

## Risk Factors Comparison 2024-08-23 to 2023-08-25 Form: 10-K

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

An investment in our securities is subject to risks inherent in our business and the industry in which we operate. Before making an investment decision, you should carefully consider the risks and uncertainties described below and all other information included in this Annual Report on Form 10-K. The risks described below may adversely affect our business, financial condition and operating results. In addition to these risks and any other risks or uncertainties described in “Item 1. Business — Forward-Looking Statements” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” there may be additional risks and uncertainties that are not currently known to us or that we currently deem to be immaterial that could materially and adversely affect our business, financial condition or operating results. The value or market price of our securities could decline due to any of these identified or other risks. Past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. **Interest Rate** ~~Economic and Market Area Changes in economic conditions, in particular an economic slowdown in the markets we operate in, could materially and negatively affect our business.~~ Our business is directly **and financial performance are** impacted by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of which are beyond our control. Any deterioration in economic conditions, whether caused by national or local concerns, in particular any further economic slowdown in the markets we operate in, could result in the following consequences, any of which could hurt our business materially: loan delinquencies may increase; problem assets and foreclosures may increase; demand for our products and services may decrease; low cost or non-interest bearing deposits may decrease; and collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers’ borrowing power, and reducing the value of assets and collateral associated with our existing loans. Our success significantly depends upon the growth in population, income levels, deposits, and housing starts in our markets. If the communities in which we operate do not grow or if prevailing economic conditions locally or nationally are unfavorable, our business may not succeed. An economic downturn or prolonged recession may result in the deterioration of the quality of our loan portfolio and reduce our level of deposits, which in turn would hurt its business. If we experience an economic downturn or a prolonged economic recession occurs in the economy as a whole, borrowers will be less likely to repay their loans as scheduled. Unlike many larger institutions, we are not able to spread the risks of unfavorable local economic conditions across a large number of diversified economies. An economic downturn could, therefore, result in losses that materially and adversely affect our business. Inflationary pressures and rising prices may affect our results of operations and financial condition. Inflation rose sharply at the end of 2021 and has remained at an elevated level through 2022 and 2023. Small to medium-sized businesses may be impacted more during periods of high inflation as they are not able to leverage economies of scale to mitigate cost pressures compared to larger businesses. Consequently, the ability of our business customers to repay their loans may deteriorate, and in some cases this deterioration may occur 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. Our stock price may be negatively impacted by unrelated bank failures and negative depositor confidence in depository institutions. Further, if we were unable to adequately manage our liquidity, deposits, capital levels and interest rate risk, which have come under greater scrutiny in light of recent bank failures, it may have a material adverse effect on our financial condition and results of operations. On March 9, 2023, Silvergate Bank, La Jolla, California, announced its decision to voluntarily liquidate its assets and wind down operations. On March 10, 2023, Silicon Valley Bank, Santa Clara, California, was closed by the California Department of Financial Protection and Innovation (the “DFPI”), on March 12, 2023, Signature Bank, New York, New York, was closed by the New York State Department of Financial Services and on May 1, 2023, First Republic Bank, San Francisco, California, was closed by the DFPI, and in each case the FDIC was appointed receiver for the failed institution. These banks had elevated levels of uninsured deposits, which may be less likely to remain at the bank over time and less stable as a source of funding than insured deposits. These failures led to volatility and declines in the market for bank stocks and questions about depositor confidence in depository institutions. These events have led to a greater focus by institutions, investors and regulators on the on-balance sheet liquidity of and funding sources for financial institutions, the composition of its deposits, including the amount of uninsured deposits, the amount of accumulated other comprehensive loss, capital levels and interest rate risk management. If we are unable to adequately manage our liquidity, deposits, capital levels and interest rate risk, it may have a material adverse effect on our financial condition and results of operations. We must maintain sufficient funds to respond to the needs of depositors and borrowers. Deposits have traditionally been our primary source of funds for use in lending and investment activities. We also receive funds from loan repayments, investment maturities and income on other interest-earning assets. While we emphasize the generation of low-cost core deposits as a source of funding, there is strong competition for such deposits in our market area. Additionally, deposit balances can decrease if customers perceive alternative investments as providing a better risk / return tradeoff. Accordingly, as a part of our liquidity management, we must use a number of funding sources in addition to deposits and repayments and maturities of loans and investments, which may include Federal Home Loan Bank of New York advances, federal funds purchased and brokered certificates of deposit. Adverse operating results or changes in industry conditions could lead to difficulty or an inability to access these additional funding sources. Any decline in available funding could adversely impact our ability to originate loans, invest in securities, pay our expenses, or fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our

