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

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

The Company operates in a highly regulated environment and may be adversely impacted by changes in industry practices, laws, regulations, and accounting standards. Any change in the industry practices, laws, regulations or accounting standards and failure by the Company to comply with such changes, or a change in regulators' supervisory policies or examination procedures, whether by the Massachusetts Commissioner of Banks, the FDIC, the Federal Reserve, other state or federal regulators, the U. S. Congress, or the Massachusetts legislature could have a material adverse effect on the Company' s business, financial condition, results of operations, and cash flows **. In the wake of several bank failures in 2023, the Massachusetts Commissioner of Banks, FDIC, Federal Reserve and certain other regulators have intensified regulatory scrutiny and heightened expectations with respect to banking institutions. Such intensified scrutiny and heightened expectations may lead to increased costs of compliance as well an increased risk of formal or informal regulatory actions** . Additionally, aspects of current or proposed regulatory or legislative changes to laws applicable in the financial services industry, including the adoption of new rules or more aggressive examination and enforcement by the Company' s regulators over its overdraft protection practices, have led certain banking organizations to modify their overdraft protection programs, including the imposition of overdraft transaction fees. These competitive pressures from the Company' s peers could cause the Company to modify its program and practices in ways that may negatively impact the profitability of the Company' s business activities and expose it to increased business and compliance costs, which, in turn could have an adverse effect on the Company' s financial condition and results of operations. The costs of compliance with fair lending laws or negative outcomes with respect to challenges of the Company' s compliance with such laws, inclusive of laws impacting banks exceeding $ 10 billion in total assets, could have a material adverse effect on the Company' s business, financial condition or results of operations or could damage the Company' s reputation. The CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose non- discriminatory lending and other requirements on financial institutions. The U. S. Department of Justice and other federal agencies, including the FDIC and the Consumer Financial Protection Bureau (" CFPB"), are responsible for enforcing these laws and regulations. A successful challenge to an institution' s performance under the CRA and other fair lending laws and regulations could result in, among other sanctions, the required payment of damages and civil monetary penalties, injunctive relief, imposition of restrictions on acquisitions and restrictions on expansion. Private parties may also have the ability to challenge an institution' s performance under fair lending laws in private class action litigation. The costs of defending, and any adverse outcome from, any challenge with respect to our compliance with fair lending laws could damage our reputation or could have a material adverse effect on our business, financial condition or results of operations. The impact of changes to the Internal Revenue Code or federal, state or local taxes may adversely affect the Company' s financial results or business. The Company is subject to changes in tax law which could impact the Company' s effective tax rate. Tax law changes may or may not be retroactive to previous periods and could negatively affect the current and future financial performance of the Company. Changes in enacted tax rates are recognized when promulgated and therefore could have a material impact on the Company' s results. ~~Changes to and replacement of the LIBOR Benchmark Interest Rate may adversely affect the Company' s business, financial condition, or results of operations. After December 31, 2021, the ICE Benchmark Administration Limited (the " IBA "), the administrator of LIBOR, ceased publishing one- week and two- month USD LIBOR, in addition to certain other non- USD tenors. The IBA expects to continue to publish all remaining USD LIBOR tenors through June 30, 2023, with the overnight and 12- month tenors ceasing immediately thereafter and the one- month, three- month and six- month tenors becoming non- representative from that date. In the United States, the Alternative Reference Rates Committee of the Federal Reserve has recommended the use of a Secured Overnight Funding Rate (" SOFR "), which is a backward looking secured rate as opposed to a forward looking unsecured rate, as a replacement for LIBOR, and the Company has selected SOFR as its preferred replacement index rate. The Adjustable Interest Rate (LIBOR Act), which was signed into law on March 15, 2022, provides that a LIBOR- based benchmark in any contract that contains no or inadequate " fallback provisions " will be automatically replaced, once LIBOR ceases to be published, by a benchmark replacement selected by the Federal Reserve. On December 16, 2022, the Federal Reserve adopted a final rule implementing the LIBOR Act that, among other things, identifies the applicable SOFR- based benchmark replacements under the LIBOR Act. For derivative contracts, International Swap Dealers Association (" ISDA") has developed fallback language for swap agreements and established a protocol to allow counterparties to modify legacy trades to include the new fallback language. The Company has established a working group to guide its transition from LIBOR. The Company ceased originating any LIBOR- based products as of December 31, 2021 and all contracts executed subsequent to December 31, 2021 will be written with SOFR- based terms. The working group has identified all LIBOR- related loan contracts and determined which will require amended language to incorporate the alternative reference rate, and the Company has executed agreements with the majority of its customers to adopt the fallback language protocol. Although the Company has incorporated LIBOR replacement language in many of its governing documents, the Company will continue to have a significant number of loans, derivative contracts, borrowings and other financial instruments with attributes that are directly or indirectly dependent on LIBOR. The transition from LIBOR could create considerable costs and additional risk for the Company. As SOFR is calculated differently from LIBOR, payments under contracts referencing SOFR- based rates will differ from those referencing LIBOR. The transition could change the Company' s market risk profiles, requiring changes to risk and pricing models, valuation tools, product design and hedging strategies. Further, the Company' s failure to adequately manage the transition process with its customers could impact its reputation. Although the Company is currently unable to~~

