

Risk Factors Comparison 2025-02-27 to 2024-02-27 Form: 10-K

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

We assume and manage **Investing in the Company's common stock involves** a certain **high** degree of risk in order to conduct our business strategy. **The material** ~~In addition to the risk~~ **risks factors and uncertainties that management believes affect the Company are** described below, other risks and uncertainties not specifically mentioned, or that are currently known to, or deemed to be immaterial by management, also may materially and adversely affect our financial condition, results of operations and/or cash flows. Before making an **you decide to** investment ~~---- invest~~ decision, you should carefully **review and** consider the risks described below, together with all of the other information included in this Form 10-K and our other ~~filings~~ **reports and documents the Company files** with the SEC. **Any** ~~If any of the circumstances described in the following risk~~ **risks factors** actually occur to a significant degree, the value of our common stock could decline, and you could lose all or part of your investment. This Form 10-K is qualified in its entirety by these risk factors. Risks Related to our Lending Activities Repayment of our commercial business loans, consisting of commercial and industrial loans as well as ~~owner~~ **risks that the Company does not know or currently deems immaterial, could have a material adverse effect on the Company's business, reputation, financial condition, results of operations and growth prospects. Market and Interest Rate Risks** The Company's business is subject to interest rate risk, and fluctuations in interest rates or monetary policy may adversely affect the Company's business, financial condition, results of operations and growth prospects. Fluctuations in interest rates may negatively affect the Company's business and weaken demand for some of its products. The Company's earnings and cash flows are primarily dependent on net interest income, which is the difference between the interest income that the Company earns on interest earning assets such as loans and investment securities, and the interest expense that the Company pays on interest ~~- occupied~~ **bearing liabilities such as deposits and borrowings**. Changes in interest rates also affect the Company's ability to fund operations with customer deposits and the fair value of securities in the Company's investment portfolio. Any change in general market interest rates, including changes in federal fiscal and monetary policies, could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. The Company's interest earning assets and interest-bearing liabilities may react in different degrees to changes in market interest rates. Interest rates on some types of assets and liabilities may fluctuate prior to changes in broader market interest rates, while rates on other types of assets and liabilities may lag behind. The result of these changes to rates may cause differing spreads on interest earning assets and interest-bearing liabilities. The Company could also be prevented from altering the interest rates charged on loans or from maintaining the interest rates offered on deposits and money market savings accounts due to "price" competition from other banks and financial institutions with which the Company competes. The Company does not know what market rates will be throughout 2025, including the frequency and significance with which the target range for the federal funds rate may be changed in 2025. If the Company fails to offer interest at a sufficient level to keep its ~~non-~~ **maturity interest-bearing deposits, core deposits may be reduced, which would require the Company to obtain funding in other ways or risk slowing future asset growth. The Company could recognize additional losses on securities held in the Company's securities portfolio, particularly if interest rates increase or economic and market conditions deteriorate. Factors beyond the Company's control can influence and cause potential adverse changes to the fair value of securities in the Company's portfolio. These factors include, but are not limited to, changes in interest rates, rating agency downgrades or the Company's ~~owner-- own~~ **own** ~~occupied commercial real-~~ **analysis of the value of the securities, defaults by the issuers or individual mortgagors with respect to the underlying securities and instability in the credit markets. The foregoing factors, as well as changing economic and market conditions or other factors, could cause write-downs and realized or unrealized losses in future periods and declines in other comprehensive income, which could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. The process for determining whether a write-down is required usually requires complex, subjective judgments, which could subsequently prove to have been wrong, about the future financial performance and liquidity of the issuer, the fair value of any collateral underlying the security and whether and the extent to which the principal and interest on the security will ultimately be paid in accordance with its payment terms. Decreases in the fair value of investment securities available for sale resulting from increases in interest rates could have an adverse effect on stockholders' equity, specifically AOCI, which is increased or decreased by the amount of change in the ~~estate~~ **estimated fair value of our securities available for sale, net of deferred income taxes. Increases in interest rates generally decrease the fair value of securities available for sale, adversely impacting stockholders' equity. In recent periods, the company has realized losses on the sale of investment securities in connection with strategic balance sheet repositioning transactions. The Company could recognize impairment loss for any security that has declined in fair value below its amortized cost basis if management has the intent to sell the security, or if it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. The Company cannot guarantee that its stock repurchase program will be fully implemented or that it will enhance long-term shareholder value. On April 24, 2024, the Board approved the repurchase of up to 5 % of the Company's outstanding common shares, or 1, 734, 492 shares. This stock repurchase program supersedes the previous stock repurchase program, authorized in March 2020, which allowed for the repurchase of up to 5 % of the Company's outstanding common shares, or 1, 799, 054 shares. The number, timing and price of shares repurchased will depend on business and market conditions, regulatory requirements, availability of funds and other factors, including opportunities to deploy the******

Company's capital. The Company may, in its discretion, begin, suspend or terminate repurchases at any time prior to the stock repurchase program's expiration, without any prior notice. Even if fully implemented, the stock repurchase program may not enhance long-term shareholder value. Credit Risks The Company's business depends on its ability to manage credit risk. The Company's banking business requires it to manage credit risk; however, default risk may arise from events or circumstances that are difficult to detect, such as fraud, or difficult to predict, such as catastrophic events affecting certain industries. As a lender, the Company is exposed to the risk that its borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, proper loan underwriting, changes in economic and industry conditions and those inherent in dealing with specific borrowers, including the risk that a borrower may not provide information to the Company about its often-dependent business in a timely manner, may present inaccurate or incomplete information to the Company or risks relating to the value of collateral. To manage credit risk, the Company must maintain disciplined and prudent underwriting standards and ensure that the Company's bankers follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of discipline or diligence by the Company's employees in underwriting and monitoring loans, the Company's inability to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of the Company's loan portfolio may result in loan defaults, foreclosures and charge-offs and may necessitate that the Company significantly increase its allowance for credit losses, each of which could adversely affect net income. As a result, the Company's inability to successfully manage credit risk could have a material adverse effect on the cash flows, Company's business, financial condition, results of operations and growth prospects. The Company's high concentration of large loans to certain borrowers may increase the Company's credit risk. The Company has developed relationships with certain individuals and businesses that have resulted in a concentration of large loans to a small number of borrowers. As of December 31, 2024, the Company's 10 largest borrowing relationships accounted for approximately 6.5% of the total loan portfolio. The Company has established an informal, internal limit on loans to one borrower, principal or guarantor which may be unpredictable, but the Company may, under certain circumstances, consider going above this internal limit in situations where management's understanding of the industry, the borrower's business and the credit quality of the borrower are commensurate with the increased size of the loan. Along with the other collateral risks inherent in these loans, such as the deterioration of the underlying businesses or property securing these loans, this high concentration may fluctuate in value. We offer a variety of commercial borrowers presents a risk to the Company's lending operations. If any one of these borrowers becomes unable to repay its loan obligations as a result of business loans across various industries such as real estate, healthcare, accommodation and food services, retail trade and construction. Our primary loan offerings comprise lines of credit, term equipment financing, and term real estate loans. Additionally, we facilitate loans guaranteed by the SBA, holding the designation of a "preferred lender" by the SBA. Commercial business lending involves distinct risks compared to residential real estate lending. Our commercial business loans are primarily made based on our assessment of the cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The unpredictability of a borrower's cash flow and the potential fluctuations in collateral values underscore the inherent risks in these loans. While our commercial business loans are often collateralized by equipment, inventory, accounts receivable or other business assets, the liquidation of collateral in the event of default is often an insufficient source of repayment because accounts receivable may be uncollectible and inventories may be obsolete or of limited use, among other things. Accordingly, the repayment of commercial business loans primarily relies on the borrower's cash flow and creditworthiness, supplemented by the underlying collateral. At December 31, 2023, our commercial business loans totaled \$3.37 billion, or 77.8% of our total loan portfolio, of which \$4.5 million, or 0.1% of commercial business loans were classified as nonaccrual. Within commercial business loans, agricultural loans totaled \$65.7 million, or 1.5% of our total loan portfolio and 1.9% of our commercial business loans at December 31, 2023 of which \$825,000, or 1.3% of agricultural loans were classified as nonaccrual loans. Our portfolio encompasses owner and non-owner occupied commercial real estate loans, including multifamily residential real estate loans. These loans often involve higher principal amounts compared to other loan types, and their repayment may be contingent on factors beyond our or our borrowers' control. We originate commercial real estate loans for individuals and businesses, which are secured by commercial properties. These loans typically involve higher principal amounts than other types of loans and repayment is dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service, which may be adversely affected by changes in the economy, economic or local market conditions. For example, if the project, Company's nonaccruing loans and provision cash flow diminishes due to unobtained or for unrenewed leases, the borrower's capacity to repay the loan losses could be impaired. Additionally, many of these loans have adjustable rates and reprice periodically. A significant increase in rates could increase significantly, which the payment amount and could impact have a material adverse effect on the borrower, Company's ability to repay the loan, business, financial condition, results of operations and growth prospects. The Company's allowance for Commercial real estate lending also exposes us to greater credit risk than loans secured by residential real estate. Typically, the collateral securing these loans is not as easily liquidated as residential properties. In addition, many of our commercial real estate loans are not fully amortizing and contain large balloon payments upon maturity. Such balloon payments may require the borrower to either sell or refinance the underlying property, potentially elevating the risk of default or non-payment. If we foreclose on a commercial real estate loan, our holding period for the collateral typically is longer compared to residential real estate loans due to fewer potential purchasers. Additionally, commercial real estate loans generally have relatively large balances to single borrowers or related groups of borrowers, magnifying the impact of any errors in judgment regarding their collectability. Consequently, resulting charge-offs per loan

