

REFINITIV

DELTA REPORT

10-K

SASR - SANDY SPRING BANCORP INC
10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1882
CHANGES	552
DELETIONS	622
ADDITIONS	708

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended **December 31, 2023** **December 31, 2024**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number **0-19065**

SANDY SPRING BANCORP, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

17801 Georgia Avenue, Olney, Maryland

(Address of principal executive offices)

52-1532952

(I.R.S. Employer
Identification No.)

20832

(Zip Code)

301-774-6400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1.00 per share	SASR	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting common stock of the registrant held by non-affiliates on **June 30, 2023** **June 28, 2024**, the last business day of the registrant's most recently completed second fiscal quarter, was approximately **\$983.6 million** **\$1.1 billion**, based on the closing sales price of **\$22.68** **\$24.36** per share of the registrant's Common Stock on **June 30, 2023** **June 28, 2024**.

The number of outstanding shares of common stock outstanding as of **February 16, 2024** **February 18, 2025**.
Common stock, \$1.00 par value – 44,940,147 45,140,417 shares

Documents Incorporated By Reference

Part III: Portions of the definitive proxy statement for the Annual Meeting of **Shareholders to be held on May 22, 2024 (the "Proxy Statement").** **Shareholders.**

*The registrant is required to file reports pursuant to Section 13 of the Act.

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES

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Forward-Looking Statements

This Annual Report Form 10-K, as well as other periodic reports filed with the Securities and Exchange Commission, and written or oral communications made from time to time by or on behalf of Sandy Spring Bancorp, Inc. and its subsidiaries, may contain statements relating to future events or our future results that are considered "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "intend" and "potential," or words of similar meaning, or future or conditional verbs such as "should," "could," or "may." Forward-looking statements include statements of our goals, intentions and expectations; statements regarding our business plans, prospects, growth and operating strategies; statements regarding the quality of our loan and investment portfolios; and estimates of our risks and future costs and benefits.

Forward-looking statements reflect our expectation or prediction of future conditions, events or results based on information currently available. These forward-looking statements are subject to significant risks and uncertainties that may cause actual results to differ materially from those in such statements. These risks and uncertainties include, but are not limited to, the risks identified in Item 1A of this report and the following:

- changes in general business and economic conditions nationally or in the markets that we serve;
- changes in consumer and business confidence, investor sentiment, or consumer spending or savings behavior;
- changes in the level of inflation;
- changes in the demand for loans, deposits and other financial services that we provide;
- the possibility that future credit losses may be higher than currently expected;
- the impact of the interest rate environment on our business, financial condition and results of operations;
- the impact of compliance with changes in laws, regulations and regulatory interpretations, including changes in income taxes;
- changes in credit ratings assigned to us or our subsidiaries;
- the ability to realize benefits and cost savings from, and limit any unexpected liabilities associated with, any business combinations;
- competitive pressures among financial services companies;
- the ability to attract, develop and retain qualified employees;
- our ability to maintain the security of our data processing and information technology systems;
- the impact of changes in accounting policies, including the introduction of new accounting standards;
- the impact of judicial or regulatory proceedings;
- the impact of fiscal and governmental policies of the United States federal government;
- the impact of health emergencies, epidemics or pandemics;
- the effects of climate change; and
- the impact of natural disasters, extreme weather events, military conflict, terrorism or other geopolitical events.
- the possibility that the Company's pending merger with Atlantic Union may be more expensive or take longer to complete than anticipated and that the anticipated benefits of the proposed merger, including cost savings and strategic gains, may not be realized fully or at all or may take longer to realize than expected;
- the impact of significant transaction and merger-related costs to be incurred in connection with the transactions contemplated by the merger agreement (the "merger agreement") entered into by and between the Company and Atlantic Union;
- reputational risk and the risk of adverse reaction of Atlantic Union's and our respective affiliates' customers, vendors, employees or other business partners to the proposed merger;
- the diversion of management's attention from ongoing business operations and opportunities as a result of matters relating to the proposed merger;
- the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the merger agreement;
- risks related to our business to which we will be subject after the closing of the merger, including our commercial real estate loan portfolio;
- the possibility that the combined company may not effectively manage its expanded operations following the completion of the merger;
- business uncertainties and contractual restriction that we and Atlantic Union are subject to while the proposed merger is pending;
- the prevention or delay of completion of the proposed merger by any shareholder litigation that may be instituted against us or Atlantic Union; and
- the possibility that important conditions, including approval of the merger agreement by our stockholders and Atlantic Union shareholders and of the issuance of shares of common stock by Atlantic Union shareholders are not satisfied or waived.

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Forward-looking statements speak only as of the date of this report. We do not undertake to update forward-looking statements to reflect circumstances or events that occur after the date of this report or to reflect the occurrence of unanticipated events except as required by federal securities laws.

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PART I

Item 1. BUSINESS

General

Sandy Spring Bancorp, Inc. is the bank holding company for Sandy Spring Bank. Throughout this report, references to the "Company," "we," "our," "us," and similar terms refer to the consolidated entity consisting of Sandy Spring Bancorp, Inc. and its subsidiaries. "Bancorp" refers solely to the parent holding company, and the "Bank" refers solely to Bancorp's subsidiary bank, Sandy Spring Bank.

Bancorp is registered as a bank holding company pursuant to the Bank Holding Company Act of 1956, as amended (the "Holding Company Act") and is subject to supervision and regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Bancorp began operating in 1988 while Sandy Spring Bank traces its origin to 1868, making it among the oldest banking institutions in the region. We offer a broad range of commercial and retail banking, mortgage, private banking and trust services at over 50 locations throughout central Maryland, northern Virginia, and Washington D.C. The Bank is a state-chartered bank subject to supervision and regulation by the Federal Reserve and the State of Maryland. The Bank's deposit accounts are insured by the Deposit Insurance Fund administered by the Federal Deposit Insurance Corporation (the "FDIC") to the maximum extent permitted by law. The Bank is a member of the Federal Reserve System and is an Equal Housing Lender. We are an Affirmative Action/Equal Opportunity Employer.

The Company is a community banking organization that focuses its lending and other services on businesses and consumers in the local market area. Through its trust department and its subsidiaries, West Financial Services, Inc. ("West Financial") and SSB Wealth Management, Inc. (d/b/a Rembert Pendleton Jackson, "RPJ"), Sandy Spring Bank offers a comprehensive menu of investment management services.

Our principal executive office is located at 17801 Georgia Avenue, Olney, Maryland 20832, and our telephone number is 301-774-6400.

Availability of Information

This report is not part of the proxy materials for our annual meeting of shareholders; it is provided along with the annual proxy statement for convenience of use and as an expense control measure. The Company makes available through the Investor Relations area of our website, at www.sandyspringbank.com, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Access to these reports is provided by means of a link to a third-party vendor that maintains a database of such filings. In general, we intend that these reports be available as soon as practicable after they are filed with or furnished to the Securities and Exchange Commission ("SEC"). Technical and other operational obstacles or delays caused by the vendor may delay their availability. The SEC maintains a website (www.sec.gov) where these filings are also available through the SEC's EDGAR system. There is no charge for access to these filings through either our website or the SEC's website.