~~assess what the ultimate impact of the transition from LIBOR will be, any market- wide transition away from LIBOR could adversely affect our business, financial condition and results of operations.~~ Claims and litigation could result in losses and damage to the Company' s reputation. From time to time as part of the Company' s normal course of business, customers, bankruptcy trustees, former customers, contractual counterparties, third parties and former employees make claims and take legal action against the Company based on its **alleged** actions or inactions. If such claims and legal actions are not resolved in a manner favorable to the Company, they may result in financial liability and / or adversely affect the market perception of the Company and its products and services. This may also impact customer demand for the Company' s products and services. Any **material** financial liability or reputational damage could have a material adverse effect on the Company' s business, financial condition and results of operations. Changes in U. S. trade policies and other global political factors beyond the Company' s control, including the imposition of tariffs, retaliatory tariffs, or other sanctions, may adversely impact the Company' s business, financial condition and results of operations. There have been, and may be in the future, changes and discussions with respect to U. S. and international trade policies, legislation, treaties and tariffs, embargoes, sanctions and other trade restrictions. Tariffs, retaliatory tariffs or other trade restrictions on products and materials that customers import or export, or a trade war or other related governmental actions related to tariffs, international trade agreements or policies or other trade restrictions have the potential to negatively impact the Company' s and / or the Bank' s customers' costs, demand for the Bank' s customers' products, and / or the U. S. economy or certain sectors thereof and, thus, could adversely impact the Company' s business, financial condition and results of operations. In addition, to the extent changes in the global political environment, including the Russia-Ukraine conflict, **the conflict in Israel and surrounding areas and the possible expansion of such conflicts,** have had and may continue to have a negative impact on the Company or on the markets in which the Company operates, **the Company' s** business, results of operations and financial condition could be materially and adversely impacted in the future. The Company may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and could have a material adverse effect on the Company. The Company is required to comply with anti- money laundering, anti- terrorism and other laws and regulations in the United States. These laws and regulations require the Company, among other things, to adopt and enforce" know- your- customer" policies and procedures and to report suspicious and large transactions to applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel and have become the subject of enhanced government supervision. The policies and procedures the Company has adopted for the purposes **of** detecting and preventing the use of its banking network for money laundering and related activities may not completely eliminate instances in which the Company may be used by customers to engage in money laundering and other illegal or improper activities. To the extent the Company fails to fully comply with applicable laws and regulations, banking agencies have the authority to impose fines and other penalties on the Company. In addition, the Company' s business and reputation could suffer if customers use its banking network for money laundering or illegal or improper purposes. Risks Related to the Company' s Strategic Activities Part of the Company' s ~~business strategy is~~ growth **has been** through acquisitions, and the ~~failure~~ **inability to continue** to execute ~~effectively~~ on **future** acquisitions could have an impact on the Company' s ~~earnings and~~ results of operations. While focusing on organic growth, the Company' s strategy also includes, in part, growth through acquisitions. The Company may not be able to identify suitable acquisition candidates, or complete acquisitions. Further, the success of any acquisition depends on the ability to effectively integrate the acquired business, including integrating operations and achieving synergies and cost efficiencies. Acquisitions can be disruptive as they result in diversion of management' s attention from other business activities and can consume significant executive and employee resources as the Company integrates the target' s operations and functional business into its operations and business. The Company may experience complications or delays while integrating. In addition, once integrated, acquired businesses may not achieve levels of expected profitability or profitability comparable to those achieved by the Company' s existing operations, or otherwise may not perform as expected. Further acquisitions involve numerous risks, including lower than expected performance or higher than expected costs, potential dilution of stockholder value, changes in relationships with customers, and the potential loss of key employees. In addition, the Company may not be successful in mitigating deposit erosion or loan quality deterioration at acquired institutions. Competition for acquisitions can be highly competitive, and the Company may not be able to acquire other institutions on acceptable terms. The ability to