may be larger than those incurred with our residential or consumer loan portfolios. As of December 31, 2023, our owner and non-owner occupied commercial real estate loans totaled \$ 2.66 billion, or 61.2% of our total loan portfolio, of which \$ 205,000 were classified as nonaccrual. Our real estate construction and land development loans are based upon estimates of costs and net operating income and the related value associated with the completed project. These estimates may be inaccurate. Construction lending involves additional risks when compared with permanent commercial and residential real estate lending because funds are advanced upon the collateral for the project based on an estimate of costs to produce a future project value at completion. Estimating construction costs, the project's market value upon completion, and the impact of regulatory changes on real property involve inherent uncertainties. Accurately evaluating the total funds required for a project and the resulting loan-to-value ratio upon completion is challenging. Unforeseen changes in demand or higher building costs may significantly deviate from initial estimates. This type of lending also typically involves large loan principal amounts and may be concentrated among a limited number of builders. A downturn in the housing or the real estate market could increase delinquencies, defaults and foreclosures, significantly impairing the value of our collateral and our ability to sell it upon foreclosure. Further, some borrowers have multiple loans outstanding with us, exposing us to higher risk if one credit relationship encounters adverse developments. Construction loans often involve the disbursement of funds with repayment substantially dependent on the success of the ultimate project and the ability of the borrower to sell or lease the property or obtain permanent take-out financing, rather than the ability of the borrower or guarantor to repay principal and interest. If our appraisal of the value of a completed project proves to be overstated, we may have inadequate security for the repayment of the loan upon completion of construction of the project and may incur a loss. **losses**. Because construction loans require active monitoring of the building process, including cost comparisons and on-site inspections, these loans are more difficult and more costly to monitor. Increases in market rates of interest can significantly impact construction loans, escalating end-purchasers' borrowing costs and potentially hindering project financing or reducing overall demand for the project. Moreover, properties under construction are often difficult to sell and typically must be completed to be successfully sold, complicating the resolution of problematic construction loans. This may require us to advance additional funds and / or contract with another builder to complete construction and assume the market risk of selling the project at a future market price, which may or may not enable us to fully recover unpaid loan funds and associated construction and liquidation costs. In the case of speculative construction loans, there is added risk associated with identifying an end-tenant or end-purchaser for the finished project. Land development loans also pose additional risk because of the lack of income being produced by the property and potentially illiquid nature of the collateral. These risks can be significantly impacted by supply and demand conditions. As of December 31, 2023, our real estate construction and land development loans totaled \$ 414.4 million, or 9.5% of our total loan portfolio, of which \$ 78.6 million, or 1.8% of our total loan portfolio, were residential construction and \$ 335.8 million, or 7.7% of our total loan portfolio, were commercial and multifamily construction. All of these loans were performing in accordance with their repayment terms as of December 31, 2023. Our ACL on loans may prove to be insufficient to absorb **potential** losses in **our** loan portfolio. Lending money is a substantial part of our business. Every loan carries a certain risk that it will not be repaid in accordance with its terms or that any underlying collateral will not be sufficient to assure repayment. This risk is affected by, among other things: • the cash flow of the borrower, guarantors and / or the project being financed; • the changes and uncertainties as to the future value of the collateral, in the case of a collateralized loan; • the character and creditworthiness of a particular borrower or guarantor; • changes in economic and industry conditions; and • the duration of the loan. The ACL on loans is a valuation account that is deducted from the amortized cost of loans receivable to present the net amount expected to be collected. Loans are charged-off through the ACL on loans when management believes the uncollectibility of a loan balance is considered probable. Subsequent recoveries, if any, are recorded to the ACL on loans. The Company records the changes in the ACL on loans through earnings as a "Provision for (reversal of) credit losses" on the Consolidated Statements of Income. The determination of the appropriate level of ACL on loans inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. If our estimates are incorrect, the ACL on loans may not be sufficient to cover expected losses in our loan portfolio, resulting in the need for increases in our ACL on loans through the provision for credit losses. Management also recognizes that significant new growth in loan segments and new loan products can result in loans segments comprised of unseasoned loans that may not perform in a historical or projected manner and will increase the risk that our ACL on loans may be insufficient to absorb losses without significant additional provisions. Deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the ACL on loans. If current conditions in the housing and real estate markets weaken, we expect we will experience increased delinquencies and credit losses. Bank regulatory agencies also periodically review our ACL on loans and may require an increase in the provision for credit losses or the recognition of further loan charge-offs, based on their judgments about information available to them at the time of their examination. In addition, if charge-offs in future periods exceed the ACL on loans, we will need additional provisions to increase the ACL on loans. Any increases in the allowance for credit losses will result in a decrease in net income and, most likely, capital, and may have a material negative effect on our financial condition and results of operations. **Risks Related to our A decline in the Business-business Strategy** Our strategy of pursuing acquisitions and **economic conditions in the Company's market areas** de novo branching exposes us to financial and operational risks that could **have a material** adversely **adverse** affect **effect on the Company's** us. As part of our business strategy, we seek to supplement our organic growth by acquiring other financial institutions or their businesses to achieve our strategic objectives and bolster earnings. However, this strategy entails several risks: • Acquired banks or businesses might carry unforeseen asset quality issues or contingent liabilities. If these exceed our estimates, it could significantly impact our financial condition, and operational results; • There is a risk of **operations** higher than anticipated deposit attrition following an **and acquisition growth prospects. The Company's business activities and credit exposure**, potentially affecting **including real estate collateral for many of its**

loans, are concentrated in the states of Washington, Oregon and Idaho, although the Company also pursues business opportunities nationally. Adverse economic developments in our funding base; • The acquisition process may divert our management's time and attention, impacting day-to-day operations and strategic initiatives; • Acquired entities might have known or unknown regulatory compliance deficiencies, exposing us to associated risks; • Market conditions can influence acquisition prices. Difficulty in making acceptable-priced acquisitions in specific markets— **market areas, among other things,** could affect **the volume** our growth strategy; • The integration of systems **loan originations**, procedures **increase the level of nonperforming assets**, and personnel from acquired entities into our **increase the rate of foreclosure losses on loans, reduce the value of the** company **Company** is complex **'s loans** and **affect** time-consuming. It can disrupt the acquired **Company's** business and its customer base, potentially leading to customer and employee losses if not managed effectively; • Financing acquisitions using borrowed funds will increase our leverage and diminish our liquidity. Raising additional capital to finance acquisition could dilute existing shareholders' interests; • Sustaining our historical growth rate may be difficult due to market constraints and/or acquisition complexities. We have completed eight acquisitions from 2006 through 2018, which has enhanced our growth rate over the years; • While our acquisitions and branching activities are expected to boost net income, they might also increase general and administrative expenses initially, potentially affecting our efficiency ratios. Successful integration is crucial for achieving expected efficiencies. If we are unsuccessful in our integration process, this may not occur, and our acquisitions or branching activities may not be accretive to earnings in the short or long term; • When acquisition costs exceed the fair value of the net assets acquired, goodwill is recorded. Any future impairment of goodwill could adversely affect our financial condition. See, **results of operations and growth prospects. Any regional or local economic downturn that affects** the risk **Company's** market areas or existing or prospective borrowers or property values in such areas may affect the Company and the Company's profitability more significantly and more adversely than the Company's competitors whose operations are less geographically concentrated. Negative changes in the economy affecting real estate values and liquidity, as well as environmental **factor factors**, could **impair the value of collateral securing the Company's real estate loans and result in loan and other losses. At December 31, 2024, approximately 79.1 % of the Company's total loan portfolio was comprised of loans with real estate as the primary component of collateral. The repayment of such loans is highly dependent on the ability of the borrowers to meet their loan repayment obligations to us, which could reduce our earnings** below; **can be adversely affected by economic downturns and other factors. The market** • Acquired loans are recorded at fair value **; of real estate can fluctuate significantly in a short period of time as a result of interest rates and market conditions in the area in which may differ from their-- the real estate is located** outstanding balance. Changes in yields and replacement **some of these values have been** high-yielding loans can impact our net interest margins and interest income over time. Our financial condition and results of operations could be negatively affected **by the recent rise in prevailing interest rates** if we fail to execute our growth strategy or manage our growth effectively. Our intention **Additionally, the repayment of commercial real estate loans generally is dependent, in large part, on sufficient income from the properties securing the loans** to supplement our growth through selective acquisitions of financial institutions **cover operating expenses and debt service. Adverse changes affecting real estate values**, including branch expansions, and **decreases in office occupancy due to other-- the growth opportunities.** However, **shift to remote and hybrid working environments following there-- the COVID** is no guarantee that we will identify suitable opportunities or effectively negotiate and finance these activities. Even if undertaken, the success of such undertakings cannot be assured. Our growth initiatives may require us to recruit experienced personnel to assist in such initiatives, which will increase our compensation costs. In addition, the failure to identify and retain such personnel would place significant limitations on our ability to successfully execute our growth strategy. To the extent we expand our lending beyond our current market areas, we could also incur additional risk related to those new market areas. We may not be able to expand our market presence in our existing market areas or successfully enter new markets. Inability to execute our acquisition- **19 pandemic** focused growth plan might adversely affect various aspects of our business, including finances, operations, reputation, and growth prospects. While we believe in the strength of our executive management and internal systems to manage growth, there can be no assurance that suitable growth opportunities will be available or that we will successfully manage our growth. Risks Related to Economic Conditions The current economic condition in the market areas we serve may adversely impact our earnings and could increase the credit risk associated with our **the Company's** loan portfolio. Substantially all, **significantly impair the value of our property pledged as collateral on** loans are to businesses and individuals in **affect the Company's ability to sell the collateral upon foreclosure without a loss or additional losses or the Company's ability to sell the those loans on** states of Washington, Oregon and Idaho. A return of recessionary conditions or adverse economic conditions in the primary **secondary** market areas of. If real estate values decline, it is also more likely that the Pacific Northwest in **Company would be required to increase the Company's allowance for credit losses, which we operate could** reduce our rate of growth, affect our customers' ability to repay loans and have a material adverse effect on our **the Company's** business, financial condition, and results of operations **and growth prospects. Many of the Company's loans are to commercial borrowers, which have a higher degree of risk than other types of loans. Commercial and industrial loans represented 17.5 % of the Company's total loan portfolio at December 31, 2024. These loans can be larger in size and involve greater risks than other types of lending. Because payments on such loans are often dependent on the successful operation of the business involved, repayment is often more sensitive than other types of loans to the General general business climate and economy. A challenging business and economic environment generally, or in certain specific industries, may increase the Company's risk related to commercial loans. Cumulative effects of inflation, labor shortages or employee turnover, supply chain constraints and the threat of new tariffs, mass deportations and changes in tax regulations implemented by the new Presidential administration may adversely affect commercial and industrial loans, especially if general economic conditions, including inflation, unemployment worsen. The Company's commercial**

