

Risk Factors Comparison 2025-02-21 to 2024-02-23 Form: 10-K

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

An investment in our securities involves risks. Stockholders should carefully consider the risks described below, together with all other information contained in this Annual Report on Form 10-K, before making any purchase or sale decisions regarding our securities. If any of the following risks actually occur, our business, financial condition or operating results may be harmed. In that case, the trading price of our securities may decline, and stockholders may lose part or all of their investment in our securities.

- 22 - Risks Applicable to Our Business: ~~The ongoing COVID-19 pandemic and measures intended to prevent its spread could have a material adverse effect on our business, results of operations and financial condition, and such effects will depend on future developments, which are highly uncertain and are difficult to predict. Global health concerns relating to the COVID-19 outbreak and its variants and related government actions taken to reduce the spread of the virus and changes in customer, employer and employee behavior have weighed on and may continue to effect the macroeconomic environment in our New Jersey / New York metropolitan market trade area and have caused economic uncertainty and reduced economic activity. Given the ongoing and dynamic nature of the pandemic, it is difficult to predict the full impact of the COVID-19 pandemic on our business and that of our clients, employees and third-party service providers. The extent of such an impact will depend on future developments, which are highly uncertain.~~

~~21~~ Our growth-oriented business strategy could be adversely affected if we are not able to attract and retain skilled employees or if we lose the services of our senior management team. We may not be able to successfully manage our business as a result of the strain on our management and operations that may result from growth. Our ability to manage growth will depend upon our ability to continue to attract, hire and retain skilled employees. The loss of members of our senior management team, including those officers named in the summary compensation table of our proxy statement, could have a material adverse effect on our results or operations and ability to execute our strategic goals. Our success will also depend on the ability of our officers and key employees to continue to implement and improve our operational and other systems, to manage multiple, concurrent client relationships and to hire, train and manage our employees. We may need to raise additional capital to execute our growth-oriented business strategy. In order to continue our growth, we will be required to maintain our regulatory capital ratios at levels higher than the minimum ratios set by our regulators. We can offer you no assurances that we will be able to raise capital in the future, or that the terms of any such capital will be beneficial to our existing security holders. In the event we are unable to raise capital in the future, we may not be able to continue our growth strategy. We have a significant concentration in commercial real estate loans. Our loan portfolio is made up largely of commercial real estate loans. These types of loans generally expose a lender to a higher degree of credit risk of non-payment and loss than do residential mortgage loans because of several factors, including dependence on the successful operation of a business or a project for repayment, and loan terms with a balloon payment rather than full amortization over the loan term. In addition, commercial real estate loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four- family residential mortgage loans. Underwriting and portfolio management activities cannot completely eliminate all risks related to these loans. Any significant failure to pay on time by our clients or a significant default by our clients would materially and adversely affect us. As of December 31, ~~2023~~ **2024**, we had \$ 6. ~~5~~ **3** billion of commercial real estate loans (nonowner- occupied, owner- occupied, multifamily and land), including construction loans, which represented ~~78~~ **76** ~~+2~~ % of loans receivable. Concentrations in commercial real estate are monitored by regulatory agencies and subject to scrutiny. Guidance from these regulatory agencies includes all commercial real estate loans, including commercial construction loans, in calculating our commercial real estate concentration, but excludes owner- occupied commercial real estate loans. Based on this regulatory definition, our commercial real estate loans represented ~~463~~ **435** % of the Bank's Tier 1 capital plus the allowance for credit losses on loans. Loans secured by owner- occupied real estate are reliant on the operating businesses to provide cash flow to meet debt service obligations, and as a result may be more susceptible to the general impact on the economic environment affecting those operating companies as well as the real estate. The impact of ~~the COVID-19 pandemic and~~ the development of remote work or hybrid work models on the metropolitan New York area commercial real estate market is uncertain, causing volatility in rents in certain core urban markets. Many other factors, including the exchange rate for the U. S. dollar, potential international trade tariffs, inflation and changes in federal tax laws affecting the deductibility of state and local taxes and mortgage interest could negatively impact our local economy and real estate market. Accordingly, it may be more difficult for commercial real estate borrowers to repay their loans in a timely manner, as commercial real estate borrowers' ability to repay their loans frequently depends on the successful development and leasing of their properties. The deterioration of one or a few of our commercial real estate loans could cause a material increase in our level of nonperforming loans, which would result in a loss of revenue from these loans and could result in an increase in the provision for credit losses and / or an increase in charge-offs, all of which could have a material adverse impact on our net income. We also may incur losses on commercial real estate loans due to declines in occupancy rates and rental rates, which may decrease property values and may decrease the likelihood that a borrower may find permanent financing alternatives. Any weakening of the commercial real estate market may increase the likelihood of default on these loans, which could negatively impact our loan portfolio's performance and asset quality. If we are required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, we could incur material losses. Any of these events could increase our costs, require management time and attention, and materially and adversely affect us.

