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

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Risks Related to our Loan Portfolio The concentration of our loan portfolio in loans secured by commercial, multi- family and residential real estate properties located in Greater Long Island and Manhattan could materially adversely affect our financial condition and results of operations if general economic conditions or real estate values in this area decline. Unlike larger banks that are more geographically diversified, our loan portfolio consists primarily of real estate loans secured by commercial, multi- family and residential real estate properties located in Greater Long Island and Manhattan. The local economic conditions in Greater Long Island and Manhattan have a significant impact on the volume of loan originations and the quality of loans, the ability of borrowers to repay these loans, and the value of collateral securing these loans. A considerable decline in the general economic conditions caused by inflation, recession, unemployment or other factors beyond our control would impact these local economic conditions and could negatively affect our financial condition and results of operations. Additionally, decreases in tenant occupancy may also have a negative effect on the ability of borrowers to make timely repayments of their loans, which would have an adverse impact on our earnings. If our regulators impose limitations on our commercial real estate lending activities, earnings could be adversely affected. In 2006, the federal bank regulatory agencies (collectively, the " Agencies ") issued joint guidance entitled " Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices " (the " CRE Guidance "). Although the CRE Guidance did not establish specific lending limits, it provides that a bank' s commercial real estate lending exposure may receive increased supervisory scrutiny where total non- owner occupied **CRE** ~~commercial real estate~~ loans, including loans secured by apartment buildings, investor **CRE** ~~commercial real estate~~ and construction and land loans, represent 300 % or more of an institution' s total risk- based capital and the outstanding balance of the **CRE** ~~commercial real estate~~ loan portfolio has increased by 50 % or more during the preceding 36 months. The Consolidated Company' s non- owner occupied **CRE** ~~commercial real estate~~ level equaled ~~554~~ **538** % of total risk- based capital at December 31, ~~2022~~ **2023** ~~. Including owner- occupied commercial real estate, the Consolidated Company' s ratio of commercial real estate loans to total risk- based capital ratio would be 636 % at December 31, 2022~~ . If our regulators were to impose restrictions on the amount of **CRE** ~~commercial real estate~~ loans we can hold in our portfolio, or require higher capital ratios as a result of the level of **CRE** ~~commercial real estate~~ loans held, our earnings would be adversely affected. The performance of our multi- family real estate loans could be adversely impacted by regulation. Multi- family real estate loans generally involve a greater risk than residential real estate loans because of legislation and government regulations involving rent control and rent stabilization, which are outside the control of the borrower or the Bank, and could impair the value of the security for the loan or the future cash flow of such properties. For example, on June 14, 2019, the State of New York enacted legislation increasing the restrictions on rent increases in a rent- regulated apartment building, including, among other provisions, (i) repealing the vacancy bonus and longevity bonus, which allowed a property owner to raise rents as much as 20 % each time a rental unit became vacant, (ii) eliminating high rent vacancy deregulation and high- income deregulation, which allowed a rental unit to be removed from rent stabilization once it crossed a statutory high- rent threshold and became vacant, or the tenant' s income exceeded the statutory amount in the preceding two years, and (iii) eliminating an exception that allowed a property owner who offered preferential rents to tenants to raise the rent to the full legal rent upon renewal. The legislation still permits a property owner to charge up to the full legal rent once the tenant vacates. As a result of this legislation as well as previously existing laws and regulations, it is possible that rental income might not rise sufficiently over time to satisfy increases in the loan rate at repricing or increases in overhead expenses (e. g., utilities, taxes, **maintenance,** etc.) **. For example, the New York City Rent Guidelines Board established the maximum rent increase on certain apartments at 3. 0 % for a one- year lease beginning on or after October 1, 2023 and on or after September 30, 2024, while the overall inflation rate increased at a greater rate** . In addition **, overhead (including maintenance) expenses often increase significantly during inflationary periods. Finally** , if the cash flow from a collateral property is reduced (e. g., if leases are not obtained or renewed), the borrower' s ability to repay the loan and the value of the security for the loan may be impaired. **If we experience greater** ~~Increases to the allowance for~~ credit losses ~~may cause our~~ **than anticipated,** earnings ~~to decrease~~ **may be adversely impacted** . **As a lender, we are exposed to the risk that** ~~Customers~~ **customers** may not repay their loans according to the original terms, and the collateral securing the payment of those loans may be insufficient to pay any remaining loan balance **. Additionally, at December 31, 2023, our portfolio of commercial and industrial loans, and owner- occupied commercial real estate loans, totaled $ 2. 31 billion, or 21. 