and money supply industrial loans are primarily made based on the identified cash flow of the borrower and secondarily on the collateral underlying the loans. Most often, this collateral consists of accounts receivable, inventory and equipment. Inventory and equipment may depreciate over time, be difficult to appraise and fluctuations fluctuate in value based on the success of the business and economic trends. If the cash flow from business operations is reduced, also the borrower's ability to repay the loan may be impaired. Due to the larger average size of each commercial loan as compared with other loans such as residential loans, as well as collateral that is generally less readily marketable, losses recorded on a small number of commercial loans could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. Nonperforming assets take significant time and resources to resolve and adversely affect our profitability. Weakness in the global economy and global supply chain issues have Company's net interest income. The Company's nonperforming assets adversely affected-- affect many businesses operating net interest income in various ways. The Company does not record interest income on nonaccrual loans or foreclosed assets, thereby adversely affecting net income and returns on assets and equity. When the Company takes collateral in foreclosure and similar proceedings, the Company is required to mark the collateral to its then fair market value, which may result that are dependent upon international trade. Changes in agreements a loss. These nonperforming loans and foreclosed assets also increase the Company's risk profile and the level of capital the Company's regulators believe is appropriate or for relationships between it to maintain in light of such risks. The resolution of nonperforming assets requires significant time commitments from management, which increase the Company's loan administration costs and adversely affects its efficiency ratio and can be detrimental to the performance of the their United States and other responsibilities. If countries may also affect these-- the Company experiences increases businesses. A deterioration in nonperforming assets economic conditions in our market areas of the Pacific Northwest as a result of inflation, a recession, or net interest income may be negatively impacted and other-- the factors Company's loan administration costs could increase result in the following consequences, any each of which could have a materially-- material adverse impact effect on our the Company's business, financial condition and, results of operations :- Loan delinquencies and growth prospects. Liquidity and Funding Risks Liquidity risks could affect the Company's operations and jeopardize its business problem financial condition, results of operations and growth prospects. Liquidity is essential to the Company's business. Generally, liquidity risk is the risk of being unable to fund obligations to creditors, including, in the case of financial institutions, obligations to depositors, as such obligations become due and / or fund the acquisition of assets, as they come due, and foreclosures may increase; • We may increase our ACL on is inherent in the Company's operations. An inability to raise funds through deposits, borrowings, the sale of loans and provision for or investment securities credit losses; • The sale of foreclosed assets may be slow; • Demand for our products and services may decline, possibly resulting in a decrease in our total loans; • Collateral for loans made may decline further in value, exposing us to increased risk of loss on existing loans; • The net worth and from liquidity of loan guarantors may decline, impairing their other sources could ability to honor commitments to us; and • The amount of our deposits may decrease and the composition of our deposits may be adversely affected. A decline in local economic conditions may have a greater substantial negative effect on our liquidity earnings and capital than on the earnings and capital of larger financial institutions whose real estate loans are geographically diverse. Many The Company's most important source of funds consists of customer deposits, which can decrease the loans in our portfolio are secured by real estate. Deterioration in the real estate markets where collateral for a variety loan is located could negatively affect the borrower's ability to repay the loan and the value of reasons the collateral securing the loan. Real estate values are affected by various other factors, including when customers perceive alternative investments changes in general or regional economic conditions, governmental rules or policies and natural disasters such as earthquakes and flooding bonds, treasuries or stocks, as providing a better risk / return trade off. If we The Company's future growth will largely depend on its ability to maintain and grow a strong deposit base. Additionally, uninsured deposits have historically been viewed by the FDIC as less stable than insured deposits. According to statements made by the FDIC staff and the leadership of the federal banking agencies, customers with larger uninsured deposit account balances often are required small- to mid- sized businesses that liquidate a significant amount of collateral during a period of reduced real- rely estate values upon deposit funds for payment of operational expenses and, our as a result, are more likely to closely monitor the financial condition and profitability could performance of their depository institutions. As a result, in the event of financial distress, uninsured depositors historically have been more likely to withdraw their deposits. If a significant portion of our deposits were to be adversely affected. External economic factors, withdrawn within a short period of time such as changes in monetary policy and inflation and deflation that additional sources of funding would be required to meet withdrawal demands, the Company may be unable to obtain funding at favorable terms, which may have an adverse effect on our net interest margin business, financial condition and results of operations. Moreover Our financial condition and results of operations are affected by credit policies of monetary authorities. obtaining adequate funding particularly the Board of Governors of the Federal Reserve System, or the Federal Reserve. Actions by monetary and fiscal authorities, including the Federal Reserve, could lead to meet inflation, deflation, or other economic phenomena that could adversely affect our deposit obligations financial performance. Inflation has risen sharply since the end of 2021 and throughout 2022 at levels not seen for over 40 years. Inflationary pressures, while easing recently, remained elevated throughout the first half of 2023. Small to medium- sized businesses may be impacted more challenging during periods of high higher prevailing 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 clients to repay their loans may deteriorate quickly, 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. Virtually all our assets and liabilities are monetary in nature. As a result, interest rates, such

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 present period prices of goods and services. Risks Related **Our ability to Market and Interest Rate Changes Fluctuating attract depositors during a time of actual or perceived distress or instability in the marketplace may be limited. Further,** interest rates can adversely affect our profitability. Our profitability is dependent primarily upon net interest income, which is the difference (or “spread”) between the interest earned on loans, investment securities and other interest earning assets and the interest paid for on deposits, borrowings generally exceed, and other interest bearing liabilities. Because of the differences in maturities and repricing characteristics of our 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. We principally manage interest rate risk by managing our volume and mix of our earning assets and funding liabilities. Changes in monetary policy, including changes in interest rates, could influence not only the interest we receive on loans and investment securities and the amount of interest we pay on deposits and borrowings, but these changes could also affect (i) our ability to originate and / or sell loans and obtain deposits, (ii) the fair value of our financial assets and liabilities, which could negatively impact shareholders’ equity, and our ability to realize gains from the sale of such assets, (iii) our ability to obtain and retain deposits in competition with other available investment alternatives, (iv) the ability of our borrowers to repay adjustable or variable rate loans, and (v) the average duration of our investment securities portfolio and other interest earning assets. If the interest rates paid on deposits **. This spread may be exacerbated by higher prevailing** and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if interest rates decrease as assets tend to reprice more quickly than liabilities. In addition a changing interest rate environment, we may not be able to manage this risk effectively. If we are unable to manage interest rate risk effectively, our business, financial condition and results of operations could be materially affected. Interest rates are highly sensitive to many factors that are beyond our control, including general and forecasted economic conditions reflected in the rates offered along the yield curve and the FHLB’s fixed-rate advance index, and policies of various governmental and regulatory agencies and, particularly the Federal Reserve. During the year ended December 31, 2023, in response to inflation, the FOMC of the Federal Reserve has increased the target range for the federal funds rate by 100 basis points to a range of 5.25% to 5.50% as of December 31, 2023 compared to a range of 0.00% to 0.25% at December 31, 2021 with the intention of controlling inflation without creating a recession. If the FOMC further increases the targeted federal funds rate, overall interest rates will likely rise, which may negatively impact both the housing market, by reducing refinancing activity and new home purchases, and the U. S. economy. As is the case with many financial institutions, we have focused on growing core deposits — deposits with no or low interest rates and no specified maturity — which has been challenging over the past couple years. In a rising interest rate environment, retaining these deposits could result in higher funding costs. If the rates paid on deposits and other borrowings increase faster than the rates earned on loans and investments, our net interest income and earnings could be adversely affected. Conversely, if we do not adjust our deposit interest rates to remain competitive with other banks or alternative investment options, we might experience a decrease in deposits, potentially leading to either reduced earning assets or higher borrowings. Both scenarios could potentially cause **because** a decline in earnings. Changes in interest rates also affect the value of our available for sale investment securities **lose** portfolio. Generally, the fair value **when** of fixed-rate investment securities fluctuates inversely with changes in interest rates **rise**. Unrealized gains and losses on investment securities available for sale are reported as a separate component of equity, net of **after-tax proceeds**. Decreases in the fair value of investment securities available for sale resulting from increases in **the sale of such assets may be diminished during periods when interest rates are elevated** could have an adverse effect on stockholders’ equity. Stockholders’ equity **Under such circumstances, we may** specifically AOCI, is increased or decreased by the amount of change in the estimated fair value of our securities available for sale, net of deferred income taxes. Increases in interest rates generally decrease the fair value of securities available for sale, which adversely impacts stockholders’ equity. The Company could recognize an impairment loss for any security that has declined in fair value below its amortized cost basis if management has the intent to sell the security or if it is more likely than not it will be required to sell **access funding from sources such as the FRB’s discount window in order to manage our liquidity risk. the Other primary sources of funds consist of cash from operations, investment security before recovery** maturities and sales and proceeds from the issuance and sale of the Company’s equity and debt securities to investors. Additional liquidity is provided by the ability to borrow from the FRB and the FHLB. The Company may also borrow from third party lenders from time to time. The Company’s access to funding sources in amounts adequate to finance or capitalize the Company’s activities or on terms that are acceptable to the Company 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. Economic conditions and a loss of confidence in financial institutions may increase the Company’s cost of funding and limit access to certain customary sources of capital, including inter-bank borrowings and borrowings from the discount window of the FRB. Any decline in available funding could adversely impact the Company’s ability to continue to **implement** its amortized-cost basis. Although management believes it has implemented effective asset and liability management strategies **strategic** to reduce the potential effects of changes **plan, including originating loans and investing in securities,** interest rates on our **or** results of operations to fulfill obligations such as paying expenses, repaying borrowings or meeting **deposit withdrawal demands, any of which** substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on **our the Company’s business, financial condition and, results of operations and growth prospects**. Also, **The Company may not be able to maintain a strong core deposit base our or other low cost funding sources. The Company depends primarily on core deposits from its customers, which consist of noninterest demand deposits, interest bearing demand deposits, money market accounts, savings accounts and certificates of deposit as its primary source of**

