

## Risk Factors Comparison 2024-02-29 to 2023-02-28 Form: 10-K

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As a financial services organization, we are subject to a number of risks inherent in our transactions and present in the business decisions we make. Described below are the primary risks and uncertainties that if realized could have a material and adverse effect on our business, financial condition, results of operations, cash flows, and liquidity. The risks and uncertainties described below are not the only risks we face. We have identified our major risk categories as: market risk, credit risk, capital and liquidity risk, compliance risk, operational risk, strategic risk, reputation risk and model risk. Market risk is the risk of loss due to changes in external market factors such as interest rates. Credit risk is the risk of loss that arises when an obligor fails to meet the terms of an obligation. We are exposed to both customer credit risk, from our loans, and institutional credit risk, principally from our various business partners and counterparties. Capital and liquidity risk is the risk that financial condition or overall safety and soundness are adversely affected by an inability, or perceived inability, to meet obligations and support business growth. Compliance risk is the risk that we fail to adequately comply with applicable laws, rules and regulations. Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (such as natural disasters) or compliance, reputation or legal matters and includes those risks as they relate directly to the Company as well as to third parties with whom we contract or otherwise do business. Strategic risk is the risk from changes in the business environment, improper implementation of decisions or inadequate responsiveness to changes in the business environment. Reputation risk is the risk of loss that arises from negative publicity or perceptions regarding our business practices. Model risk refers to the possibility of unintended business outcomes arising from the design, implementation or use of models.

1. Market Risk Difficult market conditions and unfavorable economic trends could adversely affect our industry and our business. We are exposed to downturns in the ~~Delaware and~~ Greater Philadelphia **and Delaware** region, Mid- Atlantic and overall U. S. economy and housing markets. Unfavorable economic trends, sustained high unemployment, high costs of living, and declines in real estate values can cause a reduction in the availability of commercial credit and can negatively impact the credit performance of commercial and consumer loans, resulting in increased write- downs. These negative trends can cause economic pressure on consumers and businesses and diminish confidence in the financial markets, which may adversely affect our business, financial condition, results of operations and ability to access capital. A worsening of these conditions, such as a recession or economic slowdown, would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial services industry. In particular, we may face the following risks in connection with these events:

- An increase in the number of customers unable to repay their loans in accordance with the original terms, which could result in a higher level of loan and lease losses and provision for loan and lease losses;
- Decreases in customer deposits;
- Impaired ability to assess the creditworthiness of customers as the models and approaches we use to select, manage and underwrite our customers become less predictive of future performance;
- Impaired ability to estimate the losses inherent in our credit exposure as the process we use to make such estimates requires difficult, subjective and complex judgments based on forecasts of economic or market conditions that might impair the ability of our customers to repay their loans, and this estimating process becomes less accurate and thus less reliable as economic conditions worsen;
- Increases in foreclosures, delinquencies and customer bankruptcies, as well as more restricted access to commercial credit;
- Decreases in our Wealth Management segment' s AUM portfolios as a result of, among other things, decreases in market value from investment performance losses and customers' increased financial needs;
- Downward pressure on our stock price or an impaired ability to access the capital markets or otherwise obtain needed funding on attractive terms or at all;
- Changes in the regulatory environment, including regulations promulgated or to be promulgated under federal banking legislation or other new regulations, and changes in accounting standards, **which** could influence recognition of loan and lease losses and our allowance for credit losses, and could result in earlier recognition of loan losses and decreases in capital; and
- Increased competition due to intensified consolidation of the financial services industry and competition from non- banks. Changes in interest rates and other factors beyond our control could have an adverse impact on our earnings. Over the past several years, our earnings have been, and continue to be, significantly impacted by substantial ~~and rapid~~ fluctuations in the interest rate environment. In response to the economic and financial effects of the ~~novel coronavirus (~~ COVID- 19 ~~)~~ pandemic, the Federal Reserve initially reduced interest rates through 2020 and 2021 and instituted quantitative easing measures as well as domestic and global capital market support programs. In 2022 **and 2023**, to curb rising inflation, the Federal Reserve increased the target Federal Funds rate – the interest rate that banks charge each other for overnight lending in order to help maintain the reserve requirements of the Federal Reserve – to a range between ~~4-5~~ . 25 % and ~~4-5~~ . 50 % as of December ~~2022~~ **2023** and enacted policies to achieve that target range. As the increases in the target Federal Funds rate resulted in increased costs of operating a financial institution, the costs of borrowing increased while the availability of credit and the favorable credit terms available under the Federal Reserve' s 2020 and 2021 policies generally decreased. Our operating income and net income depend to a significant extent on our net interest margin, which is the difference between the interest yields we receive on loans, securities and other interest- earning assets and the interest rates we pay on interest- bearing deposits and other liabilities. Net interest margin is affected by changes in market interest rates, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest- bearing liabilities mature or reprice more quickly than interest- earning assets in a period, an increase in market rates of interest could reduce net interest income. Similarly, when interest- earning assets mature or reprice more quickly than interest- bearing liabilities, falling interest rates could reduce net interest income. These rates are highly sensitive to many factors beyond our control, including competition, general economic conditions and monetary and fiscal policies of various governmental regulatory agencies, including the