liquidity, business, financial condition and results of operations. A lack of liquidity could also attract increased regulatory scrutiny and potential restraints imposed on us by regulators. Depending on the capitalization status and regulatory treatment of depository institutions, including whether an institution is subject to a supervisory prompt corrective action directive, certain additional regulatory restrictions and prohibitions may apply, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on movements in the those acceptance of brokered deposits. Our financial flexibility would be severely constrained if we were unable to maintain our access to funding or if adequate financing were not available at acceptable interest rates. Further, if we were required..... adversely affect our profitability and financial condition. We derive our income mainly from the difference or spread between the interest earned on loans, securities and other interest- earning assets and interest paid on deposits, borrowings and other interest- bearing liabilities. In general, the larger the spread, the more we earn. When market rates of interest change, the interest we receive on our assets and the interest we pay on our liabilities will fluctuate. This can cause decreases in our spread and can adversely affect our income. Beginning in March 2022, in response to rising inflation, the Federal Reserve Board's Federal Open Market Committee systemically increased the target rate from 0.00% – 0.25% to 5.25% – 5.50% in July 2023. In addition, at June 30, 2023-2024, the yield curve has remained inverted as short- term rates remain higher were meaningfully lower than long- term rates, which results in an inverted yield curve. Our net interest spread and net interest margin are at risk of being have been and may in the future be reduced by due to potential increases in our cost of funds that may outpace any increases in our yield on interest- earnings assets. In addition, it may take longer for our assets to reprice to adjust to a new rate environment because fixed rate loans do not fluctuate with interest rate changes and adjustable rate loans often have a specified initial fixed rate period before reset. As a result, a flattening or an inversion of the yield curve is likely to have a negative impact on our net interest income. Interest rates also affect how much money we lend. For example, when interest rates rise, the cost of borrowing increases and loan originations tend to decrease. In addition, changes in interest rates can affect the average life of loans and securities. For example, an increase a reduction in interest rates generally results in decreased increased prepayments of loans and mortgage- backed securities, as borrowers are less likely to refinance their debt in order to reduce their borrowing cost. Changes in market interest rates also impact the value of our interest- earning assets and interest- bearing liabilities as well as the value of our derivatives portfolios. In particular, the unrealized gains and losses on securities available for sale and changes in the fair value of interest rate derivatives serving as cash flows hedges are reported, net of tax, in accumulated other comprehensive income which is a component of stockholders' equity. Consequently, declines in the fair value of these instruments resulting from changes in market interest rates have, and may continue to, adversely affect stockholders' equity. A significant portion of our assets consists of investment securities, which generally have lower yields than loans, and we classify a significant portion of our investment securities as available for sale, which creates potential volatility in our equity and may have an adverse impact on our net income. As of June 30, 2024-2023, our securities portfolio totaled \$ 1. 21-37 billion, or 15-17. 7-0% of our total assets. Investment securities typically have lower yields than loans. For the year ended June 30, 2024-2023, the weighted average yield of our investment securities portfolio was 4.3. 38-55%, as compared to 4. 45-00% for our loan portfolio. Accordingly, our net interest margin is lower than it would have been if a higher proportion of our interest- earning assets consisted of loans. Additionally, at June 30, 2024-2023, \$ 1. 07-23 billion, or 88-89. 8-3% of our investment securities, are classified as available for sale and reported at fair value with unrealized gains or losses excluded from earnings and reported in other comprehensive income, which affects our reported equity. Accordingly, given the significant size of the investment securities portfolio classified as available for sale and due to possible mark- to- market adjustments of that portion of the portfolio resulting from market conditions, we may experience greater volatility in the value of reported equity. Moreover, given that we actively manage our investment securities portfolio classified as available for sale, we may sell securities which could result in a realized loss, thereby reducing our net income. If our allowance for credit losses is not sufficient to cover actual loan losses, our earnings will decrease. We make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the required amount of the allowance for credit losses, we evaluate loans individually and establish credit loss allowances for specifically identified impairments. For loans not individually analyzed, we estimate losses and establish reserves based on reasonable and supportable forecasts and adjustments for qualitative factors. If the assumptions used in our calculation methodology are incorrect, our allowance for credit losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in further additions to our allowance. Our allowance for credit losses on loans was 0. 