funding for lending activities. The Company's future growth will largely depend on its ability to maintain and grow this core deposit base. Deposit and account balances can decrease when customers perceive alternative investments, such as the stock market or real estate, as providing a better risk / return trade off. If customers move money out of bank deposit accounts and into investments (or similar deposit products at other institutions that may provide a higher rate of return), the Company could lose a relatively low-cost source of funds, increasing funding costs and assumptions likely reducing net interest income. The Company supplements its core deposit funding with non-core, short-term funding sources, including brokered deposits, FHLB advances and borrowings from the FRB. If the Company is unable to pledge sufficient qualifying collateral to secure funding from the FHLB, it may lose access to this source of liquidity. If the Company is unable to access any of these types of funding sources or if its costs related to them increases, its liquidity and ability to support demand for loans could be materially adversely affected. The Company's liquidity is largely dependent on dividends from the Bank. The Company is a legal entity separate and distinct from the Bank. A substantial portion of the Company's cash flow, including cash flow to pay principal and interest on the Company's debt, comes from dividends the Company receives from the Bank. Federal and state laws and regulations limit the amount of dividends that the Bank may pay to the Company. In the event the Bank is unable to pay dividends to the Company, it may not fully predict or capture the impact of actual interest rate changes on our balance sheet. For further discussion of how changes in interest rates could impact us and additional information about our interest rate risk management, see Item 7A. Quantitative and Qualitative Disclosures About Market Risk. Changes in the valuation of our investment securities portfolio could hurt our profits and reduce capital levels. Factors beyond our control can significantly influence the fair value of investment securities in our portfolio and can cause potential adverse changes to the fair value of these investment securities, potentially reducing AOCI and / or earnings. These factors include, but are not limited to, rating agency actions in respect of the securities, defaults by, or other adverse events affecting the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. Our investment securities portfolio is evaluated for estimated credit losses and an ACL on investment securities, as appropriate, is recorded as a contra asset on the financial statement of condition and a provision for credit loss on investment securities through earnings. There can be no assurance that the declines in market value will not result in credit losses, which would lead to accounting charges that could have a material adverse effect on our net income. The Company's business, financial condition, results of operations and growth prospects. The Company may need to raise additional capital in the future, levels. Risks Related to Laws and Regulations Non-failure to maintain sufficient capital would adversely affect its business, financial condition, results of operations, growth prospects and ability to maintain regulatory compliance with capital requirements. The Company faces significant capital and the other USA PATRIOT Act regulatory requirements as a financial institution. The Company may need to raise additional capital in the future to provide sufficient capital resources and liquidity to meet its commitments and business needs, including possible acquisition financing. In addition, the Company, on a consolidated basis, and the Bank Secrecy Act, on a stand-alone basis, must meet certain regulatory capital requirements and maintain sufficient liquidity. Regulatory capital requirements could increase from current levels, which could require the Company to raise additional capital or contract the Company's operations. The Company's ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other laws and regulations could result in fines or sanctions and limit our factors, including investor perceptions regarding the banking industry, market conditions, governmental activities, the Company's credit ratings, its ability to get maintain a listing on Nasdaq and its financial condition and performance. Accordingly, the Company cannot provide assurances that it will be able to raise additional capital if needed or on terms acceptable to the Company. If the Company fails to maintain capital to meet regulatory approval requirements, or is unable to raise capital to meet its business needs, its business, financial condition, results of acquisitions operations and growth prospects would be materially and adversely affected. The USA PATRIOT and Bank Secrecy Acts require Company may be adversely affected by changes in the actual or perceived soundness or condition of other financial institutions. Financial services institutions that deal with each other are interconnected as a result of trading, investment, liquidity management, clearing, counterparty, reputational and other relationships. Concerns about, or a default by, one institution could lead to develop programs to prevent significant liquidity problems and losses or defaults by other institutions, as the commercial and financial soundness of many financial institutions from being used is closely related as a result of these credit, trading, clearing and other relationships. Even the perceived lack of creditworthiness of, for or money laundering questions about, a counterparty may lead to market-wide liquidity problems and terrorist activities losses or defaults by various institutions. For example, certain community banks experienced deposit outflows following the bank failures in 2023. This systemic risk may adversely affect financial intermediaries with which the Company interacts on a daily basis or key funding providers such as activities are detected, financial institutions are obligated to file suspicious activity reports with the U. S. Treasury's Office of Financial Crimes Enforcement Network. These rules require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Failure to comply with these the FHLB 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, any no assurance can be given that these policies and procedures will be effective in preventing violations of which 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 and could have a material adverse effect on the Company's access to liquidity our or business, financial condition, results of operations and growth prospects. Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations. In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function

of the Federal Reserve is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market purchases and sales of U. S. government securities, adjustments of the discount rate and changes in banks' reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits. The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of financial institutions in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted. Climate change and related legislative and regulatory initiatives may materially affect the Company's business and results of operations. The potential effects of climate change are creating a heightened level of concern for the state of the environment. As a result, the global business community has increased its political and social awareness surrounding the issue, and the United States has entered into international agreements in an attempt to reduce global temperatures, such as reentering the Paris Agreement. Further, the U. S. Congress, state legislatures and federal and state regulatory agencies continue to propose initiatives to supplement the global effort to combat climate change. Similar and even more expansive initiatives are expected under the current administration, including potentially increasing supervisory expectations with respect to banks' risk management practices, accounting for the effects of climate change in stress testing scenarios and systemic risk assessments, revising expectations for credit portfolio concentrations based on climate-related factors and encouraging investment by banks in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change. The lack of empirical data surrounding the credit and other financial risks posed by climate change render it difficult, or even impossible, to predict how specifically climate change may impact our financial condition and results of operations; however, the physical effects of climate change may also directly impact us. Specifically, the occurrence of unpredictable and more frequent weather disasters may adversely impact the real property, and / or the value of the real property, securing the loans in our portfolios. Additionally, if insurance obtained by our borrowers is insufficient to cover any losses sustained to the collateral, or if insurance coverage is otherwise unavailable to our borrowers, the collateral securing our loans may be negatively impacted by climate change, natural disasters and related events, which could impact our financial condition and results of operations. Further, the effects of climate change may negatively impact regional and local economic activity, which could lead to an adverse effect on our customers and impact the communities in which we operate. Overall, climate change, its effects and the resulting unknown impact could have a material adverse effect on our **its business, financial condition and, results of operations and growth prospects. Operational, Strategic and Reputational Risks Related to Cybersecurity** **The Company may not be successful in implementing its organic growth strategy.** **Third-Parties and Technology** We rely **which could have a material adverse effect on third-party the Company's business, financial condition, results of operations and growth prospects. Part of the Company's business strategy is to focus on organic growth, which includes leveraging the Company's business lines across the Company's entire customer base, enhancing brand awareness and building the Company's infrastructure. The Company may not be successful in generating organic growth if as a result of numerous factors, including delays in introducing and implementing new products and services and products to provide key components of other impediments resulting from regulatory oversight our- or technology and banking product lack of qualified personnel at the Company's office locations. In addition, the success of the Company's organic growth strategy will depend on maintaining sufficient regulatory capital levels, the Company's ability to raise additional capital to implement its business plan and infrastructure. We rely on favorable economic conditions third party services to provide products and services in support of day-to-day operations. Due to the Company's primary market nature of the outsourced services, some portions of our technology offerings, computing environments, architecture, and infrastructure, and banking operational processes are areas exposed to vendor service risks. Risks include failure-Failure to adequately manage** **contractually perform, fraud, errors, delays, omissions, failure to comply with regulatory and / or legal requirements; and failure to ensure security and availability and integrity of service and / or accuracy of the provided service. The bank's regulatory agencies require financial institutions to ensure risks associated with outsourced providers** **the Company's anticipated organic growth could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. In addition to the Company's organic growth strategy, it intends to expand business by acquiring other banks and financial services companies, but may not be successful in doing so, either because of an inability to find suitable acquisition candidates, constrained capital resources or otherwise. While a key element of the Company's business strategy is to grow the Company's banking franchise and increase the Company's market share through organic growth, the Company has historically supplemented its organic growth through acquisitions of other financial institutions. The Company intends to continue to take advantage of opportunities to acquire other financial institutions, whether in whole or in part, however, the Company may not be able to identify suitable acquisition targets, or may not succeed in seizing such opportunities when they arise or in integrating any such companies within the Company's existing business framework following acquisition. In addition, even if suitable targets are appropriately identified, assessed the Company expects to compete for such businesses with other potential bidders, some of which may have greater financial resources than the Company, which may adversely affect the Company's ability to make acquisitions at attractive prices. The Company's ability to execute on acquisition opportunities may require the Company to raise additional capital and to increase the Company's capital position to support the growth of the Company's franchise. It will also depend on market conditions over which the Company has no controlled--- control. Moreover, most acquisitions require the approval of the Company's bank regulators, and continuously monitored the Company may not be able to ensure obtain such approvals on acceptable terms, or at all. Acquiring other financial institutions involve risk-risks commonly associated with acquisitions, including: • potential exposure to unknown or contingent liabilities of the banks and businesses the Company acquires; • exposure to potential asset and credit quality issues of the acquired bank or related business; •**

