

## Risk Factors Comparison 2025-02-27 to 2024-02-27 Form: 10-K

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

In addition to the other information contained in this Form 10-K, you should carefully consider the risks described below, as well as the risk factors and uncertainties discussed in our other public filings with the SEC under the caption “ Risk Factors ” in evaluating us and our business and making or continuing an investment in our stock. Set forth below are the material risks and uncertainties that, if they were to occur, could materially and adversely affect our business, financial condition, results of operations and the trading price of our common stock. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair our financial condition and business operations. The trading price of our securities could decline due to the materialization of any of these risks, and our shareholders may lose all or part of their investment. This Form 10-K also contains forward- looking statements that may not be realized as a result of certain factors, including, but not limited to, the risks described herein and in our other public filings with the SEC. Please refer to the section in this Form 10-K entitled “ Cautionary Notice Regarding Forward- Looking Statements ” for additional information regarding forward- looking statements.

**RISKS RELATED TO OUR BUSINESS** Our earnings are subject to interest rate risk. Our earnings and cash flows are largely dependent upon our net interest income. Net interest income is the difference between interest income earned on interest earning assets such as loans and securities and interest expense paid on interest bearing liabilities such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond our control, including the rate of inflation, general economic conditions and policies of various governmental and regulatory agencies ( ~~and, in particular, the Federal Reserve~~ ). **From July 2022 through August of 2024**, the ~~Federal Reserve has raised interest rates 11 times, to a federal funds rate of 5.25 %~~ **of remained steady at 5.25 %** ~~as of July 31, 2023~~. ~~In December 2023~~, **each of the third and fourth quarter of 2023-2024**, the **Federal Reserve reduced the target federal funds rate by 50 basis points to 4.25 % to 4.50 %**. ~~The Federal Reserve held the target federal funds rate steady for the third consecutive meeting and indicated it may likely decrease the rate in January 2024~~ **2025 and beyond**. ~~These increased interest rates and uncertainty~~ **Uncertainty** regarding future rates could negatively impact our cost of borrowing and reduce the amount of money our customers borrow or adversely affect their ability to repay outstanding loan balances that may increase due to adjustments in their variable rates. Changes in monetary policy, interest rates, the yield curve, or market risk spreads, or a prolonged, flat or inverted yield curve could influence not only the interest we receive on loans and securities and the amount of interest we pay on deposits and borrowings, but such changes could also affect: • our ability to originate loans and obtain deposits; • our ability to retain deposits in ~~a rising~~ **an uncertain** rate environment; • net interest rate spreads and net interest rate margins; • our ability to enter into instruments to hedge against interest rate risk; • the fair value of our financial assets and liabilities; and • the average duration of our loan and securities portfolio. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, our net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings. Any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations. See the section captioned “ Net Interest Income ” in “ Item 7. Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” in this report for further discussion related to our management of interest rate risk. We are subject to credit quality risks and our credit policies may not be sufficient to avoid losses. We are subject to the risk of losses resulting from the failure of borrowers, guarantors and related parties to pay us the interest and principal amounts due on their loans. Although we maintain well- defined credit policies and credit underwriting and monitoring and collection procedures, these policies and procedures may not prevent losses, particularly during periods in which the local, regional or national economy suffers a general decline. The effects of inflation and recessionary concerns on economic activity could negatively affect the collateral values associated with our existing loans, our ability to liquidate the real estate collateral securing our residential and commercial real estate loans, our ability to maintain loan origination volume and to obtain additional financing, the future demand for or profitability of our lending and services, and the financial condition and credit risk of our customers. Further, in the event of delinquencies, regulatory changes and policies designed to ~~protect borrowers~~ **protect borrowers** may slow or prevent us from making business decisions or delay us from taking certain remediation actions, such as foreclosure. If borrowers fail to repay their loans, our financial condition and results of operations would be adversely affected. We have a high concentration of loans secured by real estate and a decline in the real estate market, for any reason, could result in losses and materially and adversely affect our business, financial condition, results of operations and future prospects. A significant portion of our loan portfolio is dependent on real estate. In addition to the importance of the financial strength and cash flow characteristics of the borrower, loans are also often secured with real estate collateral. As of December 31, ~~2023~~ **2024**, approximately ~~80-82~~ **80-82** % of our loans have real estate as a primary or secondary component of collateral. The real estate in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. A decline in the credit markets generally could adversely affect our financial condition and results of operations if we are unable to extend credit or sell loans in the secondary market. An adverse change in the economy affecting real estate values generally or in our primary markets specifically could significantly impair the value of collateral underlying certain of our loans and our ability to sell the collateral at a profit or at all upon foreclosure. Furthermore, it is likely that, in a declining real estate market, we would be required to further increase our allowance for loan losses. If we are required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values or to increase our

