Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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In addition to factors discussed in the description of our business and elsewhere in this report, as well as other filings we make with the SEC, the following are factors that could adversely affect our future results of operations and financial condition. Risks Related to our Lending Activities Our commercial loan portfolio is increasing and the inherently higher risk of loss may lead to additional provisions for credit losses or charge- offs, which would negatively impact earnings and capital. Commercial loans generally expose a lender to greater risk of non- payment and loss than one- to four- family residential mortgage loans because repayment of the loans often depends on the successful operation of the business and the income stream of the borrowers. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four- family residential mortgage loans. Also, many of our commercial borrowers have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a one- to four- family residential mortgage loan. Commercial business loans expose us to additional risk since they typically are dependent on the borrower' s ability to make repayments from the cash flows of the business and are secured by non- real estate collateral that may depreciate over time. Further, our commercial business loans may be secured by collateral other than real estate, such as inventory and accounts receivable, the value of which may be more difficult to appraise, control or collect and may be more susceptible to fluctuation in value at the time of default. In addition, if we foreclose on these loans, our holding period for the collateral may be longer than for a single or multi- family residential property if there are fewer potential purchasers of the collateral. The level of our commercial real estate loan portfolio may subject us to additional regulatory scrutiny. The FDIC and the other federal bank regulatory agencies have promulgated joint guidance on sound risk management practices for financial institutions with concentrations in commercial real estate lending. Under the guidance, a financial institution that, like us, is actively involved in commercial real estate lending should perform a risk assessment to identify concentrations. A financial institution may have a concentration in commercial real estate lending if, among other factors, (i) total reported loans for construction, land acquisition and development, and other land represent 100 % or more of total capital, or (ii) total reported loans secured by multi- family and non- farm residential properties, loans for construction, land acquisition and development and other land, and loans otherwise sensitive to the general commercial real estate market, including loans to commercial real estate related entities, represent 300 % or more of total capital. Based on these factors, we have a concentration in multi- family and commercial real estate lending, as such loans represent ~~362~~ **356** % of total bank capital as of December 31, ~~2022~~ **2023** . The particular focus of the guidance is on exposure to commercial real estate loans that are dependent on the cash flow from the real estate held as collateral and that are likely to be at greater risk to conditions in the commercial real estate market (as opposed to real estate collateral held as a secondary source of repayment or as an abundance of caution). The purpose of the guidance is to guide banks in developing risk management practices and capital levels commensurate with the level and nature of real estate concentrations. The guidance states that management should employ heightened risk management practices including board and management oversight and strategic planning, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing. While we believe we have implemented policies and procedures with respect to our commercial real estate loan portfolio consistent with this guidance, bank regulators could require us to implement additional policies and procedures consistent with their interpretation of the guidance that may result in additional costs to us or that may result in a curtailment of our multi- family and commercial real estate lending that would adversely affect our loan originations and profitability. If the allowance for credit losses is not sufficient to cover actual credit losses, our earnings could decrease. Our customers may not repay their loans according to the original terms, and the collateral, if any, securing the payment of these loans may be insufficient to pay any remaining loan balance. We may experience significant credit losses, which may have a material adverse effect on operating results. We make various assumptions and judgments about the collectability of the loan portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. If our assumptions prove to be incorrect, the allowance for credit losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to the allowance. Material additions to the allowance would materially decrease net income. Our emphasis on originating commercial real estate and commercial loans is one of the more significant factors in evaluating the allowance for credit losses. As we continue to increase the amount of such loans, increased provisions for credit losses may be necessary, which would decrease our earnings. In addition, any future credit deterioration ~~, including as a result of COVID- 19,~~ could require us to increase our allowance for credit losses in the future. Bank regulators periodically review our allowance for credit losses and may require an increase to the provision for credit losses or further loan charge- offs. Any increase in our allowance for credit losses or loan charge- offs resulting from these reviews may have a material adverse effect on our results of operations or financial condition. The foreclosure process may adversely impact our recoveries on non- performing loans. The judicial foreclosure process is protracted, which delays our ability to resolve non- performing loans through the sale of the underlying collateral. The longer timelines have been the result of the economic crisis, additional consumer protection initiatives related to the foreclosure process, increased documentary requirements and judicial scrutiny, and, both voluntary and mandatory programs under which lenders may consider loan modifications or other alternatives to foreclosure. These reasons and the legal and regulatory responses have impacted the foreclosure process and completion time of foreclosures for residential mortgage lenders. This may result in a material adverse effect on collateral values and our ability to minimize its losses. Risks Related to Laws and Regulations Changes in laws and regulations and the cost of compliance with new laws and regulations may adversely affect our operations and our income. The Company and Northwest Bank are subject to extensive regulation, supervision and examination by the Federal Reserve Board, the Department of Banking and the FDIC. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the ability to impose restrictions on Northwest Bank' s operations, reclassify assets, determine the adequacy of Northwest Bank' s allowance for credit losses and determine the level of deposit insurance premiums assessed. The laws and regulations applicable to us are subject to frequent change and interpretations. Any change in these regulations and oversight, whether in the form of regulatory policy, new regulations or legislation or additional deposit insurance premiums could have a material impact on our operations. The potential exists for additional federal or state laws and regulations, or changes in policy, affecting lending and funding practices and liquidity standards. Moreover, bank regulatory agencies have been active in responding to concerns and trends identified in examinations, and have issued many formal enforcement orders requiring capital ratios in excess of regulatory requirements. Bank regulatory agencies, such as the Federal Reserve Board, the Department of Banking, the CFPB and the FDIC, govern the activities in which we may engage, primarily for the protection of depositors, and not for the protection or benefit of potential investors. In addition, new laws and regulations may increase our costs of regulatory compliance and of doing business, and otherwise affect our operations. New laws and regulations may significantly affect the markets in which we do business, the markets for and value of our loans and investments, the fees we can charge and our ongoing operations, costs and profitability. Non- compliance with the USA PATRIOT Act, Bank Secrecy Act, or other laws and regulations could result in fines or sanctions. The USA PATRIOT and Bank Secrecy Acts require financial institutions to develop programs to prevent financial institutions from being used for money laundering and terrorist activities. If such activities are detected, financial institutions are obligated to file suspicious activity reports with the U. S. Treasury' s Office of Financial Crimes Enforcement Network. These rules require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Failure to comply with these regulations could result in fines or sanctions or affect our ability to pursue further acquisition opportunities. During the last year, several banking institutions have received large fines for non- compliance with these laws and regulations. While we have developed policies and procedures designed to assist in compliance with these laws and regulations, these policies and procedures may not be effective in preventing violations of these laws and regulations. We are subject to the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to material penalties. The Community Reinvestment Act (" CRA "), the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. A successful regulatory challenge to an institution' s performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on mergers and acquisitions activity 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. Such actions could have a material adverse effect on our business, financial condition and results of operations. We could become subject to more stringent capital requirements, which could adversely impact our return on equity, require us to raise additional capital, or constrain us from paying dividends or repurchasing shares. Federal regulations establish minimum capital requirements for insured depository institutions, including minimum risk- based capital and leverage ratios, and define " capital " for calculating these ratios. The minimum capital requirements are: (i) a common equity Tier 1 capital ratio of 4. 5 %; (ii) a Tier 1 to risk- based assets capital ratio of 6 %; (iii) a total capital ratio of 8 %; and (iv) a Tier 1 leverage ratio of 4 %. Unrealized gains and losses on certain " available- for- sale " securities holdings are to be included for purposes of calculating regulatory capital requirements unless a one- time opt- out was exercised. The Bank exercised this one- time opt- out option. The regulations also establish a " capital conservation buffer " of 2. 5 % and the following minimum ratios: (i) a common equity Tier 1 capital ratio of 7 %, (ii) a Tier 1 to risk- based assets capital ratio of 8. 5 %, and (iii) a total capital ratio of 10. 5 %. An institution will be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if its capital level falls below the buffer amount. These limitations will establish a maximum percentage of eligible retained income that can be utilized for such actions. At December 31, ~~2022~~ **2023** , Northwest Bank has met all of these requirements, including the full 2. 5 % capital conservation buffer. The application of more stringent capital requirements could, among other things, result in lower returns on equity, require the raising of additional capital, and result in regulatory actions if we were to be unable to comply with such requirements ~~. Furthermore, the imposition of liquidity requirements in connection with the implementation of Basel III could result in our having to lengthen the term of our funding, restructure our business models, and / or increase our holdings of liquid assets~~ . Implementation of changes to asset risk weightings for risk- based capital calculations, items included or deducted in calculating regulatory capital and / or additional capital conservation buffers could result in management modifying its business strategy, and could limit our ability to make distributions, including paying out dividends or buying back shares. Specifically, Northwest Bank' s ability to pay dividends **to stockholders** will be limited if it does not have the capital conservation buffer required by the capital rules **. Furthermore** , ~~which may limit~~ **the imposition of liquidity requirements in connection with the implementation of Basel III could result in our having to increase our holdings of liquid assets, lengthen the term of our funding, and /** ~~our~~ - **or restructure our business model** ~~ability to pay dividends to stockholders~~ . The Federal Reserve Board may require us to commit capital resources to support Northwest Bank. Federal law requires that a holding company act as a source of financial and managerial strength to its subsidiary bank and to commit resources to support such subsidiary bank. Under the " source of strength " doctrine, the Federal Reserve Board may require a holding company to make capital injections into a troubled subsidiary bank and may charge the holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. A capital injection may be required at times when the holding company may not have ~~the~~ **sufficient** resources ~~to provide it~~ and therefore may be required to borrow the funds or raise capital. **Any** ~~Thus, any~~ borrowing or **capital** ~~funds needed to~~ raise **could occur at** ~~capital required to make~~ a ~~capital injection becomes~~ **time that is** more difficult and expensive and could have an adverse effect on our business, financial condition **,** and results of operations.

