

Risk Factors Comparison 2024-12-13 to 2023-12-20 Form: 10-K

Legend: New Text Removed Text Unchanged Text Moved Text Section

Risks Related to Our Lending Activities Our emphasis on commercial real estate lending and commercial business lending may expose us to increased lending risks. At September 30, ~~2023~~ **2024**, \$ ~~1.43~~ **1.15** billion, or ~~63.58~~ **42**%, of our loan portfolio consisted of commercial real estate loans and commercial business loans. Subject to market conditions, we intend to increase our origination of these loans. Commercial real estate loans generally expose a lender to greater risk of non-payment and loss than one- to four- family residential mortgage loans because repayment of the loans often depends on the successful operation of the property and the income stream of the borrowers. Commercial real estate loans also typically involve larger loan balances to single borrowers or groups of related borrowers both at origination and at maturity because many of our commercial real estate loans are not fully- amortizing, but result in “balloon” balances at maturity. Commercial business loans expose us to additional risks since they typically are made on the basis of the borrower’s ability to make repayments from the cash flow of the borrower’s business and are secured by non- real estate collateral that may depreciate over time. In addition, some of our commercial borrowers have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship may expose us to a greater risk of loss compared to an adverse development with respect to a one- to four- family residential mortgage loan. At September 30, ~~2023~~ **2024**, nonperforming commercial real estate loans totaled \$ ~~78.98~~ **7** million. At September 30, ~~2023~~ **2024**, nonperforming commercial business loans totaled \$ ~~3.02~~ **2** million. For more information about the credit risk we face, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management.” Our construction loan and land and land development loan portfolios may expose us to increased credit risk. At September 30, ~~2023~~ **2024**, \$ ~~56.80~~ **71** million, or ~~34.18~~ **0**% of our loan portfolio consisted of construction loans, and land and land development loans, and \$ ~~3.63~~ **4** million, or ~~8.10~~ **342**% of the construction loan portfolio (excluding undisbursed commitments and portions participated to other financial institutions), consisted of speculative construction loans at that date. Speculative construction loans are loans made to builders who have not identified a buyer for the completed property at the time of loan origination. Subject to market conditions, we intend to continue to emphasize the origination of construction loans and land and land development loans. These loan types generally expose a lender to greater risk of nonpayment and loss than residential mortgage loans because the repayment of such loans often depends on the successful operation or sale of the property and the income stream of the borrowers and such loans typically involve larger balances to a single borrower or groups of related borrowers. In addition, many borrowers of these types of loans have more than one loan outstanding with us so an adverse development with respect to one loan or credit relationship can expose us to significantly greater risk of non-payment and loss. Furthermore, we may need to increase our allowance for ~~loan~~ **credit** losses through future charges to income as the portfolio of these types of loans grows, which would adversely affect our earnings. For more information about the credit risk we face, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management.” Our concentration in non- owner occupied residential real estate loans may expose us to increased credit risk. At September 30, ~~2023~~ **2024**, \$ ~~23.24~~ **9** million, or ~~3.7~~ **million, or 4.5**% of our residential mortgage loan portfolio and 1.3% of our total loan portfolio, consisted of loans secured by non- owner occupied residential properties. Loans secured by non- owner occupied properties generally expose a lender to greater risk of non-payment and loss than loans secured by owner occupied properties because repayment of such loans depend primarily on the tenant’s continuing ability to pay rent to the property owner, who is our borrower, or, if the property owner is unable to find a tenant, the property owner’s ability to repay the loan without the benefit of a rental income stream. In addition, the physical condition of non- owner occupied properties is often below that of owner occupied properties due to lax property maintenance standards, which has a negative impact on the value of the collateral properties. Furthermore, some of our non- owner occupied residential loan borrowers have more than one loan outstanding with us. At September 30, ~~2023~~ **2024**, we had ~~five~~ **four** non- owner occupied residential loan relationships, each having an outstanding balance over \$ 500, 000, with aggregate outstanding balances of \$ ~~5.63~~ **8** million. Consequently, an adverse development with respect to one credit relationship may expose us to a greater risk of loss compared to an adverse development with respect to an owner occupied residential mortgage loan. At September 30, ~~2023~~ **2024**, the Bank had ~~one~~ **three** nonperforming non- owner occupied residential ~~loan~~ **loans** totaling \$ ~~15.157~~ **,000**. At September 30, ~~2023~~ **2024**, the Bank did not have any non- owner occupied residential properties held as real estate owned. For more information about the credit risk we face, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management.” We may suffer losses in our loan portfolio despite our underwriting practices. Our results of operations are significantly affected by the ability of borrowers to repay their loans. Lending money is an essential part of the banking business. However, borrowers do not always repay their loans. The risk of non-payment is historically small, but if nonpayment levels are greater than anticipated, our earnings and overall financial condition, as well as the value of our common stock, could be adversely affected. No assurance can be given that our underwriting practices or monitoring procedures and policies will reduce certain lending risks. Loan losses can cause insolvency and failure of a financial institution and, in such an event, our stockholders could lose their entire investment. In addition, future provisions for loan losses could materially and adversely affect our earnings and financial condition. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount that can be recovered on these loans. For more information about the credit risk we face, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management.” Our allowance for ~~loan~~ **credit** losses may not be adequate to cover actual losses. Like all financial institutions, we maintain an allowance for ~~loan~~ **credit** losses **for loans** to provide for ~~probable~~ **incurred**