83-78% of total loans at June 30, 2023-2024 and significant additions to our allowance could materially decrease our net income. In addition, bank regulators periodically review our allowance for credit losses and may require us to increase our provision for credit losses or recognize further loan charge- offs. Any increase in our allowance for credit losses or loan charge- offs as required by these regulatory authorities might have a material adverse effect on our financial condition and results of operations. A significant portion of our assets consists....., thereby reducing our net income. Our commercial lending exposes us to additional risk. Over the past several years, we have increased our focus on commercial lending. Our increased commercial lending, however, exposes us to greater risks than one- to four- family residential lending. Unlike single- family, owner- occupied residential mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from employment and other income sources, and are secured by real property whose value tends to be more easily ascertainable and realizable, the repayment of commercial loans typically is dependent on the successful operation and income stream of the borrower, which can be significantly affected by economic conditions, and are secured, if at all, by collateral that is more difficult to value or sell or by collateral which may depreciate in value. In addition, commercial loans generally carry larger balances to single borrowers or related groups of borrowers than one- to four- family mortgage loans, which increases the financial impact of a borrower's default. The risk exposure from our increased commercial lending is also a function of the markets in which we operate. Our commercial lending activity is generally focused on

borrowers domiciled, and real estate located, within the states of New Jersey and New York. Regional risk factors and changes to local laws and regulations, including changes to rent regulations or foreclosure laws, may present greater risk than a more geographically diversified portfolio. Our increased commercial business and construction loan originations exposes us to increased credit risk. We have increased our originations of commercial business and construction loans, which generally have more risk than both one- to four- family residential and commercial mortgage loans. Since repayment of commercial business and construction loans may depend on the successful operation of the borrower's business or the successful completion of a construction project, repayment of such loans can be affected by adverse conditions in the real estate market or the local economy. If we continue to increase our originations of these loans, it may be necessary to increase the level of our allowance for credit losses because of the increased risk characteristics associated with these types of loans. Any such increase to our allowance for credit losses would adversely affect our earnings. We have a significant concentration in commercial real estate loans. If our regulators were to curtail our commercial real estate lending activities, our earnings, ~~and / or~~ dividend paying capacity ~~and / or ability to repurchase shares~~ could be adversely affected. In 2006, the FDIC, the Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System issued joint guidance entitled "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" (the "Guidance"). The Guidance provides that a bank's commercial real estate lending exposure may receive increased supervisory scrutiny when total non- owner occupied commercial real estate loans, including loans secured by multi- family property, non- owner occupied commercial real estate and construction loans, represent 300 % or more of an institution's total risk- based capital and the outstanding balance of the commercial real estate loan portfolio has increased by 50 % or more during the preceding 36 months. Our level of non- owner occupied commercial real estate equaled ~~553~~ **537** % of Bank total risk- based capital at June 30, ~~2023~~ **2024**, however our commercial real estate loan portfolio increased by only ~~31~~ **19** % during the preceding 36 months. Income from secondary mortgage market operations is volatile, and we may incur losses with respect to our secondary mortgage market operations that could negatively affect our earnings. A component of our business strategy is to sell a portion of residential mortgage loans originated into the secondary market, earning non- interest income in the form of gains on sale. For the year ended June 30, ~~2023~~ **2024**, gains attributable to the sale of residential mortgage loans totaled \$ ~~760~~ **602**, 000, ~~or approximately 27.6 % of our non- interest income,~~ a decline of \$ ~~158,000~~ **1.7 million** from \$ ~~760,000~~ **2.4 million** for the year ended June 30, ~~2022~~ **2023**. When interest rates rise, ~~as they have in the current environment~~, the demand for mortgage loans tends to fall and may reduce the number of loans we can originate for sale. Weak or deteriorating economic conditions also tend to reduce loan demand. If the residential mortgage loan demand decreases or we are unable to sell such loans for an adequate profit, then our non- interest income will likely decline which would adversely affect our earnings. We may be required to record impairment charges with respect to our investment securities portfolio. We review our securities portfolio at the end of each quarter to determine whether the fair value is below the current carrying value. When the fair value of any of our investment securities has declined below its carrying value, we are required to assess whether we intend to sell, or it is more than likely than not that we will be required to sell the security before recovery of its amortized cost basis. If this assessment indicates that a credit loss exists, we would be required to record an impairment charge. We elected the practical expedient of zero loss estimates for securities issued by U. S. government entities and agencies. A possible future downgrade of the sovereign credit ratings of the U. S. government and a decline in the perceived creditworthiness of U. S. government- related