Federal Reserve and the target Federal Funds rate. We seek to manage our risk from changes in market interest rates by adjusting the rates, maturity, repricing, and balances of our different types of interest-earning assets and interest-bearing liabilities, but these interest rate risk management techniques are not capable of eliminating such risks and they may not be as effective as we intend. In particular, rapid increases or decreases in interest rates could have unusually adverse effects on our net interest margin, including the impact of deposit betas, and results of operations to the extent our interest rate risk management techniques are insufficient to mitigate these risks in a timely manner. The results of our interest rate sensitivity simulation models depend upon a number of assumptions which may prove to be inaccurate. We may not be able to successfully manage our interest rate risk. In addition, increases in market interest rates and / or adverse changes in the local residential real estate market, the general economy or consumer confidence would likely have a significant adverse impact on our noninterest income, as a result of reduced demand for residential loans that we pre-sell. Interest rate increases often result in larger payment requirements for our borrowers, which increase the potential for default and could result in a decrease in the demand for loans. At the same time, the marketability of the property securing a loan may be adversely affected by any reduced demand resulting from higher interest rates. In a declining interest rate environment, there may be an increase in prepayments on loans as borrowers refinance their loans at lower rates. In addition, in a low interest rate environment, loan customers often pursue long-term fixed rate credits, which could adversely affect our earnings and net interest margin if rates increase. Changes in interest rates also can affect the value of loans, securities and other assets. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reduction of income recognized, which could have an adverse effect on our results of operations and cash flows. Further, when we place a loan on nonaccrual status, we reverse any accrued but unpaid interest receivable, which decreases interest income. At the same time, we continue to have a cost to fund the loan, which is reflected as interest expense, without any interest income to offset the associated funding expense. Thus, an increase in the amount of nonperforming assets would have an adverse impact on net interest income. The market value of our investment securities portfolio may be impacted by the level of interest rates and the credit quality and strength of the underlying collateral. Our net interest income varies as a result of changes in interest rates as well as changes in interest rates across the yield curve. When interest rates are low, borrowers have an incentive to refinance into mortgages with longer initial fixed rate periods and fixed rate mortgages, causing our securities to experience faster prepayments. Increases in prepayments on our portfolio will cause our premium amortization to accelerate, lowering the yield on such assets. If this happens, we could experience a decrease in interest income, which may negatively impact our results of operations and financial condition. Future changes in interest rates may reduce the market value of our investment securities, **which could impact market confidence in our operations. A series of bank failures in the spring of 2023 was precipitated by losses in the value of securities portfolios due to rising interest rates and subsequent reduction in deposits.** In addition, our securities portfolio is subject to risk as a result of our exposure to the credit quality and strength of the issuers of the securities or the collateral backing such securities. Any decrease in the value of the underlying collateral will likely decrease the overall value of our securities, affecting equity and possibly impacting earnings. Changes in or questions about the soundness of other financial institutions could adversely affect us. Our ability to engage in routine funding transactions could be adversely affected by the actions of and changes in the commercial soundness of other financial institutions. Defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions and damage to our reputation by association. Such events could adversely affect our business, results of operations, or financial condition. The financial services industry and our market area are highly competitive. We compete with regional and national financial institutions and other non-bank companies, some of which may have larger client bases, operate with greater resources, and offer lending terms and services that we do not or cannot offer. Some of these competitors may have other advantages, such as the favorable tax treatments available to credit unions. The financial services industry continues to consolidate due to the benefits of operating at a larger scale and is undergoing rapid technological development that may require us to further develop and invest in our digital capabilities. This competition can affect the pricing for our products and services and if the Company cannot compete effectively, we may lose market share and income resulting in an adverse effect on our business, results of operations and financial condition. 2. Credit Risk Significant increases of nonperforming assets, or greater than anticipated costs to resolve these credits, can have an adverse effect on our earnings. Our nonperforming assets, which consist of non-accrual loans, assets acquired through foreclosure, **and troubled debt restructurings-restructured loans (TDRs)** adversely affect our net income in various ways. We do not record interest income on nonaccrual loans and assets acquired through foreclosure. We must establish an allowance for credit losses which reserves for losses inherent in the loan and lease portfolio that are both probable and reasonably estimable. From time to time, we also write down the value of properties in our portfolio of assets acquired through foreclosure to reflect changing market values. Additionally, there are legal fees associated with the resolution of problem assets as well as carrying costs such as taxes, insurance and maintenance related to assets acquired through foreclosure. The resolution of nonperforming assets requires the active involvement of management, which can distract management from daily operations and other income producing activities. Finally, if our estimate of the allowance for credit losses is inadequate, we will have to increase the allowance for credit losses accordingly, which will have an adverse effect on our earnings. Significant increases in the level of our nonperforming assets from the current level, or greater than anticipated costs to resolve these credits, will have an adverse effect on our earnings. Our loan portfolio includes a substantial amount of commercial mortgage, **commercial and industrial, and** construction and land development ~~and commercial and industrial~~ loans. The credit risk related to these types of loans is greater than the risk related to residential loans. Our commercial loan portfolio includes commercial and industrial loans, commercial mortgage loans, **and** construction and land development loans. Commercial mortgage loans generally carry larger loan balances and involve a greater degree of risk of nonpayment or late payment than home equity loans or residential mortgage loans. Any significant failure to pay or late payments by our customers would adversely affect our earnings. The