current expected credit losses due to loan defaults, non- performance, and other qualitative factors. Our allowance for **loan-credit** losses **for loans** is based on our historical loss experience as well as an evaluation of the risks associated with our loan portfolio, including the size and composition of the loan portfolio, loan portfolio performance, fair value of collateral securing the loans, current **and forecasted** economic conditions and geographic concentrations within the portfolio. Our allowance for **loan-credit** losses may not be adequate to cover actual loan losses, and future provisions for **loan-credit losses could materially and adversely affect our earnings and financial condition. Similarly, we maintain an allowance for credit losses for securities to provide for current expected credit losses due to payment defaults or significant adverse financial performance of the issuer. Our allowance for credit losses for securities may not be adequate to cover actual credit losses on securities, and future provisions for credit** losses could materially and adversely affect our earnings and financial condition. For more information about our analysis and determination of allowance for **loan-credit** losses, see “ Item 7. Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management. ” Our SBA lending program is dependent upon the federal government and we face specific risks associated with originating SBA loans. Our SBA lending program is dependent upon the federal government. As an SBA Preferred Lender, we enable our clients to obtain SBA loans without being subject to the potentially lengthy SBA approval process necessary for lenders that are not SBA Preferred Lenders. The SBA periodically reviews the lending operations of participating lenders to assess, among other things, whether the lender exhibits prudent risk management. When weaknesses are identified, the SBA may request corrective actions or impose enforcement actions, including revocation of the lender’ s Preferred Lender status. If we lose our status as a Preferred Lender, we may lose some or all of our customers to lenders who are SBA Preferred Lenders. Also, any changes to the SBA program, including changes to the level of guarantee provided by the federal government on SBA loans, could adversely affect our business and earnings. We generally sell the guaranteed portion of our SBA 7 (a) program loans in the secondary market. These sales have resulted in premium income for us at the time of sale and created a stream of future servicing income. We may not be able to continue originating these loans or selling them in the secondary market. Furthermore, even if we are able to continue originating and selling SBA 7 (a) program loans in the secondary market, we might not continue to realize premiums upon the sale of the guaranteed portion of these loans. When we sell the guaranteed portion of our SBA 7 (a) program loans, we incur credit risk on the non- guaranteed portion of the loans, and if a customer defaults on the non- guaranteed portion of a loan, we share any loss and recovery related to the loan pro- rata with the SBA. If the SBA establishes that a loss on an SBA guaranteed loan is attributable to significant technical deficiencies in the manner in which the loan was originated, funded or serviced by us, the SBA may seek recovery of the principal loss related to the deficiency from us, which could adversely affect our business and earnings. **The 18The** laws, regulations and standard operating procedures that are applicable to SBA loan products may change in the future. We cannot predict the effects of these changes on our business and profitability. Because government regulation greatly affects the business and financial results of all commercial banks and bank holding companies, changes in the laws, regulations and procedures applicable to SBA loans could adversely affect our business and earnings -