4 % of our total loan portfolio. We plan to continue to emphasize the origination of these types of loans, which generally expose us to a greater risk of nonpayment and loss than residential real estate loans because repayment of such loans often depends on the successful operations and income stream of the borrowers. Additionally, such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to consumer loans or residential real estate loans** . Hence, we may experience significant credit losses, which could have a material adverse effect on our operating results. Since the first quarter of 2021, we have been required to determine periodic estimates of lifetime expected credit losses on loans and recognize the expected credit losses as allowances for credit losses. This method of loan loss accounting represents a change from the previous method of providing allowances for loan losses that are probable, and greatly increased the types of data we need to collect and review to determine the appropriate level of the allowance for credit losses. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. In determining the amount of the allowance for credit losses, we rely on loan quality reviews, our past loss experience and that of our peer group, and an evaluation of economic conditions, among other factors. If our assumptions prove to be incorrect, the allowance for credit losses may not be sufficient to cover expected losses in the loan portfolio, resulting in additions to the allowance for credit losses. Material additions to the allowance for credit losses through charges to earnings would materially decrease our net income. Additionally, bank regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or loan charge- offs. Any increase in our allowance for credit losses or loan charge- offs as required by these regulatory authorities could have a material adverse effect on our results of operations and / or financial condition. We are subject to the CRA and fair lending laws, and failure to comply with these laws could lead to material penalties. The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. With respect to the Bank, the NYSDFS, FRB, CFPB, the United States Department of Justice and other federal and state agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution' s performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on mergers and acquisitions activity and restrictions on expansion. Private parties may also have the ability to challenge an institution' s performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition and results of operations. The Company is subject to environmental liability risk associated with lending activities. A significant portion of the Company' s loan portfolio is secured by real property. During the ordinary course of business, the Company may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, the Company may be liable for remediation costs, as well as for personal injury and property damage. 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. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase the Company' s exposure to environmental liability. Environmental reviews of real property before initiating foreclosure may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on the Company' s business, financial condition and results of operations. ~~Risks~~ **15Risks** Related to Interest RatesChanges in interest rates could affect our profitability. Our ability to earn a profit, like most financial institutions, depends primarily on net interest income, which is the difference between the interest income that we earn on our interest- earning assets, such as loans and investments, and the interest ~~15expense --~~ **expense** that we pay on our interest- bearing liabilities, such as deposits and borrowings. Our profitability depends on our ability to manage our assets and liabilities during periods of changing market interest rates. During 2022 **and 2023** , in response to accelerated inflation, the Federal Reserve implemented monetary tightening policies, resulting in significantly increased interest rates. In a period of rising interest rates, the interest income earned on our assets may not increase as rapidly as the interest paid on our liabilities **, demand for loan products may decline, and borrower defaults on loan payments may increase** . A sustained decrease in market interest rates could also adversely affect our earnings. When interest rates decline, borrowers tend to refinance higher- rate, fixed- rate loans at lower rates. Under those circumstances, we may not be able to reinvest those prepayments in assets earning interest rates as high as the rates on those prepaid loans or in investment securities. Changes in interest rates also affect the fair value of the securities portfolio. Generally, the **fair** value of securities moves inversely with changes in interest rates. As of December 31, ~~2022~~ **2023** , **the carrying value of** the securities portfolio totaled $ 1. ~~54~~ **48** billion. Management is unable to predict fluctuations of market interest rates, which are affected by many factors, including inflation, recession, unemployment, monetary policy, domestic and international disorder and instability in domestic and foreign financial markets, and investor and consumer demand. ~~We are required to transition from the use of LIBOR. We have material contracts that are indexed to the London Interbank Offered Rate (" LIBOR "). In 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulated LIBOR, announced that the publication of LIBOR would not be guaranteed after 2021. LIBOR will be discontinued after June 2023. There have been ongoing efforts to establish an alternative reference rate to LIBOR. Regulators, industry groups and certain committees (e. g. the Alternative Reference Rates Committee) have published recommended fallback language for LIBOR- linked financial instruments, identified recommended alternatives for LIBOR (e. g. the Secured Overnight Financing Rate, or " SOFR "), and proposed implementations of the recommended alternatives in floating- rate financial instruments. The March 2022 enactment of the Adjustable Interest Rate (LIBOR) Act and the Federal Reserve' s proposed regulations addressed the discontinuation of LIBOR and established a replacement benchmark rate, based on SOFR, that will automatically apply to agreements that rely on LIBOR and do not