~~22~~ **23** Federal banking agencies have issued guidance regarding high concentrations of commercial real estate loans within bank loan portfolios. The guidance requires financial institutions that exceed certain levels of commercial real estate lending compared with their total capital to maintain heightened risk management

practices that address the following key elements: board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of commercial real estate lending. If there is any deterioration in our commercial real estate portfolio or if our regulators conclude that we have not implemented appropriate risk management practices, it could adversely affect our business, and could result in the requirement to maintain increased capital levels. Such capital may not be available at that time and may result in our regulators requiring us to reduce our concentration on commercial real estate loans. If we are limited in our ability to originate loans secured by commercial real estate, we may face greater risk in our loan portfolio. If, because of our concentration of commercial real estate loans, or for any other reasons, we are limited in our ability to originate loans secured by commercial real estate, we may incur greater risk in our loan portfolio. For example, we are and may continue to seek to further increase our growth rate in commercial and industrial loans, including both secured and unsecured commercial and industrial loans. Unsecured loans generally involve a higher degree of risk of loss than do secured loans because, without collateral, repayment is wholly dependent upon the success of the borrowers' businesses and personal guarantes. Secured commercial and industrial loans are generally collateralized by accounts receivable, inventory, equipment or other assets owned by the borrower and typically include a personal guaranty of the business owner. Compared to real estate, that type of collateral is more difficult to monitor, its value is harder to ascertain, it may depreciate more rapidly, and it may not be as readily saleable if repossessed. Therefore, we may be exposed to greater risk of loss on these credits.

Our New York State multifamily loan portfolio may expose us to increased lending risks could be adversely impacted by changes in legislation or regulation which, in turn, could have a material adverse effect on our financial condition and results of operations. Given the **significant growth portfolio of loans secured by multi family properties located in New York. On June 14, 2019, the New York State legislature passed the New York Housing Stability and Tenant Protection Act of 2019. This legislation represents the most extensive reform of New York State's rent laws in several decades and generally limits a landlord's ability to increase rents on rent regulated apartments and makes it more difficult to convert rent regulated apartments to market rate apartments. As a result, the value of the collateral located in New York State securing the Company's multi family loans or the future net operating income of such properties could potentially become impaired which, in turn, could have a material adverse effect on our financial condition and results of operations. A significant portion of our loan portfolio has interest rates that will reset over the next 24 months. In addition, many a significant portion of our commercial real estate portfolio will mature over the next 24 months. Applicable increases in interest rates could harm our borrowers' abilities to repay their** loans are unseasoned, meaning that they originated relatively recently. As of December 31, 2023-2024, we had \$ 5.9 billion in commercial real estate loans outstanding. Approximately 64.5% of the loans, or \$ 3.8 billion, were originated in the past three years. As a **significant portion** result, it may be difficult to predict the future performance of our loan portfolio **bears interest at rates that will reset during 2025 and 2026. Generally, these loans may have delinquency currently bear interest at rates that are lower than current market rates, as these loans were predominately originated in 2020 and 2021, and so these borrowers will experience an increase in the interest rates applicable to their loans, which in some cases will be significant. In addition, a significant portion of our charge-loan portfolio matures in 2025 and 2026. For loans that are maturing, borrowers will either need to refinance these loans, with the Bank or with another financial institution, or pay these loans off levels above our expectations using other sources of funds. Borrowers refinancing loans will likely experience an increase in the interest rates applicable to their loans, which in some cases will be significant. An increase in interest rates applicable to their loans may negatively impact our borrowers, increasing their costs and potentially making it more difficult for them to continue to perform under their loan agreements. Any increase in late payments or defaults by our borrowers due to increases in the interest rates applicable to their loans could negatively adversely affect our performance asset quality and results of operations.**