19Decreased residential mortgage origination volume and pricing decisions of competitors may adversely affect our profitability. Our mortgage banking operation originates and sells residential mortgage loans. Changes in interest rates, housing prices, applicable government regulations and pricing decisions by our loan competitors may adversely affect demand for our residential mortgage loan products and the revenue realized on the sale of loans and, ultimately, reduce our net income. New regulations, increased regulatory reviews, and / or changes in the structure of the secondary mortgage markets which we utilize to sell mortgage loans may increase costs and make it more difficult to operate a residential mortgage origination business. Our revenue from the mortgage banking business was \$ 14. 2 million in the year ended September 30, 2023. This revenue could significantly decline in future periods if interest rates continue to rise and the other risks highlighted in this paragraph were realized, which may adversely affect our profitability. As is noted above under Loan Underwriting Risks, in October 2023, the Company announced the Board of Directors’ decision to exit the Bank’ s residential mortgage banking operations during the first fiscal quarter ending December 31, 2023-. We may be required to repurchase mortgage loans or indemnify buyers against losses in some circumstances. When residential mortgage loans are sold, whether as whole loans or pursuant to a securitization, we are required to make customary representations and warranties to purchasers, guarantors and insurers about the mortgage loans and the manner in which they were originated. We may be required to repurchase or substitute mortgage loans, or indemnify buyers against losses, in the event we breach certain representations or warranties in connection with the sale of such loans. If repurchase and indemnity demands increase, are valid claims and are in excess of our provision for potential losses, our liquidity, results of operations or financial condition may be materially and adversely affected. Recessionary conditions could result in increases in our level of nonperforming loans and / or reduce demand for our products and services, which would lead to lower revenue, higher loan losses and lower earnings. Recessionary conditions and / or continued negative developments in the domestic and international credit markets may significantly affect the markets in which we do business, 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 levels of nonperforming and classified assets and a decline in demand for our products and services. These negative events may cause us to incur losses and may adversely affect our capital, liquidity, and financial condition. The value of our residential mortgage loan servicing rights and SBA loan servicing rights is subjective by nature and may be vulnerable to inaccuracies or other events outside our control. The value of our loan servicing rights can fluctuate. The assets could decrease if prepayment speeds or delinquency rates of the underlying loans increase, or if the costs to service the loans increase. The value of the assets could also decline if there is a lack of liquidity in the loan servicing rights market. Similarly, the value may decrease if interest rates decrease or change in a non- parallel manner or are otherwise volatile. All of these factors are largely out of our control. Estimates must be developed and assumptions and judgments must be made when valuing these assets. An inaccurate valuation, or changes to the valuation due to factors outside of our control, could negatively impact our ability to realize the full value of these assets. As a

result, our balance sheet may not precisely represent the fair market value of these and other financial assets. **As of September 30, 2024, the Company had no residential loans mortgage loan servicing rights due to the wind down of the national mortgage banking operation and subsequent sale of the residential mortgage loan servicing rights portfolio, which was completed during the year ended September 30, 2024.**

Risks-19Risks Related to Competition Strong competition within our primary market area could hurt our profits and slow growth. We face intense competition both in making loans and attracting deposits. This competition has made it more difficult for us to make new loans and attract deposits. Price competition for loans and deposits might result in us earning less on our loans and paying more on our deposits, which would reduce net interest income. Competition also makes it more difficult to grow loans and deposits. At June 30, **2023-2024**, which is the most recent date for which data is available from the FDIC, we held approximately 33. **27-22**%, **19-18**. **64-12**%, 2. **66-23**%, 23. **38-80**%, 100. 00 % and **25-28**. **52-74**% of the FDIC- insured deposits in Clark, Daviess, Floyd, Harrison, Crawford and Washington Counties, Indiana, respectively. Some of the institutions with which we compete have substantially greater resources and lending limits than we have and may offer services that we do not provide. We expect competition to increase in the future as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Our profitability depends upon **20our-- our** continued ability to compete successfully in our primary market area. See “ Item 1. Business — Market Area ” and “ Item 1. Business — Competition ” for more information about our primary market area and the competition we face.