Pending Merger

On October 21, 2024, Bancorp entered into an Agreement and Plan of Merger with Atlantic Union Bankshares Corporation ("Atlantic Union"). The merger agreement provides that Bancorp will merge with and into Atlantic Union, with Atlantic Union continuing as the surviving entity. Immediately following the merger of Bancorp and Atlantic Union, the Bank will merge with and into Atlantic Union's wholly owned bank subsidiary, Atlantic Union Bank, with Atlantic Union Bank continuing as the surviving bank. Subject to the terms and conditions of the merger agreement, at the effective time of the merger, each outstanding share of Bancorp common stock will be converted into the right to receive 0.900 shares of Atlantic Union common stock, with cash to be paid in lieu of any fractional shares. The board of directors of the combined company will consist of 17 directors, comprised of the current 14 Atlantic Union board members and three of Bancorp's board members, including Daniel J. Schrider, Chair, President and Chief Executive Officer of Bancorp and the Bank. The merger has been approved by the Federal Reserve Bank of Richmond, acting on delegated authority from the Board of Governors of the Federal Reserve System, the Virginia Bureau of Financial Institutions and the Maryland Office of Financial Regulation. Shareholders of the Company and Atlantic Union approved the merger at meetings held on February 5, 2025. The merger is expected to close on April 1, 2025, subject to satisfaction of customary closing conditions. The Company has incurred and will incur significant expense in connection with the negotiation and completion of the transactions contemplated by the merger agreement. These costs include legal, financial advisory, accounting, consulting and other advisory fees, employment-related

costs, public company filing fees and other regulatory fees, and other related costs. Additional unanticipated costs may be incurred in the integration of our business with the business of Atlantic Union.

Market and Economic Overview

We are headquartered in Montgomery County, Maryland and conduct business primarily in central Maryland, northern Virginia and Washington D.C. Our footprint serves the Washington metropolitan area, which is historically one of the country's most economically successful regions. The region's economic strength and stability is due to the region's significant federal government presence and strong growth in the business and professional services sector. The proximity to numerous armed forces installations in Maryland, including the United States Cyber Command in Ft. Meade, Maryland, together with a strategic location between two of the country's leading ports – the Port of Baltimore and the Port of Norfolk – and proximity to numerous interstates and railways have provided opportunities for growth in a variety of areas, including logistics and transportation.

Our geographical location provides access to key neighboring markets such as Philadelphia, New York City, Pittsburgh and the Richmond/Norfolk, Virginia corridor. The region's unemployment rate remains below the national average as the region has the benefit of a highly trained and educated workforce concentrated in government and white-collar service businesses.

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Loan Products

We currently offer a broad menu of loan products primarily in our identified market footprint that are discussed in detail below and on the following pages. These following sections should be read in conjunction with the section "Credit Risk" on page 58 60 of this report.

Commercial Loans

Our commercial loans consist of commercial real estate loans, commercial construction loans and commercial business loans. Our commercial loan clients represent a diverse cross-section of small to mid-size businesses within our market footprint.

Commercial loans are evaluated for the adequacy of repayment sources at the time of approval and are regularly reviewed for any possible deterioration in the ability of the borrower to repay the loan. Collateral generally is required to provide us with an additional source of repayment in the event of default by a commercial borrower. The structure of the collateral package, including the type and amount of the collateral, varies from loan to loan depending on the financial strength of the borrower, the amount and terms of the loan, and the collateral available to be pledged by the borrower, but generally may include real estate, accounts receivable, inventory, equipment or other assets. Loans also may be supported by personal guarantees from the principals of the commercial loan borrowers. The financial condition and cash flow of commercial borrowers are monitored through the submission of corporate financial statements, personal financial statements and income tax returns. The frequency of submissions of required information depends upon the size and complexity of the credit and the collateral that secures the loan. Credit risk for commercial loans arises from borrowers lacking the ability or willingness to repay the loan and, in the case of secured loans, by a shortfall in the collateral value in relation to the outstanding loan balance in the event of a default and subsequent liquidation of collateral. A risk rating system is applied to the commercial loan portfolio to measure credit risk and differentiate the level of risk posed by individual credits. We have no commercial C&I loans to borrowers in similar industries that exceed 10% of total loans.

Included in commercial loans are loan participations acquired from other lenders. The risks associated with purchased participations are similar to those of directly originated commercial loans, although additional risk may arise from the limited ability to control actions of the primary lender. We also sell loan participations as part of our credit risk management and asset/liability management strategy. At December 31, 2023 December 31, 2024, other financial institutions had \$235.9 million \$186.7 million in outstanding commercial and commercial real estate loan participations sold by the Company. In addition, at December 31, 2023 December 31, 2024, the Company had \$193.1 million \$322.4 million in outstanding commercial and commercial real estate loan participations purchased from other lenders.

Commercial Real Estate

Our commercial real estate loans consist of loans secured by both owner-occupied properties and nonowner-occupied properties ("investor real estate loans"). The commercial real estate categories contain mortgage loans to developers and owners of commercial real estate. Commercial real estate loans are governed by the same lending policies and subject to credit risk as previously described for commercial loans. Commercial real estate loans secured by owner-occupied properties are based upon the borrower's financial condition and the ability of the borrower and the business to provide for repayment. Investor real estate loans, which are secured by nonowner-occupied properties involve investment properties for multi-family, warehouse, retail, and office space with a history of occupancy and cash flow. We seek to reduce the risks associated with commercial mortgage lending by generally lending in our market area, using conservative loan-to-value ratios and obtaining periodic financial statements and tax returns from borrowers to

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perform loan reviews. It is also our general policy to obtain personal guarantees from the principals of the borrowers and to underwrite the business entity from a cash flow perspective. An additional portion of the commercial real estate lending business extends to providing commercial construction financing. Construction lending on commercial

properties is based upon the provision for repayment based on cash flow, collateral values and loan-to-value ratios. Typically, these loans have guarantees, an amount of owner equity in the project and an assessment of economic feasibility and viability related to each project.

Commercial acquisition, development and construction ("AD&C") loans to residential builders are either made for the construction of residential homes with an existing binding sales contract where the prospective buyers have been pre-qualified for permanent mortgage financing by a lender, or homes that are built by residential builders in anticipation of a future sale. Lending to builders that may engage in speculative home construction is managed through strict monitoring of their respective volumes of speculative units under construction as compared to those that are presold to prospective buyers, in addition to lending to builders/developers with the proven ability, based on past history, to manage their construction inventory during volatile economic cycles. Loans for the development of residential land are extended when evidence is provided that the lots under development will be or have been sold to builders satisfactory to us. These loans are generally extended for a period of time sufficient to allow for the clearing and grading of the land and the installation of water, sewer and roads, which is typically a minimum of eighteen months to three years.

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We primarily lend for AD&C in local markets that are familiar and understandable, work selectively with top-quality builders and developers, and require substantial equity from our borrowers. The underwriting process is designed to confirm that the project will be economically feasible and financially viable; projects are generally evaluated as though we will provide permanent financing. Our portfolio growth objectives do not include projects lacking reasonable proportionate sharing of risk. Development and construction loans are secured by the properties under development or construction, and personal guarantees are typically obtained. Further, to assure that reliance is not placed solely upon the value of the underlying collateral, we consider the financial condition and reputation of the borrower and any guarantors, the amount of the borrower's equity in the project, independent appraisals, cost estimates and pre-construction sales information.

Commercial Business Loans

We also originate commercial business loans. Commercial term loans are made to provide funds for equipment and general corporate needs. This loan category is designed to support borrowers who have a proven ability to service debt. We generally require a first lien position on all collateral and require guarantees from owners having at least a 20% interest in the involved business. Interest rates on commercial term loans are generally floating or fixed for a term not to exceed seven years. Management monitors industry and collateral concentrations to avoid loan exposures to a large group of similar industries or similar collateral. Commercial business loans are evaluated for historical and projected cash flow attributes, balance sheet strength, and primary and alternate resources of personal guarantors. Commercial term loan documents require borrowers to forward regular financial information on both the business and personal guarantors. Loan covenants require at least annual submission of complete financial information and in certain cases this information is required monthly, quarterly or semi-annually, depending on the degree to which we desire information resources for monitoring a borrower's financial condition and compliance with loan covenants. Examples of properly margined collateral for loans, as required by our policy, would be **an** a 75% advance on the lesser of appraised value or recent sales price on commercial property, an 80% or less advance on eligible receivables, a 50% or less advance on eligible inventory and an 80% advance on appraised residential property. Collateral borrowing certificates may be required to monitor certain collateral categories on a monthly or quarterly basis. Key person life insurance may be required as appropriate and as necessary to mitigate the risk of loss of a primary owner or manager. Whenever appropriate and available, we seek governmental loan guarantees, such as the SBA's loan programs, to reduce risks.