obligations could adversely impact the value of our investment securities portfolio. We cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these organizations will affect economic conditions. A downgrade of the sovereign credit ratings of the U. S. government or the credit ratings of related institutions, agencies or instruments would significantly exacerbate the other risks to which we are subject and any related adverse effects on the business, financial condition and results of operations. At June 30, ~~2023~~ **2024**, we had investment securities with fair values of approximately \$ ~~1.36~~ **19** billion on which we had approximately \$ ~~171~~ **150**. ~~7~~ **1** million in gross unrealized losses and \$ ~~274,000~~ **2.9 million** of gross unrealized gains. The valuation and liquidity of our securities could be adversely impacted by reduced market liquidity, increased normal bid- asked spreads and increased uncertainty of market participants, which could reduce the market value of our securities, including those with no apparent credit exposure. The valuation of our securities requires judgment and as market conditions change security values may also change. Significant negative changes to valuations could result in impairments in the value of our securities portfolio, which could have an adverse effect on our financial condition or results of operations. Our investments in corporate and municipal debt securities, subordinated debt securities and collateralized loan obligations expose us to additional credit risks. The composition and allocation of our investment portfolio has historically emphasized U. S. agency mortgage- backed securities and U. S. agency debentures. While such assets remain a significant component of our investment portfolio at June 30, ~~2023~~ **2024**, prior enhancements to our investment policies, strategies and infrastructure have enabled us to diversify the composition and allocation of our securities portfolio. Such diversification has included investing in corporate debt, municipal obligations, subordinated debt securities issued by financial institutions and collateralized loan obligations. With the exception of collateralized loan obligations, these securities are generally backed only by the credit of their issuers while investments in collateralized loan obligations generally rely on the structural characteristics of an individual tranche within a larger investment vehicle to protect the investor from credit losses arising from borrowers defaulting on the underlying securitized loans. While we have invested primarily in investment grade securities, these securities are not backed by the federal government and expose us to a greater degree of credit risk than U. S. agency securities. Any decline in the credit quality of these securities exposes us to the risk that the market value of the securities could decrease which may require us to write down their value and could lead to a possible default in payment. ~~Source~~ **Economic and Market Area Changes in economic conditions, in particular an economic slowdown in the markets we operate in, could materially and negatively affect our business. Our business is directly impacted by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation, all of Funds**

delinquencies. Further, if we were required to rely more heavily on more expensive funding sources to support liquidity, our revenues may not increase proportionately to cover our problem assets and foreclosures may increase. Increased demand for our products and services may decrease; low cost costs. In this case, our operating margins and profitability would be adversely affected. If alternative funding sources were no longer available to interest bearing deposits may decrease; and collateral for loans made by us, especially real estate, may decline in value, in turn reducing customers' borrowing power, and reducing the value of assets and collateral associated with our existing loans. Our success significantly depends upon the growth in population, income levels, deposits, and housing starts in our markets. If the communities in which we operate do not grow may need to sell a portion of our investment and / if prevailing economic conditions locally or nationally are unfavorable, our business may not succeed. An economic downturn or prolonged recession may result in the deterioration of the quality of our loan portfolio to raise funds and reduce our level of deposits, which in turn, depending upon market conditions, would could hurt its business result in us realizing a loss on the sale of such assets. If As of June 30, 2023, we experience an economic downturn had a net unrealized loss of \$ 156.1 million on our a prolonged economic recession occurs in the economy available for sale investment securities portfolio as a result of whole, borrowers will be less likely to repay their the loans as scheduled rising interest rate environment. Unlike many larger institutions Our investment securities totaled \$ 1.37 billion, we or 17.0 % of total assets, at June 30, 2023. The details of this portfolio are included not able to spread the risks of unfavorable local economic conditions across a large number of diversified economies. An economic downturn could, therefore, result in Note 4 losses that materially and adversely affect our business. Inflation has had, and may continue to have a negative effect on our results of operations and financial condition. Inflation rose sharply at the end of 2021 and has remained at an elevated level through the first half of calendar 2024. Small to medium-sized businesses may be impacted more during periods of high inflation as they the consolidated are not able to leverage economies of scale to mitigate cost pressures compared to larger businesses. Consequently, the ability of our business customers to repay their loans may deteriorate, and in some cases this deterioration may occur quickly, which would adversely impact our results of operations and financial statements condition. Furthermore, a prolonged period of inflation could cause wages and other costs to the Company to increase, which has and could continue to adversely affect our results of