Future legislative or regulatory actions responding to perceived financial and market problems could impair our ability to foreclose on collateral. There have been proposals made by members of Congress and others that would reduce the amount distressed borrowers are otherwise contractually obligated to pay under their mortgage loans and limit an institution' s ability to foreclose on mortgage collateral. Were proposals such as these, or other proposals limiting our rights as a creditor, to be implemented, we could experience increased credit losses or increased expense in pursuing our remedies as a creditor. Legal and regulatory proceedings and related matters could adversely affect us or the financial services industry in general. We, and other participants in the financial services industry upon whom we rely to operate, have been and may in the future become involved in legal and regulatory proceedings. Most of the proceedings we consider to be in the normal course of our business are typical for the industry; however, it is inherently difficult to assess the outcome of these matters, and other participants in the financial services industry or we may not prevail in any proceeding or litigation. There could be substantial cost and management diversion in such litigation and proceedings, and any adverse determination could have a materially adverse effect on our business, brand or image, or our financial condition and results of our operations. Monetary policies and regulations of the Federal Reserve Board could adversely affect our business, financial condition and results of operations. In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve Board. An important function of the Federal Reserve Board is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve Board to implement these objectives are open market purchases and sales of U. S. government securities, adjustments of the discount rate and changes in banks' reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits. The monetary policies and regulations of the Federal Reserve Board have had a significant effect on the operating results of financial institutions in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted. Risks Related to Market Interest Rates The reversal of the historically low interest rate environment **has and** may **continue to** adversely affect our net interest income and profitability. The Federal Reserve Board decreased benchmark interest rates significantly, to near zero, in response to the COVID- 19 pandemic. ~~The~~ **Beginning in 2022, the** Federal Reserve Board ~~has~~ reversed its policy of near zero interest rates given its concerns over inflation. Market interest rates have risen significantly in response to the Federal Reserve Board' s ~~recent~~ rate increases. As discussed below, the increase in market interest rates ~~is expected~~ **has had, and may continue** to have **,** an adverse effect on our net interest income and profitability. Changes in interest rates could adversely affect our results of operations and financial condition. While we strive to control the impact of changes in interest rates on our net income, our results of operations and financial condition could be significantly affected by changes in interest rates. Our results of operations depend substantially on our net interest income, which is the difference between the interest income we earn on our interest- earning assets, such as loans and investment securities, and the interest expense we pay on our interest- bearing liabilities, such as deposits, borrowings and trust preferred securities. Because it is difficult to perfectly match the maturities and cash flows from our financial assets and liabilities our net income could be adversely impacted by changes in the level of interest rates or the slope of the Treasury yield curve. Changes in interest rates may also affect the average life of loans and mortgage- related securities. Decreases in interest rates can result in increased prepayments of loans and mortgage- related securities, as borrowers refinance to reduce their borrowing costs. Under these circumstances, we are subject to reinvestment risk to the extent that we are unable to reinvest the cash received from such prepayments at rates that are comparable to the rates on existing loans and investment securities. Additionally, increases in interest rates may decrease loan demand and make it more difficult for borrowers to repay adjustable rate loans. Also, increases in interest rates may extend the life of fixed rate assets, which would restrict our ability to reinvest in higher yielding alternatives, and may result in customers withdrawing certificates of deposit early so long as the early withdrawal penalty is less than the interest they could receive as a result of the higher interest rates. Changes in interest rates also affect the current fair value of our interest- earning investment securities portfolio. Generally, the value of securities moves inversely with changes in interest rates. At December 31, ~~2022~~ **2023** , the fair value of our investment and mortgage- backed securities portfolio totaled $ 1. ~~969~~ **743** billion. Net unrealized losses on these securities totaled $ ~~343~~ **312** . ~~5~~ **0** million at December 31, ~~2022~~ **2023** . During the year ended December 31, ~~2022~~ **2023** , we incurred other comprehensive ~~losses~~ **gains** of $ ~~151~~ **7** . 9 million related to net changes in unrealized holding losses in the available- for- sale investment securities portfolio. ~~Any~~ **The current level of, or any** ~~increase~~ **increases** in market interest rates may reduce our mortgage banking income. We generate revenues primarily from gains on the sale of mortgage loans to investors, and from the amortization of deferred mortgage servicing rights. We recognized noninterest income of $ **2.** 4 ~~. 9~~ million on mortgage banking activities during the year ended December 31, ~~2022~~ **2023** . We also earn interest on loans held for sale while awaiting delivery to our investors. In a rising or higher interest rate environment, our mortgage loan originations may decrease, resulting in fewer loans that are available for sale. This would result in a decrease in interest income and a decrease in revenues from loan sales. In addition, our results of operations are affected by the amount of noninterest expense associated with mortgage banking activities, such as salaries and employee benefits, occupancy, equipment, data processing and other operating costs. During periods of reduced loan demand, our results of operations may be adversely affected to the extent that we are unable to reduce expenses commensurate with the decline in mortgage loan origination activity. **Hedging against** ~~At December 31, 2022, our~~ interest rate ~~risk analysis indicated~~ **exposure may adversely affect our earnings. On occasion we have employed various financial methodologies** that **limit,** ~~the market value of our~~ - **or** ~~equity would~~ **" hedge, " the adverse effects of rising or** ~~decrease~~ **decreasing** ~~by 16. 3 % if there was an instant parallel 200 basis point increase in market~~ interest rates **on our loan portfolios and short- term liabilities** . ~~See~~ **We also engage in hedging strategies with respect to arrangements with our customers. Our hedging activity varies based on the level and volatility of interest rates and other changing market conditions. Hedging strategies can be imperfect and may fail to protect us from loss. Moreover, hedging activities could result in costs if the hedge proves to be ineffective. Additionally, hedging**