increased credit risk associated with these types of loans is a result of several factors, including the concentration of principal in a limited number of loans and borrowers, the larger size of loan balances, and the potential that changes in general economic and working conditions can adversely affect income-producing properties, such as reduced office usage as a result of remote work policies. A portion of our commercial mortgage, construction and land development and commercial and industrial loan portfolios includes a balloon payment feature. A number of factors may affect a borrower's ability to make or refinance a balloon payment, including the financial condition of the borrower, the prevailing local economic conditions and the prevailing interest rate environment. Furthermore, commercial and industrial loans secured by owner-occupied properties are dependent upon the successful operation of the borrower's business. If the operating company suffers difficulties, including reduction in sales volume and / or profitability, the borrower's ability to repay the loan may be impaired. Loans secured by properties where repayment is dependent upon payment of rent by third party tenants or the sale of the property may be impacted by loss of tenants, lower lease rates needed to attract new tenants or the inability to sell a completed project in a timely fashion and at a profit. We are exposed to increased credit losses and credit related expenses in the event of a major natural disaster, public health crisis, other catastrophic event or significant climate change effects. The occurrence of a major natural or environmental disaster, public health crisis or similar catastrophic event, as well as significant climate change effects such as rising sea levels or wildfires, especially in densely populated geographic areas, could increase our credit losses and credit related expenses. A natural disaster, public health crisis or catastrophic event or other significant climate change effect that either damages or destroys residential or multifamily real estate underlying mortgage loans or **REO-real estate owned** properties, or negatively affects the ability of borrowers to continue to make payments on loans, could increase our serious delinquency rates and average loan loss severity in the affected areas. Such events could also cause downturns in economic and market conditions generally, which could have an adverse effect on our business and financial results. We may not have adequate insurance coverage for some of these natural, catastrophic, public health or climate change-related events. Concentration of loans in our primary markets may increase our risk. Our success depends primarily on the general economic conditions and housing markets in the state of Delaware, southeastern Pennsylvania, southern New Jersey and northern Virginia, as a large portion of our loans are made to customers in these markets. This makes us vulnerable to a downturn in the local economy and real estate markets in these areas. Declines in real estate valuations in these markets would lower the value of the collateral securing those loans, which could cause us to realize losses in the event of increased foreclosures. Local economic conditions have a significant impact on the ability of borrowers to repay loans as well as our ability to originate new loans. In addition, weakening in general economic conditions such as inflation, stagflation, increased costs-of-living, recession, unemployment, natural disasters or other factors beyond our control could negatively affect demand for loans, the performance of our borrowers and our financial results. If our allowance for credit losses is not sufficient to cover actual loan and lease losses, our earnings will decrease. We make various assumptions and judgments about the collectability of the loans and leases in our 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 and leases. In determining the amount of the allowance for credit losses, we review our portfolio mix and segmentation, modeling methodology, historical loss experience, relevant available information from internal and external sources relating to qualitative adjustment factors, prepayment speeds and reasonable and supportable forecasts about future economic conditions. If our assumptions are incorrect or if there is a significant deterioration in economic conditions, our allowance for credit losses may not be sufficient to cover expected credit losses in our loan and lease portfolio, resulting in unanticipated losses and additions to our allowance for credit losses. Material additions to our allowance for credit losses could materially decrease our net income.

3. Capital and Liquidity Risk Our inability to grow deposits in the future could adversely affect our liquidity and ability to grow our business. A key part of our strategy is to grow deposits. The market for deposits is highly competitive, with intense competition in attracting and retaining deposits. We compete on the basis of the rates we pay on deposits, features and benefits of our products, the quality of our customer service and the competitiveness of our digital banking capabilities. Our ability to originate and maintain deposits is also highly dependent on the strength of the Bank and the perceptions of customers and others of our business practices and our financial health. Adverse perceptions regarding our reputation could lead to difficulties in attracting and retaining deposits accounts. Negative public opinion could result from actual or alleged conduct in a number of areas, including lending practices, regulatory compliance, inadequate protection of customer information or sales and marketing activities, and from actions taken by regulators or others in response to such conduct. The demand for the deposit products we offer may also be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences, reductions in consumers' disposable income, regulatory actions that decrease customer access to particular products or the availability of competing products. Competition from other financial services firms and others that use deposit funding products may affect deposit renewal rates, costs or availability. Changes we make to the rates offered on our deposit products may affect our profitability and liquidity. The FDIA prohibits an insured bank from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank's normal market area or nationally (depending upon where the deposits are solicited), unless it is "well-capitalized," or it is "adequately capitalized" and receives a waiver from the FDIC. A bank that is "adequately capitalized" and accepts brokered deposits under a waiver from the FDIC may not pay an interest rate on any deposit in excess of 75 basis points over certain prevailing market rates. There are no such restrictions under the FDIA on a bank that is "well-capitalized" and at December 31, **2022-2023**, the Bank met or exceeded all applicable requirements to be deemed "well-capitalized" for purposes of the FDIA. However, the Bank may not continue to meet these requirements. Limitations on the Bank's ability to accept brokered deposits (including regulatory limitations on the amount of brokered deposits in total or as a percentage of total assets) for any reason in the future could adversely impact our funding costs and liquidity. Any limitation on the interest rates the Bank can pay on deposits could competitively disadvantage us in attracting and retaining deposits and have an adverse effect on our business. We could experience an unexpected inability to obtain needed liquidity. Liquidity is essential to our business, as we use cash to

fund loans and investments, other interest-earning assets and deposit withdrawals that occur in the ordinary course of our business. We also are required by federal and state regulatory authorities to maintain adequate levels of capital to support our operations. Additionally, the operations of our Cash Connect<sup>®</sup> segment depends on us having access to large amounts of cash. Our principal sources of liquidity include customer deposits, **the Bank Term Funding Program**, FHLB borrowings, brokered certificates of deposit, sales of loans, repayments to the Bank from borrowers and paydowns and sales of investment securities. Our ability to obtain funds from these sources could become limited, or our costs to obtain such funds could increase, due to a variety of factors, including changes in our financial performance, the imposition of regulatory restrictions on us, or adverse developments in the capital markets, including weakening economic conditions or negative views and expectations about the prospects for the financial services industry as a whole. If our ability to obtain necessary funding is limited or the costs of such funding increase, our ability to meet our obligations or grow our banking business would be adversely affected and our financial condition and results of operations could be harmed. Restrictions on our subsidiaries' ability to pay dividends to us could negatively affect our liquidity and ability to pay dividends. We are a separate and distinct legal entity from our subsidiaries, including the Bank. We receive substantially all of our revenue from dividends from our subsidiaries. These dividends are the principal source of funds to pay dividends on our common stock, 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 us, and the OCC may block dividend payments by the Bank. Also, 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. Limitations on our subsidiaries to pay dividends to us could have an adverse effect on our liquidity and on our ability to pay dividends on our common stock. Additionally, if our subsidiaries' earnings are not sufficient to make dividend payments to us while maintaining adequate capital levels; we may not be able to make dividend payments to our common stockholders.

