

Risk Factors Comparison 2025-02-28 to 2024-02-28 Form: 10-K

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

In the ordinary course of operating our business, we are exposed to a variety of risks inherent to the financial services industry. The following discusses the significant risk factors that could affect our business and operations. If any of the following conditions or events actually occur, our business, financial condition or results of operations could be negatively affected, the market price of your investment in the Company's common stock could decline, and you could lose all or a part of your investment in the Company's common stock. The Company's risk factors are categorized as follows: • Risks Related to the **Pending Recent** Merger with Lakeland • Risks Related to the Economy, Financial Markets, and Interest Rates • Risks Related to Regulatory, Compliance, Environmental and Legal Matters • Risks Related to the Business Environment and Operations. • Risks Related to Technology and Security Receipt • **Risks Related to Our Common Stock** **The ongoing integration of Lakeland with** regulatory approvals has taken longer than expected and may not be received in the future, or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company that results from the merger of the Company and Lakeland. Before the merger and bank merger may be completed, various approvals, consents and non-objections must be obtained from the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), the FDIC, the New Jersey Department of Banking and Insurance (the "NJDOBI") and other regulatory authorities in the United States. In determining whether to grant these approvals, such regulatory authorities consider a variety of factors, including the regulatory standing of each company. Receipt of these approvals has taken longer than expected and, as a result, the Company and Lakeland have extended the merger deadline to March 31, 2024 to allow additional time to obtain the necessary regulatory approvals. These approvals could continue to be delayed or not obtained at all, including due to an adverse development in either company's regulatory standing or in any other factors considered by regulators when granting such approvals; governmental, political or community group inquiries, investigations or opposition; or changes in legislation or the political environment generally. The approvals that are granted may impose terms and conditions, limitations, obligations or costs, or place restrictions on the conduct of the combined company's business or require changes to the terms of the transactions contemplated by the merger agreement between the Company and Lakeland. There can be no assurance that regulators will not impose any such conditions, limitations, obligations or restrictions and that such conditions, limitations, obligations or restrictions will not have the effect of delaying the completion of any of the transactions contemplated by the merger agreement, imposing additional material costs on or materially limiting the revenues of the combined company following the merger or otherwise reducing the anticipated benefits of the merger if the merger were consummated successfully within the expected timeframe. In addition, there can be no assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. Additionally, the completion of the merger is conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency of competent jurisdiction that would prohibit or make illegal the completion of any of the transactions contemplated by the merger agreement. In addition, despite the companies' commitments to using their reasonable best efforts to comply with conditions imposed by regulators, under the terms of the merger agreement, neither the Company nor Lakeland, nor any of their respective subsidiaries, is permitted (without the written consent of the other party), to take any action, or commit to take any action, or agree to any condition or restriction, in connection with obtaining the required permits, consents, approvals and authorizations of governmental entities that would reasonably be expected to have a material adverse effect on the combined company and its subsidiaries, taken as a whole, after giving effect to the merger and the bank merger. The Company will be subject to business uncertainties and contractual restrictions while the merger is pending. Uncertainty about the effect of the merger on employees and customers may have an adverse effect on the Company. These uncertainties may impair the Company's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with the Company to seek to change existing business relationships with the Company. In addition, subject to certain exceptions, the Company has agreed to operate its business in the ordinary course in all material respects and to refrain from taking certain actions that may adversely affect its ability to consummate the transactions contemplated by the merger agreement on a timely basis without the consent of Lakeland. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the merger. The merger agreement may be terminated in accordance with its terms and the merger may not be completed. The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include, among other things: (i) authorization for listing on the New York Stock Exchange of the shares of the Company's common stock to be issued in the merger, subject to official notice of issuance; (ii) the receipt of required regulatory approvals, including the approval of the Federal Reserve Board, the FDIC and the NJDOBI, and (iii) the absence of any order, injunction, decree or other legal restraint preventing the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement or making the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement illegal. Each party's obligation to complete the merger is also subject to certain additional customary conditions, including (a) subject to applicable materiality standards, the accuracy of the representations and warranties of the other party; (b) the performance in all material respects by the other party of its obligations under the merger agreement; (c) the receipt by each party of an opinion from its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368 (a) of the Internal Revenue Code of 1986 and (d) the execution and delivery of the bank merger agreement in respect of the bank merger. On December 20, 2023, the Company and Lakeland agreed to extend the merger agreement's termination date to March 31, 2024 to provide additional time to fulfill merger conditions, especially those related

to regulatory approvals. Regardless of the extension, these conditions to the closing may not be fulfilled in a timely manner or at all, the parties may not agree to additional extensions, and, accordingly, the merger may not be completed by the updated termination date. In addition, the parties can mutually decide to terminate the merger agreement at any time, even after the requisite stockholder and shareholder approvals. Also, the Company or Lakeland may elect to terminate the merger agreement in certain other circumstances, including by either Lakeland or the Company if the merger has not completed on or before March 31, 2024, unless the failure of the merger to be completed by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its obligations, covenants and agreements under the merger agreement. In connection with the merger, the Company will assume Lakeland's outstanding debt obligations and may need to issue additional debt in order to comply with capital requirements, and the combined company's level of indebtedness following the completion of the merger could adversely affect the combined company's ability to raise additional capital and to meet its obligations under its existing indebtedness. In connection with the merger, the Company will assume Lakeland's outstanding indebtedness and may need to issue additional debt in order to raise capital. The Company's existing debt, together with any future incurrence of additional indebtedness, and the assumption of Lakeland's outstanding indebtedness, could have important consequences for the combined company's creditors and the combined company's stockholders. For example, it could: • limit the combined company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; • restrict the combined company from making strategic acquisitions or cause the combined company to make non-strategic divestitures; • restrict the combined company from paying dividends to its stockholders; • increase the combined company's vulnerability to general economic and industry conditions; and • require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on the combined company's indebtedness, thereby reducing the combined company's ability to use cash flows to fund its operations, capital expenditures and future business opportunities. The Company has incurred and is expected to incur substantial costs related to the merger and integration. The Company has incurred and