operations and financial condition. Severe weather could harm our business. Weather-related events, including those that may result from climate change, can disrupt our operations, result in damage to our properties, reduce or destroy the value of the collateral for our loans and negatively affect the local economies in which we operate, which could have a material adverse effect on our results of operations and financial condition. The occurrence of a natural disaster could result in one or more of the following: (i) an increase in loan delinquencies; (ii) an increase in problem assets and foreclosures; (iii) a decrease in the demand for our products and services; or (iv) a decrease in the value of the collateral for loans, especially real estate, in turn reducing clients' borrowing power, the value of assets associated with problem loans and collateral coverage. Weather-related events may cause significant flooding and other storm-related damage and these outcomes may become more common in the future. Acts of terrorism, public health issues, and geopolitical and other external events could impact our ability to conduct business. Financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising operating and communication systems. Additionally, the metropolitan New York area and northern New Jersey remain central targets for potential acts of terrorism. Such events could cause significant damage, impact the stability of our facilities and result in additional expenses, impair the ability of our borrowers to repay their loans, reduce the value of collateral securing repayment of our loans, and result in the loss of revenue. While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition. Additionally, global markets may be adversely affected by the emergence of widespread health emergencies or pandemics, cyber attacks or campaigns, military conflicts, terrorism or other geopolitical events, including the military conflict between Russia and Ukraine. The impact of global market fluctuations may affect our business liquidity. Also, any sudden or prolonged market downturn in the U.S. or abroad as a result of the above factors or otherwise could result in a decline in revenues and adversely affect our results of operations and financial condition, including capital and liquidity levels. Our inability to achieve profitability on new branches may negatively affect our earnings. We have expanded our presence throughout our market area and we intend to pursue further expansion through de novo branching or the purchase of branches from other financial institutions. The profitability of our expansion strategy will depend on whether the income that we generate from the new branches will offset the increased expenses resulting from operating these branches. We expect that it may take a period of time before these branches can become profitable, especially in areas in which we do not have an established presence. During this period, the expense of operating these branches may negatively affect our net income. We face intense competition from other financial services and financial services technology companies, and competitive pressures could adversely affect our business or financial performance. We face intense competition in all of its markets and geographic regions. We expect competitive pressures to intensify in the future, especially in light of legislative and regulatory initiatives arising out of the recent global economic crisis, technological innovations that alter the barriers to entry, current economic and market conditions, and government monetary and fiscal policies. Competition with financial services technology companies, or technology companies partnering with financial services companies, may be particularly intense, due to, among other things, differing regulatory environments. Competitive pressures may drive us to take actions that we might otherwise eschew, such as lowering the interest rates or fees on loans or raising the interest rates on deposits in order to keep or attract high-quality clients. These pressures also may accelerate actions that we might otherwise elect to defer, such as substantial investments in technology or infrastructure. The actions that we take in response to competition may adversely affect its results of operations and financial condition. These consequences could be exacerbated if we are not successful in introducing new products and other services, achieving market acceptance of its products and other services, developing and maintaining a strong client base, or prudently managing expenses. Asset Quality and Interest Rate Changes in

**interest rates or the shape of the yield curve may adversely affect our profitability and financial condition.** Our reliance on wholesale funding could adversely affect our liquidity and operating results. Among other sources of funds, we rely on wholesale funding, including short- and long- term borrowings, ~~and~~ brokered deposits ~~and non-brokered deposits acquired through listing services~~, to provide funds with which to make loans, purchase investment securities and provide for other liquidity needs. On June 30, ~~2023~~ **2024**, wholesale funding totaled \$ 2. ~~15~~ **12** billion, or approximately ~~26~~ **27**. ~~6~~ % of total assets. In the future, this funding may not be readily replaced as it matures, or we may have to pay a higher rate of interest to maintain it. Not being able to maintain or replace those funds as they mature would adversely affect our liquidity. Paying higher interest rates to maintain or replace funding would adversely affect our net interest margin and operating results. **A lack of liquidity could adversely affect our financial condition and results of operations and result in regulatory limits being placed on the Company. Liquidity is essential to our business. We rely on our ability to gather deposits, make investments and effectively manage the repayment and maturity schedules of loans to ensure that there is adequate liquidity to fund our operations and pay our obligations. An inability to raise funds through deposits, borrowings, the sale and maturities of loans and securities and other sources could have a