4. Compliance Risk We are subject to extensive regulation which could have an adverse effect on our operations. We are subject to extensive federal and state regulation, supervision and examination governing almost all aspects of our operations. The laws and regulations governing our business are intended primarily to protect depositors, our customers, the public, the FDIC's Deposit Insurance Fund, and the banking system as a whole, and not our stockholders or holders of our debt. The Federal Reserve is the primary federal regulator for the Company, the OCC is the Bank's primary regulator and the CFPB regulates the Bank's compliance with consumer financial protection laws. The banking laws, regulations and policies applicable to us govern a variety of matters, including certain debt obligations, changes in control, maintenance of adequate capital, and general business operations, including permissible types, amounts and terms of loans and investments, the amount of reserves held against deposits, restrictions on dividends, establishment of new offices, the maximum interest rate that may be charged by law and treatment of customers. In addition, federal and state banking regulators have broad authority to supervise our banking business, including the authority to prohibit activities that represent unsafe or unsound banking practices or constitute violations of statute, rule, regulation or administrative order. Failure to appropriately comply with any such laws, regulations or regulatory policies could result in sanctions by regulatory agencies, civil money penalties or damage to our reputation, all of which could adversely affect our business, results of operations, financial condition or prospects. A government shutdown or understaffing at the Federal Reserve, the OCC and / or the CFPB could result in unforeseen delays in our ability to receive approval for certain transactions or deal with other regulatory issues. Such a delay could adversely affect our business, results of operations, or financial condition. We are subject to changes in federal and state banking statutes, regulations and governmental policies, and their interpretation or implementation. Certain of our subsidiaries are registered with the SEC as investment advisers and, as such, are subject to regulation, supervision and enforcement by the SEC under the Investment Advisers Act. Regulations affecting banks and other financial institutions in particular are undergoing continuous review and frequently change and the ultimate effect of such changes cannot be predicted. Regulations and laws may be modified at any time, and new legislation may be enacted that will affect us. Any changes in any federal and state law, as well as regulations and governmental policies could subject us to additional compliance costs and otherwise affect us in substantial and unpredictable ways, including ways that may adversely affect our business, results of operations, financial condition or prospects. We face a risk of noncompliance and enforcement action under the Bank Secrecy Act and other anti-money laundering statutes and regulations. The Bank Secrecy Act, the USA PATRIOT Act of 2001, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports when appropriate. These laws and regulations also provide that we are ultimately responsible to ensure our third party vendors adhere to the same laws and regulations. In addition to other bank regulatory agencies, FinCEN is authorized to impose significant civil money penalties for violations of those requirements and has engaged in coordinated enforcement efforts with the state and federal banking regulators, as well as the U. S. Department of Justice, CFPB, Drug Enforcement Administration, and Internal Revenue Service. We are also subject to increased scrutiny of compliance with the rules enforced by OFAC regarding, among other things, the prohibition on transacting business with, and the need to freeze assets of, certain persons and organizations identified as a threat to the national security, foreign policy or economy of the United States. If our policies, procedures and systems or those of our third party vendors are deemed deficient, we would be subject to liability, including fines and regulatory actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including any acquisition plans. Any of these results could have an adverse effect on our business, financial condition, results of operations and prospects. We are subject to numerous laws designed to protect consumers and promote community investment, including fair lending laws and the Community Reinvestment Act. Failure to comply with these laws or perform satisfactorily could lead to a wide variety of sanctions. The Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. Adverse findings in an evaluation of our fair lending compliance could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions

activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge our performance under fair lending laws in private class action litigation. Such actions could have an adverse effect on our business, financial condition, results of operations and prospects. The Community Reinvestment Act imposes community investment obligations on insured depository institutions. If the Bank does not perform satisfactorily under the Community Reinvestment Act, as determined by the OCC, the Company and the Bank could be restricted in their ability to expand through mergers, acquisitions, and / or the establishment of branches. The fiscal, monetary and regulatory policies of the federal government and its agencies could have an adverse effect on our results of operations. The Federal Reserve regulates the supply of money and credit in the U. S. Its 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. Congress 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 Federal Reserve 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. ~~The intention and actions of the United Kingdom's FCA to cease support of LIBOR could negatively affect the fair value of our financial assets and liabilities, results of operations and net worth. The transition to alternative reference interest rate could present operational problems and result in market disruption, including inconsistent approaches for different financial products, as well as disagreements with counterparties. The FCA ceased publishing most LIBOR settings as of January 1, 2022 but will continue to publish five U. S. LIBOR settings through mid-2023. We expect that the capital and debt markets will cease to use LIBOR as a benchmark, but we cannot predict whether LIBOR will actually cease to be available after its current expiration dates, whether the Secured Overnight Financing Rate (SOFR) will become the market benchmark in its place or what impact such a transition may have on our business, results of operations and financial condition. The selection of SOFR as the alternative reference rate for these products currently presents certain market concerns because SOFR (unlike LIBOR) does not have an inherent term structure or credit risk component. A methodology has been developed to calculate SOFR-based term rates, and the Federal Reserve Bank of New York has published such rates daily since early 2020 and encouraged banks to transition away from LIBOR as soon as practicable. However, the methodology has not been tested for an extended period of time, which may limit market acceptance of the use of SOFR. In addition, SOFR may not be a suitable alternative to LIBOR for all of our financial products, and it is uncertain what other rates might be appropriate for that purpose. It is uncertain whether these other indices will remain acceptable alternatives for such products. We have a significant number of financial products, including mortgage loans, mortgage-related securities, other debt securities and derivatives, that are indexed to LIBOR, and we continue to enter into transactions involving such products that will mature after 2021, with appropriate alternative reference rates to take effect after LIBOR's discontinuation, including the use of the WSJ Prime as a LIBOR alternative. We expect that the transition will span several reporting periods through June 2023. The replacement of LIBOR also may result in economic mismatches between different categories of instruments that now consistently rely on the LIBOR benchmark. Additionally, inconsistent approaches to a transition from LIBOR to an alternative rate among different market participants and for different financial products may cause market disruption and operational problems, which could adversely affect us, including by exposing us to increased basis risk and resulting costs in connection with remediating these problems, and by creating the possibility of disagreements with counterparties.~~ If we fail to comply with legal standards, we could incur liability to our clients or lose clients, which could negatively affect our earnings. Managing or servicing assets with reasonable prudence in accordance with the terms of governing documents and applicable laws is important to client satisfaction, which in turn is important to the earnings and growth of our investment businesses. Failure to comply with these standards, adequately manage these risks or manage the differing interests often involved in the exercise of fiduciary responsibilities could also result in liability. The CFPB has reshaped consumer financial regulations through rulemaking and enforcement of prohibitions against unfair, deceptive or abusive business acts or practices. Compliance with any such change may impact the manner in which WSFS and WSFS Bank offer consumer financial products or services, and our results of operations. As an insured depository institution with \$ 10 billion or more in total assets, WSFS Bank is subject to supervision, examination, and enforcement with respect to consumer protection laws by the CFPB. The CFPB has broad authority to administer and carry out provisions of the Dodd- Frank Act with respect to the Company's consumer financial products and services and may impose requirements more onerous than those of other bank regulatory agencies. For example, the Dodd- Frank Act authorizes the CFPB to write rules or bring enforcement actions to prohibit acts or practices that are unfair, deceptive or abusive in connection with consumer financial products or services, and the concept of an " abusive" act or practice did not previously exist in federal banking law. The CFPB has initiated enforcement actions against a variety of bank and non- bank market participants with respect to a number of consumer financial products and services, which has resulted in those participants expending significant time and money, including the costs of penalties, to respond to the actions pursued by the CFPB. As part of its rulemaking and enforcement activities, the CFPB has adopted interpretations of consumer protection laws that have required many market participants to change their practices and expend substantial resources to do so. ~~The In 2022, the CFPB has~~ **used its authorities utilized their supervisory and enforcement powers to pursue abusive acts penalize market participants and / or change market practices** in several **areas of the financial services industries industry**, including automobile loan servicing, credit card account management, debt collection, **small business lending**, the operation of ATMs, mortgage origination, depository account management, **the charging of late fees or other credit card fees, the charging of overdraft fees and insufficient funds fees on deposit accounts**, and consumer reporting , among others. There continues to be uncertainty as to how CFPB's strategies and priorities will impact the Company's business and operations. Any changes by the CFPB in regulatory expectations, interpretations or practices could increase the risk of additional enforcement actions, fines and penalties, which could have an adverse impact on

