

Risk Factors Comparison 2025-02-25 to 2024-02-23 Form: 10-K

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The following is a discussion of what we believe are the most significant risks and uncertainties that may affect our business, financial condition and future results of operations. These risks are not the only ones that we face. Other risks and uncertainties not currently known to us or currently believed to be material may harm our future business, financial condition, results of operations and prospects. Economy and Our Markets Economic conditions in the market areas the Bank serves may adversely impact its earnings and could increase the credit risk associated with its loan portfolio and the value of its investment portfolio. Substantially all of the Bank's loans are to businesses and individuals in Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona and Nevada, and adverse economic conditions in these market areas could have a material adverse effect on our business, financial condition, results of operations and prospects. Deterioration in the national economy may also have an adverse effect in these markets. Any future deterioration in economic conditions in the markets the Company serves could result in the following consequences, any of which could have an adverse impact, which could be material, on our business, financial condition, results of operations and prospects: • Loan delinquencies may increase; • Problem assets and foreclosures may increase; • Collateral for loans made may decline in value, in turn reducing customers' borrowing power and the Bank's security; • Certain securities within the investment portfolio could become other- than- temporarily impaired, requiring a write-down through earnings to fair value, thereby reducing equity; • Low cost or non- interest bearing deposits may decrease; and • Demand for loan and other products and services may decrease. Competition in the Bank's market areas may limit future success. Commercial banking is a highly competitive business and a consolidating industry. The Bank competes with other commercial banks, credit unions, finance, insurance and other non- depository companies operating in its market areas. The Bank is subject to substantial competition for loans and deposits from other financial institutions. Some of its competitors are not subject to the same degree of regulation and restriction as the Bank while others have greater financial resources than the Bank. If the Bank is unable to effectively compete in its market areas, the Bank's business, financial condition, results of operations, and prospects could be adversely affected. We may not be able to continue to grow ~~organically~~ **organically internally** or through acquisitions. Historically, we have expanded through a combination of ~~organic~~ **organic-internal** growth and **selective** acquisitions. If market and regulatory conditions change, we may be unable to grow organically or successfully compete for, complete, and integrate potential future acquisitions at the same pace as we have achieved in recent years, or at all. We have historically used our strong stock currency and capital resources to complete acquisitions. Downturns in the stock market and the market price of our stock, changes in our capital position, heightened regulatory scrutiny, and changes in our regulatory standing could each have a negative impact on our ability to complete future acquisitions. Growth through future acquisitions could, in some circumstances, adversely affect profitability or other performance measures. In the past, we have been active in acquiring banks and bank holding companies, and we may in the future engage in selected acquisitions of additional financial institutions. There are risks associated with any such acquisitions that could adversely affect profitability and other performance measures. These risks include, among other things, incorrectly assessing the asset quality of a financial institution being acquired, discovering compliance or regulatory issues after the acquisition, encountering greater than anticipated ~~cost~~ **costs** and use of management time associated with **evaluating potential acquisitions and** integrating acquired businesses into our operations, and being unable to profitably deploy funds acquired in an acquisition. ~~In addition, We may not be able to continue to grow through acquisitions, and if we do, there is a risk of negative impacts of such acquisitions on our operating results and financial condition, which could be material. Acquisitions may also cause~~ **lead to** business disruptions that cause the Bank to lose customers or **employees** cause customers to remove their accounts from the Bank and move to competing financial institutions. Further, acquisitions may also disrupt the Bank's ongoing businesses or create inconsistencies in standards, controls, procedures, and policies that adversely affect relationships with employees, clients, customers, and depositors. ~~The loss of key employees during~~ **If we are unable to manage associated risks,** acquisitions may also adversely affect **have negative impacts on our business-operating results and financial condition, which could be material**. We anticipate that we ~~might will~~ issue capital stock in connection with future acquisitions. Acquisitions and related issuances of stock may have a dilutive effect on earnings per share, ~~and~~ **and** book value per share, and **will in any event reduce** the percentage ownership of current shareholders. In acquisitions involving the use of cash as consideration, there will be an impact on our capital position. If goodwill recorded in connection with acquisitions becomes impaired, it could have an adverse impact on earnings and capital. Accounting standards require us to account for acquisitions using the acquisition method of accounting. Under acquisition accounting, if the purchase price of an acquired company exceeds the fair value of its net assets, the excess is carried on the acquirer's balance sheet as goodwill. In accordance with accounting principles generally accepted in the United States of America (" GAAP "), goodwill is not amortized but rather is