activities could fail to protect us or adversely affect us because, among other things: • available interest rate hedging may not correlate to the risk for which protection is sought; • the duration of the hedge may not match the duration of the related asset or liability; • the counterparty in the hedging transaction may default on its obligation to pay; • the credit quality of the counterparty may degrade to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; • the value of derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value; and / or • downward adjustments, or " **mark- to-** ~~Item 7A. Quantitative and Qualitative Disclosures About Market~~ **market** ~~Risk~~ " **losses, would reduce our stockholders' equity** . Risk Related to the COVID- 19 Pandemic The economic impact of the COVID- 19 outbreak could continue to affect our financial condition and results of operations. Global health concerns relating to the COVID- 19 pandemic and related government actions taken to reduce the spread of the virus have continued to affect the macroeconomic environment, both nationally and in the Company' s existing geographic footprint. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the full impact of the COVID- 19 outbreak on our business. The extent of such impact will depend on future developments, which are highly uncertain, including when the coronavirus can be fully controlled and abated. The COVID- 19 pandemic and the related adverse local and national economic consequences could result in a material, adverse effect on our business, financial condition, liquidity, and results of operations. Risks Related to Economic Conditions A worsening of economic conditions in our market area could reduce demand for our products and services and / or result in increases in our level of non- performing loans, which could adversely affect our operations, financial condition and earnings. Our performance is significantly impacted by the general economic conditions in our primary markets in Pennsylvania, New York, Ohio, and Indiana. At December 31, ~~2022~~ **2023** , ~~41~~ **38** % of our loan portfolio was secured by properties located in Pennsylvania, and 12 % of our loan portfolio was secured by properties located in New York, with a large portion of the rest of our loans secured by real estate located in Ohio and Indiana. Local economic conditions have a significant impact on the ability of our borrowers to repay loans and the value of the collateral securing loans. A deterioration in economic conditions ~~, as a result of COVID- 19, recession or otherwise,~~ could result in the following consequences, any of which could have a material adverse affect on our business, financial condition, liquidity and results of operations: • demand for our products and services may decline; • loan delinquencies, problem assets and foreclosures may increase; • we may increase our allowance for credit losses; • collateral for loans, especially real estate, may decline in value, in turn reducing customers' future borrowing power, and reducing the value of assets and collateral associated with existing loans; and • the net worth and liquidity of loan guarantors may decline, impairing their ability to honor commitments to us. In addition, deflationary pressures ~~, while possibly lowering our operating costs,~~ could have a significant negative effect on our borrowers, especially our business borrowers, and the values of underlying collateral securing loans, which could negatively affect our financial performance. Inflation can have an adverse impact on our business and on our customers. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. ~~Over~~ **Inflation generally increases the cost of goods and services we use in our business operations, such as electricity and** ~~the~~ **other utilities** ~~past year~~ , ~~in response to a pronounced rise in~~ **which increases our non- interest expenses. Furthermore, our customers are also affected by** inflation **and the rising costs of goods and services used in their households and businesses** , **which could have a negative impact on their ability to repay their loans with us. Sustained higher interest rates by** the Federal Reserve Board ~~has~~ **to tame persistent inflationary price pressures could also push down asset prices and weaken economic activity. A deterioration in economic conditions in the United States and our markets could result in an increase in loan delinquencies and non- performing assets, decreases in loan collateral values and a decrease in demand for our products and services, all of which, in turn, would adversely affect our business, financial condition and results of operations. Beginning in 2022, in response to a pronounced** ~~raised~~ -- **rise** ~~certain benchmark~~ **in inflation, the Federal Reserve Board reversed its policy of " near zero "** interest rates ~~to combat inflation~~ **and has materially increased the target Fed Funds rate** . As discussed under " Risks Related to Market Interest Rates- Changes in interest rates could adversely affect our results of operations and financial condition, " as inflation increases and market interest rates rise the value of our investment securities, particularly those with longer maturities, would decrease, although this effect can be less pronounced for floating rate instruments. ~~In addition~~ **We may be negatively impacted by customer and depositor reaction to unrelated bank failures. On March 9** , ~~inflation generally~~ **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. 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 California Department of Financial Protection and Innovation. 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 bank failures have led to an** ~~increases~~ **increased customer and regulatory focus on funding and liquidity at financial institutions, the composition of its deposits, including the amount of uninsured deposits, the amount of accumulated** ~~the~~ **other** ~~cost of goods~~ **comprehensive loss, capital levels** and ~~services~~ **interest rate risk management. If** we ~~use in~~ **are unable to meet the increased expectations of** our **customers and regulatory agencies, it may have a material adverse effect on our financial condition and results of operations. A lack of liquidity could adversely affect the Company' s financial condition and results of operations. Liquidity is essential to the Company' s** business **. The Company relies on its ability to generate deposits and effectively manage the repayment of its liabilities to ensure that there is adequate liquidity to fund** operations **. 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. The Company' s most important source of funds is its deposits. Deposit balances can decrease when customers perceive alternative**

investments as providing a better risk adjusted return, which are strongly influenced by such external factors as the direction of interest rates, local and national economic conditions and the availability and attractiveness of alternative investments. Further, the demand for deposits may be reduced due to a variety of factors such as ~~electricity~~ **negative trends in the banking sector, the level of** and **/ or composition of our uninsured deposits, demographic patterns, changes in customer preferences, reductions in consumers' disposable income, the monetary policy of the Federal Reserve or regulatory actions that decrease customer access to particular products. If customers move money out of bank deposits and into** other ~~utilities~~ **investments such as money market funds, the Company would lose a relatively low- cost source of funds** , which **would** ~~increases~~ - **increase** ~~our~~ **its funding costs and reduce net interest income. Any changes made to the rates offered** ~~non~~ - **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 / or loans, brokered deposits, borrowings from the FHLB and / or FRB discount window, and unsecured borrowings. The Company also may borrow funds from third** - ~~interest~~ **party lenders, such as other financial institutions. The Company' s access to funding sources in amounts adequate to finance or capitalize its activities, or on terms that are acceptable, could be impaired by factors that affect the Company directly or the financial services industry or economy in general, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry, a decrease in the level of the Company' s business activity as a result of a downturn in markets or by one or more adverse regulatory actions against the Company or the financial sector in general. Any decline in available funding could adversely impact the Company' s ability to originate loans, invest in securities, meet** expenses ~~. Furthermore~~ , ~~our~~ - **or to fulfill obligations such as meeting deposit withdrawal demands** ~~customers are also affected by inflation and the rising costs of goods and services used in their households and businesses~~ , **any of** which could have a ~~negative~~ **material adverse** impact on **its liquidity** ~~their ability to repay their loans with us. Sustained higher interest rates by the Federal Reserve Board to tame persistent inflationary price pressures could also push down asset prices and weaken economic activity. A deterioration in economic conditions in the United States and our markets could result in an increase in loan delinquencies and non- performing assets~~ , ~~decreases in loan collateral values and a decrease in demand for our products and services, all of which, in