Risk Factors Comparison 2024-03-15 to 2023-03-23 Form: 10-K

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

Cautionary Statement Regarding Forward- Looking Information Economic, political and market risks could adversely affect our earnings and capital through declines in loan demand, quality of investment securities, our borrowers' ability to repay loans, the value of the collateral securing our loans, and deposits ~~. For example, on February 24, 2022, Russian military forces invaded Ukraine, and sustained conflict and disruption in the region have occurred and remain likely. Although the length, impact, and outcome of the ongoing war in Ukraine is highly unpredictable, this conflict has resulted, and could continue to result, in significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences, as well as increases in cyberattacks and espionage. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time~~. Our earnings are significantly affected by the fiscal and monetary policies of the United States Government and its agencies, sometimes adversely. The policies of the Federal Reserve Board impact us significantly, especially given the current economic and geopolitical landscape. The Federal Reserve Board regulates the supply of money and credit in the United States. Its policies directly and indirectly influence the rate of interest earned on loans and paid on borrowings and interest- bearing deposits and can also affect the value of financial instruments we hold. Those policies determine to a significant extent our cost of funds for lending and investing. Changes in those policies are beyond our control and are difficult to predict. Federal Reserve Board policies can also affect our borrowers, potentially increasing the risk that they may fail to repay their loans. For example, a tightening of the money supply by the Federal Reserve Board could reduce the demand for a borrower' s products and services. This could adversely affect the borrower' s earnings and ability to repay its loan, which could have a material adverse effect on our financial condition and results of operations. Changes in interest rates could have a material adverse effect on our financial condition and results of operations. A transition away from the London Interbank Offered Rate (" LIBOR ") as a reference rate for financial contracts could negatively affect our income and expenses and the value of various financial contracts. Adverse changes in the financial markets may adversely impact our results of operations. The capital and credit markets have been experiencing unprecedented levels of volatility in recent years. While we generally invest in securities with limited credit risk, certain investment securities we hold possess higher credit risk since they represent beneficial interests in structured investments collateralized by residential mortgages. Regardless of the level of credit risk, all investment securities are subject to changes in market value due to changing interest rates and implied credit spreads. A default by another larger financial institution could adversely affect financial markets generally. ~~The economic impact of COVID- 19 or any~~ **Recent bank failures have created significant market volatility, regulatory uncertainty, and decreased confidence in** ~~other~~ -- **the U. S. banking system** ~~pandemic could adversely affect our business, financial condition, liquidity, cash flows, and results of operations~~. We operate in an extremely competitive market, and our business will suffer if we are unable to compete effectively. Our small to medium- sized business target market may have fewer financial resources to weather a downturn in the economy. Our business strategy includes growth plans. Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively. • the time and costs associated with identifying and evaluating potential acquisitions or new products or services; • the potential inaccuracy of estimates and judgments used to evaluate credit, operations, management and market risk with respect to the target institutions; • the time and costs of evaluating new markets, hiring local management and opening new offices, and the delay between commencing these activities and the generation of profits from the expansion; • our ability to finance an acquisition or other expansion and the possible dilution to our existing shareholders; • the diversion of management' s attention to the negotiation of a transaction and the integration of the operations and personnel of the combining businesses; • entry into unfamiliar markets; • the possible failure of the introduction of new products and services into our existing business; • the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse short- term effects on our results of operations; and • the risk of loss of key employees and customers. Failure to integrate or adopt new technology may undermine our ability to meet customer demands, leading to adverse effects on our financial condition and results of operations. Periodic regulatory reviews may affect our operations and financial condition. Our exposure to credit risk could adversely affect our earnings and financial condition. We may be required to repurchase loans we have sold or indemnify loan purchasers under the terms of the sale agreements, which could adversely affect our liquidity, results of operations and financial condition. If our actual loan losses exceed our allowance for ~~loan~~ **credit** losses, our net income will decrease. Failures of, or material breaches in security of, our systems or those of third- party service providers may have a material adverse effect on our business. Our ability to pay cash dividends is limited, and we may be unable to pay cash dividends in the future even if we would like to do so. The loss of key members of our senior management team could adversely affect our business. Loss of key employees may disrupt relationships with certain customers. If we foreclose on collateral property and own the underlying real estate, we may be subject to the increased costs associated with the ownership of real property, resulting in reduced revenue. A limited trading market exists for our common shares, which could lead to price volatility. Liquidity ~~contingency funding is highly concentrated~~ **risk could impair our ability to fund operations and have an adverse impact on our earnings and financial condition** . Unrealized losses in the Bank' s investment portfolio could affect liquidity. New laws and increased regulatory oversight may significantly affect our business, financial condition and results of operations. Changes in accounting standards, policies, estimates or procedures could impact our reported financial condition or results of operations. Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks. We may be the subject of litigation and other actions, which could have a material adverse effect on our financial condition, results of operations and cash flows. We are at risk of increased losses from fraud. ~~29~~