Commercial lines of credit are granted to finance a business borrower's short-term credit needs and/or to finance a percentage of eligible receivables and inventory. In addition to the risks inherent in term loan facilities, line of credit borrowers typically require additional monitoring to protect the lender against increasing loan volumes and diminishing collateral values. Commercial lines of credit are generally revolving in nature and require close scrutiny. We generally require at least an annual out of debt period (for seasonal borrowers) or regular financial information (monthly or quarterly financial statements, borrowing base certificates, etc.) for borrowers with more growth and greater permanent working capital financing needs. Advances against collateral value are limited. Lines of credit and term loans to the same borrowers generally are cross-defaulted and cross-collateralized. Interest rate charges on this group of loans generally float at a factor at or above the prime lending rate.

Residential Real Estate Loans

The residential real estate category contains loans principally to consumers secured by residential real estate. Loans for residential real estate may carry either a fixed rate of interest or an adjustable rate over the life of the loan. Adjustable-rate mortgage ("ARM") loans

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have a 30 year amortization period with a fixed rate of interest for the first five, seven or ten years, re-pricing semiannually or annually thereafter at a predetermined spread to an index. Our residential real estate lending policy requires each loan to have viable repayment sources. Residential real estate loans are evaluated for the adequacy of these repayment sources at the time of approval, based upon measures including credit scores, debt-to-income ratios, and collateral values. Credit risk for residential real estate loans arises from borrowers lacking the ability or willingness to repay the loan or by a shortfall in the value of the residential real estate in relation to the outstanding loan balance in the event of a default and subsequent liquidation of the real estate collateral. The residential real estate portfolio includes both conforming and non-conforming mortgage loans.

Conforming mortgage loans represent loans originated in accordance with underwriting standards set forth by government-sponsored entities ("GSEs"), including the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and the Government National Mortgage Association ("Ginnie Mae"), which serve as the primary purchasers of loans sold in the secondary mortgage market by mortgage lenders. These loans are generally collateralized by one-to-four-family residential real estate, have loan-to-collateral value ratios of 80% or less or have mortgage insurance to insure down to 80%, and are made to borrowers in good credit standing. In recent years, we have sold the majority of new mortgage loan production in the secondary market. For any loans retained by us, title insurance insuring the priority of our mortgage lien, as well as fire and extended coverage casualty insurance protecting the properties securing the loans is required. Borrowers may be required to advance

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funds with each monthly payment of principal and interest to a loan escrow account from which we make disbursements for items such as real estate taxes and mortgage insurance premiums. Appraisers approved by us appraise the properties securing substantially all of our residential mortgage loans.

Non-conforming mortgage loans represent loans that generally are not saleable in the secondary market to the GSEs for inclusion in conventional mortgage-backed securities due to the credit characteristics of the borrower, the underlying documentation, the loan-to-value ratio, or the size of the loan, among other factors. We originate non-conforming loans for our own portfolio and for sale to third-party investors, usually large mortgage companies, under commitments by the mortgage company to purchase the loans subject to compliance with pre-established investor criteria. Non-conforming loans generated for sale include loans that may not be underwritten using customary underwriting standards. These loans typically are held after funding for thirty days or less and are included in residential mortgages held for sale. We may sell both conforming and non-conforming loans on either a servicing released or servicing retained basis.

We make residential real estate development and construction loans generally to provide interim financing on property during the development and construction period. Borrowers include builders, developers and persons who will ultimately occupy the single-family dwelling. Residential real estate development and construction loan funds are disbursed periodically as pre-specified stages of completion are attained based upon site inspections and applicable title work. Interest rates on these loans are usually adjustable. Loans to individuals for the construction of primary personal residences are typically secured by the property under construction, frequently include additional collateral (such as a second mortgage on the borrower's present home), and commonly have maturities of twelve to eighteen months. We attempt to obtain the permanent mortgage loan under terms, conditions and documentation standards that permit the sale of the mortgage loan in the secondary mortgage loan market.

Consumer Loans

Consumer lending continues to be important to our full-service, community banking business. This category of loans includes primarily home equity loans and lines, installment loans and personal lines of credit.

The home equity category consists mainly of revolving lines of credit to consumers that are secured by residential real estate. Home equity lines of credit and other home equity loans are originated by us for typically up to 85% of the appraised value, less the amount of any existing prior liens on the property. While home equity loans have maximum terms of up to twenty years and interest rates are generally fixed, home equity lines of credit have maximum terms of up to ten years for draws and thirty years for repayment, and interest rates are generally adjustable. We secure these loans with mortgages on the homes (typically a second mortgage). Purchase money second mortgage loans originated by us have maximum terms ranging from ten to thirty years. Home equity lines are generally governed by the same lending policies and subject to the same credit risk as described for residential real estate loans.

Other consumer loans include installment loans used by customers to purchase automobiles, boats and recreational vehicles. These consumer loans are generally governed by the same overall lending policies as described for residential real estate loans. Credit risk for consumer loans arises from borrowers lacking the ability or willingness to repay the loan and, in the case of secured loans, by a

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shortfall in the value of the collateral in relation to the outstanding loan balance in the event of a default and subsequent liquidation of collateral.

Consumer installment loans are generally offered for terms of up to six years at fixed interest rates. Automobile loans can be for up to 100% of the purchase price or the retail value listed by the National Automobile Dealers Association. The terms of the loans are determined by the age and condition of the collateral. Collision insurance policies are required on all automobile loans, unless the borrower has substantial other assets and income. We also make other consumer loans, which may or may not be secured. The term of the loans usually depends on the collateral. The majority of outstanding unsecured loans usually do not exceed \$50 thousand and have a term of no longer than 36 months.

Deposit Activities

Subject to our Asset/Liability Committee (the "ALCO") policies and our current strategic plan, we seek to expand our deposit market share within our primary markets by offering competitive interest rates and a variety of deposit product types.

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One of our primary objectives as a community bank is to develop long-term, multi-product customer relationships from our comprehensive menu of financial products. To that end, the lead product to develop such relationships is typically a deposit product. We rely primarily on core deposit growth to fund long-term loan growth.

Treasury Activities

Our treasury function manages the wholesale segments of the balance sheet, including investments, purchased funds and long-term debt, and is responsible for all facets of our interest rate risk management, which includes the pricing of deposits consistent with conservative interest rate risk and liquidity practices. Our objective is to achieve the maximum level of consistent earnings over the long term, while minimizing interest rate risk, credit risk and liquidity risk and optimizing capital utilization. We invest primarily in U.S. Treasury and Agency securities, U.S. Agency mortgage-backed and asset-backed securities ("MBS"), U.S. Agency collateralized mortgage obligations ("CMO"), municipal bonds and, to a minimal extent, corporate bonds. Treasury strategies and activities are overseen by ALCO and our Investment Committee, which reviews all investment and funding transactions.