- 24- The small- to medium- sized businesses that the Bank lends to may have fewer resources to weather a downturn in the economy, which may impair a borrower's ability to repay a loan to the Bank that could materially harm our operating results. The Bank targets its business development and marketing strategy primarily to serve the banking and financial services needs of small- to medium- sized businesses. These small- to medium- sized businesses frequently have smaller market share than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience significant volatility in operating results. Any one or more of these factors may impair the borrower's ability to repay a loan. In addition, the success of a small- to medium- sized business often depends on the management talents and efforts of one or two persons or a small group of persons, and the death, disability or resignation of one or more of these persons could have a material adverse impact on the business and its ability to repay a loan. Economic downturns and other events that negatively impact our market areas could cause the Bank to incur substantial credit losses that could negatively affect our results of operations and financial condition. Our ability to maintain our reputation is critical to the success of our business and the failure to do so may materially adversely affect our performance. Our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our clients and caring about our clients and associates. If our reputation is negatively affected by the actions of our employees or otherwise, our business and, therefore, our operating results may be materially adversely affected. Anti- takeover provisions in our corporate documents and in New Jersey corporate law may make it difficult and expensive to remove current management. Anti- takeover provisions in our corporate documents and in New Jersey law may render the removal of our existing board of directors and management more difficult. Consequently, it may be difficult and expensive for our stockholders to remove current management, even if current management is not performing adequately.

- 23- 25- Competition in originating loans and attracting deposits may adversely affect our profitability. We face substantial

competition in originating loans. This competition currently comes principally from other banks, savings institutions, mortgage banking companies, credit unions and other lenders, including online “fintech” companies. Many of our competitors enjoy advantages, including greater financial resources and higher lending limits, a wider geographic presence, more accessible branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, as well as lower origination and operating costs. This competition could reduce our net income by decreasing the number and size of loans that we originate and the interest rates we may charge on these loans. In attracting deposits, we face substantial competition from other insured depository institutions such as banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of our competitors enjoy advantages, including greater financial resources, more aggressive marketing campaigns, better brand recognition and more branch locations. These competitors may offer higher interest rates than we do, which could decrease the deposits that we attract or require us to increase our rates to retain existing deposits or attract new deposits. We have also been active in competing for New York and New Jersey governmental and municipal deposits. As of December 31, 2023-2024, governmental and municipal deposits accounted for approximately \$ 745-1.0 million-billion in deposits. The governor of New Jersey has proposed that the state form and own a bank in which governmental and municipal entities would deposit their excess funds, with the state- owned bank then financing small businesses and municipal projects in New Jersey. Although this proposal has not advanced is in the very early stages, should this proposal be adopted and a state- owned bank formed, it could impede our ability to attract and retain governmental and municipal deposits. Increased deposit competition could adversely affect our ability to generate the funds necessary for lending operations, which may increase our cost of funds. We also compete with non- bank providers of financial services, such as brokerage firms, consumer finance companies, insurance companies and governmental organizations, which may offer more favorable terms. Some of our non- bank competitors are not subject to the same extensive regulations that govern our operations. As a result, such non- bank competitors may have advantages over us in providing certain products and services. This competition may reduce or limit our margins on banking services, reduce our market share and adversely affect our earnings and financial condition. In addition, the banking industry in general faces competition for deposit, credit and money