difficulty and expense of integrating the operations, culture and personnel of banks and businesses the Company acquires, including higher than expected deposit attrition; • potential disruption to the Company's business; • potential restrictions on the Company's business resulting from the regulatory approval process; • an inability to realize the expected revenue increases, costs savings, gains in market share or other anticipated benefits; • potential diversion of the Company's management's time and attention; and • the possible loss of key employees and customers of the banks and businesses the Company acquires. The occurrence of fraudulent activity, breaches or failures of the Company's information security controls or cybersecurity related incidents could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. As a financial institution, the Company is appropriately managed. Disruptions susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against the Company, its customers or failures third parties with whom it interacts, which may result in financial losses or increased costs to the Company or its customers, disclosure or misuse of the Company's information or its customer information, misappropriation of assets, privacy breaches against the Company's customers, litigation or damage to the Company's reputation. Such fraudulent activity may take many forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering and the other physical infrastructure dishonest acts. Information security breaches and cybersecurity-related incidents may include fraudulent or operating unauthorized access to systems that support used by the Company or its business and customers, denial or degradation of service attacks and malware or other cyber-attacks or. In recent periods, there continues to be a rise in electronic fraudulent activity, security breaches of and cyber-attacks within the financial networks, systems or devices services that industry, especially in the commercial banking sector, due to insider fraud or cyber criminals targeting commercial bank accounts and as a result of increasingly sophisticated methods of conducting cyber-attacks, including those employing artificial intelligence. Consistent with industry trends, the Company has also experienced an increase in attempted electronic fraudulent activity, security breaches and cybersecurity related incidents in recent periods. During 2024, the Company is not aware of having experienced any misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information having a material impact on the Company as a result of a direct cyber security breach or other act on the Bank; however, some of the Company's customers use to access our products and services could result in: client attrition; regulatory fines third party vendors may have been affected by such breaches, penalties or intervention; reputational damage; reimbursement or other compensation costs and /or additional compliance costs, any of which could increase their risks materially adversely affect our results of operations or financial condition identity theft and other fraudulent activity that could involve customer accounts at the Bank. We Information pertaining to the Company and its customers is maintained, and transactions are subject to executed, on networks and systems maintained by the Company and certain third party partners, such as risks in connection with our use of technology. Our security measures may not be sufficient to mitigate the risk of a cyber Company's online banking, mobile banking, record - attack keeping or accounting systems. The secure maintenance Technology architecture, infrastructure, and transmission of confidential information, as well as execution of transactions over these systems, and platforms are essential to conduct our business. Systems to manage our protect the Company and the Company's customer customers relationships, against fraud and security breaches and to maintain the confidence of the Company's customers. Breaches of information security also may occur through intentional or or core operating unintentional acts by those having access to the Company's systems, our or general ledger, and virtually all other the aspects of our business rely on the secure processing, storage, and transmission of confidential and private information in our computing environments. Although we take every protective measure and endeavor to ensure the security of our computing environments and the data within the environments, systems, software and networks may be vulnerable to breaches, fraudulent or unauthorized access, denial or degradation of service, misuse of information, viruses, malicious code and malware and /or ransomware cybercrime incidents. If one or more of these the events occur, systems, software and /or network availability, and integrity could be compromised resulting in the loss of the Company's and /or customers, including employees confidential and private information. In the event of a security incident, significant additional addition, resources may be expended 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 either not insured against or not fully covered through any insurance maintained by us. Security breaches in our internet banking activities could further expose us to possible liability and damage our reputation. Increases increases in criminal activity levels and sophistication, advances in computer capabilities, new discoveries, vulnerabilities in third party technologies (including browsers and operating systems) or other developments could result in a compromise or breach of the technology, processes and /or controls that we the Company use uses to prevent fraudulent transactions and to protect data about us, our clients customers and underlying transactions. Any compromise of, as well as the technology used by our customers to access our systems. The Company's third party partners' inability to anticipate, or failure to adequately mitigate, breaches of security could deter result in a number of negative events, including losses to the Company or its customers from using our internet banking services that involve the transmission of confidential information. Although we have developed and continue to invest in systems and processes that are designed to detect and prevent security breaches and cyber-attacks and periodically test our security, these precautions may not protect our systems from compromises or breaches of our security measures and could result in losses loss of business to us or our or customers, our loss of business and /or customers, damage to our the Company's reputation, the incurrence of additional expenses, disruption to our the Company's business, our inability to grow our online services or other businesses, additional regulatory scrutiny or penalties or our the Company's exposure to civil litigation and possible financial liability, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. Issues with the use of artificial intelligence in our marketplace may result in reputational harm or liability, or could otherwise adversely affect the Company's business.

Artificial intelligence, including generative artificial intelligence, is or may be enabled by or integrated into the Company's products or those developed by its third party partners. As with many developing technologies, artificial intelligence presents risks and challenges that could affect its further development, adoption, and use, and therefore our business. Artificial intelligence algorithms may be flawed, for example datasets may contain biased information or otherwise be insufficient, and inappropriate or controversial data practices could impair the acceptance of artificial intelligence solutions and result in burdensome new regulations. If the analyses of those products incorporating artificial intelligence assist in producing for the Company or its third party partners are deficient, biased or inaccurate, the Company could be subject to competitive harm, potential legal liability and brand or reputational harm. The use of artificial intelligence may also present ethical issues. If the Company or its third party partners offer artificial intelligence enabled products that are controversial because of their purported or real impact on human rights, privacy, or other issues, the Company may experience competitive harm, potential legal liability and brand or reputational harm. In addition, the Company expects that governments will continue to assess and implement new laws and regulations concerning the use of artificial intelligence, which may affect or impair the usability or efficiency of products and services and those developed by the Company's third party partners. The Company depends on information technology and telecommunications systems, and any systems failures, interruptions or data breaches involving these systems could adversely affect the Company's operations and financial condition. The Company's business is highly dependent on the successful and uninterrupted functioning of its information technology and telecommunications systems, third party servicers, accounting systems, mobile and online banking platforms and financial intermediaries. The risks resulting of operations. Our security measures may not protect us from use of these system systems result from a variety of factors, both internal and external. The Company is vulnerable to the impact of failures or interruptions. We have established policies and procedures to identify threats and vulnerabilities and prevent or limit the impact of its system systems breaches, to operate as needed or intended. Such failures could, and interruptions. In addition, we outsource certain aspects of our data processing and other operational functions to certain third party providers. While the Company selects third party vendors carefully, it does not control their actions. If our third party providers encounter difficulties, including include those resulting from human error breakdowns or other disruptions in communication services provided by a vendor, unexpected failure of a vendor to handle current or higher transaction volumes, intentional cyber-attacks and security breaches or if we otherwise have difficulty in communicating with them, our or overall design ability to adequately process and account for or performance issues transactions could be affected and to deliver products and services to our customers and otherwise conduct business operations could be adversely impacted. The Company outsources Replacing these third party vendors could also entail significant delay and expense. Threats to information security also exist in the processing of customer information through various other vendors and their personnel. We cannot ensure that such breaches, failures or interruptions will not occur or, if they do occur, that they will be adequately addressed by us or the third parties many of its major systems, such as data processing and mobile and online banking. The failure of these systems, or the termination of a third party software license or service agreement on which any of we rely. Further, while we believe we maintain adequate insurance to cover these risks systems is based, could interrupt the Company's operations. Because the Company's information technology and telecommunications systems interface with and depend on third party systems, the Company could experience service denials if demand for such services exceeds capacity our or such third party systems fail or experience interruptions. A insurance coverage may not cover all losses resulting from breaches, system failures or other disruptions. The occurrence of any systems failure or interruption service denial could result in a deterioration of the Company's ability to process loans or gather deposits and provide customer service, compromise the Company's ability to operate effectively, result in potential noncompliance with applicable laws or regulations, damage our the Company's reputation and, result in a loss of customers customer and business or, could subject us the Company to additional regulatory scrutiny and possible financial or could expose us to legal liability. Any, any of which these occurrences could have a material adverse effect on our its business, financial condition, and results of operations and growth prospects. We are subject In addition, failures of third parties to comply certain risks in connection with applicable laws and regulations, our or fraud data management or misconduct aggregation. We are reliant on the part of employees of our ability to manage data and our ability to aggregate data in an any accurate of these third parties, could disrupt the Company's operations or adversely affect its reputation. It may be difficult for the Company to replace some of its third party vendors, particularly vendors providing the Company's core banking and information services, in a timely manner if they are unwilling or unable to ensure effective risk reporting provide the Company with these services in the future for any reason and management. Our ability even if the Company is able to replace them, it manage data and aggregate data may be at higher cost limited by the effectiveness of our or result in the loss of customers policies, programs, processes, and practices that govern how data is acquired, validated, stored, protected and processed. While we continuously update our policies Any such events could have a material adverse effect on the Company's business, programs financial condition, processes, results of operations and practices growth prospects. The Company has a continuing need for technological change, and many may not have the resources of our data management and aggregation processes are manual and subject to human error or system failure. Failure to manage data effectively implement new technologies and to aggregate data in an accurate and timely manner may limit our or ability to manage current and emerging risks, as well as to manage changing business needs. Our business may be adversely affected by an increasing prevalence of fraud and other financial crimes. We are susceptible to fraudulent activity that may be committed against us or our customers which may result in financial losses or increased costs to us or our customers, disclosure or misuse of our information or our customer's information, misappropriation of assets, privacy breaches against our customers, litigation or damage to our reputation. Such fraudulent activity may take many may forms, including check fraud, electronic fraud, wire fraud, phishing, social engineering, and other dishonest acts. Nationally, reported incidents of fraud and other financial crimes