allowance for loan losses, our profitability and financial condition could be adversely impacted. Our information systems may experience an interruption or breach in security. We rely heavily on communications and information systems to conduct our business. Our communications and information systems remain vulnerable to unexpected disruptions and failures. Any failure, interruption or breach in security of these systems could result in a material adverse effect on our customer relationships, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of a failure, interruption or security breach of our information systems, there can be no assurance that we will adhere to such policies or procedures or that they can prevent any such failures, interruptions, cybersecurity breaches or other security breaches or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny and disclosure obligations or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business strategy, financial condition and results of operations. In our ordinary course of business, we rely on electronic communications and information systems to conduct our businesses and to collect and store sensitive data, including financial information regarding our customers and personally identifiable information of our customers and employees. The integrity of information systems of financial institutions is under significant threat from cyber- attacks by third parties, including through coordinated attacks sponsored by foreign nations and criminal organizations to disrupt business operations and other compromises to data and systems for political or criminal purposes. **Criminals are turning to new sources, including artificial intelligence, to steal personally identifiable information in order to impersonate our clients to commit fraud.** We employ an in- depth, layered, defense approach that leverages people, processes and technology to manage and maintain cybersecurity controls. Notwithstanding the strength of our defensive measures, the threat from cyber- attacks is severe as attacks are sophisticated, and attackers respond rapidly to changes in defensive measures. Cybersecurity risks may also occur with our third- party service providers and may interfere with their ability to fulfill their contractual obligations to us, with potential for financial loss or liability that could have a material adverse effect on our business strategy, financial condition or results of operations. We offer our customers the ability to bank remotely and provide other technology- based products and services, which services include the secure transmission of confidential information over the Internet and other remote channels. To the extent that our customers' systems are not secure or are otherwise compromised, our network could be vulnerable to unauthorized access, malicious software, phishing schemes and other security breaches. To the extent that our activities or the activities of our customers or third- party service providers involve the storage and transmission of confidential information, security breaches and malicious software could expose us to claims, regulatory scrutiny, litigation and other possible liabilities. In addition, we permit a portion of our employees to work remotely from their homes. However, consumer technology in employees' homes may not provide similar performance or security as commercial- grade technology in our offices. This, along with reliance on employees' residential internet, could cause network, system, application, and communication limitations or instability, affecting customer experience for some departments. **Remote** ~~The continuation of these work - from- home measures~~ also introduces additional operational risk, including increased cybersecurity risk. These cyber risks include greater phishing, malware, and other social engineering attacks targeted at employees working from home. Increased risk of unauthorized dissemination of confidential information, greater risk of privacy breach due to screen / voice / video conversation outside private office space, limited ability to restore the systems in the event of a system failure or interruption, greater risk of a security breach resulting in destruction or misuse of valuable information, and potential impairment of our ability to perform critical functions, including wiring funds, all of which could expose us to risks of data or financial loss, litigation and liability and could seriously disrupt our operations and the operations of any impacted customers. Our systems and those of our customers and third- party service providers are under constant threat, and it is possible that we could experience a significant compromise, significant data loss or material financial losses related to cyber- attacks in the future. We may suffer material financial losses related to these risks in the future or we may be subject to liability for compromises to our customer or third- party service provider systems. Any such losses or liabilities could have a material adverse effect on our business strategy, financial condition or results of operations and could expose us to reputation risk, the loss of customer business, increased operational costs, as well as additional regulatory scrutiny, possible litigation and related financial liability. These risks also include possible business interruption, including the inability to access critical information and systems. **The development and use of artificial intelligence presents risks and challenges that may adversely impact our business. The Company or its third- party (or fourth party) vendors, clients or counterparties may develop or incorporate AI technology in certain business processes, services, or products. The development and use of AI presents a number of risks and challenges to the Company' s business. The legal and regulatory environment relating to AI is uncertain and rapidly evolving, both in the U. S. and internationally, and includes regulatory schemes targeted specifically at AI as well as provisions in intellectual property, privacy, consumer protection, employment, and other laws applicable to the use of AI. These evolving laws and regulations could require changes in the Company' s implementation of AI technology and increase the Company' s compliance costs and the risk of non- compliance. AI models, particularly generative AI models, may produce output or take action that is incorrect, that reflects biases included in the data on which they are trained, that results in the release of private, confidential, or proprietary information, that infringes on the intellectual property rights of others, or that is otherwise harmful. In addition, the complexity of many AI models makes it difficult to understand why they are generating particular outputs. This limited transparency increases the challenges associated with assessing the proper operation of AI models, understanding and monitoring the capabilities of the AI models, reducing erroneous output, eliminating bias, and complying with regulations that require documentation or explanation of the basis on which decisions are made. Further, the Company may rely on AI models developed by third parties, and, to that extent, would be dependent in part on the manner in which those third parties develop and train their models, including risks arising from the inclusion of any unauthorized material in the training data for their models and the effectiveness of the**

steps these third parties have taken to limit the risks associated with the output of their models, matters over which the Company may have limited visibility. Any of these risks could expose the Company to liability or adverse legal or regulatory consequences and harm the Company's reputation and the public perception of its business or the effectiveness of its security measures.

General political or economic conditions in the United States could adversely affect our financial condition and results of operations. The state of the economy and various economic, social and political factors, including inflation, recession, pandemics, unemployment, social unrest / civil disorder, interest rates, declining oil prices and the level of U. S. debt, as well as governmental action and uncertainty resulting from U. S. and global political trends, including tariffs, trade policies, weakness in foreign sovereign debt and currencies, hostile actions of foreign governments (including the Russian-Ukrainian War and the Israel / Hamas conflict), may directly and indirectly have a destabilizing effect on our financial condition and results of operations.

**In addition, the Trump administration may seek to implement a regulatory reform agenda that is different than that of the Biden administration, impacting the rulemaking, supervision, examination and enforcement priorities of the federal banking agencies and potentially resulting in uncertainty.** Unfavorable or uncertain international, national or regional political or economic environments could drive losses beyond those which are provided for in our allowance for loan losses and result in the following consequences: • increases in loan delinquencies; • increases in nonperforming assets and foreclosures; • decreases in demand for our products and services, which could adversely affect our liquidity position; • decreases in the value of the collateral securing our loans, especially real estate, which could reduce customers' borrowing power; • decreases in the credit quality of our non- U. S. Government and non- U. S. agency investment securities, corporate and municipal securities; • an adverse or unfavorable resolution of the Fannie Mae or Freddie Mac conservatorship; and • decreases in the real estate values subject to ad- valorem taxes by municipalities that impact such municipalities' ability to repay their debt, which could adversely affect our municipal loans or debt securities. Any of the foregoing could adversely affect our financial condition and results of operations.