expects to incur a number of non-recurring costs associated with the merger. These costs include legal, financial advisory, accounting, consulting and other advisory fees, retention, severance and employee benefit-related costs, public company filing fees and other regulatory fees, financial printing and other printing costs, and closing, integration and other related costs. Some of these costs are payable by the Company regardless of whether or not the merger is completed. The Company may have to rely on Lakeland's models post-closing until Lakeland's data can be integrated into the Company's models. Lakeland depends on models for the allowance for credit losses, among other things, and we may have to rely on Lakeland's models post-closing prior to integrating Lakeland's data into our models. These models may be designed or implemented in a manner different than the models used by the Company. As a result, incorporation of Lakeland's data into our models could materially impact our results of operations or financial position to the extent that our estimates based on Lakeland's models prove to be inaccurate. Failure to complete the merger could negatively impact the Company. If the merger is not completed for any reason, there may be various adverse consequences and the Company may experience negative reactions from the financial markets and from its customers and employees. For example, the Company's business may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger or the financial impact of complying with requirements imposed by regulatory agencies, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of the Company's common stock could decline to the extent that current market prices reflect a market assumption that the merger would have been beneficial and should have been completed. The Company also could be subject to litigation related to any failure to complete the merger or to proceedings commenced against the Company to perform its obligations under the merger agreement. If the merger agreement is terminated under certain limited circumstances, the Company may be required to pay a termination fee of \$ 50 million to Lakeland. Additionally, the Company has incurred and will incur additional substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, compliance with requests or requirements from the regulatory agencies, the preparing, filing, printing and mailing of a joint proxy statement / prospectus in connection with the merger, and all filing and other fees paid in connection with the merger. If the merger is not completed, the Company would have to pay these expenses without realizing the expected benefits of the merger. Combining the Company and Lakeland may be more difficult, costly or time-consuming than expected, and the Company may fail to realize the anticipated benefits of the merger. **The success of the Company's acquisition of Lakeland** the merger will depend, in part, on the ability to **May 16, 2024**. To realize the anticipated **benefits and** cost savings from combining the businesses of **merger**, the Company and Lakeland. To realize the anticipated benefits and cost savings from the merger, the Company and Lakeland must successfully integrate and combine their **the Company's and Lakeland's** businesses in a manner that permits those cost savings to be realized without adversely affecting current revenues and future growth. If the Company **is** and Lakeland are not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. **It is possible that the integration process could result in the loss of key employees, the disruption of the Company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the Company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. If the Company is unable to retain key employees, including management, who are critical to the successful integration and future operations of the Company, the Company could face disruptions in its operations, loss of existing customers, loss of key information, expertise or know-how and unanticipated additional recruitment costs. The Company's integration efforts may also divert management attention and resources.** In addition, the actual cost savings of the merger could be less than anticipated, and integration may result in additional and unforeseen expenses, including costs related to **requests or requirements** **of** issued by regulatory agencies. An inability to realize the full extent of the anticipated benefits of the merger and the other transactions contemplated by the merger agreement, as well as any delays encountered in the integration process,

could have an adverse effect upon the revenues-business, financial condition and results of operations of the Company. The regulatory approvals received for the merger of the Company and Lakeland include conditions and commitments that could in the future have adverse effects on the Company. The approvals received by the Company and the Bank from the bank regulatory authorities to consummate the merger with Lakeland were subject to certain regulatory conditions which continue to apply following the closing of the merger. The regulatory conditions include, but are not limited to: for three years following consummation of the merger, the Bank must maintain regulatory capital ratios at or above 8.50% for Tier 1 Leverage Capital and 11.25% for Total Risk Based Capital; and the Bank must maintain its commercial real estate concentrations (as a percent of capital and reserves) at levels of expenses and operating at or below those forecasted in the pro forma financial projections that the Bank submitted to the FDIC. The failure to continue to comply with the regulatory conditions could result in supervisory and enforcement actions against the combined company following and the completion of Bank, including the merger-issuance of a cease and desist order or the imposition of civil money penalties, and could constrain the Company's business operations, which may materially and adversely affect our business the value of the common stock of the combined company following the completion of the merger. The Company and Lakeland have operated and, financial condition until the completion of the merger, must continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the companies' ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. Integration efforts between the companies may also divert management attention and resources. These integration matters could have an adverse effect on the Company during this transition period and for an undetermined period after completion of the merger on the combined company. Furthermore, the board of directors and executive leadership of the combined company will consist of former directors and executive officers from each of the Company and Lakeland. Combining the boards of directors and management teams of each company into a single board and a single management team could require the reconciliation of differing priorities and philosophies. As a result of the mergers, the Bank has combined company will become subject to additional requirements and restrictions imposed by the DOJ. On September 28-29, 2022, Lakeland Bank entered into the U. S. District Court for the District of New Jersey approved a consent order entered into by Lakeland Bank with the DOJ to resolve allegations of violations of the Fair Housing Act and Equal Credit Opportunity Act within the Newark, NJ-New Jersey - PA Pennsylvania Metro Division, as constituted in 2015 (the "DOJ Consent Order"). The DOJ Consent Order was approved by the U. S. District Court for the District of New Jersey on September 29, 2022. The DOJ Consent Order requires required Lakeland Bank to, among other things, invest \$ 12 million over five years in a loan subsidy fund to increase credit opportunities to residents of majority- Black and Hispanic census tracts in Essex, Morris, Somerset, Sussex and Union Counties, New Jersey (the "Newark Lending Area"), and devote a minimum of \$ 400, 000 over five years toward community development partnership contributions in the Newark Lending Area, and \$ 150, 000 per year over five years toward advertising, community outreach, and credit repair and education in the Newark Lending Area. The DOJ Pursuant to the terms of the consent Consent order Order, also required Lakeland Bank to will also establish two new full- service branches in majority- Black and Hispanic census tracts: one in Newark, New Jersey and one in the Newark Lending Area. In addition, Lakeland Bank must was required to continue to maintain its full-time Community Development Officer position to oversee these efforts throughout the term of the consent order. As required by the terms of the DOJ Consent Order, the Bank, as the resulting institution in the bank merger, has agreed to and will assume assumed all obligations of Lakeland Bank under the DOJ Consent Order in connection with the bank merger. Although both the Bank is and Lakeland Bank are committed to full compliance with the DOJ Consent