have an alternative contractual fallback benchmark. These SOFR- based replacement benchmarks may also apply automatically to contracts with fallback provisions that authorize a particular person to determine the replacement benchmark. We have analyzed our LIBOR- indexed contracts, the significant majority of which already provided for a fallback rate. Where the fallback rate is not specified or is no longer considered an economic equivalent to the LIBOR- derived rate previously used, we are working with counterparties to agree upon a replacement rate and have generally selected the rate recommended by the Federal Reserve. While the LIBOR Act and implementing regulations will help to transition legacy LIBOR contracts to a new benchmark rate, the substitution of SOFR for LIBOR may have economic impacts on parties to affected contracts. When LIBOR rates are no longer available and we are required to implement substitute indices for the calculation of interest rates, we may incur expenses in effecting the transition, and may be subject to disputes or litigation with customers over the appropriateness or comparability to LIBOR of the substitute indices, which could have an adverse effect on our results of operations. Additionally, since alternative rates are calculated differently, payments under contracts referencing new rates will differ from those referencing LIBOR. There may be changes in the rules or methodologies used to calculate SOFR or other benchmark rates, which may have an adverse effect on the value of or return on financial assets and liabilities that are based on or are linked to those rates.~~ Risks Related to RegulationWe operate in a highly regulated environment, Federal and state regulators periodically examine our business, and we may be required to remediate adverse examination findings. The FRB and the NYSDFS periodically examine our business, including our compliance with laws and regulations. If, as a result of an examination, a federal banking agency were to determine that our financial condition, capital resources, asset ~~16quality~~ -- **quality** , earnings prospects, management, liquidity or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, we may take a number of different remedial actions as we deem appropriate. These actions include the power to enjoin " unsafe or unsound " practices, to require affirmative action to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to assess civil monetary penalties against our officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate our deposit insurance and place it into receivership or conservatorship. If we become subject to any regulatory actions, it could have a material adverse effect on our business, results of operations, financial condition and growth prospects. Additionally, the CFPB has the authority to issue consumer finance regulations and is authorized, individually or jointly with bank regulatory agencies, to conduct investigations to determine whether any person is, or has, engaged in conduct that violates new and existing consumer financial laws or regulations. Banks with assets in excess of $ 10 billion are subject to requirements imposed by the Dodd- Frank Act and its implemented regulations, including the examination authority of the CFPB to assess our compliance with federal consumer financial laws, imposition of higher FDIC premiums, reduced debit card interchange fees, and enhanced risk management frameworks, all of which increase operating costs and reduce earnings. In addition, in accordance with a memorandum of understanding entered into between the CFPB and U. S. Department of Justice, the two agencies have agreed to coordinate efforts related to enforcing the fair ~~lending~~ **16lending** laws, which includes information sharing and conducting joint investigations, and have done so on a number of occasions. We face a risk of noncompliance and enforcement action with the federal Bank Secrecy Act (the " BSA ") and other anti- money laundering and counter terrorist financing statutes and regulations. The BSA, the USA PATRIOT Act and other laws and regulations require financial institutions, among others, to institute and maintain an effective anti- money laundering compliance program and to file reports such as suspicious activity reports and currency transaction reports. Our products and services, including our debit card issuing business, are subject to an increasingly strict set of legal and regulatory requirements intended to protect consumers and to help detect and prevent money laundering, terrorist financing and other illicit activities. We are required to comply with these and other anti- money laundering requirements. The federal banking agencies and the U. S. Treasury Department' s Financial Crimes Enforcement Network are authorized to impose significant civil money penalties for violations of those requirements and have recently engaged in coordinated enforcement efforts against banks and other financial services providers with the U. S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. We are also subject to increased scrutiny of compliance with the regulations administered and enforced by the U. S. Treasury Department' s Office of Foreign Assets Control. If we violate these laws and regulations, or our policies, procedures and systems are deemed deficient, we would be subject to liability, including fines and regulatory actions, which may include restrictions on our ability to pay dividends and the ability to obtain regulatory approvals to proceed with certain aspects of our business plan, including acquisitions. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Any of these results could have a material adverse effect on our business, financial condition, results of operations and growth prospects. Risks Related to our Debt SecuritiesThe subordinated debentures that we issued have rights that are senior to those of our common shareholders. In 2015, the Company issued $ 40. 0 million of 5. 75 % Fixed- to- Floating Rate Subordinated Debentures due 2030. In 2022, the Company issued $ 160. 0 million of 5. 