substantial negative effect on liquidity. Our most important source of funds is deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk / return tradeoff, which are strongly influenced by external factors such as changes in interest rates, local and national economic conditions, the availability and attractiveness of alternative investments, and perceptions of the stability of the financial services industry generally and of our institution specifically. Further, the demand for deposits may be reduced due to a variety of factors such as demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the FRB, or regulatory actions that decrease customer access to particular products. If customers move money out of bank deposits and into other investments such as money market funds, we would lose a relatively low- cost source of funds, which would increase our funding costs and reduce net interest income. Any changes made to the rates offered on deposits to remain competitive with other financial institutions may also adversely affect profitability and liquidity. Other primary sources of funds consist of cash flows from operations, maturities and sales of investment securities and borrowings from the FHLB. We have the capacity to borrow additional funds from the FHLB as well as from the FRB without pledging additional collateral, and via unsecured overnight borrowings from other financial institutions. Our access to funding sources in amounts adequate to finance or capitalize our activities, or on terms that are acceptable, could be impaired by factors that affect us directly or the financial services industry or economy in general, such as disruptions in the financial markets, changes in the value of investment securities, negative views and expectations about the prospects for the financial services industry, a decrease in our business activity as a result of a downturn in markets, or adverse regulatory actions against us. Any decline in available funding could adversely impact our ability to originate loans, invest in securities, meet expenses, or to fulfill obligations such as repaying borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations. A lack of liquidity could also attract increased regulatory scrutiny and potential restraints imposed on us by regulators. Depending on the capitalization status and regulatory treatment of depository institutions, including whether an institution is subject to a supervisory prompt corrective action directive, certain additional regulatory restrictions and prohibitions may apply, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends and restrictions on the acceptance of brokered deposits.** Public funds deposits are a notable source of funds for us and a reduced level of those deposits may hurt our profits and liquidity position. Public funds deposits are a notable source of funds for our lending and investment activities. At June 30, ~~2023~~ **2024**, \$ ~~672~~ **531**. ~~0~~ **5** million, or ~~11~~ **10**. ~~9~~ **3** % of our total deposits, consisted of public funds deposits from local government entities in the state of New Jersey, such as townships, counties ~~and~~, school districts ~~and~~ **charter schools**. These deposits are collateralized by letters of credit from the FHLB or through the pledge of eligible investment securities. Given our reliance on these typically high-average balance public funds deposits as a source of funds, our inability to retain such funds could adversely affect our liquidity. Further, our public funds deposits are primarily floating rate interest- bearing demand deposit accounts and therefore their pricing is more sensitive to changes in interest rates. If we are forced to pay higher rates on our public funds accounts to retain those funds, or if we are unable to retain such funds and we are forced to rely on other sources of funds for our lending and investment activities, such as borrowings from the FHLB, the interest expense associated with these other funding sources may be higher than the rates we are currently paying on our public funds deposits, which would adversely affect our net interest income. Information Security Risks associated with system failures, service interruptions or other performance exceptions could negatively affect our earnings. Information technology systems are critical to our business. We use various technology systems to manage our client relationships, general ledger, securities investments, deposits, and loans. We have established policies and procedures to prevent or limit the effect of system failures, service interruptions or other performance exceptions, but such events may still occur or may not be adequately addressed if they do occur. In addition, performance failures or other exceptions of our client- facing technologies could deter clients from using our products and services. **We rely on** ~~In addition, we outsource a majority of our data processing to certain~~ **external vendors to provide products and services necessary to maintain our day- to- day operations. These** ~~third -party service providers~~ **vendors are sources of operational and informational security risk to us, including risks associated with operational errors, information system interruptions or breaches and unauthorized disclosures of sensitive or confidential client or customer information**. If these ~~vendors~~ ~~service providers~~ encounter ~~difficulties~~ **any of these issues**, or if we have difficulty communicating with them, ~~we~~ **our ability to timely and accurately process and account for transactions could be exposed to disruption** adversely affected. The occurrence of ~~operations~~ **any system failures, loss of service interruptions or other performance exceptions could** **connectivity to customers, reputational** damage our reputation and result in a loss of clients and business thereby subjecting us to additional regulatory

scrutiny, ~~and or could expose us to litigation risk that and possible financial liability. Any of these events~~ could have a material adverse effect on ~~our business and, in turn,~~ our financial condition and results of operations. Risks associated with cyber- security