The primary objective of the investment portfolio is to provide appropriate liquidity consistent with anticipated levels of deposit funding and loan demand with a minimal level of risk (99% of the fixed income portfolio is rated AA or above). Liquidity is also provided by secured lines of credit maintained with the Federal Home Loan Bank of Atlanta ("FHLB"), the Federal Reserve Bank, and to a lesser extent, unsecured lines of credit with correspondent banks.

Borrowing Activities

We use lines of credit to address overnight and short-term funding needs, match-fund loan activity and lock in attractive rates. Borrowing sources include federal funds purchased, Federal Reserve Bank borrowings, FHLB advances, retail repurchase agreements and long-term debt. FHLB borrowings typically carry rates at varying spreads from the Secured Overnight Funding Rate ("SOFR") rate or treasury yield curve for the equivalent term because they may be secured with investments or high-quality loans. Federal funds purchased, which are generally overnight borrowings, are typically purchased at the Federal Reserve target rate. During 2023, we utilized the Federal Reserve's Bank Term Funding Program to strengthen our overall liquidity and manage overall funding cost. Our outstanding subordinated debt is considered Tier 2 capital under current regulatory guidelines.

Human Capital

Our vision is to be recognized as an outstanding financial services company creating remarkable experiences for our clients, employees, shareholders, and communities. Attracting, retaining and developing qualified employees and providing them with a remarkable employee experience is a key to providing a remarkable client experience and is an important contributor to our success.

The Board of Directors, assisted by its Compensation Committee, oversees our human capital management strategy, including initiatives on diversity, equity and inclusion, employee well-being and engagement.

Employee Profile

The following table summarizes our workforce at December 31, 2023 December 31, 2024:

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Full-time employees	1,0841,120
Part-time employees	2831
Total employees	1,1121,151

Diversity, Equity and Inclusion

We are committed to a diverse and inclusive workplace where all backgrounds, experiences, interests and skills are respected, appreciated and encouraged. Our efforts to build and maintain a diverse workforce include expanding our recruiting efforts to reach diverse student populations and using digital tools to increase the visibility of job postings among

underrepresented job seekers, including veterans, individuals with disabilities, older workers and other historically underrepresented communities. We are focused on developing resources and programs to build a diverse pipeline of leaders and ensure that every person at the Company has access to opportunities to learn and grow.

Our workforce reflects the diversity of the communities we serve. As of **December 31, 2023** **December 31, 2024**, approximately **58** **59** percent of employees were women and **43** **45** percent self-identified as people of color. Growing the diversity of our management and executive roles is an

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important component of our diversity and inclusion strategy. As of **December 31, 2023** **December 31, 2024**, approximately **52** **53** percent of employees in managerial roles were women and 27 percent self-identified as people of color, and approximately 32 percent of officers who are senior vice president level and above were women and **14** **18** percent self-identified as people of color.

Talent Acquisition

Our demand for qualified candidates grows as our business grows. We attract talented individuals with a combination of competitive pay and benefits. Our minimum wage for entry-level positions, following a brief training period, is \$17.50 per hour. Through systematic talent management, career development and succession planning, we are striving to source a larger percentage of candidates internally.

Professional Development

Our performance management program is an interactive practice that engages employees through monthly coaching sessions with their manager, annual reviews, and annual goal setting. We offer a variety of programs to help employees learn new skills, establish and meet personalized development goals, take on new roles and become better leaders.

Employee Engagement

We recognize that employees who are involved in, enthusiastic about and committed to their work and workplace contribute meaningfully to our success. On a regular basis, we solicit employee feedback through a confidential, company-wide survey on culture, management, career opportunities, compensation, and benefits. The results of this survey are reviewed with the board of directors and are used to update employee programs, initiatives, and communications. We have a number of other engagement initiatives, including quarterly town hall meetings with our Chief Executive Officer and other senior leaders, and utilize a number of recognition programs to reward employees for their efforts.

Compensation and Total Rewards

We provide a competitive total compensation package that is designed to attract, retain and motivate employees who will help drive our long-term success. All employees who do not participate in a specific incentive plan have the opportunity to receive an annual cash bonus based on our results. We strive to pay employees fairly based on market data, experience and how they perform in their roles and regularly benchmark against industry peers to remain competitive.

Our benefits program includes a 401(k) plan with an employer match, a variety of health insurance plans, flexible spending and dependent care accounts, employer-paid life insurance, **an employee stock purchase plan that enables employees to purchase up to \$25,000 of Company stock per year at a 15% discount to the market price**, and tuition assistance.

Health, Safety and Wellness

We understand that to get the best from our employees, we need to support their day-to-day needs for home, family, health and wellness. Benefits include paid time off (including parental and adoption leave), mental health support, and a wellness program that offers financial rewards to employees who adopt healthy habits and participate in wellness education and health screens.

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Our commitment to health and well-being has led us to adopt a flexible workforce model that designates roles as remote, on-site or hybrid (providing employees the ability to split their time between working in the office and from home) based on job responsibilities and requirements.

Succession Planning

We are focused on facilitating internal succession by fostering internal mobility, enhancing our talent pool through professional development programs, structuring our training program to teach skills for 21st century banking, and expanding opportunities through structured diversity and inclusion initiatives.

Competition

The banking business in central Maryland, northern Virginia and Washington D.C. generally, and our primary service areas specifically, are highly competitive with respect to both loans and deposits. We compete with many larger banking organizations that have offices over a wide geographic area. These larger institutions have certain inherent advantages, such as the ability to finance wide-ranging advertising campaigns and promotions and to allocate their investment assets to regions offering the highest yield and demand. They also offer services, such as international banking, that are not offered directly by us (but are available indirectly through correspondent institutions), and, by virtue of their larger total capitalization, such banks have substantially higher legal lending limits,

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which are based on bank capital, than we do. We can arrange loans in excess of our lending limit, or in excess of the level of risk we desire to take, by arranging participations with other banks. The primary factors in competing for loans are interest rates, loan origination fees, and the range of services offered by lenders. Competitors for loan originations include other commercial banks, mortgage bankers, mortgage brokers, savings associations, and insurance companies.

Our principal competitors for deposits are other financial institutions, including other banks, credit unions, and savings institutions, doing business in our primary market area of central Maryland, northern Virginia and Washington D.C. Competition among these institutions is based primarily on interest rates and other terms offered, product offerings, service charges imposed on deposit accounts, the quality of services rendered, the convenience of banking facilities, and online and mobile banking functionality. Additional competition for depositors' funds comes from money market funds, mutual funds, U.S. Government securities, and private issuers of debt obligations and suppliers of other investment alternatives for depositors such as securities firms. Competition from credit unions has intensified in recent years as historical federal limits on membership have been relaxed. Because federal law subsidizes credit unions by giving them a general exemption from federal income taxes, credit unions have a significant cost advantage over banks and savings associations, which are fully subject to federal income taxes. Credit unions may use this advantage to offer rates that are highly competitive with those offered by banks and thrifts.

West Financial, located in McLean, Virginia, and RPJ, located in Falls Church, Virginia, are asset management and financial planning companies. West Financial and RPJ face competition primarily from other investment management firms, financial planners, and banks.

Monetary Policy

We are affected by fiscal and monetary policies of the federal government, including those of the Federal Reserve Board, which regulates the national money supply in order to mitigate recessionary and inflationary pressures. The Federal Reserve influences interest rates by establishing a target range for the federal funds rate. Other techniques available to the Federal Reserve Board are engaging in open market transactions of U.S. Government securities (quantitative easing or tightening), changing the discount rate and changing reserve requirements against bank deposits. These techniques are used in varying combinations to influence the overall level of economic activity, including demand for bank loans. Their use may also affect interest rates charged on loans and paid on deposits.

Regulation, Supervision, and Governmental Policy

The following is a brief summary of certain statutes and regulations that significantly affect us. A number of other statutes and regulations may affect us but are not discussed in the following paragraphs.