grow may be limited if the Company is unable to successfully make acquisitions in the future. The Company' s ability to make opportunistic acquisitions is contingent on regulators granting any requisite approvals. Part of the Company' s business strategy includes seeking to make opportunistic whole or partial acquisitions of other banks, branches, financial institutions, or related businesses from time to time. Any possible acquisition may be subject to regulatory approval, and there can be no assurance that the Company will be able to obtain any such approval in a timely manner or at all. The Company may not realize the value of strategic investments and strategic initiatives that it pursues and such investments and initiatives could divert resources or introduce unforeseen risks to the Company' s business. The Company may execute strategic initiatives or make other strategic investments in businesses, products, technologies or platforms to enhance or grow its business. These strategic initiatives and investments may introduce new costs or liabilities which could impact the Company' s ability to grow or maintain acceptable performance. The Company may be unable to integrate systems, personnel or technologies from its strategic investments and initiatives. Strategic investments and initiatives may also present unforeseen legal, regulatory or other challenges that the Company may not be able to manage effectively. The planning and integration of a strategic investment or initiative may shift employee time and other resources which could impair the Company' s ability to focus on ~~our~~ **its** core business. New strategic investments and strategic initiatives may not perform as expected due to lack of acceptance by customers or employees, higher than forecasted costs or losses, lengthy transition periods, synergies or savings not being realized and a variety of other factors. This may result in a delay or unrealized benefit, or in some cases, increased costs or other unforeseen risks to the Company' s business. Risks Related to Financial and Accounting Matters The

Company' s securities portfolio performance in difficult market conditions could have adverse effects on the Company' s results of operations. Under accounting principles generally accepted in the United States of America (" GAAP"), the Company measures expected credit losses on its securities portfolios in accordance with the CECL methodology, taking into consideration current market conditions, the extent and nature of changes in fair value, issuer rating changes and trends, volatility of earnings, current analysts' evaluations, the Company' s ability and intent to hold investments until a recovery of amortized cost, as well as other factors. Adverse developments with respect to one or more of these factors could require the Company to recognize an allowance for credit losses, with the credit related portion of the reduction in the value required to be recognized as a charge to the Company' s earnings. Market volatility can make it extremely challenging to accurately value certain securities the Company holds. Subsequent periodic valuations of securities, taking into consideration then prevailing factors, may result in changes to valuations. Significant negative changes to valuations could result in the recognition of an allowance for credit losses within the Company' s securities portfolio, which could have an adverse effect on the Company' s results of operations or financial ~~conditions~~ **condition** . Impairment of goodwill and / or intangible assets could require charges to earnings, which could result in a negative impact on the Company' s results of operations. Goodwill arises when the Company acquires a business for an amount greater than the net fair value of the assets of the acquired business. The Bank has recognized goodwill as an asset on the balance sheet in connection with several acquisitions. Goodwill is an intangible asset. When an intangible asset is determined to have an indefinite useful life, it is not amortized, and instead is evaluated for impairment. The Company conducts goodwill impairment tests annually, or more frequently if necessary. The Company evaluates goodwill using a combined qualitative and quantitative impairment approach. A significant and sustained decline in the Company' s stock price and market capitalization, a significant decline in the Company' s expected future cash flows, a significant adverse change in the business climate, slower growth rates or other factors could result in a finding of impairment of goodwill or other intangible assets. If the Company were to conclude that a future write- down of goodwill or other intangible assets is necessary, then the Company would record the appropriate charge to earnings, which could have material adverse effect on the Company' s results of operations or financial condition. Deterioration in the performance or financial position of the Federal Home Loan Bank (" FHLB") of Boston might restrict the FHLB of Boston' s ability to meet the funding needs of its members, cause a suspension of its dividend, and cause its stock to be determined to be impaired. When necessary, components of the Bank' s liquidity needs are met through its access to funding pursuant to its membership in the FHLB of Boston. The FHLB of Boston is a cooperative that provides services to its member banking institutions. The primary reason for joining the FHLB of Boston is to obtain funding. The purchase of stock in the FHLB of Boston is a requirement for a member to gain access to funding. Any deterioration in the FHLB of Boston' s performance or financial condition may affect the Company' s ability to access funding and / or require the Company to deem the required investment in FHLB of Boston stock to be impaired. If the Company is not able to access funding, it may not be able to meet its liquidity needs, which could have an adverse effect on the results of operations or financial condition. Similarly, if the Company deems all or part of its investment in FHLB of Boston stock impaired, such action could have a material adverse effect on the Company' s results of operations or financial condition. Reductions in the value of the Company' s deferred tax assets could adversely affect the Company' s results of