turn, would adversely affect our~~ business, financial condition and results of operations. Risks Related to our Business Strategy Acquisitions may disrupt our business and dilute stockholder value. We regularly evaluate merger and acquisition opportunities with other financial institutions and financial services companies. As a result, negotiations may take place and future mergers or acquisitions involving cash, debt, or equity securities may occur at any time. We would seek acquisition partners that offer us either significant market presence or the potential to expand our market footprint and improve profitability through economies of scale or expanded services. Acquiring other banks, businesses, or branches may have an adverse effect on our financial results and may involve various other risks commonly associated with acquisitions, including, among other things: • difficulty in estimating the value of the target company; • payment of a premium over book and market values that may dilute our tangible book value and earnings per share in the short and long term; • potential exposure to unknown or contingent liabilities of the target company; • exposure to potential asset quality problems of the target company; • potential volatility in reported income associated with goodwill impairment losses; • difficulty and expense of integrating the operations and personnel of the target company; • inability to realize the expected revenue increases, cost savings, increases in geographic or product presence, and / or other projected benefits of the acquisition; • potential disruption to our business; • potential diversion of our management' s time and attention; • the possible loss of key employees and customers of the target company; and • potential changes in banking or tax laws or regulations that may affect the target company. Loans that were acquired as part of our acquisitions of other depository institutions were not underwritten or originated in accordance with our credit standards, including environmental matters, and we did not have long- standing relationships with many of these borrowers at the time of acquisition. The acquired loans are re- risked at that date of acquisition based on our credit standards, which can temporarily increase loans classified as special mention and substandard for a period of time until these loans are integrated and conform to our credit standards. Although we reviewed the loan portfolios of each institution acquired as part of the diligence process, and believe that we have established reasonable credit marks with regard to all loans acquired, we may incur losses in excess of the credit marks with regard to these acquired loans, and any such losses, if they occur, may have a material adverse effect on our business, financial condition, and results of operations. Acquisitions may not enhance our cash flows, business, financial condition, results of operations or prospects as expected and such acquisitions may have an adverse effect on our results of operations, particularly during periods in which the acquisitions are being integrated into our operations. Our continued pace of growth may require us to raise additional capital **during unfavorable market conditions** ~~in the future, but that capital may not be available when it is needed~~ . We are required by federal regulatory authorities to maintain adequate levels of capital to support our operations. We anticipate that we will have sufficient capital resources to satisfy our capital requirements for the foreseeable future. We may at some point, however, need to raise additional capital to support our continued growth. If we raise capital through the issuance of additional shares of our common stock or other securities, it would dilute the ownership interests of existing stockholders and may dilute the per share book value of our common stock. New investors may also have rights, preferences and privileges senior to our current stockholders, which may adversely impact our current stockholders. Also, the need to raise additional capital may force our management to spend more time in managerial and financing- related activities than in operational activities. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside of our control, and on our financial performance. Accordingly, we may not be able to raise additional capital, if needed, with favorable terms. If we cannot raise additional capital when needed, our ability to further expand our operations through internal growth and acquisitions could be materially impaired. New lines of business or new products and services may subject us to additional risks. From time to time, we may implement new lines of business or offer new products and services within existing lines of business.

In addition, we will continue to make investments in research, development, and marketing for new products and services. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and / or new products and services we may invest significant time and resources. Initial timetables for the development and introduction of new lines of business and / or new products or services may not be achieved and price and profitability targets may not prove feasible. Furthermore, if customers do not perceive our new offerings as providing significant value, they may fail to accept our new products and services. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, the burden on management and our information technology of introducing any new line of business and / or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our business, financial condition and results of operations. Our business strategy includes growth, and our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively. Our business strategy includes growth in assets, deposits and the scale of our operations. Achieving our growth targets will require us to attract customers that currently bank at other financial institutions in our market, thereby increasing our share of the market. Our ability to successfully grow will depend on a variety of factors, including our ability to attract and retain experienced bankers, the continued availability of desirable business opportunities, the competitive responses from other financial institutions in our market area and our ability to manage our growth. In order to successfully manage our growth, the Company may need to adopt and effectively implement new or revise existing policies, procedures, and controls, as well as hire additional employees or pay higher salaries to retain existing employees, to maintain credit quality, control costs and oversee the Company' s operations. Growth opportunities may not be available or we may not be able to manage our growth successfully. If we do not manage our growth effectively, our financial condition and operating results could be negatively affected. Uncertainties associated with increased loan originations may result in errors in our judgment of collectability, which may lead to additional provisions for credit losses or charge- offs, which would negatively affect our operations. Increasing loan originations would likely require us to lend to borrowers with which we have limited experience. Accordingly, we would not have a significant payment history pattern with which to judge future collectability. Further, newly originated loans have not been subjected to unfavorable economic conditions. As a result, it may be difficult to predict the future performance of newly originated loans. These loans may have delinquency or charge- off levels above our recent historical experience, which could adversely affect our future performance. Risk Related to Competitive Matters Strong competition may limit growth and profitability. Competition in the banking and financial services industry is intense. We compete with commercial banks, savings institutions, mortgage brokerage firms, credit unions, finance companies, fintech companies, mutual funds, insurance companies, and brokerage and investment banking firms operating locally and elsewhere. Many of these competitors (whether regional or national institutions) have substantially greater resources and lending limits than we have and may offer certain services that we do not or cannot provide. In addition, some have competitive advantages such as the credit union exemption from paying federal income tax. Competitive factors driven by consumer sentiment or otherwise can also reduce our ability to generate fee income, such as through overdraft fees. Our profitability depends upon our ability to successfully compete in our market