evaluated for impairment on an annual basis or more frequently if events or circumstances indicate that a potential impairment exists. Our goodwill was not considered impaired as of December 31, ~~2024 and 2023 and 2022~~; however, there can be no assurance that future evaluations of goodwill will not result in findings of impairment and write-downs, which could be material. Since we have \$ ~~985.1.051 million~~ **1.051 billion** in goodwill, representing 33 percent of our shareholders' equity, impairment of goodwill could have a material adverse effect on our business, financial condition and results of operations. Furthermore, even though it is a non- cash item, significant impairment of goodwill could subject us to regulatory limitations, including ~~the ability~~ **limits applicable** to pay dividends on our common stock. There can be no assurance we will be able to continue paying dividends on our common stock at recent levels. We may not be able to continue paying quarterly dividends commensurate with recent levels given that our ability to pay dividends on our common stock depends on a

variety of factors. The payment of dividends is subject to government regulation in that regulatory authorities may prohibit banks and bank holding companies from paying dividends that would constitute an unsafe or unsound banking practice. Our ability to pay dividends is heavily based on our earnings and capital levels ~~which currently are strong~~. Current guidance from the Federal Reserve provides, among other things, that dividends per share should not exceed earnings per share measured over the previous four fiscal quarters. In certain circumstances, Montana law also places limits or restrictions on a bank's ability to declare and pay dividends. As a result, our future dividends will generally depend on the level of earnings at the Bank.

Credit and Asset Quality The allowance for credit losses may not be adequate to cover actual loan losses, which could adversely affect earnings. The Bank maintains an allowance for credit losses ("ACL" or "allowance") in an amount that it believes is adequate to provide for losses in the loan portfolio. While the Bank strives to carefully manage and monitor credit quality and to identify loans that may become non-performing, at any time there are loans included in the portfolio that will result in losses, but that have not been identified as non-performing or potential problem loans. With respect to real estate loans and property taken in satisfaction of such loans ("other real estate owned" or "OREO"), the Bank can be required to recognize significant declines in the value of the underlying real estate collateral quite suddenly as values are updated through appraisals and evaluations (new or updated) performed in the normal course of monitoring the credit quality of the loans. There are many factors that can cause the value of real estate to decline, including declines in the general real estate market, changes in methodology applied by appraisers, and / or using a different appraiser than was used for the prior appraisal or evaluation. The Bank's ability to recover on real estate loans by selling or disposing of the underlying real estate collateral is adversely impacted by declining values, which increases the likelihood the Bank will suffer losses on defaulted loans beyond the amounts provided for in the ACL. This, in turn, could require material increases in the Bank's provision for credit losses and ACL. By closely monitoring credit quality, the Bank attempts to identify deteriorating loans before they become non-performing assets and adjust the ACL accordingly. However, because future events are uncertain, and if difficult economic conditions occur, there may be loans that deteriorate to a non-performing status in an accelerated time frame. As a result, future additions to the ACL may be necessary beyond the levels commensurate with any loan growth. Because the loan portfolio contains a number of loans with relatively large balances, the deterioration of one or a few of these loans may cause a significant increase in non-performing loans, requiring an increase to the ACL. Additionally, future significant additions to the ACL may be required based on changes in the mix of loans comprising the portfolio, and changes in the financial condition of borrowers, which may result from changes in economic conditions, or changes in the assumptions used in determining the ACL. Additionally, federal and state banking regulators, as an integral part of their supervisory function, periodically review the Bank's loan portfolio and the adequacy of the ACL. These regulatory authorities may require the Bank to recognize further provision for credit losses or charge-offs based upon their judgments, which may be different from the Bank's judgments. Any increase in the ACL could have an adverse effect, which could be material, on our business, financial condition, and results of operations. The Bank's loan portfolio mix increases the exposure to credit risks tied to deteriorating conditions. The loan portfolio contains a high percentage of commercial, commercial real estate, real estate acquisition and development loans in relation to the total loans and total assets. These types of loans have historically been viewed as having more risk of default than residential real estate loans or certain other types of loans or investments **and tend to be larger in size**. In fact, the FDIC has issued **recent** pronouncements **highlighting the increased risk associated with commercial real estate loans, including with respect to the higher vulnerability of these credits to elevated interest rates and stressed market conditions in many large metropolitan areas, and** alerting banks of **to** its concern about banks with a heavy concentration of commercial real estate loans. ~~Moreover, federal bank regulators have highlighted the increased risk associated with commercial real estate loans, including with respect to the higher vulnerability of these credits to pressure as interest rates remain elevated and market conditions in many large metropolitan areas continue to show signs of stress. These types of loans also typically are larger than residential real estate loans and other commercial loans.