**Societal, legislative and regulatory responses to ESG concerns, " anti ESG" concerns, as well as DEI and anti- DEI concerns, could adversely affect our business and performance, including indirectly through impacts on our customers. Our business faces increasing public, investor, activist, legislative and regulatory scrutiny related to ESG, " anti- ESG ", DEI and anti- DEI developments. We risk damage to our brand and reputation in certain sectors if we fail to act in response to ESG concerns, such as diversity, equity and inclusion, environmental stewardship, human capital management, support for our local communities, corporate governance and transparency, or fail to consider ESG factors in our business operations.**

Concerns over the long- term impacts of climate change have led and will likely continue to lead to global governmental efforts to mitigate those impacts. Consumers and businesses also may change their behavior and operations as a result of these concerns. The Company and its customers may 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 and operating process changes. The impact on our customers will likely vary depending on their specific circumstances, including a significant presence in areas that are vulnerable to natural and man- made disasters that may be exacerbated by climate change, or reliance upon or a role in carbon intensive activities. Among the impacts to the Company 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 assets securing loans. Our efforts to take these risks into account may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior. Furthermore, as a result of our diverse base of clients and business partners, we may face potential negative publicity based on the identity of our clients or business partners and the public' s (or certain segments of the public' s) view of those entities. Such publicity may arise from traditional media sources or from social media and may increase rapidly in size and scope. If our client or business partner relationships were exposed to negative publicity, our ability to attract and retain clients, business partners, and employees may be negatively impacted, and our stock price may also be negatively impacted. Additionally, we may face pressure to not do business in certain industries that are viewed as harmful to the environment or are otherwise negatively perceived, which could impact our growth. Certain investors and shareholder advocates are placing increasing emphasis on how corporations address ESG issues in their business strategy when making investment decisions and when developing their investment strategies and proxy recommendations. We may incur increased costs with respect to our ESG efforts and if such efforts are negatively perceived, our reputation and stock price may suffer. In response to ESG developments (including, in particular, DEI initiatives), there are increasing instances of " anti- ESG " and anti- DEI executive orders, adverse media coverage, legislation, regulation, and litigation that could have unintended impacts on ordinary banking operations and increase litigation or reputational risk related to actions we choose to take and impact the results of our operations. If legislatures in the states in which we operate adopt legislation intended to protect certain industries by limiting or prohibiting consideration of business and industry factors in lending activities, certain portions of our lending operations may be impacted.

Negative developments in the banking industry could adversely affect our current and projected business operations and our financial condition and results of operations. Bank failures in the first half of 2023 and related negative media attention have generated significant market trading volatility among publicly traded bank holding companies like the Company and, in particular, regional and community banks like the Bank. These developments have negatively impacted customer confidence in regional and community banks, which could prompt customers to transfer their deposits to larger financial institutions. Further, competition for deposits has increased in recent periods, and the cost of funding has similarly increased, putting pressure on our net interest margin. If we were required to sell a portion of our securities portfolio to address liquidity needs, we may incur losses as a result of the negative impact of rising- elevated interest rates on the value of our securities portfolio, which could negatively affect our earnings and our capital. If we were required to raise additional capital in the current environment, any such capital raise may be on unfavorable terms, thereby negatively impacting book value and