areas. Risks Related to Operational Matters Risks associated with system failures, interruptions, or breaches of security could negatively affect our earnings. Information technology systems are critical to our business. We use various technology systems to manage our customer relationships, general ledger, deposits, and loans. We have established policies and procedures to prevent or limit the impact of system failures, interruptions, and security breaches, but such events may still occur or may not be adequately addressed if they do occur. In addition, any compromise of our systems could deter customers from using our products and services. Although we rely on security systems to provide security and authentication necessary to effect the secure transmission of data, these precautions may not protect our systems from compromises or breaches of security. Our business is subject to the Gramm- Leach- Bliley Act which, among other things: (i) imposes certain limitations on our ability to share nonpublic personal information about our customers with nonaffiliated third parties; (ii) requires that we provide certain disclosures to customers about our 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 we develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on our size and complexity, the nature and scope of our activities, and the sensitivity of customer information we process, as well as plans for responding to data security breaches. Ensuring that our collection, use, transfer and storage of personal information complies with all applicable laws and regulations can increase our costs. Despite the defensive measures we take to manage our internal technological and operational infrastructure, threats may originate externally from third parties such as foreign governments, organized crime and other hackers, and outsource or infrastructure- support providers and application developers, or may originate internally from within our organization. Furthermore, we may not be able to ensure that all of our clients, suppliers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information that they exchange with us, particularly where such information is transmitted by electronic means. Our heavy reliance on information technology systems exposes us to operational risks, which include the risk of malfeasance by employees or persons outside of our organization, errors relating to transaction processing and technology, systems failures or interruptions, failures to properly implement systems upgrades, breaches of our internal control systems and compliance requirements, and business continuation and disaster recovery. In addition, we outsource a significant amount of our data processing to certain third- party providers. If these third- party providers encounter difficulties, or if we have difficulty communicating with them, our ability to adequately process and account for transactions could be affected, and our business operations could be adversely affected. Threats to information security also exist in the processing of customer information through various other vendors and their personnel. The occurrence of any system failures, interruption, or breach of security could damage our reputation and result in a loss of customers and business, could subject us to additional regulatory scrutiny, or 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. 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 minimize risk and loss to us. We seek to identify, measure, monitor, report and control our exposure to risk, including strategic, market, liquidity, credit, interest rate, 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. Our **board of directors relies to a large degree on management and outside consultants in overseeing cybersecurity risk management. The Board of the Company has an Innovation and Technology Sub- Committee, consisting of wholly independent directors chartered, among other items, with a focus on cybersecurity risk. Additionally, the Company' s Board has a designated Risk Management Sub- Committee with the responsibility of monitoring enterprise level risks, including those related to cybersecurity. Furthermore, management of the Company has both an Enterprise Risk Management Committee and an Information Technology Steering Committee (ITSC), both of which are comprised of the most senior members of management, including the Chief Executive Officer, Chief Information Officer, and Chief Operating Officer. The ITSC meets monthly, or more frequently if needed, and the ERMC meets quarterly, or more frequently if needed. Material items related to cybersecurity are reported to the Innovation and Technology and Risk Management Sub- Committees. The Company also engages outside consultants to support its cybersecurity efforts. The directors of the Company do not have significant experience in cybersecurity risk management in other business entities comparable to the Company and rely on members of management, including, but not limited to, the Chief Information Security Officer, Chief Information Security Officer, Chief Technology Officer and Chief Data Officer, for cybersecurity guidance. Our** business may be adversely affected by an increasing prevalence of fraud and other financial crimes. Our loans to businesses and individuals and our deposit relationships and related transactions are subject to exposure to the risk of loss due to fraud and other financial crimes. Nationally, reported incidents of fraud and other financial crimes have increased. We have also experienced losses due to apparent fraud and other financial crimes. While we have policies and procedures designed to prevent such losses, losses may still occur. We could be adversely affected by the soundness of other financial institutions and other third parties we rely on. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks and other institutional customers. Many of these transactions expose us to credit risk in the event of a default by a counterparty or client. In addition, our credit risk may be exacerbated when our collateral cannot be foreclosed upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due. Furthermore, successful operation of our debit card and cash management solutions business depends on the soundness of third party processors, clearing agents and others that we rely on to conduct our merchant business. Any losses resulting from such third parties could adversely affect our business, financial condition and results of operations. Risks Related to Environmental and Other Global Matters We are subject to environmental liability risk associated with lending activities. A significant portion of our loan portfolio is secured by real estate, and we could become subject to environmental liabilities with respect to one or more of these properties. During the ordinary course of business, we may foreclose on and take title to properties securing defaulted loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous conditions or toxic substances are found on these properties, we may be liable for remediation costs, as well as for personal injury and property damage, civil fines and criminal penalties regardless of when the hazardous conditions or toxic substances first affected any particular property. Environmental laws may require us to incur substantial expenses to address unknown liabilities and may materially reduce the affected property' s value or limit our ability to use or sell the affected property. In addition, future laws or regulations or more stringent interpretations or enforcement policies with respect to existing laws and regulations may increase our exposure to environmental liability, and heightened pressure from investors and other stakeholders may require to incur additional expenses with respect to environmental matters. Although we have policies and procedures to perform an environmental review before initiating any foreclosure action on nonresidential real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on us. Societal responses to climate change could adversely affect our business and performance, including indirectly through impacts on our 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. We and our customers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. We and our customers may face cost increases, asset value reductions, operating process changes and other issues. The impact on our customers will likely vary depending on their specific attributes, including reliance on role in carbon intensive activities, among the impacts to us could be a drop in demand for our products and