could negatively affect our earnings. The financial services industry has experienced an increase in both the number and severity of reported cyber- attacks aimed at gaining unauthorized access to bank systems as a way to misappropriate assets and sensitive information, corrupt and destroy data, or cause operational disruptions. We have established policies and procedures to prevent or limit the impact of security breaches, but such events may still occur or may not be adequately addressed if they do occur. Although we rely on security safeguards to secure our data, these safeguards may not fully protect our systems from compromises or breaches. We also rely on the integrity and security of a variety of third party processors, payment, clearing and settlement systems, as well as the various participants involved in these systems, many of which have no direct relationship with us. Failure by these participants or their systems to protect our clients' transaction data may put us at risk for possible losses due to fraud or operational disruption. Our clients are also the target of cyber- attacks and identity theft. Large scale identity theft could result in clients' accounts being compromised and fraudulent activities being performed in their name. We have implemented certain safeguards against these types of activities but they may not fully protect us from fraudulent financial losses. The occurrence of a breach of security involving our clients' information, regardless of its origin, could damage our reputation and result in a loss of clients and business and subject us to additional regulatory scrutiny, and could expose us to litigation and possible financial liability. Any of these events could have a material adverse effect on our financial condition and results of operations. While our Board of Directors takes an active role in cybersecurity risk tolerance, we rely to a large degree on management and outside consultants in overseeing cybersecurity risk management. Our Board of Directors takes an active role in the cybersecurity risk tolerance of the Company and all members receive cybersecurity training annually. The Board reviews the annual risk assessments and approves information technology policies, which include cybersecurity. Furthermore, our Audit Committee is responsible for reviewing all audit findings related to information technology general controls, internal and external vulnerability, and penetration testing. The Board receives an annual information security report and the Enterprise Risk Management Committee receives an annual presentation from our Information Security Officer as it relates to cybersecurity and related issues. We also engage outside consultants to support our cybersecurity efforts. However, our directors do not have significant experience in cybersecurity risk management outside of the Company and therefore, its ability to fulfill its oversight function remains dependent on the input it receives from management and outside consultants.

**Regulatory Matters** We operate in a highly regulated environment and may be adversely affected by changes in federal and state laws and regulations. The financial services industry is extensively regulated. Federal and state banking regulations are designed primarily to protect the deposit insurance funds and consumers, not to benefit a company' s shareholders. These regulations may sometimes impose significant limitations on operations. The significant federal and state banking regulations that affect us are described under the heading " Item 1. Business — Regulation. " 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 conduct business, implement strategic initiatives and tax compliance, and govern financial reporting and disclosures. New proposals for legislation continue to be introduced in the U. S. Congress that could further alter the regulation of the bank and non- bank financial services industries and the manner in which companies within the industry conduct business. In addition, federal and state regulatory agencies also frequently adopt changes to their regulations or change the manner in which existing regulations are applied. Future changes in federal policy and at regulatory agencies may occur over time through policy and personnel changes, which could lead to changes involving the level of oversight and focus on the financial services industry. These changes may require us to invest significant management attention and resources to make any necessary changes to operations to comply and could have an adverse effect on our business, financial condition and results of operations. **The performance of our multi- family loans could be adversely impacted by regulation. Multi- family loans generally involve risk of legislation and government regulations involving rent control and rent stabilization, which are outside the control of the borrower or the Company, and could impair the value of the collateral for the loan or the future cash flows of such properties. As a result of these restrictions, it is possible that rental income on certain rent- regulated properties might not rise sufficiently over time to satisfy increases in the loan rate at repricing or increases in overhead expenses (e. g., utilities, taxes, etc.).** Changes to tax laws and regulations could adversely affect our financial condition or results of operations. Changes in tax laws and / or regulatory requirements could be enacted. These changes in the law may be retroactive to previous periods and as a result could negatively affect our current and future financial performance. An increase in our corporate tax rate could have an unfavorable impact on our earnings and capital generation abilities. Similarly, the Bank' s clients could experience varying effects from changes in tax laws and such effects, whether positive or negative, may have a corresponding impact on our business and the economy as a whole. In addition, changes to regulatory requirements could increase our costs of regulatory compliance and may significantly affect the markets in which we do business, the markets for and value of our loans and investments, and our ongoing operations, costs and profitability.