profitability. While we have taken actions to increase our funding, there is no guarantee that such actions will be successful or sufficient in the event of sudden liquidity needs. We also anticipate ~~increased~~ **continued** regulatory scrutiny – in the course of routine examinations and otherwise – and **we may be subject to** new regulations directed towards banks similar to our size ~~designed to address the negative developments in the banking industry in 2023~~, all of which may increase our costs of doing business and reduce our profitability. Among other things, there is an increased focus by both regulators and investors on deposit composition, the level of uninsured deposits, losses embedded in the held- to- maturity portion of our securities portfolio, contingent liquidity, CRE composition and concentration, capital position and our general oversight and internal control structures regarding the foregoing. As a result, the Bank could continue to face increased scrutiny or be viewed as higher risk by regulators and the investor community. **Rising-Elevated** interest rates have decreased the value of a portion of the Company's securities portfolio, and the Company would realize losses if it were required to sell such securities to meet liquidity needs. As a result of inflationary pressures and **elevated** ~~the resulting rapid increases in~~ interest rates **over in 2022 and the past two years first half of 2023**, the fair value of our securities classified as available for sale and held- to- maturity has declined. This has resulted in unrealized losses on AFS securities embedded in other comprehensive income as a part of shareholders' equity. If the Company were required to sell such securities to meet liquidity needs, including in the event of deposit outflows or slower deposit growth, it may incur losses, which could impair the Company's capital, financial condition, and results of operations and require the Company to raise additional capital on unfavorable terms, thereby negatively impacting its profitability. While the Company has taken actions to maximize its funding sources, there is no guarantee that such actions will be successful or sufficient in the event of sudden liquidity needs. We rely on other companies to provide key components of our business infrastructure. Third parties provide key components of our business infrastructure, such as banking services, core processing and internet connections and network access. Any disruption in such services provided by these third parties or any failure of these third parties to handle current or higher volumes of use could adversely affect our ability to deliver products and services to our customers and otherwise to conduct business. Technological or financial difficulties of one of our third- party service providers or their subcontractors could adversely affect our business to the extent those difficulties result in the interruption or discontinuation of services provided by that party. In addition, one or more of our third- party service providers may become subject to cyber- attacks or information security breaches, including as a result of ~~increased~~ remote working, that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of our or our customers' confidential, proprietary and other information, or otherwise disrupt our or our customers' or other third parties' business strategies, financial condition or results of operations. While we have processes in place to monitor our third- party service providers' data and information security safeguards, there can be no assurance that we will adhere to such processes. We also do not control such service providers' day- to- day operations, and preventing a successful attack or security breach at one or more of such third- party service providers is not within our control. The occurrence of any such breaches or failures could damage our reputation, result in a loss of customer business and expose us to additional regulatory scrutiny, disclosure obligations, civil litigation and possible financial liability, any of which could have a material adverse effect on our business strategy, financial condition and results of operations. Further, in some instances we may be held responsible for the failure of such third parties to comply with government regulations. We may not be insured against all types of losses as a result of third- party failures, and our insurance coverage may not be adequate to cover all losses resulting from system failures, third- party breaches or other disruptions. Failures in our business structure or in the structure of one or more of our third- party service providers could interrupt our operations or increase the cost of doing business. We continually encounter technological change. The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology- driven products and services including those related to or involving artificial intelligence, machine learnings, blockchain and other distributed ledger technologies. The effective use of technology increases efficiency and enables financial institutions to better serve customers and reduce costs. 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, and even if we implement such products and services, we may incur substantial costs in doing so. Failure to successfully keep pace with technological changes affecting the financial services industry could have a material adverse impact on our business, financial condition and results of operations. We are subject to the risk that our U. S. agency MBS could prepay faster than we have projected. We have purchased and may continue to purchase MBS at premiums. Our prepayment assumptions take into account market consensus speeds, current trends and past experience. If actual prepayments exceed our projections, the amortization expense associated with these MBS will increase, thereby decreasing our net income. The increase in amortization expense and the corresponding decrease in net income could have a material adverse effect on our financial condition and results of operations. We rely on dividends from our bank subsidiary for most of our revenue. Southside Bancshares, Inc. is a separate and distinct legal entity from its subsidiaries. We receive substantially all of our revenue from dividends from the Bank. These dividends are the principal source of funds to pay dividends on our common stock to our shareholders and interest and principal on our debt. Various federal and / or state laws and regulations limit the amount of dividends that the Bank and certain of our nonbank subsidiaries may pay to us. In addition, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. In the event the Bank is unable to pay dividends to us, we may not be able to service debt, pay obligations or pay dividends to our shareholders. The inability to receive dividends from the Bank could have a material adverse effect on our business, financial condition and results of operations. See the section captioned " Supervision and Regulation " in " Item 1. Business " and " Note 13 – Shareholders' Equity " to our consolidated financial statements included in this report. You may not receive dividends on our common stock. Although we have historically declared quarterly cash dividends on our common stock,

we are not required to do so and may reduce or cease to pay ~~common stock~~ dividends to our shareholders in the future. If we reduce or cease to pay **cash dividends on our** common stock ~~dividends~~, the market price of our common stock could be adversely affected. As noted above, our ability to pay dividends depends primarily upon the receipt of dividends or other capital distributions from the Bank. The Bank's ability to pay dividends to us is subject to, among other things, its earnings, financial condition and need for funds, as well as federal and state governmental policies and regulations applicable to us and the Bank, including the statutory requirement that we serve as a source of financial strength for the Bank, which limits the amount that may be paid as dividends without prior regulatory approval. Additionally, if the Bank's earnings are not sufficient to pay dividends to us while maintaining adequate capital levels, we may not be able to pay dividends to our shareholders. See "Supervision and Regulation — Holding Company Regulation — Dividends" included in this report. We may not be able to attract and retain skilled personnel. Our success depends, in large part, on our ability to attract and retain key personnel. Competition for the best personnel in most of our activities can be intense, and we may not be able to hire or retain acceptable personnel. The **increase continuation** of "remote work" opportunities in the financial services industry means that community banks must compete more directly against larger financial institutions for qualified workers. The federal banking agencies have also issued comprehensive guidance on incentive compensation limitations, and jointly proposed additional restrictions in the future, which may impact our retention of qualified personnel. The unexpected loss of services of one or more of our key personnel could have a material adverse impact on our business because of their skills, knowledge of our market, relationships in the communities we serve, years of industry experience and the difficulty of promptly finding qualified replacement personnel. Although we have employment agreements with certain of our executive officers, there is no guarantee that these officers and other key personnel will remain employed with the Company. We operate in a highly competitive industry and market area. We face substantial competition in all areas of our operations from a variety of different competitors, many of which are larger and may have more financial resources. Such competitors primarily include national, regional and community banks within the various markets we operate. Additionally, various out-of-state banks have entered or have announced plans to enter the market areas in which we currently operate. We also face competition from many other types of financial institutions, including, without limitation, credit unions, fintech companies, finance companies, brokerage firms, insurance companies, factoring companies and other financial intermediaries. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes, continued consolidation and recent trends in the credit and mortgage lending markets. Banks, securities firms and insurance companies can be affiliated under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Also, technology has lowered barriers to entry and made it possible for nonbanks to offer certain products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Our competitors may 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, including lower or discontinued fees, such as non-sufficient funds and overdraft fees. Our ability to compete successfully depends on a number of factors, including: • the ability to develop, maintain and build upon long-term customer relationships based on top quality service, high ethical standards and safe, sound assets; • the ability to expand our market position; • the scope, relevance and pricing of products and services offered to meet customer needs and demands; • the rate at which we introduce new products and services relative to our competitors; • our ability to invest in or partner with technology providers offering banking solutions and delivery channels at a level equal to our competitors; • customer satisfaction with our level of service; and • industry and general economic trends. Failure to perform in any of these areas could significantly weaken our competitive position, which could adversely affect our growth and profitability, which, in turn, could have a material adverse effect on our financial condition and results of operations. Our accounting estimates and risk management processes rely on analytical and forecasting models. The process we use to estimate our loan losses and to measure our retirement plan liabilities and the fair value of our financial instruments, as well as the processes used to estimate the effects of changing interest rates and other market measures on our financial condition and results of operations, depend upon the use of analytical and forecasting models. These models reflect assumptions that may not be accurate, particularly in times of market stress or other unforeseen circumstances. The adoption of CECL in 2020 increased the complexity of these analytical and forecasting models. Even if these assumptions are adequate, the models may prove to be inadequate or inaccurate because of other flaws in their design or their implementation. If the models we use for interest rate risk and asset-liability management are inadequate, we may incur increased or unexpected losses upon changes in market interest rates or other market measures. If the methodology we use for determining our loan losses are inadequate, our allowance for loan losses may not be sufficient to support future charge-offs. If the models we use to measure the fair value of financial instruments are inadequate, the fair value of such financial instruments may fluctuate unexpectedly or may not accurately reflect what we could realize upon sale or settlement of such financial instruments. If the key assumptions and models used to measure the retirement plan liabilities and expense are inadequate, the liability may not accurately reflect the amount required to fund the benefit obligation. Any such failure in our analytical or forecasting models could have a material adverse effect on our business, financial condition and results of operations. Our allowance for loan losses may be insufficient. We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense. This allowance represents management's best estimate of expected losses that may occur over the contractual life of our current loan portfolio. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks expected in the loan portfolio considering historical losses, current conditions and reasonable and supportable forecasts. The level of the allowance reflects management's continuing evaluation of industry concentrations; specific credit risks; loan loss experience; current loan portfolio quality; present and forecasted economic, political and regulatory conditions, including inflation and recessionary concerns; **and interest** the Federal Reserve's aggressive raising of the federal funds rate **trends** throughout 2022 and most of