services, particularly in certain sectors. In addition, we could face reductions in creditworthiness on the part of some customers or in the value of asset securing loans. Our efforts to take these risks into account in making lending and other decisions, including by increasing our business with climate- friendly companies, may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior. Our business, financial condition, and results of operations could be adversely affected by natural disasters, health epidemics, and other catastrophic events. We could be adversely affected if key personnel or a significant number of employees were to become unavailable due to a pandemic, natural disaster, war, act of terrorism, accident, or other reason. Any of these events could result in the temporary reduction of operations, employees, and customers, which could limit our ability to provide services. Additionally, many of our borrowers may suffer property damage, experience interruption of their businesses or lose their jobs after such events. Those borrowers might not be able to repay their loans, and the collateral for such loans may decline significantly in value. Risks Related to Accounting Matters If our intangible assets, including goodwill, are either partially or fully impaired in the future, it would decrease earnings. We are required to test our goodwill and other identifiable intangible assets for impairment on an annual basis and more regularly if indicators of impairment exist. 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 similar insured depository institutions. Future impairment testing may result in a partial or full impairment of the value of our goodwill or other identifiable intangible assets, or both. 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. However, the recording of such an impairment loss would have no impact on the tangible book value of our shares of common stock or our regulatory capital levels. Changes in management' s estimates and assumptions may have a material impact on our Consolidated Financial Statements and our financial condition or operating results. In preparing this annual report as well as periodic reports we are required to file under the Securities Exchange Act of 1934, including our Consolidated Financial Statements, our management is and will be required under applicable rules and regulations to make estimates and assumptions as of a specified date. These estimates and assumptions are based on management' s best estimates and experience as of that date and are subject to substantial risk and uncertainty. Materially different results may occur as circumstances change and additional information becomes known. Areas requiring significant estimates and assumptions by management include our evaluation of the adequacy of our allowance for credit losses. Risks Related to Investment Activities We could record future losses on our investment securities portfolio. A number of factors or combinations of factors could require us to conclude in one or more future reporting periods that an unrealized loss that exists with respect to these and other securities constitutes a credit related impairment, which could result in material losses to us. These factors include, but are not limited to, failure by the issuer to make scheduled interest payments, the issuer of the securities and their creditworthiness, any changes to the rating of the security and any adverse conditions specifically related to the security that would render us unable to forecast a full recovery in value. In addition, the fair values of securities could decline if the overall economy and the financial condition of some of the issuers deteriorates and there remains limited liquidity for these securities. During the year ended December 31, ~~2022~~ **2023** , we incurred other comprehensive ~~losses~~ **gains** of $ ~~151~~ **7** . 9 million related to net changes in unrealized holding losses in the available- for- sale investment securities portfolio. See " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations- Balance Sheet Analysis- Securities " for a discussion of our securities portfolio and the unrealized losses related to the portfolio, as well as the " Marketable Securities " and " Disclosures about Fair Value of Financial Instruments " footnotes to the audited financial statements. Our exposure to municipalities may lead to operating losses. Our municipal bond portfolio may be impacted by the effects of economic stress on state and local governments. At December 31, ~~2022~~ **2023** , we had $ ~~127~~ **85** . ~~5~~ **8** million invested in debt obligations of states, municipalities and political subdivisions (collectively referred to as our municipal bond portfolio). We also had $ ~~183~~ **194** . ~~9~~ **3** million of loans outstanding to municipalities and political subdivisions. ~~Widespread concern currently exists regarding the stress on state~~ **State** and local governments ~~emanating from~~ **may experience financial stress due to** : (i) declining revenues; (ii) large unfunded liabilities to government workers; and (iii) entrenched cost structures. **Additionally, the** ~~Debt~~ **debt** - to- gross domestic product ratios for the majority of states have been deteriorating due to, among other factors, declines in federal monetary assistance ~~provided as the United States is currently experiencing the largest deficit in its history~~ . ~~This concern has~~ **These challenges have** led to speculation about the potential for a significant deterioration in the municipal bond market, which could materially affect our results of operations, financial condition and liquidity. We may not be able to mitigate the exposure in our municipal portfolio if state and local governments are unable to fulfill their obligations. The risk of widespread issuer defaults may also increase if there are changes in legislation that permit states, or additional municipalities and political subdivisions, to file for bankruptcy protection or if there are judicial interpretations that, in a bankruptcy or other proceeding, lessen the value of any structural protections. The financial services sector represents a significant concentration within our investment portfolio. Within our investment portfolio, we have a significant amount of corporate debt and mortgage- backed securities issued by companies in the financial services sector. Given current market conditions, this sector has an enhanced level of credit risk **. Potential downgrades of U. S. government securities by one or more of the credit ratings agencies could have a material adverse effect on our operations, earnings and financial condition. A possible 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 impact the value of our investments, and the availability and pricing of funding transactions collateralized by those instruments. We cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these organizations will affect economic conditions. Such ratings actions could result in a significant adverse impact on us. Among other things, a downgrade in the U. S. government' s credit rating could adversely impact the value of our securities portfolio and may trigger requirements that we post additional collateral for trades relative to these securities. 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** . Risks Related to Our Debit and Credit Activities Changes in card network rules or standards could adversely affect our business. In order to provide our debit card and cash management solutions, we are members of the Visa network. As such, we are subject to card network rules that could subject us to a variety of fines or penalties that may be assessed on us. The termination of our membership or any changes in card network rules or standards, including interpretation and implementation of existing rules or standards, could increase the cost of operating our merchant services business or limit our ability to provide debit card and cash management solutions to or through our customers, and could have a material adverse effect on our business, financial condition and results of operations. Changes in card network fees could impact our operations. From time to time, the card networks increase the fees (known as interchange fees) that they charge to acquirers and that we charge to our merchants. It is possible that competitive pressures will result in us absorbing a portion of such increases in the future, which would increase our costs, reduce our profit margin and adversely affect our business and financial condition. In addition, the card networks