operations. A deferred tax asset is created by the tax effect of the differences between an asset' s book value and its tax basis. The Company assesses the deferred tax assets periodically to determine the likelihood of the Company' s ability to realize the benefits. These assessments consider the performance of the associated business and its ability to generate future taxable income. If the information available to the Company at the time of assessment indicates there is a greater than 50 % chance that the Company will not realize the deferred tax asset benefit, the Company is required to establish a valuation allowance for the deferred tax asset and reduce its future deferred tax assets to the amount the Company believes could be realized. Recording such a valuation allowance could have a material adverse effect on the Company' s results of operations or financial condition. Additionally, the deferred tax assets are determined using effective tax rates expected to apply to the Company' s taxable income in the years in which the temporary differences are expected to be recovered or settled. Accordingly, a change in statutory tax rates may result in a decrease or increase to the Company' s deferred tax assets. A decrease in the Company' s deferred tax assets could have a material adverse effect on the Company' s results of operations or financial condition. Some of the Company' s accounting policies require the use of estimates and assumptions that affect the value of the Company' s assets and liabilities and results of operations and if actual events differ from the Company' s estimates and assumptions, the Company' s results of operations and financial condition could be materially adversely affected. Certain accounting policies require the use of estimates and assumptions that may affect the value of the Company' s assets and liabilities and results of operations. The Company identified the accounting policies regarding the allowance for credit losses, security valuations and allowance for credit losses, business combinations, and income taxes to be critical because these policies require management to make difficult, subjective and complex judgments, estimates and assumptions about matters that are inherently uncertain. Under each of these policies, it is possible that materially different values and results of operations would be reported under different conditions, different judgments, or different estimates or assumptions. Further, as new information becomes available, the Company may make a determination to refine or change its judgments, estimates and assumptions, any of which could materially adversely affect the value of the Company' s assets and liabilities or its results of operations. From time to time, the FASB and the SEC change applicable guidance governing the form and content of the Company' s financial statements. In addition, accounting standard setters and those who interpret GAAP, such as the FASB, SEC, and banking regulators, may change or even reverse their previous interpretations or positions on how these standards should be applied. Such changes are expected to continue, and may accelerate. Changes in GAAP and current interpretations are beyond the Company' s control, can be hard to predict and could materially impact how the Company reports its financial results and condition. In certain cases, the Company could be required to apply new or revised guidance retroactively or apply existing guidance differently (also retroactively), which may result in the Company restating prior period financial statements for material amounts. Additionally, significant changes to GAAP may require costly technology changes, additional training and personnel, and other expenses that could materially adversely affect the Company' s results of operations. Changes in debt and equity markets or economic downturns could affect the level of assets under administration and the demand for other fee- based services. Economic downturns could affect the volume of income earned from and demand for fee- based services. Revenues from the investment management business depend in large part on the level of assets under administration. Market volatility that results in customers liquidating investments, as well as lower asset values, can reduce the level of assets under administration and decrease the Company' s investment management revenues, which could materially adversely affect the Company' s results of operations. Risks Related to Information Security and Technology The need to mitigate against and react to cyber- security risks, and electronic fraud risks require significant resources, and **any** system failure, a cyber- security attack or electronic fraud could subject the Company to increased operating costs as well as litigation and other liabilities. The risk of electronic fraudulent activity within the financial services industry, especially in the commercial banking sector, due to cyber- attacks (crime committed through or involving the internet, such as phishing, hacking, denial of service attacks, stealing information, unauthorized intrusions into internal systems or the systems of the Company' s third- party vendors) **continues to increase and** could adversely impact the Company' s operations or damage its reputation. The Company' s information technology infrastructure and systems may be vulnerable to cyber- terrorism, computer viruses, damage from physical theft, fire, power loss, telecommunications failure or a similar catastrophic event, system failures and other intentional or unintentional interference, fraud and other unauthorized attempts to access or interfere with the systems. Information security risks have increased because of the proliferation of new technologies **, including artificial intelligence,** and the increased **number as well as** sophistication and **level of** ~~activities~~ **activity** of perpetrators of cyber- attacks **, which include nation- state actors** . Many financial institutions and service providers to financial institutions have reported significant breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, **deny** ~~denial- of-~~ service, or sabotage systems, often through the introduction of computer viruses or malware, cyber- attacks and other means. ~~The~~ **While the** Company ~~frequently experiences~~ **has seen** ~~attempted~~ **attempts to gain access** ~~cyber- security attacks~~ against its systems, and expects such attacks will continue, and may intensify, in the future. Although to date the Company has not experienced any material losses relating to cyber- attacks or other information security breaches, there can be no assurance that we will not suffer losses in the future. The Company expects risk exposure to cyber- attacks will remain elevated or increase in the future due to, among other things, the increasing size and prominence of the Company in the financial services industry, its expansion of Internet and mobile banking tools and products based on customer needs, and its increasing use of operational software hosted on the Internet as more and more software solutions used in the Company' s operations migrate from solutions hosted within the Company' s firewalls to internet- hosted solutions at third- party locations. To help manage the Company' s cyber- risks, when entering a new vendor relationship, the Company reviews and assesses the cyber- security risk of third- party service providers. A successful cyber- security attack on one of the Company' s third- party service providers could disrupt operations, adversely affect the Company' s business, or result in the disclosure or misuse of the Company' s confidential information, including customer confidential information. There can be no assurance that the precautions the Company takes to seek to manage cyber risk related to third- party service providers will be effective or prevent a cyber- attack that could expose the Company to significant operational costs and damages or reputational harm. Although the Company maintains an insurance policy ~~that it believes provides sufficient coverage~~ - **covering** ~~at a manageable expense for an institution of the~~ **these sorts of cyber risks** ~~Company' s size and scope with similar technological systems~~ , there can be no assurance that this policy will afford coverage for all possible losses or would be adequate to cover all financial losses, damages, **and** penalties, including lost revenues, should the Company experience any system failure or cyber- attack in one or more Company or third- party systems. The Company' s risk- based technology and systems or the personnel who monitor such technology and systems may not identify and prevent or effectively mitigate successful cyber- attacks when they occur. Significant operational costs and damages or reputational harm may occur if the Company fails to identify and prevent or effectively mitigate, or there is a delay in identifying, a cyber- attack on its systems, or those of its third- party service providers. Any breach, damage or failure that causes an interruption in operations could have a material adverse effect on the Company' s financial condition and results of operations due to the time and money needed to correct the issue. Computer break- ins, phishing and other disruptions could also jeopardize the security of information stored in and transmitted through Company computer systems and network infrastructure, which may result in litigation or significant liability to the Company and may cause existing and potential customers to refrain from doing business with the Company. Finally, depending on the type of incident, banking regulators may impose restrictions on the Company' s business and consumer laws may require reimbursement of customer losses. The Company continually encounters technological change. The failure to understand and adapt to these changes could negatively impact the Company' s business, financial condition and results of operations. Financial services industries continually experience rapid technological change with frequent introductions of new technology- driven products and services **, such as artificial intelligence** . An effective use of technology can increase efficiency, enable financial institutions to better serve customers, and reduce costs. Additionally, as a result of **the Coronavirus ("** COVID- 19 **") pandemic** and the related shift toward remote banking, customers have become more reliant on, and their expectations have increased with respect to, new technology- driven products and services. In addition, technology has lowered barriers to entry and made it possible for" non- banks" to offer traditional bank products and services using innovative technological platforms such as fintech and blockchain. These" digital banks" may be able to achieve economies of scale and offer better pricing than the Company offers for banking products and services, and they may have fewer regulatory burdens than traditional banks such as the Company. However, some new technologies needed to compete effectively result in incremental operating costs and capital investments. The Company' s future success depends in part upon its ability to continue to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in operations. Many of the Company' s competitors, because of their larger size and available capital, have substantially greater resources to invest in technological improvements. The Company may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to its customers within the same time frame as its large competitors or within the time frame expected by its customers. Failure to successfully keep pace with technological change affecting the financial services industry could lead to loss of customers and could have a material adverse impact on the Company' s business and, in turn, its financial condition and results of operations. The Company is subject to laws regarding the privacy, information security and protection of personal information and any violation of these laws or an incident involving personal, confidential or proprietary information of individuals could damage the Company' s reputation and otherwise adversely affect the Company' s results of operations and financial condition. The Company regularly collects, processes, transmits and stores confidential information regarding its customers and employees. In some cases, this confidential or proprietary information is collected, compiled, processed, transmitted or stored by third parties on the Company' s behalf. Legislation and regulation governing the