Risks Related to Changes in Market Interest Rates Changing interest rates may hurt our earnings and asset value. Our net interest income is the interest we earn on loans and investments less the interest we pay on our deposits and borrowings. Our net interest margin is the difference between the yield we earn on our assets and the interest rate we pay for deposits and our other sources of funding. Changes in interest rates — up or down — could adversely affect our net interest margin and, as a result, our net interest income. Although the yield we earn on our assets and our funding costs tend to move in the same direction in response to changes in interest rates, one can rise or fall faster than the other, causing our net interest margin to expand or contract. Our liabilities tend to be shorter in duration than our assets, so they may adjust faster in response to changes in interest rates. As a result, when interest rates rise, our funding costs may rise faster than the yield we earn on our assets, causing our net interest margin to contract until the yield catches up. Changes in the slope of the “ yield curve ” — or the spread between short- term and long- term interest rates — could also reduce our net interest margin. Normally, the yield curve is upward sloping, meaning short- term rates are lower than long- term rates. Because our liabilities tend to be shorter in duration than our assets, when the yield curve flattens or even inverts, as it has in recent **quarters-years**, we could experience pressure on our net interest margin as our cost of funds increases relative to the yield we can earn on our assets. Also, interest rate decreases can lead to increased prepayments of loans and mortgage- backed securities as borrowers refinance their loans to reduce borrowing costs. Under these circumstances, we are subject to reinvestment risk as we may have to redeploy such repayment proceeds into lower yielding loans or investments, which would likely hurt our income. At September 30, **2023-2024**, approximately \$ **770-977**. **2-3** million, or **43-49**. **+3** % of the total loan portfolio, consisted of fixed- rate loans with maturity dates after September 30, **2024-2025**. This investment in fixed- rate loans exposes the Company to increased levels of interest rate risk. Changes in interest rates also affect the value of our interest- earning assets, and in particular our securities portfolio. Generally, the value of fixed- rate securities fluctuates inversely with changes in interest rates. Unrealized gains and losses on securities available for sale are reported as a separate component of equity, net of tax. Decreases in the fair value of securities available for sale resulting from increases in interest rates could have an adverse effect on stockholders’ equity. Conversely, the value of MSRs generally increases when market interest rates increase. For further discussion of how changes in interest rates could impact us, see “ Item 7. Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Risk Management — Interest Rate Risk Management. ” Inflation can have an adverse impact on our business and on our customers. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. **Recently In recent years**, there have been market indicators of a pronounced rise in inflation and the Federal Reserve Board has raised certain benchmark interest rates in an effort to combat inflation. As inflation increases, the value of our investment securities, particularly those with longer maturities, would decrease, although this effect can be less pronounced for floating rate instruments. In addition, inflation increases the cost of goods and services we use in our business operations, such as electricity and other utilities, which increases our noninterest expenses. Furthermore, our customers are also affected by inflation and the rising costs of goods and services used in their households and businesses, which could have a negative impact on their ability to repay their loans with us.

Risks-20Risks Related to Our Liquidity Position Liquidity risk could impair our ability to fund operations and jeopardize our financial condition. Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a material adverse effect on our liquidity. 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 a market downturn or adverse regulatory action against us. Our ability to acquire deposits or 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.

21Risks-- Risks Related to Mergers and Acquisitions and Other Expansionary Activities Market expansion and acquisitions may not produce revenue enhancements or cost savings at levels or within timeframes originally anticipated and may result in unforeseen integration difficulties and dilution to existing shareholder value. We have acquired, and expect to continue to acquire, other financial institutions or parts of those institutions in the future, and we may engage in de novo branch expansion. We may also consider and enter into new lines of business or offer new products or services. We may incur substantial costs to expand, and we can give no assurance such expansion will result in the levels of profits we seek. There can be no assurance that integration efforts for any mergers or acquisitions will be successful. Also, we may issue equity securities in connection with acquisitions, which could cause ownership and economic dilution to our current shareholders. There is no assurance that,