~~2023; and unidentified losses expected in the current loan portfolio.~~ The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires management to make significant estimates and assumptions regarding current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting the value of properties used as collateral for loans, problems affecting the credit of borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. Business and consumer customers of the Bank may be currently experiencing varying degrees of financial distress, which may continue over the coming months and may adversely affect their ability to timely pay interest and principal on their loans and the value of the collateral securing their obligations. This in turn may influence the recognition of credit losses in our loan portfolios and may increase our allowance for credit losses, particularly should more customers draw on their lines of credit or seek additional loans to help finance their businesses. In addition, bank regulatory agencies periodically review our allowance for loan losses and may require an increase in the provision for loan losses or the recognition of further loan charge-offs (in accordance with GAAP), based on judgments different than those of management. If charge-offs in future periods exceed the allowance for loan losses, we may need additional provisions to increase the allowance for loan losses. Any increases in the allowance for loan losses will result in a decrease in net income and capital and may have a material adverse effect on our financial condition and results of operations. Our interest rate risk, liquidity, fair value of securities and profitability are dependent upon the successful management of our balance sheet strategy. We implemented a balance sheet strategy for the purpose of enhancing overall profitability by maximizing the use of our capital. The effectiveness of our balance sheet strategy, and therefore our profitability, may be adversely affected by a number of factors, including reduced net interest margin and spread, adverse changes in the market liquidity and fair value of our investment securities and U. S. agency MBS, incorrect modeling results due to the unpredictable nature of MBS prepayments, the length of interest rate cycles and the slope of the interest rate yield curve. In addition, we may not be able to obtain wholesale funding to profitably and properly fund our balance sheet strategy. If our balance sheet strategy is flawed or poorly implemented, we may incur significant losses. See the section captioned “ Balance Sheet Strategy ” in “ Item 7. Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” in this report for further discussion related to our balance sheet strategy. Our process for managing risk may not be effective in mitigating risk or losses to us. The objective of our risk management process is to mitigate risk and loss to our organization. We have established procedures that are intended to identify, measure, monitor, report and analyze the types of risks to which we are subject, including liquidity risk, credit risk, market risk, interest rate risk, operational risk, cybersecurity risk, legal and compliance risk and reputational risk, among others. However, as with any risk management process, there are inherent limitations to our risk management strategies as there may exist, or develop in the future, **and there may be** risks that we have not appropriately anticipated or identified. The ongoing developments in the financial institutions industry continue to highlight both the importance and some of the limitations of managing unanticipated risks. If our risk management processes prove ineffective, we could suffer unexpected losses ~~and that could be have a materially~~ **material adversely** ~~adverse affected effect on our~~ **business results of operations and financial condition**. New lines of business or new products and services may subject us to additional risks. From time to time, we may implement new delivery systems, ~~such as internet banking~~, or offer new products and services within existing lines of business. In developing and marketing new delivery systems and / or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and / or new products or services may not be achieved, and price and profitability targets may not prove feasible. 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, 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, results of operations and financial condition. Acquisitions and potential acquisitions may disrupt our business and dilute shareholder value. We occasionally evaluate merger and acquisition opportunities and conduct due diligence activities related to possible transactions with other financial institutions and financial services companies. As a result, merger or acquisition discussions and, in some cases, negotiations may take place, and future mergers or acquisitions involving cash, debt or equity securities may occur at any time. Acquisitions typically involve the payment of a premium over book and fair values, and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future transaction. Furthermore, failure to realize expected revenue increases, cost savings, increases in geographic or product presence and / or other projected benefits and synergies from an acquisition could have a material adverse effect on our financial condition and results of operations. Our profitability depends significantly on economic conditions in the State of Texas. Our success depends primarily on the general economic conditions in the State of Texas and the ~~specific~~ local markets within Texas in which we operate. Unlike larger national or other regional banks that are more geographically diversified, we provide banking and financial services to customers primarily in the State of Texas and ~~the~~ **our** local markets ~~in which we operate within Texas~~. The local economic conditions in these areas have a significant impact on the demand for our products and services, as well as the ability of our customers to repay loans, the value of the collateral securing our loans and the stability of our deposit funding sources. Moreover, a substantial percentage of the securities in our municipal bond portfolio were issued by political subdivisions and agencies within the State of Texas. A significant decline in general economic conditions, caused by inflation, recession, crude oil prices, acts of terrorism, pandemics, natural or man- made disasters, outbreak of hostilities or other international or domestic occurrences, unemployment, plant or business closings or downsizing, changes in securities markets or other factors could impact these local economic conditions and, in turn, have a material adverse effect on our **business**, financial condition and results of operations. Funding to provide liquidity may not be available to us on favorable terms or at all. Liquidity is the ability to meet cash flow needs on a timely basis at a reasonable cost.