have increased. We have also experienced **experience operational** losses due to apparent fraud and other financial crimes, although such losses have been relatively insignificant to date. While we have policies and procedures designed to prevent such losses, there can be no assurance that such losses will not occur. The financial services market is undergoing rapid technological changes **challenges when implementing new technologies**, and if we are unable to stay current with those changes, we may not be able to effectively compete. The financial services industry is experiencing **undergoing** rapid technological changes with frequent introductions of new technology-driven products and services. **In addition to better serving customers, the Effective effective** use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. **The Company's** Many of our competitors have substantially greater resources to invest in technological improvements than we do. Our future success will depend **in part**, to some degree, upon **our its, and its third party partners'** ability to address the needs of **our the Company's** customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in our operations. **We The widespread adoption of new technologies, including mobile banking services, artificial intelligence, digital assets and payment systems, could require the Company in the future to make substantial expenditures to modify or adapt the Company's existing products and services as it grows and develops new products to satisfy the Company's customers' expectations, remain competitive and comply with regulatory rules and guidance. The Company may experience operational challenges as it implements these new technology enhancements, which could result in the Company not fully realizing the anticipated benefits from such new technology or require the Company to incur significant costs to remedy any such challenges in a timely manner. Many of the Company's larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that the Company will be able to offer, which would put the Company at a competitive disadvantage. Accordingly, a risk exists that the Company will not be able to effectively implement new technology-driven products or services or be successful in marketing these such products and services to the Company's customers. Additionally In addition**, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may also cause service interruptions, transaction processing errors and system conversion delays and may cause **us the Company** to fail to comply with applicable laws. There-- **The can Company expects that new technologies and business processes applicable to the financial services industry will continue to emerge, and these new technologies and business processes may be better than those the Company currently uses. Because the pace of technological change is high and the Company's industry is intensely competitive, it may not assurance be able to sustain the Company's investment in new technology as critical systems and applications become obsolete or as better ones become available. A failure to successfully keep pace with technological change affecting the financial services industry and failure to avoid interruptions, errors and delays could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. The Company's use of third party vendors and its other ongoing third party business relationships is subject to increasing regulatory requirements and attention. The Company's use of third party vendors for certain information systems is subject to increasingly demanding regulatory requirements and attention by the Company's federal bank regulators. Recent regulations require the Company to enhance its due diligence, ongoing monitoring and control over the Company's third party vendors and other ongoing third party business relationships. In certain cases, the Company may be required to renegotiate the Company's agreements with these vendors to meet these enhanced requirements, which could increase costs. The Company expects that we regulators will hold the Company responsible for deficiencies in oversight and control of its third party relationships and in the performance of the parties with which the Company has these relationships. As a result, if the Company's regulators conclude that it has not exercised adequate oversight and control over the Company's third party vendors or other ongoing third party business relationships or that such third parties have not performed appropriately, the Company could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines, as well as requirements for customer remediation, any of which could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. The Company is highly dependent on its management team and employees, and the loss of any of these individuals, or the inability to attract and retain qualified personnel, could harm the Company's ability to implement its strategic plan and impair the Company's relationships with customers. The Company's success is dependent, to a large degree, upon the continued service and skills of the Company's executive management team and its employees. The loss of any of the members of the Company's executive management team or any other key personnel, including successful individuals employed by banks or other businesses that the Company may acquire, to a new or existing competitor or otherwise, could have an adverse impact on the Company's ability to retain valuable relationships and some of its customers could choose to use the services of a competitor instead of the Company's services. As such, the Company needs to continue to attract and retain key personnel and to recruit qualified individuals who fit the Company's culture to succeed existing key personnel and ensure the continued growth and successful operation of the Company's business. Leadership changes may occur from time to time, and the Company cannot predict whether significant retirements or resignations will occur or whether the Company will be able to recruit additional qualified personnel. Competition for high quality personnel is strong and the Company may not be successfully-- successful manage in attracting or retaining the risks associated personnel it requires, and means the cost of hiring, incentivizing and retaining skilled personnel may continue to increase. In particular, many of the Company's competitors are significantly larger with increased dependency greater financial resources and may be able to offer more attractive compensation packages and broader career opportunities. Additionally, the Company may incur significant expenses and expend significant time and resources on training technology. Risks Related to Accounting Matters New or changing tax, accounting, and regulatory rules and interpretations----- integration, and business development before the**

Company is able to determine whether a new employee will be profitable or effective in their role. The loss of the services of any senior executive or other key personnel, the inability to recruit and retain qualified personnel in the future or the failure to develop and implement a viable succession plan could significantly impact strategic initiatives have a material adverse effect on the Company's business, results of operations, cash flows, and financial condition, results of operations and growth prospects. The Company faces intense competition from other banks and non-bank financial services companies that could hurt its business. The Company competes with national commercial banks, regional banks, private banks, mortgage companies, online lenders, savings banks, credit unions, non-bank financial services companies and other financial institutions, including investment advisory and wealth management firms, Fintech companies and digital asset service providers and securities brokerage firms, operating within or near the areas the Company serves. Many of the Company's non-bank competitors are not subject to the same extensive regulations that govern the Company's activities and may have greater flexibility in competing for business. The financial services industry is extensively could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. While the Company does not offer products relating to digital assets, including cryptocurrencies, stablecoins and other similar assets, there has been a significant increase in digital asset adoption globally over the past several years. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated Federal intermediaries, the ability to engage in transactions across multiple jurisdictions, and state the anonymous nature of the transactions, are appealing to certain consumers notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers — which, at present are not subject to the same degree of scrutiny and oversight as banking organizations and regulations are designed primarily to protect the other deposit insurance funds and consumers, not to benefit our stockholders. These regulations, along with the currently existing tax, accounting, securities, insurance and monetary laws, regulations, rules, standards, policies and interpretations control the methods by which financial institutions — are becoming active competitors to more traditional financial institutions. The process of eliminating banks as intermediaries, known as “disintermediation,” could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from using those deposits to fund loans and investment securities. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. The Company's dividend policy may change. Although the Company has historically paid dividends to its shareholders and currently intends to maintain or increase its dividend levels in future quarters, the Company has no obligation to continue doing so and may change its dividend policy at any time without notice to the Company's shareholders. Holders of the Company's common shares are only entitled to receive such cash dividends as the Board, in its discretion, may declare out of funds legally available for such payments. Further, consistent with the Company's strategic plans, growth initiatives, capital availability, projected liquidity needs, and other factors, the Company has made, and will continue to make, capital management decisions and policies that could adversely impact the amount of dividends paid to the Company's common shareholders. The Company's ability to declare and pay dividends is also dependent on federal regulatory considerations, including guidelines of the Federal Reserve regarding capital adequacy and dividends. It is the policy of the Federal Reserve that bank holding companies should generally pay dividends on capital stock only out of earnings, and only if prospective earnings retention is consistent with the organization's expected future needs, asset quality and financial condition. The Company is a separate and distinct legal entity from its subsidiaries, including the Bank. The Company receives substantially all of its revenue from dividends from the Bank, which it uses as the principal source of funds to pay dividends. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay to the Company. If the Bank does not receive regulatory approval or if its earnings are not sufficient to make dividend payments to the Company while maintaining adequate capital levels, the Company's ability to pay dividends could be materially and adversely impacted. Future issuances of common stock could result in dilution, which could cause the Company's common stock price to decline. The Company is generally not restricted from issuing additional shares of common stock up to the amount authorized in its Articles of Incorporation. Currently, there are 50,000,000 shares of common stock authorized in the Company's Articles of Incorporation, which may be increased by a vote of the holders of a majority of the Company's shares of common stock. The Company may issue additional shares of common stock in the future pursuant to current or future equity compensation plans, upon conversions of preferred stock or debt, or in connection with future acquisitions or financings. If the Company chooses to raise capital by selling shares of common stock for any reason, the issuance would have a dilutive effect on the holders of the Company's common stock and could have a material negative effect on the market price of the Company's common stock. The Company may issue shares of preferred stock in the future, which could make it difficult for another company to acquire the Company or could otherwise adversely affect holders of the Company's common stock, which could depress the price of the Company's common stock. Although there are currently no shares of the Company's preferred stock issued and outstanding, the Company's Articles of Incorporation authorize it to issue up to 2,500,000 shares of one or more series of preferred stock. The Board also has the power, without shareholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over the Company's common shares with respect to dividends or in the event of a dissolution, liquidation or winding up, and other terms. If the Company issues preferred stock in the future that has a preference over the Company's common stock with respect to the payment of dividends or upon the Company's liquidation, dissolution or winding up, or if the Company issues preferred stock with voting rights that dilute the voting power of the Company's common stock, the rights of the holders of the Company's common stock or the market price of its common stock could be adversely affected. In addition, the ability of the Board to issue shares