Order, achieving such compliance has required and will require significant management attention from Lakeland-the Bank and has caused, following the mergers, the combined bank and may continue to cause Lakeland-the Bank and, following the mergers, the combined bank to incur unanticipated significant costs and expenses. Actions taken to achieve compliance with the DOJ Consent Order may affect Lakeland-the Bank's and the combined bank's business or financial performance and may require Lakeland-the Bank or the combined bank to reallocate resources away from existing businesses or to undertake significant changes to its their respective businesses-- business, operations, products and services and risk management practices. In addition, although the DOJ Consent Order resolved all claims by the DOJ against Lakeland Bank, Lakeland and its subsidiaries or, following the mergers, the combined company Company and its subsidiaries the Bank could be subject to other enforcement actions relating to the alleged violations resolved by the DOJ Consent Order as well as relating to any failure or delay to comply with one or more of the terms of the DOJ Consent Order. The combined company's human capital may be affected by inability to retain personnel of the Company and /or Lakeland successfully after the merger is completed. The success of the merger will depend in part on the combined company's ability to manage its human capital and retain the talent and dedication of key employees currently employed by the Company and Lakeland. It is possible that these employees may decide not to remain with the Company going forward. If or Lakeland, as applicable, while the merger-Company is pending or with the combined company after the merger is consummated. If the Company and Lakeland are unable to retain key employees, including management, who are critical to the successful integration and future operations of the companies, the Company and Lakeland, the Company could face disruptions in their-its operations, loss of existing customers, loss of key information, expertise or know- how and unanticipated additional recruitment costs. In addition, following the merger, if key employees terminate their employment, the combined company Company's human capital and business activities may be adversely affected, and management's attention may be diverted from successfully hiring suitable replacements, all of which may cause the combined company Company's business to suffer. The Company and Lakeland also may not be able to locate or retain suitable replacements for any key employees who leave either company. Although previously filed litigation related to the merger against the Company, the Company's board of directors, the Bank, and the Bank's board of directors has been settled, additional litigation may be filed against the Company,

the Company's board of directors, the Bank, and the Bank's board of directors in the future, which could prevent or delay the completion of the merger, result in the payment of damages, or otherwise negatively impact the business and operations of the Company and the Bank. Although litigation related to the merger was previously filed against the Company, the Company's board of directors, the Bank, and the Bank's board of directors and subsequently dismissed or settled, additional litigation may be filed against the Company, the Company's board of directors, the Bank, and the Bank's board of directors in the future. The outcome of any litigation is uncertain. One of the conditions to the closing is that there must be no order, injunction, or decree issued by any court or governmental entity of competent jurisdiction or other legal restraint preventing the consummation of the merger or any of the other transactions contemplated by the merger agreement. If any plaintiff were successful in obtaining an injunction prohibiting the Company or the Bank from completing the merger or any of the other transactions contemplated by the merger agreement, then such injunction may delay or prevent the effectiveness of the merger and could result in significant costs to the Company and / or the Bank, including costs associated with the indemnification of directors and officers of each entity. The Company and the Bank may incur costs in connection with the defense or settlement of any stockholder or shareholder lawsuits filed in connection with the merger. Further, such lawsuits and the defense or settlement of any such lawsuits may have an adverse effect on the financial condition and results of operations of the Company and the Bank and could prevent or delay the completion of the merger. Changes to the underlying drivers of our net interest income could adversely affect our results of operations and financial condition. Our financial condition and results of operations are significantly affected by changes in market interest rates, and the degree to which these changes disparately impact short- term and long- term interest rates and influence the behavior of our customer base. Our results of operations substantially depend on our net interest income, which is the difference between the interest income we earn on our interest earning assets and the interest expense we pay on our interest- bearing liabilities. ~~An inverted~~ **A flattening** yield curve, ~~or one that inverts~~ **which has persisted throughout 2023,** ~~could has and may continue to~~ negatively impact our net interest margin and earnings. As the Federal Reserve ~~raised and~~ has maintained higher interest rates, our interest- bearing liabilities may continue to be subject to repricing or maturing more quickly than our interest- earning assets. Persistent elevated short- term rates continue to require us to increase the rates we pay on our deposits and borrowed funds more quickly than we can increase the interest rates we earn on our loans and investments, resulting in a negative effect on interest spreads and net interest income. In addition, the effect of high rates continue to be compounded as deposit customers move funds into higher yielding accounts or are lost to competitors offering higher rates on their deposit products. ~~We As the Federal Reserve has maintained steady interest rates since August 2023,~~ we are unable to predict whether current rates will persist or if the Federal Reserve will cut interest rates going forward. Should market interest rates fall below current levels, our net interest income could also be negatively affected if competitive pressures prevent us from reducing rates on our deposits, while the yields on our assets decrease through loan prepayments and interest rate adjustments. Changes in interest rates also affect the value of our interest- earning assets, and particularly our securities portfolio. Generally, the value of securities fluctuates inversely with changes in interest rates. As of December 31, ~~2023~~ **2024**, our available for sale debt securities portfolio totaled \$ ~~12.69~~ **77** billion. Unrealized gains and losses on securities available for sale are reported as a separate component of stockholders' equity. Therefore, decreases in the fair value of securities available for sale resulting from increases in interest rates could have an adverse effect on our stockholders' equity. Volatility and uncertainty related to inflation and the effects of inflation, which may lead to increased costs for businesses and consumers and potentially contribute to poor business and economic conditions generally, may also ~~enhance~~ **heighten** or contribute to some of the risks discussed herein. For example, higher inflation, or volatility and uncertainty related to inflation, could **increase operating costs for the Company and reduce profitability**, reduce demand for the Company's products, adversely affect the creditworthiness of the Company's borrowers or result in lower values for the Company's investment securities and other interest- earning assets. A general economic slowdown or uncertainty that produces either reduced returns or excessive market volatility could adversely impact our overall profitability, including our wealth management fee income and our access to capital and liquidity. A general economic slowdown could affect our core banking business. ~~During~~ **As of December 31, 2023-2024**, ~~various headwinds facing the U. S. economy~~ **economic** continued despite improvements ~~indicators suggested that real gross domestic product had expanded throughout 2024. The unemployment rate had increased, on net, but remained low~~ relative to ~~2022~~ **historic levels. Consumer price inflation**, as ~~measured~~ the Federal Reserve continued tightening monetary policy through a series of interest rate hikes through the first half of the year and maintained high levels thereafter. The economy as a whole grew in 2023 and the consensus forecast has the economy maintaining growth and avoiding recession in 2024. Certain sectors of the economy, notably residential housing, have already been impacted by high interest