following any mergers or acquisitions, our integration efforts will be successful or that, after giving effect to the acquisition, we will achieve profits comparable to, or better than, our historical experience. Market expansion and acquisitions involve a number of expenses and risks, including **but not limited to**: • the time and costs of associated with identifying and evaluating potential new markets, hiring experienced local management and opening new offices, and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion; • the time and costs associated with identifying potential acquisition and merger targets; • the accuracy of the estimates and judgments used to evaluate credit, operations, management and market risks with respect to a target institution; • the diversion of our management's attention to the negotiation of a transaction, and the integration of the operations and personnel of the combined businesses; • our ability to finance an acquisition and possible dilution to our existing shareholders; • closing delays and expenses related to the resolution of lawsuits filed by shareholders of targets; • entry into new markets where we lack experience; • introduction of new products and services into our business; • the risk of loss of key employees and customers; and • incurrence and possible impairment of goodwill associated with an acquisition and possible adverse short-term effects on our results of operations. Future acquisitions could be material to the Company and it may issue additional shares of stock to pay for those acquisitions, which would dilute current shareholder's ownership interests. **21**If the goodwill that we recorded in connection with a business acquisition becomes impaired, it could have a significant negative impact on our profitability. Goodwill represents the amount of consideration exchanged over the fair value of net assets we acquired in the purchase of another financial institution. We review goodwill for impairment at least annually, or more frequently if events or changes in circumstances indicate the carrying value of the asset might be impaired. At September 30, **2023-2024**, our goodwill totaled \$ 9. 8 million. While we have recorded no such impairment charges since we initially recorded the goodwill, there can be no assurance that our future evaluations of goodwill will not result in findings of impairment and related write-downs, which may have a material adverse effect on our financial condition and results of operations. **22**~~Risks~~ **Risks** Related to Our Investment Portfolio If **additional provisions for credit losses are an other-than-temporary impairment** is recorded in connection with our investment portfolio it could have a significant negative impact on our profitability. Our investment portfolio consists primarily of U. S. government agency and sponsored enterprises securities, mortgage backed securities and collateralized mortgage obligations issued by U. S. government agencies and sponsored enterprises, municipal bonds, and privately- issued collateralized mortgage obligations and asset-backed securities. We must evaluate these securities for **credit other-than-temporary impairment loss losses ("OTTI")** on a periodic basis. The privately- issued collateralized mortgage obligations and asset-backed securities exhibit signs of weakness, which may necessitate **an OTTI charge a provision for credit loss** in the future should the financial condition of the pools deteriorate further. Any future **OTTI charges provisions for credit losses on securities** could have a significant adverse effect our earnings.

Risks Related to Our Operations Because the nature of the financial services business involves a high volume of transactions, we face significant operational risks. Operational risk is the risk of loss resulting from our operations, including, but not limited to, the risk of fraud by employees or persons outside of the Company and Bank, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements and business continuation and disaster recovery. This risk of loss also includes the potential legal actions that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. In the event of a breakdown in the internal control system, improper operation of systems or improper employee actions, we could suffer financial loss, face regulatory action and suffer damage to our reputation. A disruption, failure in or breach, including cyber-attacks, of our operational, communications, information or security systems, or those of our third party vendors and other service providers, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses. We rely heavily on communications and information systems to conduct our business and face the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including exchanges, clearing agents, clearing houses or other financial intermediaries. Any failure or interruption of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the failure or interruption of these information systems, there can be no assurance that any such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions of these information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. **22**~~We~~ **We** rely on the secure processing, storage and transmission of confidential and other information on our computer systems and networks. Although we take numerous protective measures to maintain the confidentiality, integrity and availability of our and our clients' information across all geographic and product lines, and endeavor to modify these protective measures as circumstances warrant, the nature of the threats continues to evolve. As a result, our computer systems, software and networks and those of our customers may be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber- attacks and other events that could have an adverse security impact and result in significant losses by us and / or our customers. Despite the defensive measures we take to manage our internal technological and operational infrastructure, these threats may originate externally from third parties, such as foreign governments, organized crime and other hackers, and outsource or infrastructure- support providers and application developers, or the threats may originate from within our organization. Given the increasingly high volume of our transactions, certain errors may be repeated or compounded before they can be discovered and rectified. **23**~~We~~ **We** are inherently exposed to risks caused by the use of computer, internet and telecommunications systems, and susceptible to fraudulent activity that may be committed against us or our clients, which may result in financial losses to us or our clients, privacy breaches against our clients