management products from non- bank technology firms, or fintech companies, which may offer products independently or through relationships with insured depository institutions. External factors, many of which we cannot control, may result in liquidity concerns for us. Liquidity risk is the potential that the Bank may be unable to meet its obligations as they come due, capitalize on growth opportunities as they arise, or pay regular dividends because of an inability to liquidate assets or obtain adequate funding on a timely basis, at a reasonable cost and within acceptable risk tolerances. Liquidity is required to fund various obligations, including credit commitments to borrowers, mortgage and other loan originations, withdrawals by depositors, repayment of borrowings, operating expenses, capital expenditures and dividend payments to shareholders. Liquidity is derived primarily from deposit growth and retention; principal and interest payments on loans; prepayment and maturities of loans; principal and interest payments on investment securities; sale, maturity and prepayment of investment securities; net cash provided from operations, and access to other funding sources. In addition, in recent periods we have substantially increased our use of alternate alternative deposit origination channels, such as brokered deposits, including reciprocal deposit services, and internet listing services.- 24-26 - Our access to funding sources in amounts adequate to finance our activities could be impaired by factors that affect us specifically or the financial services industry in general. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity due to market factors or an adverse regulatory action against us, as well as events affecting other market participants, such as failures of other insured depository institutions. In addition, our ability to use alternate deposit origination channels could be substantially impaired if we fail to remain “well capitalized”. Our ability to borrow could also be impaired by factors that are not specific to us, such as a severe disruption of the financial markets or negative views and expectations about the prospects for the financial services industry as a whole. Furthermore, regional and community banks generally have less access to the capital markets than do the national and super-regional banks because of their smaller size and limited analyst coverage. Any decline in available funding could adversely impact our ability to originate loans, invest in securities, meet our expenses, or fulfill obligations such as meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, results of operations and financial condition. Declines in the value of our investment securities portfolio may adversely impact our results. As of December 31, 2023-2024, we had approximately \$ 617-612.28 million in fair value of investment securities, all of which are classified as available- for- sale. We may be required to record an allowance for credit losses on our investment securities if they suffer a decline in value below their amortized cost basis that is considered credit related. Numerous factors, including lack of liquidity for re- sales of certain investment securities, absence of reliable pricing information on investment securities, adverse changes in business climate, adverse actions by regulators, or unanticipated changes in the competitive environment could have a negative effect on our investment portfolio in future periods. If an impairment charge is significant enough, it could affect the ability of the Bank to upstream dividends to the Company, which could have a material adverse effect on our liquidity and our ability to pay dividends to shareholders and could also negatively impact our regulatory capital ratios. The Bank’s ability to pay dividends is subject to regulatory limitations, which, to the extent that the Company requires such dividends in the future, may affect the Company’s ability to honor its obligations and pay dividends. As a bank holding company, the Company is a separate legal entity from the Bank and its subsidiaries and does not have significant operations. We currently depend on the Bank’s cash and liquidity to pay our operating expenses and to fund dividends to shareholders. We cannot assure you that in the future the Bank will have the capacity to pay the necessary dividends and that we will not require dividends from the Bank to satisfy our obligations. Various statutes and regulations limit the availability of dividends from the Bank. It is possible, depending upon our and the Bank’s financial condition and other factors, that bank regulators could assert that payment of dividends or other payments by the Bank are an unsafe or unsound practice. In the event that the Bank is unable to pay dividends, we may not be able to service our obligations, as they become due, or pay dividends on our capital stock. Consequently, the inability to receive