rates ~~the 12- month change in the price index for personal consumption expenditures~~ **had** although conditions have improved ~~---~~ **moved** as interest rates declined ~~slightly lower compared to its peak level~~ in the latter half of 2023. Despite improved projections, unforeseen adverse changes in the economy and a possible recession could negatively affect the ability of our borrowers to repay their loans or force us to offer lower interest rates to encourage new borrowing activity. Uncertainty and market volatility could affect the value of the assets under management in our wealth management business resulting in lower fee income. Conditions that produce extended market volatility could affect our ability to provide our clients with an adequate return, thereby impacting our ability to attract new clients or causing existing clients to seek more stable investment opportunities with alternative wealth advisors. Furthermore, market volatility could adversely impact our access to capital and liquidity. If our allowance for credit losses is not sufficient to cover actual loan losses, our earnings could 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 amount of the allowance for credit losses, we rely on our loan monitoring program, our loan quality reviews, our credit risk rating process, loan portfolio trends, our experience, our evaluation of economic conditions and our selection of a reasonable and supportable forecast, among other factors. The Company measures projected credit losses over the estimated life of the asset by applying quantitative and

qualitative loss factors we derive using a macroeconomic forecast that we deem most likely to occur. If our assumptions prove to be incorrect, or if delinquencies or non-accrual and non-performing loans increase, the allowance for credit losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in additions to our allowance. Material additions to the allowance would 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. Commercial real estate, commercial and industrial and construction loans expose us to increased risk and earnings volatility. We consider our commercial real estate loans, commercial and industrial loans and construction loans to be higher risk categories in our loan portfolio. These loans are particularly sensitive to economic conditions. As of December 31, 2023-2024, our portfolio of commercial real estate loans, including multi-family loans, totaled \$ 6-10.32-61 billion, or 58-57.7-5% of total loans, our commercial and industrial loans totaled \$ 2-4.44-61 billion, or 22-25.7-0% of portfolio loans, and our construction loans totaled \$ 653-823.2-5 million, or 6-4.1-5% of total loans. Commercial real estate loans generally involve a higher degree of credit risk because they typically have larger balances and are more affected by adverse conditions in the economy, such as vacancy rates and changes in rental rates. Payments on loans secured by commercial real estate also often depend on the successful operation and management of the businesses that occupy these properties or the financial stability of tenants occupying the properties. Furthermore, these loans may be affected by factors outside the borrower's control, such as adverse conditions in the real estate market or the economy, declining rents, tenant defaults, or changes in government regulation. As of December 31, 2023-2024, our CRE office portfolio totaled \$ 483-884.1 million dollars, with approximately 16-13% being loans in New York. In our CRE Multi-multi-family portfolio, we hold loans that are collateralized by rent stabilized properties apartments comprise less than 0.80% of the total total loan portfolio and are all performing \$ 117.4 million as of December 31, 2023. In the case of commercial and industrial loans, although we strive to maintain high credit standards and limit exposure to any one borrower, the collateral for these loans often consists of accounts receivable, inventory and equipment. This type of collateral typically does not yield substantial recovery in the event we need to foreclose on it and may rapidly deteriorate, disappear, or be misdirected in advance of foreclosure. This adds to the potential that our charge-offs will be volatile, which could significantly negatively affect our earnings in any quarter. In addition, some of our construction loans may pose higher risk than the levels expected at origination, as projects may stall, interest reserves may be inadequate, absorption may be slower than projected or sales prices or rents may be lower than forecasted. In addition, many of our borrowers have more than one commercial real estate or construction loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship may expose the Company to significantly greater risk of loss. The failure to address the federal debt ceiling in a timely manner, downgrades of the U. S. credit rating and uncertain credit and financial market conditions may affect the stability of securities issued or guaranteed by the federal government, which may affect the valuation or liquidity of our investment securities portfolio and increase future borrowing costs. As a result of uncertain political, credit and financial market conditions, including the potential consequences of the federal government defaulting on its obligations for a period of time due to federal debt ceiling limitations or other unresolved political issues, investments in financial instruments issued or guaranteed by the federal government pose credit default and liquidity risks. Given that future deterioration in the U. S. credit and financial markets is a possibility, no assurance can be made that losses or significant deterioration in the fair value of our U. S. government issued or guaranteed investments will not occur. As of December 31, 2023, we had approximately \$ 259.0 million, \$ 70.8 million and \$ 1.29 billion invested in U. S. Treasury securities, U. S. government agency securities, and residential mortgage-backed securities issued or guaranteed by government-sponsored enterprises and programs, respectively. Downgrades to the U. S. credit rating could affect the stability of securities issued or guaranteed by the federal government and the valuation or liquidity of our portfolio of such investment securities and could result in our counterparties requiring additional collateral for our borrowings. Further, unless and until U. S. political, credit and financial market conditions have been sufficiently resolved or stabilized, it may increase our future borrowing costs. We operate in a highly regulated environment and may be adversely affected by changes in laws and regulations. We are subject to extensive regulation, supervision and examination by various regulatory authorities, but primarily by the New Jersey Department of Banking and Insurance, our chartering authority, and by the FDIC, as insurer of our deposits. As a bank holding company, we are subject to regulation and oversight by the Federal Reserve Board. Such regulation and supervision governs the activities in which a bank and its holding company may engage and is intended primarily for the protection of the insurance fund and depositors. Following the bank failures in early 2023, regulators have increasingly focused on banks' sources of liquidity, deposit mixes and concentration within certain sectors. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the ability to require that we hold additional capital, restrict our operations, modify the classification of our assets, increase our allowance for credit losses, and strengthen the management of risks posed by our reliance on third party vendors. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, or legislation, could have a material impact on the Company's operations. The potential exists for additional federal or state laws and regulations regarding capital requirements, lending and funding practices and, liquidity standards, and bank regulatory agencies are expected to remain active in responding to concerns and trends that may be identified in our examinations, which may include the potential for the issuance of formal enforcement orders. Further, actions taken to date, as well as potential actions, may not provide the level of beneficial effects necessary to offset their cost to us. In addition, new laws, regulations, and other regulatory changes could further increase our costs of regulatory compliance and of doing business, and otherwise affect our operations. New laws, regulations, and other regulatory changes, may also 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. As a larger financial institution, we are subject to additional regulation and increased supervision. The Company's total assets were \$ 14-24.21-05 billion as of December 31, 2023-2024. Banks with assets in excess of \$ 10 billion are subject to requirements imposed by the Dodd-Frank Act and its implementing regulations including being subject to the examination