Bank Holding Company Regulation

Bancorp is registered as a bank holding company under the Holding Company Act and, as such, is subject to supervision and regulation by the Federal Reserve. As a bank holding company, Bancorp is required to furnish to the Federal Reserve annual and quarterly reports of its operations and additional information and reports. Bancorp is also subject to regular examination by the Federal Reserve.

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Under the Holding Company Act, a bank holding company must obtain the prior approval of the Federal Reserve before (1) acquiring direct or indirect ownership or control of any class of voting securities of any bank or bank holding company if, after the acquisition, the bank holding company would directly or indirectly own or control more than 5% of the class; (2) acquiring all or substantially all of the assets of another bank or bank holding company; or (3) merging or consolidating with another bank holding company.

Prior to acquiring control of Bancorp or the Bank, any company must obtain approval of the Federal Reserve. For purposes of the Holding Company Act, "control" is defined as ownership of 25% or more of any class of voting securities of Bancorp or the Bank, the ability to control the election of a majority of the directors, or the exercise of a controlling influence over management or policies of Bancorp or the Bank.

The Holding Company Act also limits the investments and activities of bank holding companies. In general, a bank holding company is prohibited from acquiring direct or indirect ownership or control of more than 5% of the voting shares of a company that is not a bank or a bank holding company or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, providing services for its subsidiaries, non-bank activities that are closely related to banking, and other financially related activities. The activities of Bancorp are subject to these legal and regulatory limitations under the Holding Company Act and Federal Reserve regulations.

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The Change in Bank Control Act and the related regulations of the Federal Reserve require any person or persons acting in concert (except for companies required to make application under the Holding Company Act) to file a written notice with the Federal Reserve before the person or persons acquire control of Bancorp or the Bank. The Change in Bank Control Act defines "control" as the direct or indirect power to vote 25% or more of any class of voting securities or to direct the management or policies of a bank holding company or an insured bank.

In general, a bank holding company that qualifies as a financial holding company under federal banking law may engage in an expanded list of non-bank activities. Non-bank and financially related activities of bank holding companies, including companies that become financial holding companies, also may be subject to regulation and oversight by regulators other than the Federal Reserve. Bancorp is has not elected to be treated as a financial holding company, but may choose to become one in the future. company.

The Federal Reserve has the power to order a holding company or its subsidiaries to terminate any activity, or to terminate its ownership or control of any subsidiary, when it has reasonable cause to believe that the continuation of such activity or such ownership or control constitutes a serious risk to the financial safety, soundness, or stability of any bank subsidiary of that holding company.

The Federal Reserve has adopted guidelines regarding the capital adequacy of bank holding companies that require bank holding companies to maintain specified minimum ratios of capital to total average assets and capital to risk-weighted assets. See "Regulatory Capital Requirements."

The Federal Reserve has the power to prohibit dividends by bank holding companies if their actions constitute unsafe or unsound practices. The Federal Reserve has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the Federal Reserve's view that a bank holding company should pay cash dividends only to the extent that Bancorp's net income for the past year is sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with Bancorp's capital needs, asset quality, and overall financial condition.

A holding company must serve as a source of strength for its subsidiary banks and the Federal Reserve may require a holding company to contribute additional capital to an undercapitalized subsidiary bank. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal banking regulator to maintain the capital of a subsidiary bank would be assumed by the bankruptcy trustee and may be entitled to priority over other creditors.

Bank Regulation

The Bank is a state-chartered bank and trust company subject to supervision by the State of Maryland. As a member of the Federal Reserve System, the Bank is also subject to supervision by the Federal Reserve. Deposits of the Bank are insured by the FDIC to the legal maximum limit. Deposits, reserves, investments, loans, consumer law compliance, issuance of securities, payment of dividends, establishment of branches, mergers and acquisitions, corporate activities, changes in control, electronic funds transfers, responsiveness

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to community needs, management practices, compensation policies, and other aspects of operations are subject to regulation by the appropriate federal and state supervisory authorities. In addition, the Bank is subject to numerous federal, state and local laws and regulations that set forth specific restrictions and procedural requirements with respect to extensions of credit (including to insiders), credit practices, disclosure of credit terms and discrimination in credit transactions.

The Federal Reserve regularly examines the operations and condition of the Bank, including, but not limited to, its capital adequacy, liquidity, asset quality, regulatory compliance, and management practices. These examinations are for the protection of the Bank's depositors and the Deposit Insurance Fund. In addition, the Bank is required to furnish quarterly and annual reports to the Federal Reserve. The Federal Reserve's enforcement authority includes the power to remove officers and directors and the authority to issue cease-and-desist orders to prevent a bank from engaging in unsafe or unsound practices or violating laws or regulations governing its business.

The Federal Reserve has adopted regulations regarding capital adequacy that require member banks to maintain specified minimum ratios of capital to total average assets and capital to risk-weighted assets. See "Regulatory Capital Requirements." Federal Reserve and State regulations limit the amount of dividends that the Bank may pay to Bancorp. See Note 11 – Stockholders' Equity in the Notes to the Consolidated Financial Statements.

The Bank is subject to restrictions imposed by federal law on extensions of credit to, and certain other transactions with, Bancorp and other affiliates, and on investments in their stock or other securities. These restrictions prevent Bancorp and the Bank's other affiliates from borrowing from the Bank unless the loans are secured by specified collateral and require those transactions to have terms comparable to terms of arms-length transactions with third parties. In addition, secured loans and other transactions and investments by the Bank are generally limited in amount as to Bancorp and as to any other affiliate to 10% of the Bank's capital and surplus and as to Bancorp and all other affiliates together to an aggregate of 20% of the Bank's capital and surplus. Certain exemptions to these limitations apply to extensions of credit and other transactions between the Bank and its subsidiaries. These regulations and restrictions may limit Bancorp's ability to obtain funds from the Bank for its cash needs, including funds for acquisitions and for payment of dividends, interest, and operating expenses.

Under Federal Reserve regulations, banks must adopt and maintain written policies that establish appropriate limits and standards for extensions of credit secured by liens or interests in real estate or made for the purpose of financing permanent improvements to real estate. These policies must establish loan portfolio diversification standards; prudent underwriting standards, including loan-to-value limits, that are clear and measurable; loan administration procedures; and documentation, approval, and reporting requirements. A bank's real estate lending policy must reflect consideration of the Interagency Guidelines for Real Estate Lending Policies (the "Interagency Guidelines") adopted by the federal bank regulators. The Interagency Guidelines, among other things, call for internal loan-to-value limits for real estate loans that are not in excess of the limits specified in the guidelines. The Interagency Guidelines state, however, that it may be appropriate in individual cases to originate or purchase loans with loan-to-value ratios in excess of the supervisory loan-to-value limits.

The Bank's deposits are insured up to applicable limits by the Deposit Insurance Fund of the FDIC. The FDIC uses a risk-based pricing system to determine assessment rates, which currently range from 2.5 to 42 basis points. No institution may pay a dividend if in default of the federal deposit insurance assessment. Deposit insurance assessments are based on total average assets, excluding Paycheck Protection Program loans, less average tangible common equity. The FDIC has authority to increase insurance assessments. Management cannot predict what insurance assessment rates will be in the future. In 2023, the FDIC approved a special assessment for insured depository institutions with estimated uninsured deposits greater than \$5.0 billion reported for the quarter ended December 31, 2022. We are not subject to this special assessment.