**Business Issues** We hold certain intangible assets, including goodwill, which **have been partially impaired and** could become **further** impaired in the future. If these assets are ~~further considered to be either partially~~ or fully impaired in the future, our earnings would decrease. At June 30, ~~2023-2024~~, we had approximately \$ ~~213-115.45~~ million in intangible assets on our balance sheet ~~comprising~~, **comprised of \$ 210-113.5 million of goodwill and \$ 1.9 million of goodwill and \$ 2.5 million of core deposit intangibles.** We are required to periodically test our goodwill and identifiable intangible assets for impairment. The impairment testing process considers a variety of factors, including the current market price of our common stock, the estimated net present value of our assets and liabilities, and information concerning the terminal valuation of similarly situated insured depository institutions. If an impairment determination is made in a future reporting period, our earnings and the book value of these intangible assets will be reduced by the amount of the impairment. If an impairment loss is recorded, it will have little or no impact on the tangible book value of our common stock or our regulatory

capital levels, but recognition of such an impairment loss could significantly restrict Kearny Bank's ability to make dividend payments to Kearny Financial and therefore adversely impact our ability to pay dividends to stockholders. We cannot guarantee that our allocation of capital to various alternatives, including stock repurchase plans, will enhance long-term stockholder value. Our business plan calls for us to execute a variety of strategies to allocate and deploy any excess capital including, but not limited to, continued organic balance sheet growth and diversification, implementation of stock repurchase plans and payment of regular cash dividends. Additionally, we will carefully consider acquisition opportunities to further deploy capital when we expect such opportunities to significantly enhance long-term shareholder value. If we are unable to effectively and timely deploy capital through these strategies, it may constrain growth in earnings and return on equity and thereby diminish potential growth in stockholder value. On August 1, 2022, we announced that our Board authorized a new stock repurchase plan to acquire up to 4,000,000 shares of the Company's outstanding common stock. Repurchases are made at management's discretion at prices management considers to be attractive and in the best interests of both the Company and its stockholders, subject to the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, and the Company's financial performance. The Inflation Reduction Act of 2022, which was signed into law on August 16, 2022, contains a number of changes to U. S. federal tax laws. One such change is a 1% excise tax on stock repurchases, which increased the cost of stock repurchases and may impact our future decisions on how to return value to stockholders in the most efficient manner. Our acquisitions and the integration of acquired businesses, subject us to various risks and may not result in all of the cost savings and benefits anticipated, which could adversely affect our financial condition or results of operations. We have in the past, and may in the future, seek to grow our business by acquiring other businesses. There is risk that our acquisitions may not have the anticipated positive results, including results relating to: correctly assessing the asset quality of the assets being acquired; the total cost and time required to complete the integration successfully; being able to profitably deploy funds acquired in an acquisition; or the overall performance of the combined entity. Acquisitions may also result in business disruptions that could cause clients to remove their accounts from us and move their business to competing financial institutions. It is possible that the integration process related to acquisitions could result in the disruption of our ongoing businesses or inconsistencies in standards, controls, procedures and policies that could adversely affect our ability to maintain relationships with clients and employees. The loss of key employees in connection with an acquisition could adversely affect our ability to successfully conduct our business. Acquisition and integration efforts could divert management attention and resources, which could have an adverse effect on our financial condition and results of operations. Additionally, the operation of the acquired branches may adversely affect our existing profitability, and we may not be able to achieve results in the future similar to those achieved by the existing banking business or manage growth resulting from the acquisition effectively. Because the nature of the financial services business involves a high volume of transactions, we face significant operational risks. We operate in diverse markets and rely on the ability of our employees and systems to process a high number of transactions. Operational risk is the risk of loss resulting from our operations, including but not limited to, the risk of fraud by employees or persons outside the Company, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirements, and business continuation and disaster recovery. Insurance coverage may not be available for such losses, or where available, such losses may exceed insurance limits. This risk of loss also includes the potential legal actions that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and client attrition due to potential negative publicity. In the event of a breakdown in the internal control system, improper operation of systems or improper employee actions, we could suffer financial loss, face regulatory action, and suffer damage to our reputation. Our risk management framework may not be effective in mitigating risk and reducing the potential for significant losses. Our risk management framework is designed to effectively manage and mitigate risk while minimizing exposure to potential losses. We seek to identify, measure, monitor, report and control our exposure to risk, including strategic, market, liquidity, compliance and operational risks. While we use a broad and diversified set of risk monitoring and mitigation techniques, these techniques are inherently limited because they cannot anticipate the existence or future development of currently unanticipated or unknown risks. Recent economic conditions and heightened legislative and regulatory scrutiny of the financial services industry, among other developments, have increased our level of risk. Accordingly, we could suffer losses as a result of our failure to properly anticipate and manage these risks. We could be adversely affected by failure in our internal controls. A failure in our internal controls could have a significant negative impact not only on our earnings, but also on the perception that clients, regulators and investors may have of us. We continue to devote a significant amount of effort, time and resources to continually strengthening our controls and ensuring compliance with complex accounting standards and banking regulations. The inability to attract and retain key personnel could adversely affect our business. The successful execution of our business strategy is partially dependent on our ability to attract and retain experienced and qualified personnel. Failure to do so could adversely affect our strategy, client relationships and internal operations.