~~ Because the Bank's loan portfolio ~~contains~~ **contains a significant number of** commercial and commercial real estate loans with relatively large balances **and nonperforming loan balances are very low**, the deterioration of ~~one or more of these~~ **the credit quality of a few** loans **or the loan category** may cause a significant increase in non-performing loans. An increase in non-performing loans ~~could~~ **would** result in a loss of earnings from these loans ~~and~~ **and** an increase in the provision for credit losses, ~~or and could lead to~~ an increase in charge-offs, which could have a material adverse impact on our business, results of operations, and financial condition. The Bank has a high concentration of loans secured by real estate, so **a any future** deterioration in the real estate markets could require material increases in the ACL and adversely affect our business, financial condition, and results of operations. The Bank has a high degree of concentration in loans secured by real estate. Any future deterioration in the real estate markets could adversely impact borrowers' ability to repay loans secured by real estate and the value of **our** real estate collateral, thereby increasing the credit risk associated with the loan portfolio. The Bank's ability to recover on these loans by selling or disposing of the underlying real estate collateral would be adversely impacted by any decline in real estate values, which increases the likelihood that the Bank will suffer losses on defaulted loans secured by real estate beyond the amounts provided for in the ACL. This, in turn, could require material increases in the ACL which would adversely affect our business, financial condition, and results of operations. Non-performing assets could increase, which could adversely affect our business, financial condition, and results of operations. The Bank may experience increases in non-performing assets in the future. Non-performing assets (which includes OREO) adversely affect our business, financial condition, and results of operations in various ways. The Bank does not record interest income on non-accrual loans or OREO, thereby adversely affecting its earnings. When the Bank takes collateral in foreclosures and similar proceedings, it is required to mark the related asset to the then fair value of the collateral, less estimated cost to sell, which may result in a charge-off of the value of the asset and lead the Bank to increase the provision for credit losses. An increase in the level of non-performing assets also increases the Bank's risk profile and may impact the capital levels its regulators believe are appropriate in light of such risks. Further decreases in the value of these assets, or the underlying collateral, or in these borrowers' performance or financial

condition, whether ~~or not~~ due to economic and market conditions beyond the Bank's control ~~or not~~, could adversely affect our business, results of operations and financial condition, perhaps materially. In addition to the carrying costs to maintain OREO, the resolution of non-performing assets increases the Bank's loan administration costs generally, and requires significant commitments of time from management and our directors, which reduces the time they have to focus on profitably growing our business. A decline in the fair value of the Bank's investment portfolio could adversely affect earnings and capital. The fair value of the Bank's debt securities could decline as a result of **various** factors, including changes in market interest rates, tax reform, **decreases in** credit quality and **related** credit ratings, lack of market liquidity and other economic conditions. For debt securities in an unrealized loss position, the Company may be required to record an allowance for credit losses or write down the security depending on the type of security and the circumstances. Any such impairment charge would have an adverse effect, which could be material, on our business, results of operations and financial condition, including capital and shareholders' equity. While we believe that the terms of our debt securities have been kept relatively short, we are subject to elevated interest rate risk exposure in the current elevated rate environment as compared to recent years. Further, debt securities present a different type of asset quality risk than the loan portfolio. While we believe a relatively conservative management approach has been applied to the investment portfolio, there is always potential loss exposure under changing economic conditions. The Bank is subject to environmental liability risk associated with our lending activities. ~~A~~ **We hold an interest in real estate as collateral for a** significant portion of our loan portfolio ~~is secured by real estate~~, and we could become subject to environmental liabilities with respect to one or more of these properties. During the ordinary course of business, we may foreclose on and take title to properties securing defaulted loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous conditions or toxic substances are found on these properties, we may be liable for remediation costs, as well as for personal injury and property damage, civil fines and criminal penalties regardless of when the hazardous conditions or toxic substances first affected any particular property. Environmental laws may **further** require us to incur substantial expenses to address unknown liabilities and may materially reduce the affected property's value or limit our 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 our exposure to environmental liability. Although we have policies and procedures to perform an environmental review before initiating any foreclosure on nonresidential real property, these reviews 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 us. We face competition from technologies used to support and enable banking and financial services. Emerging technologies and advances and ~~the growth~~ **growing market acceptance** of e-commerce have lowered geographic and monetary barriers ~~of to~~ other financial institutions, made