authority of the Consumer Financial Protection Bureau to assess our compliance with federal consumer financial laws, the imposition of higher FDIC premiums, reduced debit card interchange fees, and enhanced risk management frameworks, all of which increase operating costs and reduce earnings. As we continue to grow in size, we can expect greater regulatory scrutiny and expectations requiring us to invest significant management attention and make additional investments in staff and other resources to comply with applicable regulatory expectations. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations may have on us, these changes could be material. ~~Bank regulators have signaled further review of regulatory requirements and the potential for changes to laws or regulations governing banks and bank holding companies.~~ Changes resulting from these events **updated regulations and laws** could include increased regulatory oversight, higher capital requirements or changes in the way regulatory capital is calculated, and the impositions of additional restrictions through regulatory changes or supervisory or enforcement activities, each of which could have a material impact on our business. **The fiscal, monetary and regulatory policies of the federal government and its agencies could have an adverse effect on our results of operations. In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the FRB. An important function of the FRB is to regulate the money supply and credit environment. Among the instruments used by the FRB 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 FRB's policies determine in large part the cost of funds for lending and investing and the return earned on those loans and investments, both of which affect our net interest margin. Its policies can also adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans. The monetary policies and regulations of the FRB have had a significant effect on the overall economy and the operating results of financial institutions in the past and are expected to continue to do so in the future. Additionally, Congress and the administration through executive orders controls fiscal policy through decisions on taxation and expenditures. Depending on industries and markets involved, changes to tax law and increased or reduced public expenditures could affect us directly or the business operations of our customers. Changes in FRB and other governmental policies, fiscal policy, and our regulatory environment generally are beyond our control, and we are unable to predict what changes may occur or the manner in which any future changes may affect our business, financial condition and results of operations.** We face regulatory scrutiny based on our commercial real estate lending. The FDIC, the OCC and the FRB (collectively, the "Agencies") have issued joint guidance entitled "Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices" (the "CRE Guidance"). Although the CRE Guidance does not establish specific lending limits, it provides that a bank's commercial real estate lending exposure may receive increased supervisory scrutiny where total non-owner occupied commercial real estate loans, including loans secured by multi-family buildings, investor commercial real estate and construction and land loans ("CRE Loans"), represent 300% or more of an institution's total risk-based capital and the outstanding balance of the CRE Loan portfolio has increased by 50% or more during the preceding 36 months. Our level of CRE Loans equaled ~~489-460~~ **62%** of total risk-based capital as of December 31, ~~2023~~ **2024**, while our CRE Loan portfolio has increased by ~~30-72~~ **42%** during the preceding 36 months, **primarily as a result of the addition of Lakeland**. Based on the size of our CRE Loan portfolio as a percentage of capital, regulatory oversight of our management of this CRE concentration is elevated. In December 2015, the Agencies released a statement on prudent risk management for commercial real estate lending (the "2015 Statement"). In the 2015 Statement, the Agencies express concerns about easing commercial real estate underwriting standards, direct financial institutions to maintain underwriting discipline and exercise risk management practices to identify, measure and monitor lending risks, and indicate that the Agencies will continue "to pay special attention" to commercial real estate lending activities and concentrations going forward. If our regulators were to impose restrictions on the amount of commercial real estate loans we can hold in our loan portfolio, or require higher capital ratios as a result of the level of commercial real estate loans held, our earnings or our ability to engage in certain merger and acquisition activity could be adversely affected. On December 18, 2023, the FDIC issued an advisory entitled "Managing Commercial Real Estate Concentrations in a Challenging Economic Environment" (the "2023 Advisory"), replacing an advisory issued in 2008 and updating previously issued guidance. The 2023 Advisory expresses concerns regarding challenges in the CRE market and identifies key risk-management actions to help institutions with market conditions, including maintaining strong capital levels, ensuring appropriate credit loss allowances, closely managing loan portfolios, maintaining updated financial and analytical information, bolstering loan workout infrastructure, and maintaining adequate liquidity and diverse funding sources. The FDIC stated that it will "expect each board of directors and management team to strive for strong capital and appropriate allowance for credit loss levels, and to implement robust credit risk-management practices." If the FDIC were to scrutinize our board and management actions and require certain capital levels or specific practices, our earnings could be adversely affected and our cost of compliance could increase. Future acquisitions may be delayed, impeded, or prohibited due to regulatory issues. Future acquisitions by the Company, particularly those of financial institutions, are subject to approval by a variety of federal and state regulatory agencies (collectively, "regulatory approvals"). Regulatory approvals could be delayed, impeded, restrictively conditioned or denied due to existing or new issues the Company has, or may have, with regulatory agencies, including, without limitation, issues related to BSA / AML compliance, CRA compliance, fair lending laws, fair housing laws, consumer protection laws, unfair, deceptive, or abusive acts or practices regulations, and other similar laws and regulations. We may fail to pursue or complete strategic and competitively significant acquisition opportunities as a result of our inability, or perceived or anticipated inability, to obtain regulatory approvals in a timely manner, under reasonable conditions or at all. The regulatory approvals may contain conditions on the completion of a merger which would adversely affect our business following the closing, or which were not anticipated or cannot be met. Difficulties associated with potential

acquisitions that may result from these factors could have a material adverse impact on our business, and, in turn, our financial condition and results of operations. We may experience impairments of goodwill or other intangible assets in the future. As of December 31, 2023-2024, our consolidated balance sheet included goodwill of \$ 443-624 . 6-1 million and other intangible assets of \$ 16-195 . 5-2 million. Our business acquisitions , including our acquisition of Lakeland, typically result in goodwill and other intangible assets, which affect the amount of future amortization expense and potential impairment expense. We make estimates and assumptions in valuing such intangible assets that affect our consolidated financial statements. In accordance with GAAP, our goodwill and indefinite-lived intangible assets are not amortized, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that an asset might be impaired. Impairment testing incorporates the current market price of our common stock, the estimated fair value of our assets and liabilities, and certain information of similar companies. Impairment testing may be based on valuation models that estimate fair value. In preparing the valuation models, we consider a number of factors, including operating results, business plans, economic conditions, future cash flows, and transactions and market data. There are inherent uncertainties related to these factors and our judgment in applying them to the impairment analyses. It is possible that future impairment testing could result in the identification of a decline in the fair value of our goodwill or other intangible assets, which may be less than the carrying value. If we determine that impairment exists at a given point in time, our earnings and the book value of goodwill or other related intangible asset will be reduced by the amount of the impairment. If we record an impairment loss related to our goodwill or other intangible assets, it could