dividends from the Bank could adversely affect our financial condition, results of operations, cash flows and prospects. In addition, as described under “ Capital Adequacy Guidelines, ” banks and bank holding companies are required to maintain a capital conservation buffer on top of minimum risk- weighted asset ratios. The capital conservation buffer is 2.5 %. Banking institutions which do not maintain capital in excess of the capital conservation buffer will face constraints on the payment of dividends, equity repurchases, and compensation based on the amount of the shortfall. Accordingly, if the Bank fails to maintain the applicable minimum capital ratios and the capital conservation buffer, distributions to the Company may be prohibited or limited. We may not be able to pay dividends on our common stock if we have not made required dividend payments on our outstanding, noncumulative preferred stock. We have a series of outstanding perpetual preferred stock, our 5.25 % Fixed- Rate Reset Non- Cumulative Perpetual Preferred Stock, Series A. The rights of the preferred stockholders to receive dividends are senior to the rights of our common holders, although the preferred dividend rights are non- cumulative. Therefore, unless all dividends due on our outstanding preferred stock have been declared and paid for the most recent dividend period provided for under the terms of the preferred stock, we may not pay a dividend on our common stock or repurchase shares of our common stock during that period. - **25-27** - We may incur impairment to goodwill. We review our goodwill at least annually. Significant negative industry or economic trends, reduced estimates of future cash flows or disruptions to our business, could indicate that goodwill might be impaired. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and to rely on projections of future operating performance. We operate in a competitive environment and projections of future operating results and cash flows may vary significantly from actual results. Additionally, if our analysis results in an impairment to our goodwill, we would be required to record a non- cash charge to earnings in our financial statements during the period in which such impairment is determined to exist. Any such charge could have a material adverse effect on our results of operations. We have grown and may continue to grow through acquisitions. Since January 1, 2019, we have acquired GHB, BoeFly and BNJ **and entered into an agreement to acquire FLIC (First of Long Island Corp.), the consummation of which is pending regulatory approval**. To be successful as a larger institution, we must successfully integrate the operations and retain the clients of acquired institutions, attract and retain the management required to successfully manage larger operations, and control costs. Future results of operations will depend in large part on our ability to successfully integrate the operations of the acquired institutions and retain the clients of those institutions. If we are unable to successfully manage the integration of the separate cultures, client bases and operating systems of the acquired institutions, and any other institutions that may be acquired in the future, our results of operations may be adversely affected. In addition, to successfully manage substantial growth, we may need to increase noninterest expenses through additional personnel, leasehold and data processing costs, among others. In order to successfully manage growth, we may need to adopt and effectively implement policies, procedures and controls to maintain credit quality, control costs and oversee our operations. No assurance can be given that we will be successful in this strategy. We may be challenged to successfully manage our business as a result of the strain on management and operations that may result from growth. The ability to manage growth will depend on our ability to continue to attract, hire and retain skilled employees. Success will also depend on the ability of officers and key employees to continue to implement and improve operational and other systems, to manage multiple, concurrent client relationships and to hire, train and manage employees. Finally, substantial growth may stress regulatory capital levels, and may require us to raise additional capital. No assurance can be given that we will be able to raise any required capital, or that we will be able to raise capital on terms that are beneficial to stockholders. - **26-28** - Attractive acquisition opportunities may not be available to us in the future. We expect that other banking and financial service companies, many of which have significantly greater resources than us, will compete with us in acquiring other target companies if we **seek to** pursue such acquisitions. This competition could increase prices for potential acquisitions that we believe are attractive. Also, acquisitions are subject to various regulatory approvals. If we fail to receive the appropriate regulatory approvals, we will not be able to consummate an acquisition that we believe is in our best interests. Among other things, our regulators will consider our capital, liquidity, profitability, regulatory compliance and levels of goodwill when considering acquisition and expansion proposals. Any acquisition could be dilutive to our earnings and shareholders’ equity per share of our common stock. Hurricanes or other adverse weather or health related events could negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business or results of operations. Hurricanes and other weather events can disrupt our operations, result in damage to our properties and negatively affect the local economies in which we operate. In addition, these weather events may result in a decline in value or destruction of properties securing our loans and an increase in delinquencies, foreclosures and credit losses. Finally, health related events, such as a viral pandemic, could adversely affect the business of our clients and our local economies, thereby adversely affecting our results of operations. The Company will be subject to heightened regulatory requirements when total assets exceed \$ 10 billion. The Company’ s total assets were \$ 9. **856-880** billion as of December 31, **2023-2024** . **Upon consummation of the FLIC merger, our assets will be substantially in excess of \$ 10 billion**. Banks with assets in excess of \$ 10 billion are subject to requirements imposed by the Dodd- Frank Act and its implementing regulations, including: the examination authority of the Consumer Financial Protection Bureau to assess compliance with Federal consumer financial laws, imposition of higher FDIC premiums, and reduced debit card interchange fees, all of which increase operating costs and reduce earnings. As the Company ~~has approaches~~ **approached** \$ 10 billion in total consolidated assets, additional costs have been incurred to prepare for the implementation of these imposed requirements. The Company may be required to invest more significant management attention and resources to evaluate and continue to make any changes necessary to comply with the new statutory and regulatory requirements under the Dodd- Frank Act. **Any failure of** ~~Further, Federal financial regulators may require accelerated actions and investments to prepare for compliance before \$ 10 billion in total consolidated assets is exceeded, and may suspend or delay certain regulatory actions, such as approving a proposed merger, if preparations are deemed inadequate. Upon reaching this threshold, the Company faces the risk of failing to meet these requirements , which~~ **Risks Applicable to our**