As an insured depository institution with assets of \$10 billion or more, we are subject to limits on interchange fees. Interchange fees, or "swipe" fees, are fees that merchants pay to credit card companies and debit card-issuing banks such as the Bank for processing electronic payment transactions on their behalf. The maximum permissible interchange fee that a non-exempt issuer may receive for an electronic debit transaction is the sum of 21 cents per transaction and 5 basis points multiplied by the value of the transaction, subject to an upward adjustment of 1 cent if an issuer certifies that it has implemented policies and procedures reasonably designed to achieve the fraud-prevention standards set forth by the Federal Reserve.

Consumer Financial Protection Laws and Enforcement

We must comply with various federal and state consumer protection laws and regulations with respect to the consumer financial products and services that we provide. We are subject to regulation by the Consumer Financial Protection Bureau ("CFPB"), which is responsible for promoting fairness and transparency for mortgages, credit cards, deposit accounts and other consumer financial

products and services and for interpreting and enforcing the federal consumer financial laws that govern the provision of such products and services. The CFPB is also authorized to prevent any institution under its authority from engaging in an unfair, deceptive, or abusive act or practice in connection with consumer financial products and services. The Bank is subject to federal and state fair lending laws such as the Equal Credit Opportunity Act and the Fair Housing Act, which prohibit lenders from discriminating in their lending practices on the basis of characteristics specified in those statutes. In addition, the Bank is subject to other federal and state laws designed to protect consumers and prohibit unfair, deceptive or abusive business practices, including the Home Ownership Protection Act, Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act of 2003, the Gramm-Leach Bliley Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the National Flood Insurance Act and various state law counterparts. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must interact with clients when taking deposits, making loans, collecting, and servicing loans and providing other services.

The CFPB has exclusive examination and primary enforcement authority with respect to compliance with federal consumer financial protection laws and regulations by institutions under its supervision and is authorized, individually or jointly with the federal banking agencies, to conduct investigations to determine whether any person is, or has, engaged in conduct that violates such laws or regulations. As an insured depository institution with total assets of more than \$10 billion, the Bank is subject to the CFPB's supervisory and enforcement authorities.

The CFPB is also authorized to collect fines and provide consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. The CFPB is authorized to pursue administrative proceedings or litigation for violations of federal consumer financial

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laws. In these proceedings, the CFPB can obtain cease and desist orders (which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief) and monetary penalties.

Regulation of Registered Investment Advisor Subsidiaries.

West Financial and RPJ are investment advisors registered with the SEC under the Investment Advisors Act of 1940. In this capacity, West Financial and RPJ are subject to oversight and inspection by the SEC. Among other things, registered investment advisors like West Financial and RPJ must comply with certain disclosure obligations, advertising and fee restrictions and requirements relating to client suitability and custody of funds and securities. Registered investment advisors are also subject to anti-fraud provisions under both federal and state law.

Regulatory Capital Requirements

The Federal Reserve establishes capital and leverage requirements for Bancorp and the Bank. Specifically, Bancorp and the Bank are subject to the following minimum capital requirements: (1) a leverage ratio of 4%; (2) a Common Equity Tier 1 ("CET1") risk-based capital ratio of 4.5%; (3) a Tier 1 risk-based capital ratio of 6%; and (4) a total risk-based capital ratio of 8%.

CET1 capital consists solely of common stock plus related surplus and retained earnings, adjusted for goodwill, intangible assets and the related deferred taxes. Additional Tier 1 capital may include other perpetual instruments historically included in Tier 1 capital, such as non-cumulative perpetual preferred stock, if applicable. Tier 2 capital consists of unsecured instruments that are subordinated to deposits and general creditors and have a minimum original maturity of at least five years, among other requirements, plus instruments that the rule has disqualified from Tier 1 capital treatment. Instruments that are included in Tier 2 capital, but have a maturity of less than five years, must be ratably discounted over their remaining life until they reach maturity.

In addition, in order to avoid restrictions on capital distributions or discretionary bonus payments to executives, a covered banking organization must maintain a "capital conservation buffer" of 2.5 percent on top of its minimum risk-based capital requirements. This buffer must consist solely of CET1 capital and the buffer applies to all three measurements: CET1 capital, Tier 1 capital and total capital.

Prompt Corrective Regulatory Action

Federal law establishes a system of prompt corrective action to resolve the problems of undercapitalized institutions. The law requires that certain supervisory actions be taken against undercapitalized institutions, the severity of which depends on the degree of undercapitalization. The Federal Reserve has adopted regulations to implement the prompt corrective action legislation as to state member banks. An institution is deemed to be "well capitalized" if it has a total risk-based capital ratio of 10.0% or greater, a Tier 1

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risk-based capital ratio of 8.0% or greater, a leverage ratio of 5.0% or greater and a common equity Tier 1 ratio of 6.5% or greater. An institution is "adequately capitalized" if it has a total risk-based capital ratio of 8.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, a leverage ratio of 4.0% or greater and a common equity Tier 1 ratio of 4.5% or greater. An institution is "undercapitalized" if it has a total risk-based capital ratio of less than 8.0%, a Tier 1 risk-based capital ratio of less than 6.0%, a leverage ratio of less than 4.0% or a common equity Tier 1 ratio of less than 4.5%. An institution is deemed to be "significantly undercapitalized" if it has a total risk-based capital ratio of less than 6.0%, a Tier 1 risk-based capital ratio of less than 4.0%, a leverage ratio of less than 3.0% or a common equity Tier 1 ratio of less than 3.0%. An institution is considered to be "critically undercapitalized" if it has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2.0%.

Subject to a narrow exception, a receiver or conservator is required to be appointed for an institution that is "critically undercapitalized" within specified time frames. The regulations also provide that a capital restoration plan must be filed with the Federal Reserve within 45 days of the date an institution is deemed to have received notice that it is "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Compliance with the plan must be guaranteed by any parent holding company up to the lesser of 5% of the institution's total assets when it was deemed to be undercapitalized or the amount necessary to achieve compliance with applicable capital requirements. In addition, numerous mandatory supervisory actions become immediately applicable to an undercapitalized institution including, but not limited to, increased monitoring by regulators and restrictions on growth, capital distributions and expansion. The Federal Reserve could also take any one of a number of discretionary supervisory actions, including the issuance of

a capital directive and the replacement of senior executive officers and directors. Significantly and critically undercapitalized institutions are subject to additional mandatory and discretionary measures.

As of December 31, 2024, the most recent notification from the Bank's primary regulator categorized the Bank as a "well-capitalized" institution under the prompt corrective action rules of the Federal Deposit Insurance Act.

Supervision and Regulation of Mortgage Banking Operations

Our mortgage banking business is subject to the rules and regulations of the U.S. Department of Housing and Urban Development ("HUD"), the Federal Housing Administration ("FHA"), the Veterans' Administration ("VA") and Fannie Mae with respect to originating, processing, selling and servicing mortgage loans. Those rules and regulations, among other things, prohibit discrimination and establish underwriting guidelines, which include provisions for inspections and appraisals, require credit reports on prospective borrowers, and fix maximum loan amounts. Lenders are required annually to submit audited financial statements to Fannie Mae, FHA and VA. Each of these regulatory entities has its own financial requirements. We are also subject to examination by Fannie Mae, FHA and VA to assure compliance with the applicable regulations, policies and procedures. Mortgage origination activities are subject to, among others, the Equal Credit Opportunity Act, the Federal Truth-in-Lending Act, the Fair Housing Act, the Fair Credit Reporting Act, the National Flood Insurance Act and the Real Estate Settlement Procedures Act and related regulations that prohibit discrimination and require the disclosure of certain basic information to mortgagors concerning credit terms and settlement costs. Our mortgage banking operations are also affected by various state and local laws and regulations and the requirements of various private mortgage investors.