privacy and protection of personal information of individuals (including customers, employees, suppliers and other third parties) have been evolving, expanding and increasing in complexity in recent years, and although the Company makes and will continue to make reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that the Company will not be subject to regulatory action or monetary penalties in the event of an incident. For example, the Company is subject to the Gramm- Leach- Bliley Act which, among other things: (i) imposes certain limitations on the ability to share nonpublic personal information about customers with nonaffiliated third parties; (ii) requires that the Company provide certain disclosures to customers about its information collection, sharing and security practices and afford customers the right to " opt out " of any information sharing by us with nonaffiliated third parties (with certain exceptions); and (iii) requires that the Company develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on its size and complexity, the nature and scope of its activities, and the sensitivity of customer information processed by the Company, as well as plans for responding to data security breaches. Various state and federal banking regulators and states have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in certain circumstances in the event of a security breach. Ensuring that the collection, use, transfer and storage of personal information by the Company complies with all applicable laws and regulations can increase costs. Furthermore, the Company may not be able to ensure that all of its customers, suppliers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of information exchanged with them, particularly where such information is transmitted by electronic means. If personal, confidential or proprietary information of customers or others were to be mishandled or misused, the Company could be exposed to litigation or regulatory sanctions under personal information laws and regulations. Concerns regarding the effectiveness of our measures to safeguard personal information, or even the perception that such measures are inadequate, could cause the Company to lose customers or potential customers and thereby reduce revenues. Accordingly, any failure or perceived failure to comply with applicable privacy or data protection laws and regulations may subject the Company to inquiries, examinations and investigations that could result in requirements to modify or cease certain operations or practices or in significant liabilities, fines or penalties, and could damage the Company' s reputation and otherwise adversely affect the Company' s results of operations and financial condition. The Company' s controls and procedures may be inadequate, and failure to comply with controls and procedures or related regulations could have a material adverse effect on the Company' s business, results of operations and financial condition. The Company faces the risk that the design of its controls and procedures, including those designed to mitigate the risk of fraud by employees or outside third parties, may be inadequate or be circumvented, thereby causing delays or failures in detection of errors or inaccuracies in data and information. The Company regularly reviews and updates the Company' s internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the Company' s controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on the Company' s business, results of operations and financial condition. Certain of the Company' s employees work remotely and / or hybrid, which arrangements may contribute to heightened cybersecurity, information security and operational risks. The Company has not experienced any material impact to the Company' s internal control over financial reporting due to the fact that most of the Company' s employees responsible for financial reporting are working remotely and / or hybrid, but the Company is continually monitoring and assessing the impact of remote or hybrid work policies on the Company' s internal control over financial reporting to minimize any impact on the design and operating effectiveness. In addition, while the Company maintains a control framework designed to monitor service provider risks, including those relating to internet vulnerability fraud and operational errors of employees, the failure of a service provider to perform in accordance with the contracted arrangements could be disruptive to the Company' s operations, which could have a material adverse impact on the Company' s financial condition or results of operations, and the Company' s (or the service provider' s) business continuity plans, risk management processes and procedures or security systems may not adequately mitigate such risk. Risks Related to Liquidity The Company may be unable to adequately manage its liquidity risk, which could affect its ability to meet its obligations as they become due, capitalize on growth opportunities, or pay dividends on its common stock. Liquidity risk refers to managing the Company' s liquidity so that it can meet its obligations as the obligations become due, opportunistically capitalize on potential growth opportunities as they arise, or pay dividends on its common stock. The Company' s liquidity arises from its ability to liquidate assets or obtain adequate funding ~~in~~ **on** a timely basis, at a reasonable cost and within acceptable risk tolerances. Liquidity is required to fund various obligations, including credit commitments to borrowers, mortgage and other loan originations, withdrawals by depositors, repayment of borrowings, dividends to shareholders, operating expenses and capital expenditures. The Company' s liquidity is derived primarily from funding obtained from the FHLB of Boston; retail deposit growth and retention; principal and interest payments on loans; principal and interest payments on investment securities the Company issues; sale, maturity and prepayment of investment securities the Company holds; net cash provided from operations; and access to other funding sources. Any substantial, unexpected or prolonged changes in the level or cost of liquidity could have a material adverse effect on the Company' s business. Factors that could detrimentally impact the Company' s access