Proposed Merger with FLIC Shareholders of ConnectOne will have less influence as shareholders of the combined company than as a shareholder of ConnectOne prior to the completion of the merger. The shareholders of ConnectOne will experience a decline in their influence over the resulting entity in the merger. Presently, ConnectOne shareholders have the right to control ConnectOne through their ability to elect the board of directors of ConnectOne and to vote on other matters affecting ConnectOne. As a result of the merger, the existing shareholders of ConnectOne will own approximately 76 % of the combined company's outstanding common stock. Consequently, while the existing shareholders of ConnectOne will continue to own a majority of the outstanding shares of the combined company and thus will continue to have the ability to control the vote on most matters submitted to the shareholders of the combined company, the extent of the existing ConnectOne shareholders' influence over the management and policies of the combined company will be less than their current influence over the management and policies of ConnectOne.- 29-

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the Merger. Before the merger and the bank merger may be completed, ConnectOne and FLIC must obtain approvals from, or provide notice to, the Federal Reserve Board, the FDIC and the New Jersey Department of Banking and Insurance. Other approvals, waivers or consents from regulators may also be required. In determining whether to grant these approvals the regulators consider a variety of factors. An adverse development in either party's regulatory standing or these factors could result in an inability to obtain approvals or delay their receipt. These regulators may impose conditions on the completion of the holding company merger or the bank merger or require changes to the terms of the merger or the bank merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or the bank merger or imposing additional costs on or limiting the revenues of the combined company following the merger and the bank merger, any of which might have an adverse effect on the combined company following the merger. ConnectOne may need to raise additional capital in connection with the merger. In order to further support the capital ratios of the combined entity, ConnectOne expects that it will raise additional capital as part of the transaction. Under the terms of the merger agreement, ConnectOne has agreed that it would raise up to \$ 200 million in new capital if required to obtain any necessary regulatory approval. The actual amount of capital to be raised, the timing, and the type of securities to be issued by ConnectOne to raise such capital, have not yet been determined. We can offer you no assurances that ConnectOne will be able to raise additional capital in connection with the merger. If ConnectOne is unable to raise additional capital, it may negatively impact ConnectOne's ability to obtain necessary regulatory approvals for the merger. Failure to complete the merger could severely disadvantage ConnectOne. Completion of the merger is subject to the satisfaction or waiver of a number of conditions. ConnectOne or FLIC cannot guarantee when or if these conditions will be satisfied or that the merger will be successfully completed. The consummation of the merger may be delayed, the merger may be consummated on terms different than those contemplated by the merger agreement, or the merger may not be consummated at all. If the merger is not completed, the ongoing business of ConnectOne may be adversely affected, and ConnectOne will be subject to several risks, including the following: • ConnectOne could incur substantial costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and • ConnectOne's management's and employees' attention may be diverted from their day- to- day business and operational matters as a result of efforts relating to the attempt to consummate the merger. In addition, if the merger is not completed, ConnectOne may experience negative reactions from the financial markets and from its customers and employees. ConnectOne also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against ConnectOne to perform its obligations under the merger agreement. If the merger is not completed, ConnectOne cannot assure shareholders that the risks described above will not materialize and will not materially affect the stock price and business and financial results of ConnectOne. The expected benefits of the merger may not be realized if the combined company does not achieve cost savings and other benefits. The expectation by the management teams of ConnectOne and FLIC that cost savings and revenue enhancements are achievable is a forward- looking statement that is inherently uncertain. The combined company's actual cost savings and revenue enhancements, if any, cannot be quantified at this time. Any actual cost savings or revenue enhancements will depend on future expense levels and operating results, the timing of certain events and general industry, regulatory and business conditions. Many of these events will be beyond the control of the combined company.- 30-

ConnectOne will be subject to business uncertainties and contractual restrictions, while the merger is pending. Uncertainty about the effect of the merger on employees and customers may have an adverse effect on ConnectOne. These uncertainties may impair ConnectOne's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with ConnectOne to seek to change existing business relationships with ConnectOne. Retention of certain employees by ConnectOne may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with ConnectOne. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with ConnectOne, ConnectOne's business could be harmed. In addition, subject to certain exceptions, ConnectOne has agreed to operate its business in the ordinary course, consistent with past practices, prior to closing. This could prohibit ConnectOne from taking advantage of a new business opportunity prior to consummation of the merger. Shareholder litigation could prevent or delay the completion of the merger or otherwise negatively impact the business and operations of ConnectOne. ConnectOne shareholders and / or FLIC shareholders may file lawsuits against ConnectOne, FLIC and / or the directors and officers of either company in connection with the merger. If any plaintiff were successful in obtaining an injunction prohibiting ConnectOne or FLIC from completing the merger or any of the other transactions contemplated by the merger agreement, then such injunction may delay or prevent the effectiveness of the merger and could result in