of preferred stock without any action on the part of the Company's shareholders may impede a takeover of the Company and prevent a transaction perceived to be favorable to the Company's shareholders. The Company's business and operations may be adversely affected by weak economic conditions and global trade. The Company's businesses and operations are sensitive to general business and economic conditions. If the U. S. economy weakens, the Company's growth and profitability from its lending, deposit and investment operations could be constrained. Uncertainty about the federal fiscal policymaking process, the medium- and long- term fiscal outlook of the federal government, potential imposition of tariffs and changes in future tax rates is a concern for businesses, consumers and investors. In addition, economic conditions in foreign countries and weakening global trade due to increased anti- globalization sentiment and tariff activity could affect the stability of global financial markets, which could hinder the economic growth of the U. S. Adverse economic conditions and government policy responses to such conditions could have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects. Severe weather, natural disasters, pandemics, acts of war or terrorism or other adverse external events could significantly impact the Company's business. Severe weather, natural disasters, effects of climate change, widespread disease or pandemics, acts of war or terrorism, civil unrest or other adverse external events could have a significant impact on the Company's ability to conduct business, implement strategic initiatives and tax compliance and govern financial reporting and disclosures. These laws, regulations and rules impair the ability of borrowers to repay outstanding loans, standards impair the value of collateral securing loans, cause policies and interpretations are constantly evolving and may change significantly -- significant property damage over time. Any new regulations or legislation, change result in loss existing regulation or oversight, whether a change in regulatory policy or a change in a regulator's interpretation of revenue a law or regulation, cause the Company to incur additional expenses. The occurrence of any of these events in the future could have a material impact adverse effect on the Company's our operations, increase our costs of regulatory compliance and of doing business and adversely affect our profitability. Regulatory authorities also have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets by the institution and adequacy of an institution's ACL. These bank regulators also have the ability to impose conditions in the approval of merger and acquisition transactions. We may experience goodwill impairment, which could reduce our earnings. Accounting standards require that we use the purchase method of accounting for acquisitions and business combinations. Under purchase 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 GAAP, we assess our goodwill for impairment annually, or more frequently if specific events suggest potential impairment. This evaluation incorporates various quantitative factors, such as the quoted price of our common stock, market prices of common stock of other banking organizations, common stock trading multiples, discounted cash flows and data from comparable acquisitions. Additionally, we may perform a qualitative assessment that considers macroeconomic conditions, industry and market conditions, cost or margin factors, and financial performance. Assessing the fair value of goodwill involves considerable judgment. If our judgment was incorrect, or if events or circumstances change, and an impairment of goodwill was deemed to exist, we would be required to write down our goodwill resulting in a charge against income, which could materially adversely affect our results of operations and financial condition. We performed our annual impairment assessment for goodwill as of December 31, 2023, results of operations and growth prospects concluded there was no impairment. Legal, Accounting and Compliance Risks The Company's reported risk management framework may not be effective in mitigating risks or losses to the Company. The Company's risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which the Company is subject, including, among others, credit, market, liquidity, interest rate and compliance risk. The Company's risk management framework also includes financial results depend on or other modeling methodologies that involve management's selection of accounting methods and certain assumptions and estimates judgment. The Company's risk management framework may not be effective under all circumstances, which and may not adequately mitigate any risk or loss. If the Company's framework is not effective, the Company if incorrect, could cause suffer unexpected losses in the and its business, reputation, financial condition, results of operations and growth prospects could be materially and adversely affected. The Company may also be subject to potentially adverse regulatory consequences. The Company's accounting estimates and risk management processes and controls rely on analytical and forecasting techniques and models and assumptions, which may not accurately predict future events. The Company's accounting policies and methods are fundamental to how the Company way it records and reports its financial condition and results of operations. The Company's management Management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with GAAP generally accepted accounting principles and reflect management's judgment regarding of the most appropriate manner to report the Company's financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might may be reasonable under the circumstances, yet might which may result in the Company's reporting materially different results than would have been reported under a different alternative. Certain accounting policies are critical to presenting the Company's financial condition and results of operations. They require management to make difficult, subjective or complex judgments about matters that are uncertain. Materially different amounts could be reported under different conditions or using different assumptions or estimates. If These critical accounting policies include the Company's underlying assumptions or ACL on loans, investments and unfunded commitments, and goodwill. Because of the uncertainty of estimates prove to involved in these matters, the Company may be incorrect required to do one or more of the following: significantly increase the ACL and /or sustain credit losses that are significantly higher than the reserve provided, it or recognize significant losses on the impairment of goodwill. For more information, refer to "Critical Accounting Estimates" included in Item 7. Management's Discussion and Analysis of Financial

Condition and Results of Operations of this Form 10-K. Other Risks Related to Our Business Managing reputational risk is important to attracting and maintaining customers, investors and employees. Threats to our reputation can come from many sources, including adverse sentiment about financial institutions generally, unethical practices, employee misconduct, failure to deliver minimum standards of service or quality, compliance deficiencies and questionable or fraudulent activities of our customers. We have policies and procedures in place to protect our reputation and promote ethical conduct, but these policies and procedures may not be fully effective. Negative publicity regarding our business, employees, or customers, with or without merit, may result in the loss of customers, investors and employees; costly litigation; a decline in revenues and increased governmental regulation. Ineffective liquidity management could adversely affect our financial results and condition. Liquidity is essential to our business. We rely on several sources to meet our potential liquidity demands. Our primary sources of liquidity are increases in deposit accounts, cash flows from loan payments and our securities portfolio. Borrowings also provide us with a source of funds to meet liquidity demands. An inability to raise funds through deposits, borrowings, the sale of loans or investment securities and other sources could have a substantial negative effect on our liquidity. We rely on customer deposits and borrowings from the FHLB and certain other wholesale funding sources to fund our operations. Deposit flows and the prepayment of loans and mortgage-related investment securities are strongly influenced by such external factors as the direction of interest rates, whether actual or perceived, and the competition for deposits and loans in the markets we serve. Further, changes to the FHLB's underwriting guidelines for wholesale borrowings or lending policies may limit or restrict our ability to borrow and could therefore have a significant adverse impact on our liquidity. Although we have historically been able to replace maturing deposits and borrowings if desired, we may not be able to replace such funds in the future if, among other things, our financial condition, the financial condition of the FHLB or market conditions change. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity as a result of a downturn in the markets in which our loans and deposits are concentrated, negative operating results, or adverse regulatory action against us. Our ability to borrow could also be impaired by factors that are not specific to us, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry or deterioration in credit markets. Any decline in available funding in amounts adequate to finance our activities or on terms which are acceptable could adversely impact our ability to originate loans, invest in securities, meet our expenses, or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could, in turn, have a material adverse effect on our **its** business, financial condition and **results of operations**. Additionally, collateralized public funds are bank deposits of state and local municipalities. These deposits are required to be secured by certain investment grade securities to ensure repayment, which on the one hand **and growth prospects** tends to reduce our contingent liquidity risk by making these funds somewhat less credit sensitive, but on the other hand reduces standby liquidity by restricting the potential liquidity of the pledged collateral. **The Company'** Although these funds historically have been a relatively stable source of funds for us, availability depends on the individual municipality's fiscal policies and cash flow needs. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" of this Form 10-K. If our enterprise risk management framework is **processes, internal controls, disclosure controls and corporate governance policies and procedures are based in part on certain assumptions and can provide only reasonable (not effective at mitigating risk and loss to us absolute) assurances that the objectives of the system are met. Any failure or circumvention of the Company' s controls**, we **processes and procedures or failure to comply with applicable regulations could suffer unexpected losses necessitate changes in those controls, processes and procedures, which may increase the Company' s compliance costs, divert management attention from its business our- or subject the Company to regulatory enforcement actions and increased regulatory scrutiny. Any of these could have a material adverse effect on the Company' s business, financial condition, results of operations and growth prospects. Changes in accounting policies or standards could materially impact the Company' s financial statements. From time to time, FASB, PCAOB or the SEC may change the financial accounting and reporting standards that govern the preparation of the Company' s financial statements. Such changes may result in the Company becoming subject to new or changing accounting and reporting standards. In addition, the agencies and other entities that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. In addition, trends in financial and business reporting, including environmental, social and governance related disclosures, could require the Company to incur additional reporting expense. These changes may be beyond the Company' s control, can be hard to predict and can materially impact how the Company records and reports its financial condition and results of operations. In some cases, the Company could be required to apply a new or revised standard retroactively, or apply an existing standard differently, in each case resulting in the Company' s needing to revise or restate prior period financial statements. The obligations associated with being a public company require significant resources and management attention, which divert time and attention from the Company' s business operations. As a public company, the Company is subject to the reporting requirements of the Exchange Act and SOX. The Exchange Act requires, among other things, that the Company file annual, quarterly and current reports with respect to its business and financial condition with the SEC. SOX requires, among other things, that the Company establish and maintain effective internal controls and procedures for financial reporting. Compliance with these reporting requirements and other rules and regulations, including periodic revisions to and additional rules and regulations of the SEC, could increase the Company' s legal and financial compliance costs and make some activities more time consuming and costly. Further, the need to maintain the corporate infrastructure demanded of a public company is expensive and may divert management' s attention from implementing the Company' s strategic plan, which could prevent the Company from successfully implementing the Company' s growth initiatives and improving its business, results of operations and financial condition. The financial reporting resources the Company has put in place**

may not be sufficient to ensure the accuracy of the additional information the Company is required to disclose as a publicly listed company. As a public company, the Company is subject to heightened financial reporting standards under GAAP and SEC rules, including extensive levels of disclosure. Complying with these standards requires consistent monitoring of and periodic enhancements to the design and operation of the Company's internal control over financial reporting as well as additional financial reporting and accounting staff with appropriate training and experience in GAAP and SEC rules and regulations. If the Company is unable to meet the demands required of the Company as a public company, the Company may be unable to report its financial results accurately, or report them within the timeframes required by law or stock exchange regulations and could be subject to sanctions or investigations by the SEC or other regulatory authorities. If ~~materially~~ material weaknesses or other deficiencies occur, the Company's ability to report its financial results accurately and timely could be impaired, which could result in late filings of the Company's annual and quarterly reports under the Exchange Act, restatements of its consolidated financial statements, a decline in stock price, suspension or delisting of the Company's common stock, and could have a material ~~adversely~~ adverse effect on the Company's business, financial condition, results of operations and growth prospects. Even if the Company is able to report its financial statements accurately and in a timely manner, any disclosure of material weaknesses in the Company's future filings with the SEC could cause the Company's reputation to be harmed and the Company's stock price to decline significantly. Litigation and regulatory actions, including possible enforcement actions, could subject the Company to significant fines, penalties, judgments or other requirements resulting in increased expenses or restrictions on the Company's business. The Company's business is subject to increased litigation and regulatory risks because of a number of factors, including the highly regulated nature of the financial services industry and the focus of state and federal prosecutors on banks and the financial services industry generally. In the normal course of business, from time to time, the Company has in the past and may in the future be named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's current or prior business activities. Legal actions could include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. The Company may also, from time to time, be the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding the Company's current or prior business activities. Any such legal or regulatory actions may subject the Company to substantial compensatory or punitive damages, significant fines, penalties, obligations to change the Company's business practices or other requirements resulting in increased expenses, diminished income and damage to the Company's reputation. The Company's involvement in any such matters, whether tangential or otherwise and even if the matters are ultimately determined in the Company's favor, could also cause significant harm to the Company's reputation and divert management attention from the operation of the Company's business. Further, any settlement, enforcement action or adverse judgment in connection with any formal or informal proceeding or investigation by government agencies may result in litigation, investigations or proceedings as other litigants and government agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could have a material adverse effect on the Company's business, reputation, financial condition, results of operations and growth prospects. The Company is subject to extensive regulation, and the regulatory framework that applies to the Company, together with any future legislative or regulatory changes, may significantly ~~affected~~ affect its operations. ~~Our~~ enterprise. The banking industry is highly regulated and supervised under both federal and state laws and regulations that are intended primarily for the protection of depositors, customers, the federal deposit insurance fund and the banking system as a whole, and not for the protection of the Company's shareholders. The Company is subject to supervision and regulation by the Federal Reserve, and the Bank is subject to supervision and regulation by the FDIC and the DFI. The laws and regulations applicable to the Company govern a variety of matters, including permissible types, amounts and terms of loans and investments the Company may make, the maximum interest rate that may be charged, the types of deposits the Company may accept and the amount of reserves the Company must hold on such deposits, maintenance of adequate capital and liquidity, changes in the control of the Company and the Bank, restrictions on dividends and the establishment of new offices. The Company must obtain approval from its regulators before engaging in certain activities, and there is the ~~risk management framework seeks~~ that such approvals may not be obtained, either in a timely manner or at all. The Company's regulators also have the ability ~~to achieve~~ to compel it to take certain actions, or restrict it from taking certain actions, such as actions that the Company's regulators deem to constitute ~~an appropriate balance between risk and return~~ unsafe or unsound banking practice. The Company's failure to comply with any applicable laws or regulations, or regulatory policies and interpretations of such laws and regulations, could result in the imposition of enforcement actions or sanctions by regulatory agencies, civil money penalties or damage to the Company's reputation, all of which could ~~is critical to optimizing stockholder value~~ is critical to optimizing stockholder value. We have established processes and procedures intended to identify a material adverse effect on its business, measure financial condition, results of operations, monitor, report, analyze and growth prospects. While the Company endeavors to maintain safe banking practices and control controls beyond the regulatory requirements applicable to the Company, its internal controls may not match the those types of risk to which we larger banking institutions that are subject to increased regulatory oversight. Financial institutions generally have These risks include liquidity risk; credit risk; market risk; interest rate risk; operational risk; information technology and cybersecurity risk; legal and compliance risk; and reputational risk, among others. We also been subjected maintain a compliance program to identify increased scrutiny from regulatory authorities, measure which has resulted, assess and report may continue to result in, increased costs of doing business, and may in the future, result in decreased revenues and net income, reduce the Company's ability to compete effectively, to attract and retain customers, or make it less attractive for the Company to continue providing certain products and services. Any future