Community Reinvestment

Under the Community Reinvestment Act ("CRA"), a financial institution has a continuing and affirmative obligation to help meet the credit needs of the entire community, including low- and moderate-income neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions or limit an institution's discretion to develop the types of products and services that it believes are best suited to its particular community. However, institutions are rated on their performance in meeting the needs of their communities. Performance is tested in three areas: (1) lending, to evaluate the institution's record of making loans in its assessment areas; (2) investment, to evaluate the institution's record of investing in community development projects, affordable housing, and programs benefiting low- or moderate-income individuals and businesses; and (3) service, to evaluate the institution's delivery of services through its branches, ATMs and other offices. The CRA requires each federal banking agency, in connection with its examination of a financial institution, to assess and assign one of four ratings to the institution's record of meeting the credit needs of the community and to take such record into account in its evaluation of certain applications by the institution, including applications for charters, branches and other deposit facilities, relocations, mergers, consolidations, acquisitions of assets or assumptions of

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liabilities, and savings and loan holding company acquisitions. The CRA also requires that all institutions make public disclosure of their CRA ratings. The Bank was assigned a "satisfactory" rating as a result of its most recent CRA examination.

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On October 24, 2023, the federal bank regulators jointly issued a final rule to strengthen and modernize the CRA regulations to better achieve the purpose of the CRA. The final rule updates the CRA regulations to evaluate lending outside traditional assessment areas generated by the growth of non-branch delivery systems. The final rule adopts a new metrics-based approach to evaluating bank retail lending and community development financing, using benchmarks based on peer and demographic data. Most of the rule's requirements will be applicable beginning January 1, 2026. The remaining requirements, including the data reporting requirements, will be applicable on January 1, 2027.

Bank Secrecy Act

Under the Bank Secrecy Act ("BSA"), a financial institution is required to have systems in place to detect certain transactions, based on the size and nature of the transaction. Financial institutions are generally required to report cash transactions involving more than \$10,000 to the United States Treasury. In addition, financial institutions are required to file suspicious activity reports for transactions that involve more than \$5,000 and which the financial institution knows, suspects, or has reason to suspect involves illegal funds, is designed to evade the requirements of the BSA, or has no lawful purpose. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, commonly referred to as the "USA Patriot Act" or the "Patriot Act", contains prohibitions against specified financial transactions and account relationships, as well as enhanced due diligence standards intended to prevent the use of the United States financial system for money laundering and terrorist financing activities. The Patriot Act requires banks and other depository institutions, brokers, dealers and certain other businesses involved in the transfer of money to establish anti-money laundering programs, including employee training and independent audit requirements meeting minimum standards specified by the Patriot Act, to follow standards for customer identification and maintenance of customer identification records, and to compare customer lists against lists of suspected terrorists, terrorist organizations and money launderers. The Patriot Act

also requires federal bank regulators to evaluate the effectiveness of an applicant in combating money laundering in determining whether to approve a proposed bank acquisition. In July 2024, the federal banking agencies, including the Federal Reserve and OCC, proposed amendments to update the requirements for supervised institutions to establish, implement and maintain effective, risk-based and reasonably designed AML and countering the financing of terrorism ("CFT") programs. The proposed amendments would require supervised institutions to identify, evaluate and document the regulated institution's money laundering, terrorist financing and other illicit finance activity risks, as well as consider, as appropriate, the U.S. Department of the Treasury's Financial Crimes Enforcement Network's ("FinCEN") published national AML/CFT priorities.

Cyber Security

The federal bank regulators have adopted rules providing for new notification requirements for banking organizations and their service providers for significant cybersecurity incidents. Specifically, the new rules require a banking organization to notify its primary federal regulator as soon as possible, and no later than 36 hours after, the banking organization determines that a "computer-security incident" rising to the level of a "notification incident" has occurred. Notification is required for incidents that have materially affected or are reasonably likely to materially affect the viability of a banking organization's operations, its ability to deliver banking products and services, or the stability of the financial sector. Service providers are required under the rule to notify affected banking organization customers as soon as possible when the provider determines that it has experienced a computer-security incident that has materially affected or is reasonably likely to materially affect the banking organization's customers for four or more hours.

Guidance for Third-Party Relationships

On June 9, 2023, the Federal Reserve, OCC, and FDIC issued final interagency guidance on risk management of third-party relationships, including third-party lending relationships. The interagency guidance is based, in part, on the regulators' previously existing third-party risk management guidance from 2013 and seeks to, among other things, promote consistency in third-party risk management and provide sound risk management guidance for third-party relationships commensurate with a bank's risk profile and complexity as well as the criticality of the activity. The final interagency guidance replaces each agency's existing guidance on this topic and is directed to all banking organizations supervised by the Federal Reserve, OCC, and FDIC. Additionally, third party relationship risk management and banking-as-a-service arrangements (including with respect to deposit products and services) have been topics of focus for federal bank regulators in 2024 and further rulemaking activity or guidance may be forthcoming.

Brokered Deposits

The FDIC limits the ability to accept brokered deposits to those insured depository institutions that are well capitalized. Institutions that are less than well capitalized cannot accept, renew or roll over any brokered deposit unless they have applied for and been granted a waiver by the FDIC. The FDIC has defined the "national rate" for all interest-bearing deposits held by less-than-well-capitalized institutions as "a simple average of rates paid by all insured depository institutions and branches for which data are available" and has stated that its presumption is that this national rate is the prevailing rate in any market. As such, institutions that are less than well

capitalized that are permitted to accept, renew or rollover brokered deposits via FDIC waiver generally may not pay an interest rate in excess of the national rate plus 75 basis points on such brokered deposits.

On December 15, 2020, the FDIC issued a final rule establishing a new framework for analyzing whether bank deposits obtained through third-party arrangements are brokered deposits pursuant to Section 29 of the Federal Deposit Insurance Act. Generally, a person is a "deposit broker" if it is "engaged in the business of placing deposits, or facilitating the placement of deposits, of third parties with insured depository institutions or the business of placing deposits with insured depository institutions for the purpose of selling interests in those deposits to third parties." The final rule clarifies what it means to be in the business of placing deposits and facilitating the placement of deposits for purpose of the deposit broker definition. The final rule also clarifies application of the "primary purpose exception" to Section 29 by identifying a number of common business relationships described as "designated exceptions" as meeting the primary purpose exception. Many of these designated exceptions are arrangements previously addressed in advisory opinions and include: certain investment-related deposits; property management service deposits; deposits for cross-border clearing services; deposits related to real estate and mortgage servicing activities; retirement and 529 deposits; deposits related to employee benefits programs; deposits held to secure credit card loans; and deposits placed by agencies to disburse government benefits.

On July 30, 2024, the FDIC proposed a rule that would amend the current rules governing brokered deposits. The proposed rule as drafted would, among other things, (1) amend the definition of "deposit broker"; (2) eliminate the exclusive deposit placement arrangement exception; (3) eliminate the enabling transactions designated business exception; (4) revise the "25 percent test" designated business exception for a primary purpose exception to be available only to broker-dealers and investment advisers and only if less than 10 percent of the total assets that the broker-dealer or investment adviser has under management for its customers is placed at one or more insured depository institutions; (5) revise the interpretation of the primary purpose exception to consider the third party's intent in placing customer funds at a particular insured depository institution; (6) allow only insured depository institutions to file notices and applications for primary purpose exceptions; and (7) clarify how an insured depository institution that loses its "agent institution" status regains that status. We are currently evaluating the effect of the proposed rule on the Bank were it to be adopted as a final rule and monitoring the status of this rulemaking.