it easier for non-depository institutions to offer products and services that traditionally were banking products and **services, and** allowed non-traditional financial service providers and technology companies to compete with traditional financial service companies in providing electronic and internet-based financial solutions and services, including ~~electronic securities trading~~, marketplace lending, financial data aggregation and payment processing, including **through** real-time payment platforms **and electronic securities trading**. Further, clients may choose to conduct business with other market participants who engage in business or offer products in areas we deem speculative or risky, such as cryptocurrencies, non-fungible tokens, and other digital assets. Increased competition may negatively affect our earnings by creating pressure to lower prices or credit standards on our products and services requiring additional investment to improve the quality and delivery of our technology and / or reducing our market share, or affecting the willingness of our clients to do business with us. Interest Rates, Operations and Risk Management

Fluctuating interest rates can adversely affect profitability and shareholders' equity. The Bank's profitability is dependent to a large extent upon net interest income, which is the difference (or "spread") between the interest earned on loans, investment securities and other interest earning assets and interest paid on deposits, borrowings, and other interest-bearing liabilities. Because of the differences in maturities and repricing characteristics of interest earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest earning assets and interest paid on interest bearing liabilities. Accordingly, fluctuations in interest rates could adversely affect the Bank's interest rate spread, and, in turn, profitability. The Bank seeks to manage its interest rate risk within well-established policies and guidelines. Generally, the Bank seeks an asset and liability structure that insulates net interest income from large deviations attributable to changes in market rates. However, the Bank's structures and practices to manage interest rate risk may not be effective in a highly volatile rate environment. The Federal Reserve ~~decreased~~ **slowed its increases to** the federal funds target rate **three times** in ~~2023-2024~~, with the most recent ~~increase~~ **decrease** occurring in ~~July~~ **December 2023-2024**. The Federal Reserve has communicated that the economic outlook continues to be uncertain, and while it has stated that rates may **continue to** decrease ~~later in 2024-2025~~, there can be no assurance of the timing or amount of any future rate adjustments. Further, there can be no assurance regarding any forecasts or predictions about the effect that any future rate adjustments may have on our results of operations. Elevated interest rates could negatively impact deposit growth **and mix**, the value of our investments, shareholders' equity, and the Bank's profitability. ~~We may be impacted by the retirement of London Interbank Offered Rate ("LIBOR") as a reference rate. In July 2017, the United Kingdom Financial Conduct Authority announced that LIBOR may no longer be published after 2021. LIBOR is used extensively in the U. S and globally as a "benchmark" or "reference rate" for various commercial and financial contracts. In March 2022, the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Act") was enacted providing that LIBOR-based contracts that lack fallback language specifying practicable replacement "benchmarks" will automatically transition to the applicable reference rates recommended by the Federal Reserve. Subsequently in December 2022, the Federal Reserve issued a Final Rule establishing "benchmark" replacements based on the Secured Overnight Financing Rate ("SOFR"). The ICE Benchmark Administration ("IBA"), the authorized and regulated administrator of LIBOR, is being compelled by the Financial Conduct Authority (the "FCA") to continue publishing some LIBOR tenors under a synthetic methodology. The FCA intends to no longer require the publication of these synthetic tenors by September 2024, but~~

may extend the timeline if needed. Despite the progress made through the LIBOR Act and the Federal Reserve's Final Rule, it is impossible to predict the effect of any alternative rates on the value of LIBOR-based securities and variable rate loans, subordinated debentures or other securities or financial arrangements. The replacement of LIBOR with one or more alternative rates may impact the availability and cost of hedging instruments and borrowings, including the rates we pay on our subordinated debentures and derivative financial instruments. When LIBOR rates are no longer available, and we are required to implement substitute indices for the calculation of interest rates under contracts or financial instruments to which we are a party, we may incur significant expenses in effecting the transition. The transition to a new reference rate requires changes to contracts, risk and pricing models, valuation tools, systems, product design and hedging strategies. Our business is subject to the risks of earthquakes, floods, fires, and other natural catastrophes **catastrophic events**. With Bank branches **and customers** located in Montana, Idaho, Utah, Washington, Wyoming, Colorado, Arizona and Nevada, our business could be affected by a **major natural catastrophe-catastrophes**, such as a drought **droughts**, fire **fires**, flood, earthquake **earthquakes**, or other natural disaster **disasters that affect these regions**. The occurrence of any of these events may result in a prolonged interruption of our business **and the businesses of our customers and could disrupt the insurability of our assets or the assets of our customers that may be material to their ability to repay or provide collateral for our loans**, which could have a material adverse effect on our business, financial condition, and **results of** operations. Our future performance will depend on our ability to respond timely to technological change. The financial services industry **is-continues to experiencing experience** rapid technological changes with frequent introductions of new technology-driven products and services **by both other regulated entities and by companies that are not subject to the extensive regulations applicable to banks**. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Our future success will depend upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience **and additional features**, as well as create additional efficiencies in our operations. We may not be able to effectively implement new technology-driven products or services, or be successful in marketing these products and services. Additionally, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may cause **services-service** interruptions, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws **and regulations**. There can be no assurance that we will be able to successfully manage the risks associated with increased dependency on technology. A failure in or breach of the Bank's operational or security systems, or those of the Bank's third-party service providers, including as a result of cyber attacks, could disrupt business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase costs and cause losses. In the normal course of its business, the Bank collects, processes and retains sensitive and confidential customer and consumer information. Despite the security measures we have in place, our facilities **and systems** may be vulnerable to cyber-attacks, security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, **attacks enhanced or facilitated by artificial intelligence ("AI")** and other similar events. Information security risks for financial institutions such as the Bank have increased recently in part because of new technologies, the use of the Internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions, and the increased sophistication and activities of organized crime, **foreign actors, hackers,** perpetrators of fraud, **hackers**, terrorists and others. In addition to cyber attacks or other security breaches involving the theft of sensitive and confidential information, hackers have engaged in attacks against financial institutions designed to disrupt key business services such as customer-facing web sites. National and international economic and geopolitical conditions may also **increase** have a negative impact in the number of cyber security threats the Bank may face. We **are-may** not be able to anticipate or implement effective preventative measures against all security breaches of these types. Although the Bank employs detection and response mechanisms designed to contain and mitigate security incidents, early detection may be thwarted by sophisticated attacks and malware designed to avoid detection, which continue to evolve. Additionally, the Bank faces the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate its business activities, including third-party service providers, **vendors,** exchanges, clearing agents, clearing houses or other financial intermediaries. Such parties could also be the source of an attack on, or breach of, the Bank's operational systems. Any failures, interruptions or security breaches in our information systems could damage our reputation, result in a loss of customer business, result in a violation of privacy or other laws, or expose us to civil litigation, regulatory fines or losses not covered by insurance. See "Item 1C. Cybersecurity" for additional information regarding our efforts to detect, identify, assess, manage, and respond to **material** risks from cybersecurity threats. **The Company's business may be materially affected by the emergence of disruptive new technologies or approaches enabled by the rapid pace of innovation unfolding in the artificial intelligence space. The safe and responsible integration of AI functionality as it rapidly evolves presents emerging ethical and legal challenges, and the use of such technologies may result in diminished brand trust and reputational harm. As with many innovations, AI presents risks and challenges that could significantly disrupt our business model. In addition, the use of AI by bad actors presents increasingly complex and sophisticated security threats to our confidential customer, employee, and Company data, and we must make additional efforts to maintain network security. The regulatory landscape surrounding AI technologies is evolving, and the ways in which these technologies will be regulated by governmental authorities, self-regulatory institutions, or other regulatory authorities remains uncertain and may be inconsistent from jurisdiction to jurisdiction. Certain jurisdictions in which we operate are considering or have proposed or enacted legislation and policies regulating AI and non-personal data, such as the recent Executive Order on AI. Such regulations may result in operational costs to modify, maintain, or align our business practices, or constrain our ability to develop, deploy, or maintain these technologies.** We have various anti-takeover measures that could impede a takeover. Our articles of incorporation include certain provisions that could make it more difficult to acquire us by means of a tender offer, a proxy contest, merger or otherwise. These provisions include a requirement that any "Business Combination" (as

defined in the articles of incorporation) be approved by at least 80 percent of the voting power of the then outstanding shares, unless it is either approved by our Board or certain price and procedural requirements are satisfied. In addition, the authorization of preferred stock, which is intended primarily as a financing tool and not as a defensive measure against takeovers, may potentially be used by management to make more difficult uninvited attempts to acquire control of us. These provisions may have the effect of lengthening the time required to acquire control of us through a tender offer, proxy contest or otherwise, and may deter any potentially unfriendly offers or other efforts to obtain control of us. This could deprive our shareholders of opportunities to realize a premium for their common stock in the Company, even in circumstances where such action is favored by a majority of our shareholders.