require certain capital requirements. An increase in the required capital level would further limit our use of capital for other purposes. Our business could suffer if there is a decline in the use of debit cards as a payment mechanism or if there are adverse developments with respect to the financial services industry in general. As the financial services industry evolves, consumers may find debit financial services to be less attractive than traditional or other financial services. Consumers might not use debit card financial services for any number of reasons, including the general perception of our industry. If consumers do not continue or increase their usage of debit cards, including making changes in the way debit cards are loaded, our operating revenues and debit card deposits may remain at current levels or decline. Any projected growth for the industry may not occur or may occur more slowly than estimated. If consumer acceptance of debit financial services does not continue to develop or develops more slowly than expected or if there is a shift in the mix of payment forms, such as cash, credit cards, and debit cards, away from our products and services, it could have a material adverse effect on our financial position and results of operations. Other Risks Related to Our Business The corporate governance provisions in our articles of incorporation and bylaws, and the corporate governance provisions under Maryland law, may prevent or impede the holders of our common stock from obtaining representation on our Board of Directors and may impede takeovers of the Company that our board might conclude are not in the best interest of us or our stockholders. Provisions in our articles of incorporation and bylaws may prevent or impede holders of our common stock from obtaining representation on our Board of Directors and may make takeovers of Northwest Bancshares, Inc. more difficult. As a result, our stockholders may not have the opportunity to participate in such a transaction, which could provide a premium over the prevailing price of our common stock. The provisions that may discourage takeover attempts or make them more difficult include that our Board of Directors is divided into three staggered classes. A classified board makes it more difficult for stockholders to change a majority of the directors because it generally takes at least two annual elections of directors for this to occur. Our articles of incorporation include a provision that no person will be entitled to vote any shares of our common stock in excess of 10 % of our outstanding shares of common stock. This limitation does not apply to the purchase of shares by a tax- qualified employee stock benefit plan established by us. In addition, our articles of incorporation and bylaws restrict who may call special meetings of stockholders and how directors may be removed from office. Additionally, in certain instances, the Maryland General Corporation Law requires a supermajority vote of our stockholders to approve a merger or other business combination with a large stockholder, if the proposed transaction is not approved by a majority of our directors. We are a community bank and our ability to maintain our reputation is critical to the success of our business and the failure to do so may materially adversely affect our performance. We are a community bank, and our reputation is one of the most valuable components of our business. A key component of our business strategy is to rely on our reputation for customer service and knowledge of local markets to expand our presence by capturing new business opportunities from existing and prospective customers in our current market and contiguous areas. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers and associates. If our reputation is negatively affected by the actions of our employees, by our inability to conduct our operations in a manner that is appealing to current or prospective customers, or otherwise, our business and operating results may be adversely affected. If our government banking deposits were lost within a short period of time, this could negatively impact our liquidity and earnings. As of December 31, ~~2022~~ **2023** , we held $ ~~672~~ **602** . ~~6~~ **3** million of deposits from municipalities throughout Pennsylvania, New York, Ohio, and Indiana. These deposits may be more volatile than other deposits. If a significant amount of these deposits were withdrawn within a short period of time, it could have a negative impact on our short- term liquidity and have an adverse impact on our earnings. Our funding sources may prove insufficient to replace deposits at maturity and support our future growth. We must maintain sufficient ~~funds~~ **liquidity** to respond to the needs of depositors and borrowers. As **such** ~~a part of our liquidity management~~ , we ~~use~~ **utilize** a ~~number~~ **diverse set** of funding sources in addition to core ~~deposit~~ **deposits** ~~growth and repayments and maturities of loans and investments~~ . As we continue to grow, we are likely to become more dependent on these sources, which may include FHLB advances, proceeds from the sale of loans, federal funds purchased and brokered certificates of deposit. Adverse operating results or changes in industry conditions could lead to difficulty or an inability to **maintain timely** access **to** these additional funding sources. Our financial flexibility will be ~~severely~~ **materially** constrained if we are unable to maintain our access to funding or if adequate financing is not available to accommodate future growth at acceptable interest rates. If we are required to rely more heavily on more expensive funding sources to support future growth, our revenues may not increase proportionately to cover our costs. In this case, our operating margins and profitability would be adversely affected ~~. We are required to transition from the use of the LIBOR interest rate index in the future. We have certain loans indexed to LIBOR to calculate the loan interest rate. The LIBOR index will be discontinued for U. S. Dollar settings effective June 30, 2023. The implementation of a substitute index or indices for the calculation of interest rates under our loan agreements with our borrowers may incur significant expenses in effecting the transition, may result in reduced loan balances if borrowers do not accept the substitute index or indices, and may result in disputes or litigation with customers over the appropriateness or comparability to LIBOR of the substitute index or indices, which could have an adverse effect on our results of operations. Additionally, since alternative rates are calculated differently, the transition may change our market risk profile, requiring changes to the risk and pricing models~~ . A protracted government shutdown may result in reduced loan originations and related gains on sale and could negatively affect our financial condition and results of operations. During any protracted federal government shutdown, we may not be able to close certain loans and we may not be able to recognize non-interest income on the sale of loans. Some of the loans we originate are sold directly to government agencies, and some of these sales may be unable to be consummated during the shutdown. In addition, we believe that some borrowers may determine not to proceed with their home purchase and not close on their loans, which would result in a permanent loss of the related non-interest income. A federal government shutdown could also result in reduced income for government employees or employees of companies that engage in business with the federal government, which could result in greater loan delinquencies, increases in our nonperforming, criticized and classified assets and a decline in demand for our products and services. Our inability to tailor our retail delivery model to respond to consumer preferences in banking may negatively affect earnings. We have expanded our market presence through acquisitions and growth. Our branch network continues to be a very significant source of new business generation, however, consumers continue to migrate much of their routine banking to self- service channels. In recognition of this shift in consumer patterns, we regularly review our branch network, which has resulted in branch consolidation accompanied by the enhancement of our capabilities to serve its customers through alternate delivery channels. The benefits of this strategy will depend on our ability to realize expected expense reductions without experiencing significant customer attrition. ~~26~~