our business, results of operations, and financial condition. 5. Operational Risk Our technology- related operational processes and procedures may not be effective in accomplishing their intended purposes. Our operations depend upon the use of computer programs, algorithms, and other analytical tools. If such technology is ineffective at its intended purposes or includes errors in computer code, unintended bias, bad data, misuse of data, or fraud, it may adversely affect our operations. Additionally, as societal norms, legal requirements, businesses and markets evolve, our technology may not accurately reflect this evolution. There may also be technology- related issues that exist, or that develop in the future, that we have not anticipated, identified or mitigated, including when processes are changed or new products and services are introduced. In particular, the implementations of new technologies and digital solutions may cause business disruptions that affect our ability to maintain relationships with clients, customers, depositor and employees. If our risk management framework does not effectively identify and control such risks, we could suffer unexpected losses or be adversely affected, and that could have an adverse effect on our business, results of operations and financial condition. Our results of operations and financial condition could be adversely affected if our Cash Connect ® segment' s policies, procedures and controls are inadequate to prevent a misappropriation of funds, or if a misappropriation of funds is not insured or not fully covered through insurance. The profitability of our Cash Connect ® segment depends to a large degree on its ability to accurately and efficiently distribute, track, and settle large amounts of cash to its customers' ATMs which, in turn, depends on the successful implementation and monitoring of a comprehensive system of financial and operational controls that are designed to help prevent, detect, and recover any potential loss of funds. These controls require the implementation and maintenance of complex proprietary software, the ability to track and monitor an extensive network of armored car companies, and the ability to settle large amounts of electronic funds transfers (EFT) from various ATM networks. There is a risk that those associated with armored car companies, ATM networks and processors, ATM operators, or other parties may misappropriate funds belonging to Cash Connect ®. Cash Connect ® has experienced such occurrences in the past. If our Cash Connect ® division' s established policies, procedures and controls are inadequate, or not properly executed to prevent or detect a misappropriation of funds, or if a misappropriation of funds is not insured or not fully covered through any insurance maintained by us, our business, results of operations or financial condition could be adversely affected. System failure or cybersecurity breaches of our network security could subject us to increased operating costs as well as litigation and other potential losses. ~~Failures in, or breaches of, our computer systems and network infrastructure, or those of our third-party vendors or other service providers, including as a result of cyber- attacks, could disrupt our business, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses.~~ Our operations are dependent upon our ability to protect our computer equipment against damage from fire, power loss, telecommunications failure or a similar catastrophic event. Any damage or failure that causes an interruption in our operations could have an adverse effect on our business, financial condition and results of operations. In addition, our operations are dependent upon our ability to protect the computer systems, **software** and **network-networks infrastructure** utilized by us, including our Internet banking activities, against damage from physical break- ins, **cyber- attacks**, cybersecurity breaches and other disruptive problems ~~caused by~~. **Failures in, or breaches of, our computer systems, software and networks, or the those Internet of our third- party vendors or other users- service providers, including as a result of cyber- attacks, Cybersecurity- cybersecurity breaches and other disruptions, would could jeopardize disrupt our business or operations or those of our Customers and counterparties, result in the disclosure or misuse of confidential or proprietary information, result in supervisory liability or regulatory enforcement action, damage our reputation, result in a loss of Customers and business, result in a loss of confidence in** the security of information stored in and transmitted through our computer systems and network infrastructure, which may result in significant liability- **products and services, increase our costs and cause losses** to us and damage to our reputation, and may discourage current and potential customers from using our Internet banking services. Our security measures, including firewalls and penetration testing, **as well as Board oversight and management' s assessment, identification and management of cybersecurity risks**, may not prevent or detect future potential losses or liabilities from system failures or **breaches or cyber- attacks**, cybersecurity breaches ~~-In, or the other normal course of business~~ **disruptions. We seek to continuously monitor for and nimbly react to any and all such malicious cyber activity, and we collect, process, develop our systems to protect our technology infrastructure and data from misuse, misappropriation** retain sensitive and confidential information regarding our- or Customers **corruption. Senior management gives a quarterly update on cybersecurity to the Risk Committee of our Board of Directors and an annual update to our full Board of Directors.** Although we devote significant resources and **Board oversight and** management focus to ensuring the integrity of our systems through information security and business continuity programs, our **computer facilities and systems, software and networks**, and those of our third- party service providers, are vulnerable to external or internal security breaches, acts of vandalism, computer viruses **or malware**, misplaced or lost data, **denial- of- service attacks**, programming or human errors, or other similar events. **We also experience large volumes of phishing and other forms of social engineering attempted for the purpose of perpetrating fraud against us, our Associates, or our Customers.** In particular, **addition to cyber- attacks or the other technologies security breaches involving the theft of sensitive and digital solutions we confidential information, hackers recently have introduced engaged in attacks against large financial institutions that are designed to disrupt key business services, such as consumer- facing web sites** part of our Delivery Transformation initiative, including our enhanced website and personalized messaging app, are susceptible to these events. We and our third- party **vendors or other** service providers have experienced all of these events and expect to continue to experience them in the future. **Any of These these events occurrences could interrupt have an adverse effect on** our business or, **financial condition and results of** operations, ~~result in significant legal and financial exposure (including costs associated with remediating any security breaches), supervisory liability, regulatory enforcement action, damage to our reputation, loss of customers and business or a loss of confidence in the security of our systems, products and services.~~ Although the impact to date from these events has not had an adverse effect on us, we cannot be sure this will be the case in the future. ~~Any~~ **We are not able to**