Regulatory Matters We operate in a highly regulated environment and changes or increases in, or supervisory enforcement of, banking or other laws and regulations or governmental fiscal or monetary policies could adversely affect us. We are subject to extensive regulation, supervision and examination by federal and state banking regulators. In addition, as a publicly-traded company, we are subject to regulation by the SEC. Any change in applicable regulations or federal, state or local legislation or in policies or interpretations or regulatory approaches to compliance and enforcement, income tax laws and accounting principles could have a substantial impact on us and our operations. Changes in laws and regulations may also increase expenses by imposing additional fees or taxes or restrictions on operations. Additional legislation and regulations that could significantly affect powers, authority and operations may be enacted or adopted in the future, which could have a material adverse effect on our business, financial condition, and results of operations. Failure to appropriately comply with any such laws, regulations or principles could result in sanctions by regulatory agencies or damage to our reputation, all of which could adversely affect our business, financial condition or results of operations. Regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws or regulations by financial institutions and bank holding companies in the performance of their supervisory and enforcement duties. Existing and proposed federal and state laws and regulations restrict, limit, and govern all aspects of our activities and may affect our ability to expand our business over time, may result in an increase in our compliance costs, and may affect our ability to attract and retain qualified executive officers and employees. The exercise of regulatory authority may have a negative impact on our business, financial condition and results of operations, including limiting the types of financial services and products we may offer or increasing the ability of non-banks to offer competing financial services and products at lower cost. Additionally, our business is affected significantly by the fiscal and monetary policies of the federal government and its agencies, including the Federal Reserve. We cannot accurately predict the full effects of recent legislation or the various other governmental, regulatory, monetary and fiscal initiatives which have been and may be enacted. The terms and costs of these activities, or the failure of these actions to help stabilize the financial markets, asset prices, market liquidity and a continuation or worsening of current financial market and economic conditions could materially and adversely affect our business, financial condition, results of operations, and the trading price of our common stock.

Increasing regulatory focus on privacy and security issues and expanding laws and regulatory requirements could impact our business models and expose us to increased liability. We are subject to national data protection, privacy and security laws, regulations and codes of conduct that relate to our various business units and data processing activities, which may include sensitive, confidential, and personal information. These laws, regulations and codes may be inconsistent across jurisdictions and are subject to evolving and differing (sometimes conflicting) interpretations. Government officials and regulators, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data, including the transferring of personal information across international borders. This scrutiny can result in new and shifting interpretations of existing laws, thereby further impacting our business. State laws in the United States on privacy, data and related technologies, as well as industry self-regulatory codes and regulatory requirements, create additional privacy and security compliance obligations and expand the scope of potential liability. While we have invested in readiness to comply with applicable requirements, the dynamic and evolving nature of these laws, regulations and codes, as well as their interpretation by regulators and courts, may affect our ability to reach current and prospective customers, to respond to individual customer requests under the laws (such as individual rights of access, correction and deletion of their personal information), to implement our business models effectively and to adequately address disclosure requirements. Perception of our practices, products, services or solutions, even if unfounded, as a violation of individual privacy, data protection rights or cybersecurity requirements, subjects us to public criticism, lawsuits, investigations, claims and other proceedings by regulators, industry groups or other third parties, all of which could disrupt or adversely impact our business and reputation and expose us to increased liability, fines and other punitive measures including prohibition on sales of our products, services or solutions, restrictive judicial orders and disgorgement of data. Non-compliance with the Patriot Act, BSA, or other laws and regulations could result in fines or sanctions and limit our ability to get regulatory approval of acquisitions. The Patriot Act and BSA require financial institutions to develop programs to prevent financial institutions from being used for money laundering and terrorist activities. Failure to comply with these regulations could result in fines or sanctions and limit our ability to get regulatory approval of acquisitions. While we have developed policies and procedures designed to assist in compliance with these laws and regulations, no assurance can be given that these policies and procedures will be effective in preventing violations of these laws and regulations. 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.

