, could be negatively impacted by climate change. Climate change presents both immediate and long-term risks to the Company and its customers, and these risks are expected to increase over time. Climate change presents multi-faceted risks, including: operational risk from the physical effects of climate events on the Company and its customers' facilities and other assets; credit risk from borrowers with significant exposure to climate risk; transition risks associated with the transition to a less carbon-dependent economy; and reputational risk from stakeholder concerns about the Company's practices related to climate change, the Company's carbon footprint, and the Company's business relationships with clients who operate in carbon-intensive industries. The Company's success depends on its relationships with customers and general economic conditions. Because the Company's customer base is geographically concentrated in West Virginia, Kentucky, Virginia, and **southeastern** Ohio, if the customers in those geographies are physically impacted by climate change, the Company may be financially impacted as well. In addition, an economic transition to mitigate climate change on a broader scale could have a negative or destabilizing impact on the general economic conditions of the country, which could also have a negative impact on the financial outcomes of the Company. **22**