to liquidity sources include a decrease in the level of business activity as a result of a downturn in the markets in which the Company' s loans are concentrated or an adverse regulatory action against the Company. The Company' s ability to borrow could also be impaired by factors that are not specific to the Company, such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry generally. Risks Related to Environmental and Social Matters The Company is subject to environmental liability risk associated with lending activities which could have a material adverse effect on its financial condition and results of operations. A significant portion of the Company' s loan portfolio is secured by real property. During the ordinary course of business, the Company may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, the Company may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require the Company to incur substantial expenses and may materially reduce the affected property' s value or limit the Company' s ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase the Company' s exposure to environmental liability. Environmental reviews conducted prior to originating certain commercial real estate loans, as well as before initiating any foreclosure action on real property, as required by Company policies and procedures, may not detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on the Company' s financial condition or results of operations. Responses to climate change could adversely affect the Company' s business and performance, including indirectly through impacts on its customers. Concerns over the long- term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses also may change their behavior on their own as a result of these concerns. The Company and its customers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. The Company and its customers may face cost increases, asset value reductions, operating process changes, and the like. Among the impacts to the Company could include a drop in demand for its products and services, particularly in certain sectors. In addition, the Company could face reductions in creditworthiness on the part of some customers or in the value of assets securing loans. Adverse weather conditions and natural disasters could adversely affect the Company' s business or results of operations, and this risk may be exacerbated by shifts in weather patterns caused by climate change. The Company' s market area includes coastal regions that are susceptible to adverse weather conditions and natural disasters including, but not to limited to, **rain storms,** hurricanes, blizzards and nor' easters and related flooding and wind damage. The nature and level of such natural disasters cannot be predicted and may be exacerbated by global climate change. Such events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where the Company operates, which would also impact the Company' s customers and borrowers. See also " Natural disasters, severe weather, public health crises, or other catastrophic or man- made events could have an adverse effect on the Company' s business or results of operations " below. Environmental, social and governance (" ESG ") risks could adversely affect the Company' s reputation, business and performance and the trading price of its common stock. Companies are facing increasing scrutiny from investors, customers, regulators and other stakeholders related to their ESG practices and disclosure. Investors, investor advocacy groups and investment funds are also increasingly focused on these practices, especially as they relate to the environment, climate change, diversity and inclusion, workplace conduct and human capital management. These stakeholders often have differing priorities and expectations regarding ESG issues. The consideration of ESG factors in making investment and voting decisions is relatively new **. Certain stakeholders have commenced, or threatened to commence, lawsuits opposing various ESG measures** . Accordingly, the frameworks and methods for assessing ESG policies are not fully developed, vary considerably among the investment community, and will likely continue to evolve over time. Moreover, the subjective nature of methods used by various stakeholders to assess a company with respect to ESG criteria could result in erroneous perceptions or a misrepresentation of our actual ESG policies and practices. Organizations that provide ratings information to investors on ESG matters may also assign unfavorable ratings to the Company. Certain clients might also require that the Company implement additional ESG procedures or standards in order to continue to do business with them. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, our ability to do business with certain customers, vendors, suppliers or other third parties, the Company' s ability to attract and retain employees and our stock price. The Company could also face negative publicity or reputational harm based on the identity of those with whom we choose to do business. Increased ESG- related compliance costs could result in increases to our overall operational costs, which could impact our profitability. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure, which would result in increased compliance requirements and costs. Any of the foregoing could have an adverse impact on our business, financial condition or results of operations. Risks Related to the Company' s Business and Industry Generally The Company' s business depends on maintaining the trust and confidence of customers and other market participants, and the Company' s reputation is critical to its business. The Company' s ability to originate and maintain accounts and business is highly dependent upon the perceptions of borrowers and deposit holders and other external perceptions of the Company' s business practices and financial health. The Company' s reputation is vulnerable to threats that can be difficult or impossible to control, and costly or impossible to remediate. Regulatory inquiries, actual or alleged incidents of employee misconduct and rumors, among other things, can substantially damage the Company' s reputation, even if the inquiries, allegations, or rumors are baseless or satisfactorily addressed. Adverse perceptions regarding the