anticipate or implement effective preventive measures against all security breaches of these occurrences types, especially because attacks are increasingly sophisticated, change frequently, often not recognized until launched, and can originate from a wide variety of sources. Our early detection and response mechanisms could fail to detect, mitigate or remediate these risks in a timely manner. Despite our implementation of protective measures and endeavoring to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to human error, equipment failure, natural disasters, power loss, unauthorized access, supply chain attacks, distributed denial of service attacks, computer viruses and other malicious code, and other events that could result in significant liability and damage to our reputation, and have an adverse effect ongoing impact on the security and stability of our operations. In addition, although we maintain insurance coverage that may, subject to terms and conditions, cover certain aspects of cyber and information security risks, such insurance coverage may be insufficient to cover all losses, such as litigation costs ~~our- or business- financial condition and results- losses that exceed our policy limits or are not covered under any of operations- our current insurance policies~~. Information security risks for financial institutions like us have increased recently in part because of new technologies, the use of the internet, cloud, and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. ~~In~~ Additionally, like many large enterprises, we have introduced more remote work arrangements for our Associates. The increase in remote work arrangements over the past few years has introduced potential new vulnerabilities to cyber threats. We also face increased cybersecurity risk as we deploy ~~additional~~ technologies and digital solutions, including our website and personalized messaging app. We may also face increased cybersecurity risk for a period of time after acquisitions as we transition the acquired entity's historical systems and networks to our standards. Moreover, any cyber- attack or other security breach may persist for an extended period of time without detection. We endeavor to design and implement policies and procedures to identify such cyber- attacks or breaches as quickly as possible; however, we expect that any investigation of a cyber- attack or breach would take substantial amounts of time, and that there may be extensive delays before we obtain full and reliable information. During such time we would not necessarily know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, all of which would further increase the costs and consequences of such an attack or breach. The SEC recently enacted rules, effective as of December 18, 2023, requiring public companies to disclose material cybersecurity incidents that they experience on Form 8- K within four business days of determining that a material cybersecurity incident has occurred and to disclose on annual basis material information regarding their cybersecurity risk management, strategy, and governance. If we fail to comply with these new requirements we could incur regulatory fines in addition to other security breaches involving the adverse consequences to our reputation, business, financial condition and results of operations. We may also be subject to liability under various data protection laws. In ~~theft--~~ the normal course of business, we collect, process, and retain sensitive and confidential information regarding our Customers and Associates, including personal data. As a result, we ~~hackers recently have engaged in attacks against large financial institutions that are~~ subject to numerous laws and regulations designed to protect this information ~~disrupt key business services-, such as U consumer-facing web sites- We S-~~ federal, state and international laws governing the protection of personally identifiable information. These laws and regulations are increasing in complexity and number. If any person, including any of our associates, negligently disregards or intentionally breaches our established controls with respect to client or employee data, or otherwise mismanages or misappropriates such data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution. In addition, unauthorized disclosure of sensitive or confidential client or employee data, whether through system failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients and related revenue. Potential liability in the event of a security breach of client data could be significant. Depending on the circumstances giving rise to the breach, this liability may ~~not able to be subject to~~ anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a contractual limit or wide variety of sources. Our early detection and ~~an exclusion of consequential or indirect damages~~ response mechanisms may be thwarted by sophisticated attacks and malware designed to avoid detection. We rely on third parties for certain important functions. Any failures by those vendors and service providers could disrupt our business operations or expose us to loss of confidential information or intellectual property. Our use of third- party service providers exposes us to the risk of failures in their operations and their risk and control environments. We outsource certain key functions to external parties, including some that are critical to financial reporting (including our use of hedge accounting), valuations, our mortgage- related investment activity, loan underwriting, and loan servicing. We may enter into other key outsourcing relationships in the future and continue to expand our existing reliance on third- party service providers. If one or more of these key external parties were not able to perform their functions for a period of time, perform them at an acceptable service level or handle increased volumes, or if one of them experiences a disruption in its own business or technology from any cause, our business operations could be constrained, disrupted, or otherwise negatively affected. Our use of third- party service providers also exposes us to the risk of losing intellectual property or confidential information and to other harm, including to our reputation. Our ability to monitor the activities or performance of third- party service providers may be constrained, which may make it difficult for us to assess and manage the risks associated with these relationships. Our business may be adversely impacted by litigation and regulatory enforcement, which could expose us to significant liabilities and / or damage our reputation. From time to time, we have and may become party to various litigation claims and legal proceedings. Our businesses involve the risk that clients or others may sue us, claiming that we have failed to perform under a contract or otherwise failed to carry out a duty perceived to be owed to them. Our trust, custody and investment management businesses are particularly subject to this risk. This risk may be