or damage to our reputation. These risks include fraud by employees, customers and other outside entities targeting us and / or our customers, and such fraudulent activity may take many forms, including internet fraud, check fraud, electronic fraud, wire fraud, phishing, and other dishonest acts. In recent periods, there has been a rise in electronic fraudulent activity within the financial services industry, especially in the commercial banking sector, due to cyber criminals targeting commercial bank accounts. Consistent with industry trends, we have also experienced an increase in attempted electronic fraudulent activity in recent periods. Given such increase in electronic fraudulent activity and the growing level of use of electronic, internet- based and networked systems to conduct business directly or indirectly with our clients, certain fraud losses may not be avoidable regardless of the preventative and detection systems in place. Although, to date, we have not experienced any material losses relating to cyber- attacks or other information security breaches, there can be no assurance that we will not suffer such losses in the future. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, the outsourcing of some of our business operations and the continued uncertain global economic environment. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. We maintain an insurance policy which we believe provides sufficient coverage at a manageable expense for an institution of our size and scope with similar technological systems. However, we cannot assure that this policy will afford coverage for all possible losses or would be sufficient to cover all financial losses, damages, penalties, including lost revenues, should we experience any one or more of our or a third party' s systems failing or experiencing attack. We operate in a highly regulated environment and we may be adversely affected by changes in laws and regulations. The Bank is subject to extensive regulation, supervision and examination by the INDFI, its chartering authority, the FRB, its primary federal regulator, and the FDIC, as insurer of its deposits. The Company is also subject to regulation and supervision by the Federal Reserve Bank of St. Louis. Such regulation and supervision governs the activities in which an institution and its holding company may engage, and are intended primarily for the protection of the insurance fund and the depositors and borrowers of the Bank rather than for holders of the Company' s common stock. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on our operations, the classification of our assets and determination of the level of our allowance for ~~loan-credit~~ losses. If our regulators require us to charge- off loans or increase our allowance for ~~loan-credit~~ losses, our earnings would suffer. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material impact on our operations. ~~The 23~~**The** Dodd- Frank Act has created a new federal agency to administer consumer protection and fair lending laws, a function that was formerly performed by the depository institution regulators. The Dodd- Frank Act contains various other provisions designed to enhance the regulation of depository institutions including the implementation of more stringent capital adequacy rules. The full impact of the Dodd- Frank Act on our business and operations will not be known for years until regulations implementing the statute are written and adopted. The Dodd- Frank Act may have a material impact on our operations, particularly through increased regulatory burden and compliance costs. Any future legislative changes could have a material impact on our profitability, the value of assets held for investment or collateral for loans. Future legislative changes could require changes to business practices or force us to discontinue businesses and potentially expose us to additional costs, liabilities, enforcement action and reputational risk. In addition to the enactment of the Dodd- Frank Act, the federal regulatory agencies have taken stronger supervisory actions against financial institutions that have experienced increased loan losses and other weaknesses as a result of the recent economic crisis. The actions include entering into written agreements and cease and desist orders that place certain limitations on operations. Federal bank regulators have also been using with more frequency their ability to impose individual minimum capital requirements on banks, which requirements may be higher than those required under the Dodd- Frank Act or that would otherwise qualify a bank as being " well capitalized " under applicable prompt corrective action regulations. If we were to become subject to a regulatory agreement or higher individual minimum capital requirements, such action may have a negative impact on our ability to execute our business plan, as well as our ability to grow, pay dividends or engage in mergers and acquisitions and may result in restrictions in our operations. For a further discussion, see " Item 1. Business – Regulation and Supervision. " **We rely heavily on our management team and the unexpected loss of any of those personnel could adversely affect our operations, and we depend on our ability to attract and retain key personnel. We are a customer- focused and relationship- driven organization. We expect our future growth to be driven in a large part by the relationships maintained with our customers by our executive and other senior officers. Although we are party to non- compete and non- solicitation agreements with certain executive, senior and other officers, the unexpected loss of any of our key employees could have an adverse effect on our business, results of operations and financial condition. The implementation of our business strategy will also require us to continue to attract, hire, motivate and retain skilled personnel to develop new customer relationships as well as new financial products and services. The market for qualified employees in the businesses in which we operate is competitive and we may not be successful in attracting, hiring or retaining key personnel. Our inability to attract, hire or retain key personnel could have a material adverse effect on our business, results of operations and financial condition. Risks Related to an Investment in Our Common Stock Our ability to pay dividends is subject to certain limitations and restrictions, and there is no guarantee that we will be able to continue paying the same level of dividends in the future that we paid in 2024 or that we will be able to pay future dividends at all. Our ability to declare and pay dividends is subject to the guidelines of the FRB regarding capital adequacy and dividends, other regulatory restrictions, and the need to maintain sufficient consolidated capital. The ability of the Bank to pay dividends to the Company is subject to regulation by the INDFI, applicable Indiana law and the FRB, and is limited by the Bank' s obligations to maintain sufficient capital and liquidity. In addition, banking regulators may propose guidelines seeking greater liquidity and regulations requiring greater capital requirements. If such new regulatory requirements were not met, the Bank would not be able to pay dividends to the Company, and**

consequently we may be unable to pay dividends on our common stock. 24