The liquidity of the Bank is necessary to make loans and leases and to repay deposit liabilities as they become due or are demanded by customers. Our board of directors establishes liquidity policies and limits. Management and our ALCO regularly monitor the overall liquidity position of the Bank and the Company to ensure that various alternative strategies exist to cover unanticipated events that could affect liquidity. Management and our ALCO also establish policies and monitor guidelines to diversify the Bank's funding sources to avoid concentrations in excess of board-approved policies from any one market source. Funding sources include federal funds purchased, repurchase agreements, **core and** noncore deposits and short- and long-term debt. The Bank is also a member of the FHLB System, which provides funding through advance agreements to members that are collateralized with U. S. Treasury securities, MBS, commercial MBS and loans. We maintain a portfolio of securities that can be used as a secondary source of liquidity. Other sources of liquidity include sales or securitizations of loans, our ability to acquire additional national market, noncore deposits, additional collateralized borrowings such as FHLB advance agreements, the issuance and sale of debt securities and the issuance and sale of preferred or common securities in public or private transactions. The Bank also can borrow from the FRDW ~~and request advances from the DTFFP through March 11, 2024~~. We have historically had access to a number of alternative sources of liquidity, but if there is an increase in volatility in the credit and liquidity markets similar to **the Great Recession of** 2008, there is no assurance that we will be able to obtain such liquidity on terms that are favorable to us, or at all. The cost of out-of-market deposits may exceed the cost of deposits of similar maturity in our local market area, making such deposits unattractive sources of funding; financial institutions may be unwilling to extend credit to banks because of concerns about the banking industry and the economy in general, and there may not be a viable market for raising equity capital. If we ~~were~~ **are** unable to access any of these funding sources when needed, we might be unable to meet customers' needs, which could adversely impact our **business**, financial condition, results of operations, cash flows and liquidity and level of regulatory-qualifying capital. If we fail to maintain an effective system of disclosure controls and procedures, including internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud, which could have a material adverse effect on our business, results of operations and financial condition. In addition, current and potential shareholders could lose confidence in our financial reporting, which could harm the trading price of our common stock. Management regularly monitors, reviews and updates our disclosure controls and procedures, including our internal control over financial reporting. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable assurances that the controls will be effective. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition. Failure to achieve and maintain an effective internal control environment could prevent us from accurately reporting our financial results, preventing or detecting fraud or providing timely and reliable financial information pursuant to our reporting obligations, which could result in a material weakness in our internal controls over financial reporting and the restatement of previously filed financial statements and could have a material adverse effect on our business, financial condition and results of operations. Further, ineffective internal controls could cause our investors to lose confidence in our financial information, which could affect the trading price of our common stock. The value of our goodwill and other intangible assets may decline in the future. As of December 31, ~~2023~~ **2024**, we had \$ ~~204~~ **202** ~~0.9~~ million of goodwill and other intangible assets. A significant decline in our expected future cash flows, a significant adverse change in the business climate, slower growth rates or a significant and sustained decline in the price of our common stock may necessitate taking charges in the future related to the impairment of our goodwill and other intangible assets. If we were to conclude that a future write-down of goodwill and other intangible assets is necessary, we would record the appropriate charge, which could have a material adverse effect on our business, financial condition and results of operations. We are subject to environmental liability as a result of certain lending activities. A significant portion of our loan portfolio is secured by real property. During the ordinary course of business, we may foreclose on and take title to properties securing certain loans. There is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental remediation may require us to incur substantial expenses 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 more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. Although we have policies and procedures that require us 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 our financial condition and results of operations. We may be adversely affected by declining crude oil prices. Since **the beginning of** ~~2022~~ **2023**, the market price of a barrel of West Texas Intermediate crude oil fluctuated from a low of approximately \$ ~~65~~ **66** to a high of approximately \$ ~~89~~ **91**. To partially mitigate this volatility, oil producers continue to find ways to control production costs. Decreased market oil prices compressed margins for many U. S. and Texas-based oil producers, as well as oilfield service providers, energy equipment manufacturers and transportation suppliers, among others. As of December 31, ~~2023~~ **2024**, energy loans comprised approximately 2. ~~09~~ **51** % of our loan portfolio. Energy production and related industries represent a significant part of the economies in our primary markets. Although crude oil prices are not presently depressed, if oil prices were to decline significantly for an extended period, we could experience weaker loan demand from the energy industry and increased losses within our energy portfolio. A prolonged period of low oil prices could also have a negative impact on the U. S. economy and, in particular, the economies of energy-dominant states such as Texas, which in turn could have a material adverse effect on our business, financial condition and results of operations. Severe weather, natural disasters, climate change, acts of war or terrorism, health emergencies, epidemics or pandemics and other external events could significantly impact our business. Severe weather, natural disasters, climate change, acts of war or terrorism, health emergencies, epidemics or pandemics and other adverse external events could have a significant impact on our ability to conduct business. Such events 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 and / or cause us to incur additional expenses. For example, ~~because of our location and the location of the market areas we serve,~~ severe weather is more likely **in our location and the market areas we serve** than in other areas of the country. Although management has established disaster recovery policies and procedures, there can be no assurance of the effectiveness of such policies and procedures, and the occurrence of any such event could have a material adverse effect on our business, financial condition and results of operations.