significant costs to ConnectOne, including any cost associated with the indemnification of directors and officers or the defense or settlement of any shareholder lawsuits filed in connection with the merger. Such litigation could have an adverse effect on the consolidated financial condition and consolidated results of operations of ConnectOne and could prevent or delay the completion of the merger. The combined company may be unable to retain ConnectOne and / or FLIC personnel successfully after the merger is completed. The success of the merger will depend in part on the combined company's ability to retain the talents and dedication of key employees currently employed by ConnectOne and FLIC. It is possible that these employees may decide not to remain with ConnectOne or FLIC, as applicable, while the merger is pending or with the combined company after the merger is consummated. If ConnectOne is unable to retain key employees, including management, who are critical to the successful integration and future operations of the companies, ConnectOne could face disruptions in their operations, loss of existing customers, loss of key information, expertise or know-how and unanticipated additional recruitment costs. In addition, following the merger, if key employees terminate their employment, the combined company's business activities may be adversely affected, and management's attention may be diverted from successfully hiring suitable replacements, all of which may cause the combined company's business to suffer. ConnectOne also may not be able to locate or retain suitable replacements for any key employees who leave the company. Unanticipated costs relating to the merger could reduce ConnectOne's future earnings per share. ConnectOne has incurred substantial legal, accounting, financial advisory and other merger-related costs, and ConnectOne's management has devoted considerable time and effort in connection with the merger. If the merger is not completed, ConnectOne will bear certain fees and expenses associated with the merger without realizing the benefits of the merger. If the merger is completed, ConnectOne expects to incur substantial expenses in connection with integrating the business, operations, network, systems, technologies, policies and procedures of the two companies. The fees and expenses may be significant and could have an adverse impact on ConnectOne's results of operations.- 31- ConnectOne believes that it has reasonably estimated the likely costs of integrating the operations of ConnectOne and FLIC, and the incremental costs of operating as a combined company. However, it is possible that unexpected transaction costs such as taxes, fees or professional expenses or unexpected future operating expenses such as increased personnel costs or increased taxes, as well as other types of unanticipated adverse developments, could have a material adverse effect on the results of operations and financial condition of the combined company. If unexpected costs are incurred, the merger could have a dilutive effect on ConnectOne's earnings per share. In other words, if the merger is completed, the earnings per share of ConnectOne common stock could be less than anticipated or even less than if the merger had not been completed. Issuance of shares of ConnectOne common stock in connection with the merger may adversely affect the market price of ConnectOne common stock. In connection with the payment of the merger consideration, ConnectOne expects to issue approximately 12 million shares of ConnectOne common stock to FLIC shareholders. The issuance of these new shares of ConnectOne common stock may result in fluctuations in the market price of ConnectOne's common stock, including a stock price decrease.- 32-

Risks Applicable to the Banking Industry Generally: Recent events impacting the financial services industry. Recent events impacting the financial services industry, including the failures of Silicon Valley Bank, Signature Bank and First Republic Bank, have resulted in increased volatility and reduced valuations of equity and other securities of banks in the capital markets. In addition, the Federal Reserve, in order to combat inflation, has employed quantitative tightening in order to reduce the size of its balance sheet, resulting in increased competition and costs for bank deposits and an increased risk of an economic recession. These recent events have, and could continue to, increase competition for deposits and adversely impact the market price and volatility of the Company's common stock. These recent events may also result in potentially adverse changes to laws or regulations governing banks and bank holding companies or result in the impositions of restrictions through supervisory or enforcement activities, including higher capital requirements, which could have a material impact on our business. We may be impacted by concerns regarding the soundness or creditworthiness of other financial institutions, which can cause substantial disruption within the financial markets and increased expenses. The cost of resolving the recent bank failures has caused the FDIC to issue additional special assessments and could cause the FDIC to increase premiums or issue additional special assessments in the future.- 27-

Our allowance for credit losses may not be adequate to cover actual losses. Like all financial institutions, we maintain an allowance for credit losses and to provide for loan defaults and nonperformance. The process for determining the amount of the allowance is critical to our financial results and condition. It requires difficult, subjective and complex judgments about the future, as well as the impact of national and regional economic conditions on the ability of our borrowers to repay their loans. If our judgment proves to be incorrect, our allowance may not be sufficient to cover losses in our loan portfolio. Further, state and federal regulatory agencies, as an integral part of their examination process, review our loans and allowance and may require an increase in our allowance for credit losses. Further increases to the allowance could adversely affect our earnings. Changes in interest rates, as well as other actions the Federal Reserve may take may adversely affect our earnings and financial condition. Our net income depends primarily upon our net interest income. Net interest income is the difference between interest income earned on loans, investments and other interest-earning assets and the interest expense incurred on deposits and borrowed funds. The level of net interest income is primarily a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are impacted by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the Federal Reserve Board of Governors (the "FOMC"), and market interest rates. A period of sustained high increase in market interest rates, such as has been in effect since the first half of 2023, could adversely affect our earnings if our cost of funds increases more rapidly than our yield on our earning assets and compresses our net interest margin. In addition, the economic value of portfolio equity would decline as interest rates increase. Different types of