have a material adverse effect on our business, financial condition, results of operations and the trading price of our securities. Notwithstanding the foregoing, the results of impairment testing on our goodwill or other intangible assets have no impact on our tangible book value or regulatory capital levels. Climate change and related governmental action may materially affect the Company's business and results of operations. The effects of climate change continue to create a level of concern for the state of the global environment. As a result, the global community has increased its political and social awareness surrounding the issue and have entered into international agreements in an effort to reduce global temperatures such as the Paris Agreement, which the United States- State re-joined as of February 19, 2021. Further, the U. S. Congress, state legislatures and federal and state regulatory agencies continue to have proposed, and may propose numerous in the future, initiatives, legislation, and regulations to supplement the global effort to combat climate change. Similar and even more expansive initiatives are expected, including potentially increasing supervisory expectations with respect to banks' risk management practices, accounting for the effects of climate change in stress testing scenarios and systemic risk assessments, revising expectations for credit portfolio concentrations based on climate-related factors, and encouraging investment by banks in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change. For instance, the SEC is expected to issue a final rule in 2024 requiring public companies to disclose the amount of greenhouse gases they generate and how climate change is expected to affect business. The lack of empirical data surrounding the credit and other financial risks posed by climate change render it impossible to predict specifically how climate change may impact the financial condition and operations of the Company; however, the physical effects of climate change may also directly impact the Company. Specifically, unpredictable and more frequent weather disasters may adversely impact the value of real property securing certain loans in our portfolios. Further, the effects of climate change may negatively impact regional and local economic activity, which could lead to an adverse effect on our customers and impact our ability to raise and invest capital in potentially impacted communities. The effects of changing strategies, policies, and investments as the global community transitions to a lower-carbon economy will impose additional operational and compliance burdens, and may result in market trends that alter business opportunities. Compliance with expected any additional disclosure rules will require additional resources. Overall, climate change, its effects, and the resulting unknown impact could have a material adverse impact on our financial condition and results of operations. Risks Related to Business Environment and, Operations and Strategy. We have incurred, and may incur in the future, significant costs related to acquisitions by merger and subsequent integration activities. We have incurred and expect to incur certain non-recurring costs associated with mergers. These costs include financial advisory, legal, accounting, consulting and other advisory fees, severance / employee benefit-related costs, public company filing fees and other regulatory fees, printing costs, and other related costs. We may incur substantial costs in connection with the integration of acquired companies. There are many processes, policies, procedures, operations, technologies, and systems that may need to be integrated, including purchasing, accounting and finance, payroll, compliance, treasury management, branch operations, vendor management, risk management, lines of business, pricing, and benefits. While we have assumed that a certain level of costs will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the integration costs. Moreover, many of the costs that may be incurred are, by their nature, difficult to estimate accurately. These integration costs may result in us taking charges against earnings, the amount and timing of which are uncertain at present. Our continuing concentration of business in a relatively confined region may increase our risk. Our success is significantly affected by general economic conditions in our market area. Unlike some larger banks that are more geographically diversified, we provide banking, financial, and wealth management services to customers mostly located in our primary markets. Consequently, a downturn in economic conditions in our local markets would have a significant impact on our loan portfolios, the ability of borrowers to meet their loan payment obligations and the value of the collateral securing our loans. Adverse local economic conditions caused by inflation, recession, unemployment, state or local government action, or other factors beyond our control would impact these local economic conditions and could negatively affect the financial results of our business. Acts of terrorism, severe weather, natural disasters, public health issues, geopolitical and other external events could impact our ability to conduct business. Our business is subject to risk from external events that could affect the stability of our deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue, disrupt business operations and / or cause us to incur additional expenses. For example, financial institutions have been, and continue to be, targets of terrorist threats aimed at compromising

their operating and communication systems. The metropolitan New York and Philadelphia areas remain central targets for potential acts of terrorism, including cyber terrorism, which could affect not only our operations but those of our customers. Additionally, there could be sudden increases in customer transaction volume, electrical, telecommunications or other major physical infrastructure outages, natural disasters, events arising from local or larger scale geopolitical, political or social matters, including terrorist acts, and cyber- attacks from both private and state actors. The emergence of widespread health emergencies or pandemics, similar to the spread of COVID- 19, could lead to regional quarantines, business shutdowns, labor shortages, disruptions to supply chains, and overall economic instability. Events such as these may become more common in the future and could cause significant damage such as disruption of power and communication services, 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 the repayment of our loans, which could 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, financial markets may be adversely affected by any current or anticipated impact of military conflict, including continuing war between Russia and Ukraine, conflicts and military tension in the Middle East, Africa, and Asia, terrorism, cyber- attacks from nation states and non- state actors on financial institutions or other geopolitical events. We may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and could have a material adverse effect on us. We are required to comply with anti- money laundering, anti- terrorism and other laws and regulations in the United States. These laws and regulations require us, among other things, to adopt and enforce “ know- your- customer ” policies and procedures and to report suspicious and large transactions to applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel and have become the subject of enhanced government supervision. While we have adopted policies and, procedures and systems aimed at detecting and preventing the use of our banking network for money laundering and related activities, those policies and procedures may not completely eliminate instances in which we may be used by customers to engage in money laundering and other illegal or improper activities. To the extent we fail to fully comply with applicable laws and regulations, the FDIC, along with other banking agencies, has the authority to impose fines and other penalties and sanctions on us, including restricting our ability to grow through acquisition. In addition, our business and reputation could suffer if customers use our banking network for money laundering or illegal or improper purposes. Our funding sources may prove insufficient or costly to support our future growth. A lack of liquidity could adversely affect our financial condition and results of operations and result in regulatory limits being placed on the Company. We must maintain sufficient funds to respond to the needs of depositors and borrowers. Deposits have traditionally been our primary source of funding for our 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. Further, the demand for deposits may be reduced due to a variety of factors such as 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 FRB Federal Reserve or regulatory actions that decrease customer access to particular products. Accordingly, as a part of our liquidity management, we must use several funding sources in addition to deposits and repayments and maturities of loans and investments. As we continue to grow, we may become more dependent on these sources, which may include Federal Home Loan Bank of New York and Federal Reserve Bank 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. Our financial flexibility will be severely constrained if we are unable to maintain our access to funding or if adequate financing is not available to accommodate future growth at acceptable costs. Further, if we are required to rely more heavily on more expensive funding sources to support liquidity and future growth, our revenues may not increase proportionately to cover our increased costs. Our net interest margin and profitability would also be adversely affected. Alternatively, we may need to sell a portion of our investment and / or loan portfolio to raise funds, which, depending upon market conditions, could result in us realizing a loss on the sale of such assets. 