**RISKS ASSOCIATED WITH THE BANKING INDUSTRY** We are subject or may become subject to extensive government regulation and supervision. Southside Bancshares, Inc., primarily through the Bank, and certain of its nonbank subsidiaries, is subject to extensive federal and state regulation and supervision. Banking **laws and** regulations are primarily intended to protect depositors' funds, federal deposit insurance funds and the banking system as a whole, not shareholders. These **laws and** regulations affect our lending practices, capital structure, investment practices and dividend policy and growth, among other things. The statutory and regulatory framework under which we operate has changed substantially **over the past several years** (as the result of the enactment of the Dodd- Frank Act and the Regulatory Relief Act, and the adoption of the Basel III Capital Rules, the European Union' s General Data Protection Regulations and data protection laws enacted by several U. S states ~~. The Dodd- Frank Act represents a significant overhaul of many aspects of the regulation of the financial services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection (as implemented through the CFPB-), interchange fees, derivatives, lending limits, mortgage lending practices, registration of investment advisors and~~ **will likely continue to changes- change among bank regulatory authorities substantially in the coming years**. In addition, Congress and federal and state regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect us in substantial and unpredictable ways. Such changes could subject us to additional costs, limit deposit fees and other types of fees we charge, limit the types of financial services and products we may offer and / or increase the ability of nonbanks to offer competing financial services and products, among other things. While we cannot predict the impact of regulatory changes that may arise out of the current financial and economic environment, any regulatory changes or increased regulatory scrutiny could increase costs directly related to complying with new regulatory requirements. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and / or reputational damage, which could have a material adverse effect on our business, financial condition and results of operations. While our policies and procedures are designed to prevent any such violations, there can be no assurance that such violations will not occur. See the section captioned " Supervision and Regulation " in " Item 1. Business " and " Note 13 – Shareholders' Equity " to our consolidated financial statements included in this report. We may become subject to increased regulatory capital requirements. The capital requirements applicable to Southside Bancshares, Inc. and the Bank are subject to change as a result of future government actions. Each of the federal banking agencies, including the Federal Reserve and the FDIC, has issued substantially similar risk- based and leverage capital guidelines applicable to the banking organizations they supervise. For additional discussion relating to capital adequacy refer to " Item 1. Business- Supervision and Regulation- Capital Adequacy " in this report. The Company believes it will continue to meet the capital guidelines, however complying with new capital rules mandated by the federal banking agencies may affect our operations, including our asset portfolios and financial performance. Changes in accounting and tax rules applicable to banks could adversely affect our financial condition and results of operations. From time to time, the FASB and the SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in us restating prior period financial statements. For a discussion of the reporting and accounting implications to the Company and Southside Bank resulting from recent changes to the tax laws, refer to " Item 1. Business- Supervision and Regulation- Regulatory Examination " in this report. Financial services companies depend on the accuracy and completeness of information about customers and counterparties and inaccuracies in such information, including as a result of fraud, could adversely impact our business, financial condition and results of operations. In deciding whether to extend credit or enter into other transactions with third parties, we rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. We may also rely on representations of those customers, counterparties or other third parties, such as independent auditors or property appraisers, as to the accuracy and completeness of that information. Such information could be inaccurate, including as a result of fraud on behalf of our customers, counterparties or other third parties. In times of increased economic stress, we are at an increased risk of fraud losses. We cannot assure you that our underwriting and operational controls will prevent or detect such fraud or that we will not experience fraud losses or incur costs or other damages related to such fraud. Our customers may also experience fraud in their businesses which could adversely affect their ability to repay their loans or make use of our services. Our exposure and the exposure of our customers to fraud may increase our financial risk and reputation risk as it may result in unexpected loan losses that exceed those that have been provided for in our allowance for loan losses. Reliance on inaccurate or misleading information from our customers, counterparties and other third parties, including as a result of fraud, could have a material adverse impact on our business, financial condition and results of operations. ~~Consumers~~ **Customers** may decide not to use banks to complete their financial transactions. Technology and other changes are allowing parties to complete financial transactions that historically have involved banks through alternative methods. For example, ~~consumers~~ **customers** can now maintain funds that would have historically been held as bank deposits in brokerage accounts or mutual funds. Consumers can also complete transactions such as paying bills and / or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a

material adverse effect on our financial condition and results of operations. The soundness of other financial institutions could adversely affect us. 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 we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional customers. Many of these transactions expose us to credit risk in the event of default of our counterparty or customer. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized or is liquidated at prices insufficient to recover the full amount of the loan or derivative exposure due to us. **Any** ~~There is no assurance that any~~ such losses ~~would~~ **could not** materially and adversely affect our results of operations or earnings. We are subject to claims and litigation pertaining to fiduciary responsibility. From time to time, customers make claims and take legal action pertaining to the performance of our fiduciary responsibilities. Whether customer claims and legal actions related to the performance of our fiduciary responsibilities are merited, defending claims is costly and diverts management's attention, and if such claims and legal actions are not resolved in a manner favorable to us, they may result in significant financial liability and / or adversely affect our market perception and products and services as well as impact customer demand for those products and services. Any financial liability or reputational damage resulting from claims and legal actions could have a material adverse effect on our business, financial condition and results of operations.