assets and liabilities may react differently, and at different times, to changes in market interest rates. We expect that we will periodically experience gaps in the interest rate sensitivities of our assets and liabilities. That means either our interest-bearing liabilities will be more sensitive to changes in market interest rates than our interest-earning assets, or vice versa. When interest-bearing liabilities mature or re-price more quickly than interest-earning assets, an increase in market rates of interest could reduce our net interest income. Likewise, when interest-earning assets mature or re-price more quickly than interest-bearing liabilities, falling interest rates could reduce our net interest income. We are unable to predict changes in market interest rates, which are affected by many factors beyond our control, including inflation, deflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets. We also attempt to manage risk from changes in market interest rates, in part, by controlling the mix of interest rate sensitive assets and interest rate sensitive liabilities. However, interest rate risk management techniques are not exact. A rapid increase or decrease in interest rates could adversely affect our results of operations and financial performance. In addition to increases in interest rates, the FOMC has also changed its stance on monetary policy as an additional effort to reduce inflation. Beginning in the second half of 2022, the FOMC began reducing its balance sheet, implementing a program of quantitative tightening to reduce the overall money supply. As a result, we may face greater competition for deposits, resulting in a higher cost of funds and a reduced net interest margin, as well as greater liquidity risk to continue to fund our loan originations. We are unable to predict the duration and ultimate impact of the FOMC's quantitative tightening program. However, if the program significantly tightens the nation's money supply, it may adversely affect our results of operations and financial performance. - 28-33 - The banking business is subject to significant government regulations. We are subject to extensive governmental supervision, regulation and control. These laws and regulations are subject to change and may require substantial modifications to our operations or may cause us to incur substantial additional compliance costs. In addition, future legislation and government policy could adversely affect the commercial banking industry and our operations. Such governing laws can be anticipated to continue to be the subject of future modification. Our management cannot predict what effect any such future modifications will have on our operations. In addition, the primary focus of Federal and state banking regulation is the protection of depositors and not the shareholders of the regulated institutions. For example, implementation of all required regulations under the Dodd- Frank Act may result in substantial new compliance costs. The Dodd- Frank Act was signed into law on July 21, 2010. Generally, the Dodd- Frank Act is effective the day after it was signed into law, but different effective dates apply to specific sections of the law, many of which will not become effective until various Federal regulatory agencies have promulgated rules implementing the statutory provisions. Ultimately, final implementation the Dodd- Frank Act could have a material adverse impact either on the financial services industry as a whole, or on our business, results of operations and financial condition. These provisions, as well as any other aspects of current or proposed regulatory or legislative changes to laws applicable to the financial industry, may impact the profitability of our business activities and may change certain of our business practices, including the ability to offer new products, obtain financing, attract deposits, make loans, and achieve satisfactory interest spreads, and could expose us to additional costs, including increased compliance costs. These changes also may require us to invest significant management attention and resources to make any necessary changes to operations in order to comply and could therefore also materially and adversely affect our business, financial condition and results of operations. The ultimate effect of certain of these changes on the financial services industry in general, and us in particular, is uncertain at this time. - 29-34 - The laws that regulate our operations are designed for the protection of depositors and the public, not our shareholders. The federal and state laws and regulations applicable to our operations give regulatory authorities extensive discretion in connection with their supervisory and enforcement responsibilities, and generally have been promulgated to protect depositors and the Deposit Insurance Fund and not for the purpose of protecting shareholders. These laws and regulations can materially affect our future business. Laws and regulations now affecting us may be changed at any time, and the interpretation of such laws and regulations by bank regulatory authorities is also subject to change. We can give no assurance that future changes in laws and regulations or changes in their interpretation will not adversely affect our business. Legislative and regulatory changes may increase our cost of doing business or otherwise adversely affect us and create competitive advantages for non-bank competitors. We cannot predict how changes in technology will impact our business; increased use of technology may expose us to service interruptions or breaches in security. The financial services market, including banking services, is increasingly affected by advances in technology, including developments in: • Telecommunications; • Data processing; • Automation; • Internet-based banking, including personal computers, mobile phones and tablets; • Debit cards and so-called "smart cards"; • Remote deposit capture; • Artificial Intelligence; • Cryptocurrency; and • Use of Blockchain. Our ability to compete successfully in the future will depend, to a certain extent, on whether we can anticipate and respond to technological changes. We offer electronic banking services for our consumer and business clients via our website, www.cnob.com, including Internet banking and electronic bill payment, as well as mobile banking by phone. We also offer check cards, ATM cards, credit cards, and automatic and ACH transfers. The successful operation and further development of these and other new technologies will likely require additional capital investments in the future. In addition, increased use of electronic banking creates opportunities for interruptions in service or security breaches, which could expose us to claims by clients or other third parties and damage our reputation. We cannot assure you that we will have sufficient resources or access to the necessary proprietary technology to remain competitive in the future, or that we will be able to maintain a secure electronic environment.