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 result in increased regulatory scrutiny and potential restrictions imposed on us by regulators. Strong competition within our market area may limit our growth and profitability. Competition in the banking and financial services industry is intense and increasing with entrants into our market providing new and innovative technology- driven financial solutions. Our profitability depends upon our continued ability to successfully compete in our market area. We compete with commercial banks, savings institutions, mortgage banking firms, credit unions, finance companies, investment advisers, wealth managers, mutual funds, insurance companies, online lenders, large non- bank participants, and brokerage and investment banking firms operating both locally and elsewhere. Over the past decade, our local markets have experienced the effects of substantial banking consolidation, and large out- of- state competitors have grown significantly. Many of these competitors have substantially greater resources and lending limits than we do, and may offer certain deposit and loan pricing, services or credit criteria that we do not or cannot provide. There are also a number of strong, locally- based competitors with large capital positions in our market who may deploy aggressive strategies to drive growth, acquire our customers and win market share. Furthermore, key components of the financial services value chain have been replicated by digital innovation. As customer preferences and expectations continue to evolve, technology has lowered barriers to entry and made it possible for non- banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. In addition, some of the largest technology firms

are engaging in joint ventures with the largest banks to provide and or expand financial service offerings with a technological sophistication and breadth of marketing that smaller institutions do not have. Many of our competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing for those products and services than we can. The adoption of these Fintech solutions within our market area may cause greater and faster disruption to our business model if we are unable to keep pace with, or invest wisely in, these enabling technologies. The Company's models used for business planning purposes could perform poorly or provide inadequate information. We use quantitative models to assist in measuring risks and estimating or predicting certain financial values, among other uses. These models are used throughout many of our business lines, and we rely on them, along with our business judgment, for many decision-making processes. Models generally evaluate the performance of various factors under anticipated future conditions, relying on historical data to help build the model and in part on assumptions as to the future, often with respect to macro-economic conditions, in order to generate the output. The models used may not accurately account for all variables and may fail to predict outcomes accurately and / or may overstate or understate certain effects. Poorly designed, implemented, or managed models or misused models, including in the choice of relevant historical data or future-looking assumptions, present the risk that our business decisions that consider information based on such models will be adversely affected due to inadequate or inaccurate information, which may damage the Company's reputation and adversely affect its reported financial condition and results of operations. We rely on historical data to help build models. We seek to incorporate appropriate historical data in our models, but the range of market values and behaviors reflected in any period of historical data we incorporate into our models may turn out to be inappropriate for the future period being modeled. In such case, our ability to manage risk would be limited and our risk exposure and losses could be significantly greater than our models indicated. Even if the underlying assumptions used in our models are adequate, the models may be deficient due to errors in computer code, use of bad data during development or input into the model during model use, or the use of a model for a purpose outside the scope of the model's design. As a result, our models may not fully capture or express the risks the Company faces. If the models fail to produce reliable results on an ongoing basis, we may not make appropriate risk management, capital planning, or other business or financial decisions. Furthermore, strategies that we employ to manage and govern the risks associated with its use of models may not be effective or fully reliable, and as a result, the Company may realize losses or other lapses. Finally, information we provide to our regulators based on poorly designed or implemented models could also be inaccurate or misleading. Some of the decisions that our regulators make, including those related to capital distributions to our stockholders, could be adversely affected due to their perception that the quality of the models used to generate the relevant information is insufficient. **We may need to raise additional capital in the future and such capital may not be available when needed or at all. Federal regulatory agencies have the authority to change the Company's and Bank's capital requirements and new accounting rules could have a negative impact on our regulatory capital ratios. Accordingly, we may need to raise additional capital in the future to provide us with sufficient capital resources to meet our commitments and business needs. We may also 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 shareholders 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 shareholders, which may adversely impact our current shareholders. Our ability to raise additional capital, if needed, or at attractive prices, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial performance. An inability to raise additional capital on acceptable terms when needed could have a material adverse effect on our business, financial condition and results of operations.** A cyber-attack, data breach, or a technology failure of ours could adversely affect our ability to conduct our business or manage our exposure to risk, result in the disclosure or misuse of confidential or proprietary information, increase our costs to maintain and update our operational and security systems and infrastructure, and adversely impact our results of operations, liquidity and financial condition, as well as cause reputational harm. Our business is highly dependent on the security and efficacy of our infrastructure, computer and data management systems to provide secure processing, transmission, storage and retrieval of confidential and proprietary information. Cyber security risks for financial institutions have significantly increased in recent years in part because of the proliferation of new technologies, **including artificial intelligence**, the use of technologies to conduct financial transactions, and coordinated efforts by nation-states to use cyber-attacks to obtain information or disrupt financial institutions in rival states. Financial institutions have been subject to, and are likely to continue to be the target of, cyber-attacks and supply chain attacks which could materially disrupt network access or business operations or create regulatory compliance risks. We have experienced cyber security events in the past, although not material, and we anticipate that, as a larger bank, we could experience further events. We have implemented and are continuing to develop countermeasures against potential cyber-attacks, including through internal cybersecurity policies, restrictions on information sharing, attribution techniques (including research and development on forensic capabilities, digital forensics provided by a security operations center, and obtaining threat intelligence), developing cyber deterrence and security norms, and spreading education and awareness to employees, customers, and third parties. Nevertheless, there can be no assurance that we will not suffer material losses or other material adverse consequences relating to technology failure, cyber-attacks or other information or security breaches. In addition, there have been instances where financial institutions have been victims of fraudulent activity in which criminals pose as customers to initiate wire and automated clearinghouse transactions from customer accounts. Although we have policies and procedures in place to verify the authenticity of our customers, there can be no assurance that such policies and procedures will prevent all fraudulent transfers. Such activity could result in financial liability and harm to our reputation. Misuse of our technology by our employees could also result in fraudulent, improper or unauthorized activities on behalf of customers or improper use of confidential information. We may not be able to prevent employee errors or misconduct, and the precautions we take to detect