**GENERAL RISK FACTORS** Our stock price can be volatile. Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. Our stock price can fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in our results of operations, financial condition or asset quality;
- changes in recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to us;
- news reports relating to trends, concerns and other issues in the financial services industry, including regulatory actions against other financial institutions;
- perceptions in the marketplace regarding us and / or our competitors;
- perceptions in the marketplace regarding the impact of changes in price per barrel of crude oil, real estate values and interest rates on the Texas economy;
- new technology used or services offered by competitors;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- failure to integrate acquisitions or realize anticipated benefits from acquisitions;
- future issuances of our common stock or other securities;
- additions or departures of key personnel;
- changes in government regulations; and
- geopolitical conditions such as acts or threats of terrorism or military conflicts, health emergencies, epidemics or pandemics.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, inflation, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results. The holders of our subordinated notes and junior subordinated debentures have rights that are senior to those of our common stock shareholders. On November 6, 2020, we issued \$ 100.0 million of 3.875% fixed-to-floating rate subordinated notes, **with an outstanding balance, net of unamortized debt issuance costs, of \$ 92.0 million as of December 31, 2024,** which mature in November 2030. ~~On September 19, 2016, we issued \$ 100.0 million of 5.50% fixed-to-floating subordinated notes, which we redeemed on September 30, 2021.~~ On September 4, 2003, we issued \$ 20.6 million of floating rate junior subordinated debentures in connection with a \$ 20.0 million trust preferred securities issuance by our subsidiary Southside Statutory Trust III. These junior subordinated debentures mature in September 2033. On August 8 and 10, 2007, we issued \$ 23.2 million and \$ 12.9 million, respectively, of fixed-to-floating rate junior subordinated debentures in connection with \$ 22.5 million and \$ 12.5 million, respectively, trust preferred securities issuances by our subsidiaries Southside Statutory Trust IV and V, respectively. Trust IV matures October 2037 and Trust V matures September 2037. On October 10, 2007, as part of an acquisition, we assumed \$ 3.6 million of floating rate junior subordinated debentures to Magnolia Trust Company I in connection with \$ 3.5 million of trust preferred securities issued in 2005 that mature in 2035. We conditionally guarantee payments of the principal and interest on the trust preferred securities. Our subordinated notes and the junior subordinated debentures are senior to our shares of common stock. We must make payments on the junior subordinated debentures (and the related trust preferred securities) before any dividends can be paid on our common stock, and in the event of bankruptcy, dissolution or liquidation, the holders of the debentures must be satisfied before any distributions can be made to the holders of common stock. We have the right to defer distributions on our debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid to holders of common stock. The trading volume in our common stock is less than that of other larger financial services companies. Although our common stock is listed for trading on the **NYSE NASDAQ Global Select Market**, the trading volume for our common stock is low relative to other larger financial services companies, and you are not assured liquidity with respect to transactions in our common stock. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the lower trading volume of our common stock, significant sales of our common stock or the expectation of these sales, could cause our stock price to fall. We may issue additional securities, which could dilute your ownership percentage. In certain situations, our board of directors has the authority, without any vote of our shareholders, to issue shares of our authorized but unissued stock. In the future, we may issue additional securities, through public or private offerings, to raise additional capital or finance acquisitions. Any such issuance would dilute the ownership of current holders of our common stock. Securities analyst might not continue coverage on our common stock, which could adversely affect the market for our common stock. The trading price of our common stock depends in part on the research and reports that securities analysts publish about us and our business. We do not have any control over these analysts and they may not continue to cover our common stock. If securities analysts do not continue to cover our common stock, the lack of research coverage may adversely affect its market price. If securities analysts continue to cover our common stock and our common stock is the subject of an unfavorable report, the price of our common stock may decline. If one or more of these analysts cease to cover us or fail to

publish regular reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our common stock to decline. Provisions of our certificate of formation and bylaws, as well as state and federal banking regulations, could delay or prevent a takeover of us by a third party. Our certificate of formation and bylaws could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our shareholders, or otherwise adversely affect the price of our common stock. These provisions include, among others, requiring advance notice for raising business matters or nominating directors at shareholders' meetings and staggered board elections. Any individual, acting alone or with other individuals, who are seeking to acquire, directly or indirectly, 10.0% or more of our outstanding common stock must comply with the CBCA, which requires prior notice to the Federal Reserve for any acquisition. Additionally, any entity that wants to acquire 5.0% or more of our outstanding common stock, or otherwise control us, may need to obtain the prior approval of the Federal Reserve under the BHCA. As a result, prospective investors in our common stock need to be aware of and comply with those requirements, to the extent applicable. These provisions may discourage potential acquisition proposals and could delay or prevent a change in control, including under circumstances in which our shareholders might otherwise receive a premium over the market price of our share. An investment in our common stock is not an insured deposit. Our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in our common stock is inherently risky for the reasons described in this "Risk Factors" section and elsewhere in this report and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire our common stock, you may lose some or all of your investment.