changes in federal and state laws and regulations, as well as the interpretation and implementation of such laws and regulations, could affect the Company in substantial and unpredictable ways, including those listed above or other ways that could have a material adverse effect on our adherence to applicable laws, policies and procedures. While we assess and improve these -- the Company's programs on an ongoing basis, there can be no assurance that our risk management or compliance programs, along with other related controls, will effectively mitigate all risk and limit losses in our business. As with any risk management framework, there are inherent limitations to our risk management strategies as there may exist, or develop in the future, risks that we have not appropriately anticipated or identified. If our risk management framework proves ineffective, we could suffer unexpected losses and our business, financial condition and, results of operations could and growth prospects. There is uncertainty surrounding potential legal, regulatory and policy changes by new presidential administrations in the United States that may directly affect financial institutions and the global economy. Changes in federal policy and at regulatory agencies occur over time through policy and personnel changes following elections and changes in federal administration, including the change in the presidential administration which occurred in January 2025. These changes typically impact the level of oversight and focus on the financial services industry. The nature, timing and economic and political effects of potential changes to the current legal and regulatory framework affecting financial institutions remain highly uncertain, and may take time to be implemented materially adversely affected.

Uncertainty surrounding future changes We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect our operating environment prospects. Competition for qualified employees and therefore personnel in the banking industry is intense and there are a limited number of qualified persons with knowledge of, and experience in, the community banking industry where we conduct our business, financial condition, results of operations and growth prospects. Banking regulators periodically examine the Company's business, and the Company may be required to remediate adverse examination findings. The process of recruiting personnel Federal Reserve, FDIC and DFI periodically examine the Company and the Bank, including their operations and compliance with laws and regulations. If, as a result of an examination, a banking agency were to determine that the Company's financial condition, capital resources, asset quality, asset concentrations, earnings prospects, management, liquidity, sensitivity to market risk or other aspects of any of the Company's operations had become unsatisfactory, or that the Company was in violation of any law or regulation, the they combination may take a number of skills and attributes different remedial actions as they deem appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to required- require affirmative action to carry out correct any conditions resulting from any violation our- or strategies practice, to issue an administrative order that can be judicially enforced, to direct an increase in the Company's capital, to restrict the Company's growth, to assess civil monetary penalties, to fine or remove officers and directors and, if it is concluded that such often lengthy. Our success depends to a significant degree upon our ability to attract and retain qualified management, loan origination, finance, administrative, marketing and technical personnel and upon the continued contributions -- conditions cannot of our management and personnel. In particular, our success has been and continues to be corrected highly dependent upon the abilities of key executives, including our- or Chief Executive Officer, Jeffrey J. Deuel, and certain other- there employees. The is an imminent risk of loss of key personnel to depositors, to terminate the Company's deposit insurance and place the Company into receivership or conservatorship. Any regulatory action against the Company could have a material adverse effect on its business, reputation, financial condition, results of operations and growth prospects.

Regulations relating to privacy, information security and data protection could increase the Company's costs, affect or limit how the Company collects and use personal information and adversely affect its our ability to successfully conduct our business opportunities. Increasing scrutiny and evolving expectations from customers The Company is subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and the Company could be negatively affected by these laws. Various state and federal banking regulators, investors, and other stakeholders states have also enacted data security breach notification requirements with respect to varying levels of individual, consumer, regulatory our- or law enforcement notification in certain circumstances in the event of a security breach environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks. Legislators and Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social and governance ("ESG") practices and disclosure. Investor advocacy groups, investment funds and influential investors are also increasingly focused adopting or revising privacy, information security and data protection laws, including with respect to the use of artificial intelligence by financial institutions and their service providers, that potentially could have a significant impact on these-- the Company's current and planned privacy, data protection and information security-related practices, especially the Company's collection, use, sharing, retention and safeguarding of consumer or employee information and some of the Company's current or planned business activities. This could also increase the Company's costs of compliance and business operations and could reduce income from certain business initiatives. The Federal Reserve may require the Company to commit capital resources to support the Bank. A bank holding company is required by law to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support such subsidiary bank. Under they- the relate to the environment "source of strength" doctrine, health the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and safety, diversity, labor conditions may charge the bank holding company with engaging in unsafe and human rights unsound practices for failure to commit resources to a subsidiary bank. Increased ESG related compliance costs A capital injection may be required at times when the holding company may not have the resources to provide it and therefore may be required to borrow the funds or raise capital, which could result in increases to our overall a material adverse effect on its business, financial condition, results of operational operations costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards growth prospects, and could

negatively impact **the** our reputation, ability to do business with certain partners, and our stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. Risk-Related to Holding Our Common Stock Our growth or future losses may require us to raise additional capital in the future, but that capital may not be available when it **its** is needed or the cost of that capital may be very high; further, the resulting dilution of our equity may adversely affect the market price of our common stock. We **The level of the Company's commercial real estate portfolio may subject the Company to heightened regulatory scrutiny. The federal banking regulators have issued the Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices guidance, or CRE Guidance, which provides supervisory criteria, including the following numerical indicators, to assist bank examiners in identifying banks with potentially significant commercial real estate loan concentrations that may warrant greater supervisory scrutiny: (i) commercial real estate loans exceeding 300 % of capital and increasing 50 % or more in the preceding three years; or (ii) construction and land development loans exceeding 100 % of capital. The CRE Guidance does not limit the Bank's levels of commercial real estate lending activities, but rather, guides institutions in developing risk management practices and levels of capital that are required by commensurate with the level and nature of their commercial real estate concentrations. The federal and state regulatory authorities bank agencies expect FDIC-insured institutions to maintain adequate levels of underwriting discipline and exercise prudent risk-management practices to identify, measure, monitor, and manage the risks arising from CRE lending. In addition, FDIC-insured institutions must maintain capital to support our operations commensurate with the level and nature of their CRE concentration risk.** At some point **As of December 31, 2024** we may need to raise additional capital to support our growth or replenish future losses. Our ability to raise additional capital, if needed **the Bank did not exceed these guidelines. If the goodwill that the Company recorded in connection with the Company's recent acquisitions becomes impaired,** will depend **it could have a negative impact on its** conditions in the capital markets at that time, which are outside our control, and on our financial condition and performance **results of operations.** Accordingly **As of December 31, 2024** we cannot make assurances we will be able to raise additional capital, **the Company had goodwill of \$ 240.9 million, or 27.9 % of the Company's total stockholders' equity. The excess purchase price over the fair value of net assets acquired in certain mergers and acquisitions, or goodwill, is evaluated for impairment at least annually and on an interim basis if needed-specific events suggest potential impairment. In testing for impairment, the Company conducts a qualitative assessment, and also estimates the fair value of net assets based on analyses of its market value terms that are acceptable to us or at all. If we cannot raise additional capital when needed, discounted cash flows and peer values. Consequently, the determination of the fair value of goodwill is sensitive to market-based economics and other key assumptions. Variability in market conditions our- or in key assumptions ability to further expand our operations through internal growth and acquisitions could be result in impairment of goodwill, which is recorded as a non-cash adjustment to income. An impairment of goodwill could have a materially-- material impaired and our adverse effect on the Company's business,** financial condition and liquidity could be materially and adversely affected. In addition, **results** any additional capital we obtain may dilute the interests of **operations** existing holders of our common stock. Further, if we are unable to raise additional capital when required by our bank regulators, we may be subject to adverse regulatory action. We rely on dividends from the Bank for substantially all our revenue at the holding company level. We are an **and growth prospects** entity separate and distinct from our subsidiary, the Bank, and derive substantially all our revenue at the holding company level in the form of dividends from that subsidiary. Accordingly, we are, and will be, dependent upon dividends from the Bank to pay the principal of and interest on our indebtedness, to satisfy our other cash needs and to pay dividends on our common stock. The Bank's ability to pay dividends is subject to its ability to earn net income and to meet certain regulatory requirements. In the event the Bank is unable to pay dividends to us, we may not be able to pay dividends on our common stock. Also, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. 24