these types of activity might not be effective in all cases. Employee errors or misconduct could subject us to civil claims for negligence or regulatory enforcement actions, including fines and restrictions on our business. As cyber threats and other fraudulent activity continues to evolve, we may be required to expend significant additional resources to continue to modify and enhance our protective measures, or to investigate and remediate any information security vulnerabilities or incidents. Any of these matters could result in our loss of customers and business opportunities, significant disruption to our operations and business, misappropriation or destruction of our confidential information and / or that of our customers, or damage to our customers' computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, and additional compliance costs. In addition, any of the matters described above could adversely impact our results of operations and financial condition. For information on our cybersecurity risk management, strategy and governance, see Item 1C – Cybersecurity. We rely on third- party providers and other suppliers for a number of services that are important to our business. A breach, failure, interruption, cessation of an important service by any third- party could have a material adverse effect on our business, as well as cause reputational harm. We are dependent for most of our technology, including our core operating system, on third- party providers. The Bank collects, processes and stores sensitive consumer data by utilizing computer systems and telecommunications networks operated by third- party service providers, which are integral to our business. We handle a substantial volume of customer and other financial transactions every day. Our financial, accounting, data processing, check processing, electronic funds transfer, loan processing, online and mobile banking, automated teller machines, or ATMs, backup or other operating or security systems and infrastructure may fail to operate properly or become disabled or damaged because of a number of factors including events that are wholly or partially beyond our control. We have taken measures to implement **data backup-backups of our** systems and other safeguards to support our operations, but our ability to conduct business may be adversely affected by any significant disruptions to third- parties with whom we interact. In addition, our ability to implement backup systems and other safeguards with respect to third- party systems is more limited than with our own systems. If these third- parties were to discontinue providing services to us, we may experience significant disruption to our business. In addition, each of these third- parties faces the risk of cyber- attack, information breach or loss, or technology failure. If any of our third- party service providers experience such difficulties, or if there is any other disruption in our relationships with them, we may be required to find alternative sources of such services. If any of our third- party service providers experience a breach or cyber- attack of their information systems, it could adversely affect our ability to process transactions, service our clients or manage our exposure to risk and could result in the disclosure of sensitive, personal customer information, which could have a material adverse impact on our business through damage to our reputation, loss of business, remedial costs, additional regulatory scrutiny or exposure to civil litigation and possible financial liability. Assurance cannot be provided that we could negotiate terms with alternative service sources that are as favorable or could obtain services with similar functionality as found in existing systems without the need to expend substantial resources, if at all, thereby resulting in a material adverse impact on our business and results of operations. We continuously update these systems to support our operations and growth. This updating entails significant costs and creates risks associated with implementing new systems and integrating them with existing ones. Operational risk exposures could adversely impact our results of operations, liquidity, and financial condition, and cause reputational harm. 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 because of an operational deficiency or because of noncompliance with applicable regulatory standards, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. While we maintain a risk management program that is designed to minimize risk, we could suffer losses, face regulatory action, and suffer damage to our reputation because of our failure to properly anticipate and manage these risks. Failure to keep pace with technological changes could adversely affect our business. The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology- driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers, reduce costs and create capacity. For instance, as private and state- sponsored hackers and malicious actors increasingly leverage the power of artificial intelligence to conduct cyber- attacks and other fraudulent activity, financial institutions can adopt and learn to use the same technology in order to detect attempts and defend themselves. Adaptation to the current cybersecurity landscape requires resilience, flexibility, and collaboration in the face of increased threats enabled by technological advances. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to our customers, or attract sufficient human capital to engage in rapid implementation and marketing. Failure to successfully keep pace with technological change affecting the financial services industry and sustain a robust information security program through talent and human capital could have a material adverse impact on our business and, in turn, our financial condition and results of operations. **Anti- takeover provisions could negatively impact our shareholders. Certain provisions in the Company' s Certificate of Incorporation and Bylaws, as well as federal banking laws, regulatory approval requirements, and Delaware law, could make it more difficult for a third party to acquire the Company, even if doing so would be perceived to be beneficial to our shareholders. There may be future sales or other dilution of the Company' s equity, which may adversely affect the market price of our common stock. The Company is generally not restricted from issuing additional common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The issuance of any additional shares of common stock or preferred stock or securities convertible into, exchangeable for or that represent the right to receive common stock or the exercise of such securities could be substantially dilutive to shareholders of our common stock. Holders of**

our shares of common stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series. The market price of our common stock could decline as a result of offerings or because of sales of shares of our common stock made after offerings or the perception that such sales could occur. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our shareholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in us. The Company relies on dividends from our subsidiaries for most of our revenue. The Company is a bank holding company and our operations are conducted by our subsidiaries from which we receive dividends. The ability of our subsidiaries to pay dividends is subject to legal and regulatory limitations, profitability, financial condition, capital expenditures and other cash flow requirements. The ability of the Bank to pay cash dividends to the Company is limited by its obligation to maintain sufficient capital and by other restrictions on its cash dividends that are applicable to state member banks in the Federal Reserve System. If the Bank is not permitted to pay cash dividends to the Company, it is unlikely that we would be able to pay cash dividends on our common stock.