General Risk Factors National and international economic and geopolitical conditions could adversely affect our future results of operations or market price of our stock. Our business is impacted by factors such as economic, political and market conditions, broad trends in industry and finance, changes in government monetary and fiscal policies, inflation, and financial market volatility, all of which are beyond our control. National and global economies are constantly in flux, as evidenced by recent

market volatility resulting from, among other things, the bank failures involving Silicon Valley Bank and Signature Bank in 2023, the effects of inflation, and the ever- changing landscape of the energy and medical industries. Although inflationary pressures declined throughout 2024, with the annual inflation rate in the United States decreasing to 2.4% during September 2024 as reported by the U. S. Bureau of Labor Statistics, our business may be impacted by periods of high inflation in the future. Small to medium- sized businesses may be impacted more during periods of high inflation as they are not able to leverage economies of scale to mitigate cost pressures compared to larger businesses. Consequently, the ability of our business customers to repay their loans may deteriorate, which would adversely impact our results of operations and financial condition. Furthermore, a prolonged period of inflation could cause wages and other costs to the Company to increase, which could adversely affect our results of operations and financial condition. Nearly all our assets and liabilities are monetary in nature. As a result, interest rates tend to have a more significant impact on our performance than general levels of inflation or deflation. Interest rates do not necessarily move in the same direction or by the same magnitude as the prices of goods and services. Future economic conditions cannot be predicted, and any renewed deterioration in the economies of the nation as a whole or in our markets could have an adverse effect, which could be material, on our business, financial condition, results of operations and prospects, and could cause the market price of our stock to decline. Significant changes or developments in U. S. laws or policies, and the reactions of the national and global economy to such changes, may have a material adverse effect on our business. Significant changes or developments in U. S. laws and policies can materially adversely affect our business. There are uncertainties around the legal and regulatory approach that will be taken under the Executive branch Administration, and we cannot predict the likelihood, nature or extent of changes in law or government regulations that may arise from future legislation or administrative or executive action, either in the United States or abroad. Our business is heavily dependent on the services of members of the senior management team. We believe our success to date has been substantially dependent on our executive management team. In addition, our unique model relies upon the Presidents of our separate Bank divisions, particularly in light of our decentralized management structure in which such Bank divisions have significant local decision- making authority. The unexpected loss of any of these persons could have an adverse effect on our business, financial condition, results of operations, and future growth prospects. We could suffer operational, reputational and financial harm if we fail to properly anticipate and manage risk. We use models and strategies to forecast losses, project revenue, and measure and assess capital requirements for various credit, market, operational and strategic risks. These models require oversight, ongoing monitoring, and periodic reassessment. Models are subject to inherent limitations due to the use of historical trends and simplifying assumptions, uncertainty regarding economic and financial outcomes, and emerging risks from the use of applications that may rely on artificial intelligence. Our models and strategies may not be adequate due to limited historical data and shocks caused by extreme or unanticipated market changes, especially during severe market downturns or stress events. Regardless of the steps we take to ensure effective controls, governance, monitoring and testing, and implement new risk management tools, we could suffer operational, reputational and financial harm if our models and strategies and other risk management tools fail to properly anticipate and manage the current and evolving risks we face. Changes in accounting standards could materially impact our financial statements. Periodically, the Financial Accounting Standards Board (“FASB”) and the SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can materially impact how we record and report our financial condition and results of operations. For information regarding the impact of recently issued accounting standards, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Climate change may materially adversely affect the Company’s business, financial condition, and results of operations. Concerns over the long- term effects of climate change have led to governmental efforts around the world to mitigate those impacts. Consumers and businesses also may voluntarily change their behavior as a result of these concerns. Both the Bank and its customers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. The Bank and its customers may face cost increases, asset value reductions and operating process changes. The impact on our customers will likely vary depending on their specific attributes, including reliance on or role in carbon- intensive activities. Among the impacts to the Bank could be a drop in demand for our products and services, particularly in certain sectors. In addition, we could face reductions in creditworthiness on the part of some customers or in the value of assets securing loans. The Bank attempts attempts to take these risks into account in making lending and other decisions, including by increasing our business with climate- friendly companies, but the bank’s efforts may not be effective in protecting the Bank from the negative impact of new laws and regulations or changes in consumer or business behavior.