heightened during periods when credit, equity or other financial markets are deteriorating in value or are particularly volatile, or when clients or investors are experiencing losses. In addition, as a publicly-~~held~~-**traded** company, we are subject to the risk of claims under the federal securities laws, and volatility in our stock price and those of other financial institutions increases this risk. Actions brought against us may result in injunctions, settlements, damages, fines or penalties, which could have an adverse effect on our business, financial condition or results of operations or require changes to our business. Even if we defend ourselves successfully, the cost of litigation may be substantial, and public reports regarding claims made against us may cause damage to our reputation among existing and prospective clients or negatively impact the confidence of counterparties, rating agencies and stockholders, consequently negatively affecting our earnings. In the ordinary course of our business, we also are subject to various regulatory, governmental and enforcement inquiries, investigations and subpoenas. These may be directed generally to participants in the businesses in which we are involved or may be specifically directed at us. In enforcement matters, claims for disgorgement, the imposition of civil and criminal penalties and the imposition of other remedial sanctions are possible. WSFS Bank provides indenture trustee and loan agency services, including administrative and collateral agent fee-based services for first lien, second lien, debtor- in- possession and exit facilities, and WSFS Bank professionals work with ad hoc committees, unsecured creditors' committees, borrowers and other professionals involved in restructuring and bankruptcy. In this capacity, in the normal course of business, WSFS Bank may be named as a party in litigation. Although WSFS Bank has no credit or direct exposure in conjunction with this administrative role, the fact that the Bank' s name appears in the case caption may create the erroneous impression that WSFS Bank may have financial exposure in such a lawsuit. Actual outcomes, losses and related expenses of pending legal proceedings may differ materially from assessments and estimates, and may exceed the amount of any reserves we have established, which could adversely affect our reputation, business, financial condition and results of operations. Errors, breakdowns in controls or other mistakes in the provision of services to clients or in carrying out transactions for our own account can subject us to liability, result in losses or negatively affect our earnings in other ways. In our asset servicing, investment management, fiduciary administration and other business activities, we effect or process transactions for clients and for us that involve very large amounts of money. Failure to properly manage or mitigate operational risks can have adverse consequences, and increased volatility in the financial markets may increase the magnitude of resulting losses. Given the high volume of transactions we process, errors that affect earnings may be repeated or compounded before they are discovered and corrected.

6. Strategic Risk Our business strategy includes significant investment in growth plans, and our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth and investment in infrastructure effectively. We are pursuing a significant growth strategy for our business. Our growth initiatives have required us to recruit experienced personnel to assist in such initiatives. The failure to retain such personnel would place significant limitations on our ability to successfully execute our growth strategy. In addition, as we expand our lending beyond our current market areas, we could incur additional risk related to those new market areas. We may not be able to expand our market presence in our existing market areas or successfully enter new markets. A weak economy, low demand and competition for credit may impact our ability to successfully execute our growth plan and adversely affect our business, financial condition, results of operations, reputation and growth prospects. While we believe we have the executive management resources and internal systems in place to successfully manage our future growth, there can be no assurance growth opportunities will be available or that we will successfully manage our growth. We regularly evaluate potential acquisitions and expansion opportunities. If appropriate opportunities present themselves, we expect to engage in selected acquisitions or other business growth initiatives or undertakings. We may not successfully identify appropriate opportunities, may not be able to negotiate or finance such activities and such activities, if undertaken, may not be successful. We have in the past and may in the future pursue acquisitions, which may disrupt our business and adversely affect our results of operations, and we may fail to realize all of the anticipated benefits of any such acquisition. We have historically pursued acquisitions, and may seek acquisitions in the future. We may not be able to successfully identify suitable candidates, negotiate appropriate acquisition terms, complete proposed acquisitions, successfully integrate acquired businesses into the existing operations, or expand into new markets. Once integrated, acquired operations may not achieve levels of revenues, profitability, or productivity comparable with those achieved by our existing operations, or otherwise perform as expected. **Acquisitions, such as our acquisition** ~~As we continue to integrate the business of Bryn Mawr Trust , the anticipated benefits of our acquisition of Bryn Mawr Trust, including expected revenue synergies, may not be realized fully, or at all, or may take longer to realize than expected. The Company has incurred and will continue to incur substantial expenses in January 2022 integrating the business, operations, networks, systems, technology, policies and procedures of Bryn Mawr Trust into its own. As a result of these expenses, we have taken and expect to continue to take charges against our earnings. The charges taken in connection with our acquisition of Bryn Mawr Trust have been and are expected to be significant, although the aggregate amount and timing of such charges beyond what has already been reported in this report are uncertain at present. As with any merger of financial institutions, integration efforts have diverted management attention and resources, and there may be business disruptions that affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of our acquisition of Bryn Mawr Trust. These integration matters could have an adverse effect on our financial results and the value of our common stock for an undetermined period.~~ **Acquisitions, such as our acquisition of Bryn Mawr Trust** , involve numerous risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies, and the diversion of management' s attention from other business concerns. We may not properly ascertain all such risks prior to an acquisition or prior to such a risk impacting us while integrating an acquired company. As a result, difficulties encountered with acquisitions could have an adverse effect on our business, financial condition and results of operations. Furthermore, we must generally receive federal regulatory approval before we can acquire another insured depository institution or its holding company. In determining whether to approve a proposed acquisition, federal regulators will consider, among other factors, the effect of the acquisition on competition, the financial condition of the acquiring institution and the target, the future prospects of the



acquiring institution, including current and projected capital levels, the competence, experience, and integrity of management, compliance with laws and regulations, the convenience and needs of the communities to be served, including the acquiring institution's record of compliance under the Community Reinvestment Act, and the effectiveness of the acquiring institution in combating money laundering. In addition, we cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. Consequently, we may not obtain regulatory approval for a proposed acquisition on acceptable terms or at all, in which case we would not be able to complete the acquisition despite the time and expenses invested in pursuing it. Key associates may be difficult to attract and retain. Our Associates are our most important resource and, in many areas of the financial services industry, competition for qualified personnel is intense. We invest significantly in recruitment, training, development and talent management as our Associates are the cornerstone of our model. If we were unable to continue to attract and retain qualified key associates to support the various functions of our businesses, our performance, including our competitive position, could be adversely affected. As economic conditions improve, we may face increased difficulty in retaining top performers and critical skilled associates. If key personnel were to leave us and equally knowledgeable or skilled personnel are unavailable within WSFS or could not be sourced in the market, our ability to manage our business may be hindered or impaired.