00 % Fixed- to- Floating Rate Subordinated Debentures due 2032. Because these subordinated debentures rank senior to our common stock, if we fail to make timely principal and interest payments on the subordinated debentures, we may not pay any dividends on our common stock. Further, if we declare bankruptcy, dissolve ~~17or~~ **or** liquidate, we must satisfy all of our subordinated debenture obligations before we may pay any distributions on our common stock. Strategic RisksExpansion of our branch network may adversely affect our financial results. **The Bank has in the past and may in the future establish new branch offices.** We cannot be certain that the opening of new branches will be accretive to earnings or that it will be accretive to earnings within a reasonable period of time. Numerous factors contribute to the performance of a new branch, such as suitable location, qualified personnel, and an effective marketing strategy. Additionally, it takes time for a new branch to gather sufficient loans and deposits to generate income sufficient to cover its operating expenses. Difficulties we experience in opening new branches may have a material adverse effect on our financial condition and results of operations. Mergers and acquisitions involve numerous risks and uncertainties. The Company has in the past and may in the future pursue mergers and acquisitions opportunities. Mergers and acquisitions involve a number of risks and challenges, including the expenses involved; potential diversion of management' s attention from other strategic matters; integration of branches and operations acquired; outflow of customers from the acquired branches; retention of personnel from acquired companies or branches; competing effectively in geographic areas not previously served; managing growth resulting from the transaction; and dilution in the acquirer' s book and tangible book value per share. ~~Our~~ **17Our** growth or future losses may require us to raise additional capital in the future, but that capital may not be available when it is needed or the cost of that capital may be very high. We are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. While we anticipate that our capital resources will satisfy our capital requirements for the foreseeable future, we may at some point need to raise additional capital to support our operations or continued growth, both internally and through acquisitions. Any capital we obtain may result in the dilution of the interests of existing holders of our common stock, or otherwise adversely affect your investment. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside our control, and on our financial condition and performance. Accordingly, we cannot make assurances of our ability to raise additional capital if needed, or if the terms will be acceptable to us. If we cannot raise additional capital when needed, our ability to further expand our operations through internal growth and acquisitions could be materially impaired and our financial condition and liquidity could be materially and adversely affected. Operational Risk ~~FactorsOur~~ **FactorsA lack of liquidity could adversely affect the Company' s financial condition and results of operations. Liquidity is essential to our business. The Company relies on its ability to generate deposits and effectively manage the repayment of its liabilities to ensure that there is adequate liquidity to fund operations. An inability to raise funds through deposits, borrowings, the sale and maturities of loans and securities and other sources could have a substantial negative effect on liquidity. The Company' s most important source of funds is its deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk adjusted return, which are strongly influenced by such external factors as the direction of interest rates, local and national economic conditions and the availability and attractiveness of alternative investments. Further, the demand for deposits may be reduced due to a variety of factors such as negative trends in the banking sector, the level of and / or composition of our uninsured deposits, demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the Federal Reserve or regulatory actions that decrease customer access to particular products. If customers move money out of bank deposits and into other investments such as money market funds, the Company would lose a relatively low- cost source of funds, which would increase its funding costs and reduce net interest income. Any changes made to the rates offered on deposits to remain competitive with other financial institutions may also adversely affect profitability and liquidity. Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities and / or loans, brokered deposits, borrowings from the FHLB and / or FRB discount window, and unsecured borrowings. The Company also may borrow funds from third- party lenders, such as other financial institutions. The Company' s access to funding sources in amounts adequate to finance or capitalize its activities, or on terms that are acceptable, could be impaired by factors that affect the Company directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry, a decrease in the level of the Company' s business activity as a result of a downturn in markets or by one or more adverse regulatory actions against the Company or the financial sector in general. Any decline in available funding could adversely impact the Company' s ability to originate loans, invest in securities, meet expenses, or to fulfill obligations such as meeting deposit withdrawal demands, any of which could have a material adverse impact on its liquidity, business, financial condition and results of operations. Our** business may be adversely affected by conditions in the financial markets and economic conditions generally. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, declines in housing and real estate valuations, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation ~~or~~ **; changes in market** interest rates; geopolitical conflicts; natural disasters; or a combination of these or other factors. The Company' s performance could be negatively affected to the extent there is deterioration in business and economic conditions, including persistent inflation, an inverted yield curve, rising prices, and supply chain issues or labor shortages, ~~which~~ **18which** have direct or indirect material adverse impacts on us, our customers, and our counterparties. Recessionary conditions may significantly affect the markets in which we do business, the financial condition of our borrowers, the value of our loans and investments, and our ongoing operations, costs and profitability. Declines in real estate values and sales volumes and increased unemployment levels may result in higher than expected loan delinquencies, increases in our ~~18levels~~ -- **levels** of nonperforming and classified assets and a decline in demand for our products and services. Such events may cause us to incur losses and may adversely affect our capital, liquidity, and financial condition. Strong competition within our market area may limit our growth and profitability. Our primary market area is located in Greater Long Island and Manhattan. Competition in the banking and financial services industry remains intense. Our profitability depends on the continued ability to successfully compete. We compete with commercial banks, savings banks, credit unions, insurance companies, and brokerage and investment banking firms. Many of our competitors have substantially greater resources and lending limits than us and may offer certain services that we do not provide. In addition, competitors may offer deposits at higher rates and loans with lower fixed rates, more attractive terms and less stringent credit structures than we have been willing to offer. Our future success depends on the success and growth of Dime Community Bank. Our primary business activity for the foreseeable future will be to act as the holding company of the Bank. Therefore, our future profitability will depend on the success and growth of this subsidiary. The continued and successful implementation of our growth strategy will require, among other things that we increase our market share by attracting new customers that currently bank at other financial institutions in our market area. In addition, our ability to successfully grow will depend on several factors, including favorable market conditions, the competitive responses from other financial institutions in our market area, and our ability to maintain good asset quality. While we believe we have the management resources, market opportunities and internal systems in place to obtain and successfully manage future growth, growth opportunities may not be available, and we may not be successful in continuing our growth strategy. In addition, continued growth requires that we incur additional expenses, including salaries, data processing and occupancy expense related to new branches and related support staff. Many of these increased expenses are considered fixed expenses. Unless we can successfully continue our growth, our results of operations could be negatively affected by these increased costs. The loss of key personnel could impair our future success. Our future success depends in part on the continued service of our executive officers, other key management, and staff, as well as our ability to continue to attract, motivate, and retain additional highly qualified employees. The loss of services of one or more of our key personnel or our inability to timely recruit replacements for such personnel, or to otherwise attract, motivate, or retain qualified personnel could have an adverse effect on our business, operating results and financial condition. Our business may be adversely affected by fraud and other financial crimes. Our loans to businesses and individuals and our deposit relationships and related transactions are subject to exposure to the risk of loss due to fraud and other financial crimes. While we have policies and procedures designed to prevent such losses, losses may still occur. In the past, we have experienced losses due to fraud. Risks associated with system failures, interruptions, or breaches of security could negatively affect our operations and earnings. Information technology systems are critical to our business. We collect, process and store sensitive customer data by utilizing computer systems and telecommunications networks operated by us and third- party service providers. We have established policies and procedures to prevent or limit the impact of system failures, interruptions, and security breaches, but such events may still occur or may not be adequately addressed if they do occur. ~~In addition, any compromise of our systems could deter customers from using our products and services.~~ Although we take numerous protective measures and otherwise endeavor to protect and maintain the privacy and security of confidential data, these systems may be vulnerable to unauthorized access, computer viruses, other malicious code, cyberattacks, including distributed denial of service **attacks, hacking, social engineering and phishing** attacks, cyber- theft and other events that could have a security impact. **Cyber threats are rapidly evolving, and we may not be able to anticipate or prevent all such attacks.** If one or more ~~of~~ **19of** such events were to occur, this ~~19potentially~~ -- **potentially** could jeopardize confidential and other information processed and stored in, and transmitted through, our systems or otherwise cause interruptions or malfunctions in our operations or our customers' operations. In addition, we maintain interfaces with certain third- party service providers. If these third- party service providers encounter difficulties, or if we have difficulty communicating with them, our ability to adequately process and account for transactions could be affected, and our business operations could be adversely affected. Threats to information security also exist in the processing of customer information through various other vendors and their personnel. The occurrence of any system failures, interruption, or breach of security could damage our reputation and result in a loss of customers and business ~~, thereby subjecting~~ --- **subject** us to additional regulatory scrutiny, **and** ~~or could~~ expose us to litigation and possible financial liability. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are not fully covered by our insurance. Any of these events could have a material adverse effect on our financial condition and results of operations ~~. We are exposed to cyber- security risks, including denial of service, hacking, and identity theft. There have been well- publicized distributed denials of service attacks on large financial services companies. Distributed denial of service attacks are designed to saturate the targeted online network with excessive amounts of network traffic, resulting in slow response times, or in some cases, causing the site to be temporarily unavailable. Hacking and identity theft risks, in particular, could cause serious reputational harm. Cyber threats are rapidly evolving, and we may not be able to anticipate or prevent all such attacks. We may incur increasing costs in an effort to minimize these risks and could be held liable for any security breach or loss. Public health emergencies like the COVID- 19 outbreak may have an adverse impact on our business and results of operationsThe COVID- 19 pandemic caused significant economic dislocation in the United States. Certain industries were particularly hard- hit, including the travel and hospitality industry, the restaurant industry and the retail industry. Additionally, the spread of COVID- 19 temporarily caused us to modify our business practices, including placing restrictions on employee travel and implementing remote work practices. As a result of the COVID- 19 pandemic or any other public health emergency, and related governmental responses to any outbreak, we may be subject to the following risks, any of which could have a material, adverse effect on our business, financial condition, liquidity, or results of operations: demand for our products and services may decline; if consumer and business activities are restricted, loan delinquencies, problem assets, and foreclosures may increase, resulting in increased charges and reduced income; collateral for loans, especially real estate, may decline in value, which could increase loan losses; our allowance for credit losses may have to be increased if borrowers experience financial difficulties; a material decrease in net income or a net loss over several quarters could affect our ability to pay cash dividends; cyber security risks may be increased as the result of an increase in the number of employees working remotely; critical services provided by third- party vendors may become unavailable; and the Company may experience unanticipated unavailability or loss of key employees, harming our ability to execute our business strategy~~ . Severe weather, acts of terrorism and other external events could impact our ability to conduct business. Weather- related events have adversely impacted our market area in recent years, especially areas located near coastal waters and flood prone areas. Such events that may cause significant flooding and other storm- related damage may become more common events in the future. Financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising operating and communication systems and the metropolitan New York area remains a central target for potential acts of terrorism. Such events could cause significant damage, impact the stability of our facilities and result in additional expenses, impair the ability of borrowers to repay their loans, reduce the value of collateral securing repayment of loans, and result in the loss of revenue. While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition. Additionally, global markets may be adversely affected by natural disasters, the emergence of widespread health emergencies or pandemics **like COVID- 19** , cyberattacks or campaigns, military conflict, terrorism or other geopolitical events. Global market fluctuations may affect our business liquidity. Also, any sudden or prolonged market downturn in the U. S. or **abroad, as a result of the above factors or otherwise could result in a decline in revenue and adversely affect our results of operations and financial condition, including capital and liquidity levels. Damage to the Company' s reputation could adversely impact our business. The Company' s reputation is important to our success. Our ability to attract and retain customers, investors, employees and advisors may depend upon external perceptions of the Company. Damage to the Company' s reputation could cause significant harm to our business and prospects and may arise from numerous sources, including litigation or regulatory actions, compliance failures, customer services failures, or unethical behavior or misconduct of employees, advisors and counterparties. Adverse developments with respect to the financial services industry may also, by association, negatively impact the Company' s reputation or result in greater regulatory or legislative scrutiny of or litigation against the Company. Furthermore, shareholders and other stakeholders have begun to consider how**

corporations are addressing environmental, social and governance (“ ESG ”) issues. Governments, investors, customers and the general public are increasingly focused on ESG practices and disclosures, and views about ESG are diverse and rapidly changing. These shifts in investing priorities may result in adverse effects on the trading price of the Company’ s common stock if investors determine that the Company has not made sufficient progress on ESG matters. The Company could also face potential negative ESG- related publicity in traditional media or social media if shareholders or other stakeholders determine that we have not adequately considered or addressed ESG matters. If the Company, or our relationships with certain customers, vendors or suppliers became the subject of negative publicity, our ability to attract and retain customers and employees, and our financial condition and results of operations, could be adversely impacted.