Company' s reputation in the consumer, commercial and funding markets could result in difficulties in generating and maintaining accounts and business, as well as in financing accounts and the Company' s business. Further, adverse perceptions can result in decreases in the levels of deposits that customers and potential customers choose to maintain with the Company, any of which could have a material adverse effect on the Company' s results of operations or financial condition. If the Company' s risk management framework does not effectively identify or mitigate the Company' s risks, the Company could suffer unexpected losses and the results of operations and financial condition could be materially adversely affected. The Company' s risk management framework seeks to mitigate risk and appropriately balance risk and return. The Company has established processes and procedures intended to identify, measure, monitor and report the types of risk to which it is subject, including credit risk, operations risk, compliance risk, reputation risk, strategic risk, market risk and liquidity risk. The Company seeks to monitor and control its risk exposure through a framework of policies, procedures and reporting requirements. Management of the Company' s risks in some cases depends upon the use of analytical and / or forecasting models, which, in turn, rely on assumptions and estimates. If the models used to mitigate these risks are inadequate, or the assumption or estimates are inaccurate or otherwise flawed, the Company may fail to adequately protect against risks and may incur losses. In addition, there may be risks that exist, or that develop in the future, that the Company has not appropriately anticipated, identified or mitigated, which could lead to unexpected losses and the Company' s results of operations or financial condition could be materially adversely affected. The Company has strong competition within its market area which may constrain the Company' s ability to grow and achieve profitability. The Company faces significant competition both in attracting deposits and in the origination of loans. See" Market Area and Competition" in Item 1. Business of this Report. Mergers and acquisitions of financial institutions within the Company' s market area may occur, which could add more competitive pressure as the Company would be competing with the resultant larger financial institutions with greater financial resources on a combined basis. Additionally, the Company' s market share and income may be adversely affected by its inability to successfully compete against larger and more diverse financial service providers. If the Company is unable to compete effectively, it may lose market share or fail to maintain its market share, and income generated from loans, deposits, and other financial products may decline. The success of the Company is dependent on the Company' s ability to attract, hire and retain certain key personnel. The Company' s business is complex and specialized and performance is largely dependent on the knowledge, talents and efforts of highly skilled individuals. The Company relies on key personnel to manage and operate its business, including major revenue producing functions, such as loan and deposit generation. The loss of key personnel could adversely affect the Company' s ability to maintain and manage these functions effectively, which could negatively affect the Company' s net income. In addition, loss of key personnel could result in increased recruiting and hiring expenses, which could adversely impact the Company' s net income. The Company' s continued ability to compete effectively depends on its ability to attract new employees and to retain and motivate its existing key employees. Competition for the best people in the Company' s markets and businesses can be intense, and the Company may not be able to hire people or to retain them, in particular due to an increasingly competitive labor market. The labor market continues to experience elevated levels of turnover in the aftermath of the COVID- 19 pandemic and the Company has been impacted by an extremely competitive labor market, including increased competition for talent across all aspects of the Company' s business, as well as increased competition with non- traditional competitors, such as fintech companies. Employers are offering increased compensation and opportunities to work with greater flexibility, including remote work, on a permanent basis. These can be important factors in a current employee' s decision to leave the Company as well as in a prospective employee' s decision to join the Company. As competition for skilled professionals remains intense, the Company may have to devote significant resources to attract and retain qualified personnel, which could negatively impact earnings. Natural disasters, severe weather, public health crises or other catastrophic or man- made events could have an adverse effect on the Company' s business or results of operations. The nature and level of such natural disasters, public health crises, such as **the COVID- 19 pandemic and any resurgences thereof or other** pandemics or epidemics, or man- made events, including political events such as war, civil unrest or terrorist attacks, and other catastrophic events cannot be predicted. Such events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where the Company operates. The Company' s borrowers may suffer property damage, experience interruption of their businesses or lose their jobs, which may negatively impact the ability of these borrowers to make deposits with the Company or repay their loans or negatively impact values of collateral securing loans, any of which could result in losses and increased provisions for credit losses. Additionally, the occurrence of these events could harm the Company' s operations thorough interference with communications, including the interruption or loss of its computer systems which could prevent the gathering of deposits, originating loans and processing and controlling business flow, as well as through the destruction of facilities and operational, financial and management information systems, and could cause us to incur significant costs to repair any resulting damage to the Company' s property or business relationships. 