7. Reputation Risk Damage to our reputation could significantly harm our businesses. Our ability to attract and retain customers, clients, investors, and highly- skilled management and ~~employees~~ Associates is affected by our reputation and the reputation of the financial services industry as a whole. Adverse developments may result in additional scrutiny or new litigation against us and potential sources of reputational damage are discussed throughout these risk factors. Although we monitor developments for areas of potential risk to our reputation and brand, negative perceptions or publicity could adversely impact our business, financial condition and results of operations. Significant harm to our reputation can arise from sources, including economic changes, regulatory scrutiny, employee misconduct, actual or perceived unethical behavior, litigation or regulatory outcomes, failing to deliver minimum or required standards of service and quality, compliance failures, disclosure of confidential information, significant or numerous failures, interruptions or breaches of our information systems, and the activities of our clients, customers and counterparties, including vendors. In particular, the success of our Wealth Management segment is highly dependent on reputation. Our Wealth Management segment derives the majority of its revenue from noninterest income which consists of trust, investment and other servicing fees, and our ability to attract trust and wealth management clients is highly dependent upon external perceptions of this segment's level of service, trustworthiness, business practices and financial condition. Negative perceptions or publicity regarding these matters could damage the division's and our reputation among existing customers and corporate clients, which could make it difficult for the Wealth Management segment to attract new clients and maintain existing ones. We could also suffer significant harm to our reputation if we fail to properly identify and manage potential conflicts of interest. Management of potential conflicts of interests has become increasingly complex as we expand our business activities through more numerous transactions, obligations and interests with and among our clients. The actual or perceived failure to adequately address conflicts of interest could affect the willingness of clients to deal with us, which could adversely affect our businesses, financial condition and results of operations.

8. Model Risk The quantitative models we use to manage certain accounting and risk management functions may not be effective, which may cause adverse effects on our results of operations and financial condition. We use quantitative models to help manage certain aspects of our business and to assist with certain business decisions, including estimating probable loan losses, measuring the fair value of financial instruments when reliable market prices are unavailable and estimating the effects of changing interest rates and other market measures on our financial condition and results of operations. Our modeling methodologies rely on many assumptions, historical analyses and correlations. These assumptions may be incorrect, particularly in times of market distress, and the historical correlations on which we rely may no longer be relevant. Additionally, as businesses and markets evolve, our measurements may not accurately reflect this evolution. Even if the underlying assumptions and historical correlations used in our models are adequate, our models may be deficient due to errors in computer code, bad data, misuse of data, fraud or the use of a model for a purpose outside the scope of the model's design. As a result, our models may not capture or fully express the risks we face, may suggest that we have sufficient capitalization when we do not, or may lead us to misjudge the business and economic environment in which we will operate. If our models fail to produce reliable results on an ongoing basis, we may not make appropriate risk management or other business or financial decisions. Furthermore, strategies that we employ to manage and govern the risks associated with our use of models may not be effective or fully reliable, and as a result, we may realize losses or other lapses. Banking regulators continue to focus on the models used by banks and bank holding companies in their businesses. The failure or inadequacy of a model may result in increased regulatory scrutiny on us or may result in an enforcement action or proceeding against us by one of our regulators.

9. General Risk Impairment of goodwill and / or intangible assets could require charges to earnings, which could negatively impact our results of operations. Goodwill and other intangible assets arise when a business is purchased for an amount greater than the net fair value of its identifiable assets. We have recognized goodwill as an asset on the balance sheet in connection with several recent acquisitions. We evaluate goodwill and intangibles for impairment at least annually. Although we have determined that goodwill and other intangible assets were not impaired during 2022-2023, a significant and sustained decline in our stock price and market capitalization, a significant decline in our expected future cash flows, a significant adverse change in the business climate, slower growth rates or other factors could result in impairment of goodwill or other intangible assets. Any future write- down of the goodwill or other intangible assets could result in a material charge to earnings. Changes in accounting standards or changes in how the accounting standards are interpreted or applied could adversely impact the Company's financial statements. From time to time, the Financial Accounting Standards Board (FASB) or the SEC may change the financial accounting and reporting standards that govern the preparation of the Company's financial statements. In addition, the FASB, SEC, banking regulators and the Company's independent registered public accounting firm may also amend or even reverse their previous interpretations or positions on how various standards should be applied. These changes may be difficult to predict and could impact how we prepare and report the

Company's financial statements. In some cases, the Company could be required to apply a new or revised standard retroactively, potentially resulting in the Company restating prior period's financial statements. Changes in the value of our deferred tax assets could adversely affect our results of operations and regulatory capital ratios. Our deferred tax assets are subject to an evaluation of whether it is more likely than not that they will be realized for financial statement purposes. In making this determination, we consider all positive and negative evidence available, including the impact of recent operating results, as well as potential carryback of tax to prior years' taxable income, changes in statutory tax rates, reversals of existing taxable temporary differences, tax planning strategies and projected earnings within the statutory tax loss carryover period. If we conclude in the future that a significant portion of our deferred tax assets are not more likely than not to be realized, we will record a valuation allowance, which could adversely affect our financial position, results of operations and regulatory capital ratios. 43