Other Laws and Regulations

Some of the aspects of our lending and deposit business that are subject to regulation by the Federal Reserve and the FDIC include reserve requirements and disclosure requirements in connection with personal and mortgage loans and deposit accounts. In addition, we are subject to numerous federal and state laws and regulations that include specific restrictions and procedural requirements with respect to the establishment of branches, investments, interest rates on loans, credit practices, the disclosure of credit terms, and discrimination in credit transactions.

We are also subject to the Gramm-Leach-Bliley Act (the "GLBA") and its implementing regulations and guidance. Among other things, the GLBA (i) imposes certain limitations on the ability to share consumers' nonpublic personal information with non-affiliated third-parties and (ii) requires certain disclosures to consumers about information collection, sharing,

and security practices and their right to “opt out” of the institution’s disclosure of their personal financial information to non-affiliated third-parties (with certain exceptions).

Enforcement Actions

Federal and state statutes and regulations provide financial institution regulatory agencies with great flexibility to undertake an enforcement action against an institution that fails to comply with regulatory requirements. Possible enforcement actions range from the imposition of a capital plan and capital directive to civil money penalties, cease-and-desist orders, receivership, conservatorship, or the termination of the deposit insurance.

Executive Officers (as of December 31, 2023)

Executive Officer	Recent Work Experience	Years of Service	Age
Daniel J. Schrider <i>President and Chief Executive Officer</i>	President since March 2008 and Chief Executive Officer since January 2009.	34	59
Phillip J. Mantua <i>Executive Vice President and Chief Financial Officer</i>	Chief Financial Officer since October 2004.	24	65
R. Louis Caceres <i>Executive Vice President and Chief Wealth Officer</i>	Chief Wealth Officer since 2002.	24	61
Gary J. Fernandes <i>Executive Vice President and Chief Human Resources Officer</i>	Chief Human Resources Officer since May 2021. Previously, Director of Human Resources.	8	55
Aaron M. Kaslow <i>Executive Vice President, General Counsel and Chief Administration Officer</i>	General Counsel since July 2019 and Chief Administrative Officer since May 2022. Previously a partner at Kilpatrick Townsend & Stockton LLP.	4	59
Ronda M. McDowell <i>Executive Vice President and Chief Operations Officer</i>	Chief Operations Officer since May 2021. Previously Chief Credit Officer since November 2013.	27	59
Lynne Pulford <i>Executive Vice President and Chief Consumer Banking Officer</i>	Executive Vice President and Chief Consumer Banking Officer since July 2023. Previously President of Sandy Spring Bank Mortgage.	36	61
Joseph J. O'Brien, Jr. <i>Executive Vice President and Chief Banking Officer</i>	Chief Banking Officer since 2021. Previously Executive Vice President for Commercial and Retail Banking since January 2011.	16	60
John D. Sadowski <i>Executive Vice President and Chief Information Officer</i>	Chief Information Officer since March 2009.	14	60
Kevin Slane <i>Executive Vice President and Chief Risk Officer</i>	Chief Risk Officer since May 2018.	5	64

Item 1A. RISK FACTORS

Investing in our common stock involves risks, including the possibility that the value of the investment could fall substantially and that dividends or other distributions could be reduced or eliminated. Investors should carefully consider the following risk factors before making an investment decision regarding our stock. The following risk factors may cause our future earnings to be lower or our financial condition to be less favorable than expected, which could adversely affect the value of, and return on, an investment in the Company. In addition, other risks that we are not aware of, or which are not believed to be material, may cause earnings to be lower, or may deteriorate the financial condition of the Company. Consideration should also be given to the other information in this Annual Report on Form 10-K, as well as in the documents incorporated by reference into this Form 10-K.

Risks Related to the Pending Merger with Atlantic Union

We and Atlantic Union have, and the combined company following the merger will, incur significant transaction and merger-related costs in connection with the transactions contemplated by the merger agreement.

We and Atlantic Union have incurred and expect to incur significant non-recurring costs associated with combining the operations of the Company with Atlantic Union's operations. These costs include legal, financial advisory, accounting, consulting and other advisory fees, severance/employment-related costs, public company filing fees and other regulatory fees, printing costs, and other related costs. Additional unanticipated costs may be incurred in the integration of our business with the business of Atlantic Union, and there are many factors beyond our or Atlantic Union's control that could affect the total amount or timing of integration costs. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Whether or not the merger is consummated, we, Atlantic Union, and the combined company will incur substantial expenses in pursuing the merger and this may adversely impact our and the combined company's earnings. Completion of the transactions contemplated by the merger agreement will be conditioned upon the satisfaction or waiver of customary closing conditions. However, there can be no assurance that such closing conditions will be satisfied without additional cost, on the anticipated timeframe, or at all.

The merger agreement may be terminated in accordance with its terms and the merger may not be completed. Such failure to complete the transactions contemplated by the merger agreement could cause our results to be adversely affected, our stock price to decline, or have a material and adverse effect on our stock price and results of operations.

If the transactions contemplated by the merger agreement, including the merger, are not completed for any reason, there may be various adverse consequences, and we and/or Atlantic Union may experience negative reactions from the financial markets and from our respective customers and employees. For example, either party's business may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of its management on the merger, without realizing any of the anticipated benefits of completing the merger. Moreover, our stock price may decline because costs related to such transactions, such as legal, accounting, and financial advisory fees, must be paid even if such transactions, including the merger, are not completed. Moreover, we may be required to pay a termination fee of \$56.0 million to Atlantic Union upon a termination of the merger agreement in certain circumstances. In addition, if the transactions contemplated by the merger agreement are not completed, whether because one of the parties has breached its obligations in a way that permits Atlantic Union to terminate the merger agreement, or for any other reason, our stock price may decline to the extent that the current market price reflects a market assumption that the merger will be beneficial and will be completed. We and/or Atlantic Union also could be subject to litigation related to any failure to complete the merger or to proceedings commenced against either company to perform our obligations under the merger agreement.

The future results of the combined company following the merger may suffer if the combined company does not effectively manage its expanded operations.

Following the merger, the size of the business of the combined company will increase significantly beyond the current size of either our or Atlantic Union's business. The combined company's future success will depend, in part, upon its ability to manage this expanded business, which may pose challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. The combined company may also face increased scrutiny from governmental authorities as a result of the significant increase in the size of its business.

Both Atlantic Union Bank and the Bank are regulated and supervised by the Federal Reserve as well as the Consumer Financial Protection Bureau. In addition, at the state level, Atlantic Union Bank is chartered by the Commonwealth of Virginia and is supervised

and regularly examined by the Bureau of Financial Institutions, a division of the Virginia State Corporation Commission, while the Bank is a state-chartered bank and trust company subject to supervision by the Office of Financial Regulation, part of the Maryland Department of Labor. The laws, regulations and regulatory guidance applicable to both banks will therefore differ in ways that may affect the operations of the combined company. Additionally, the internal policies of Atlantic Union Bank and the Bank with regards to their investment portfolios may differ on factors such as hold limits per bond issuer, life of the bond, or credit risk appetite. As a result, there are assets on the balance sheet of the Bank that the bank subsidiary of the combined company is not expected to hold, whether based on differences in regulatory oversight or internal policies, and Atlantic Union may dispose of such assets contemporaneous or subsequent to the closing of the merger. The disposition of certain assets in a high-interest rate environment, such as we have in the past experienced, are currently experiencing and may experience again in the future, could result in a sale of assets at a market price that is different than the estimated book value of such assets and impact regulatory capital ratios at the time of the closing of the merger. Further, Atlantic Union may replace such disposed assets with lower-yielding investments, any of which could impact its future earnings and return on equity.

There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings or other benefits currently anticipated from the merger.

We and Atlantic Union will be subject to business uncertainties and contractual restrictions while the merger is pending. Uncertainty about the effect of the merger on employees, customers (including depositors and borrowers), suppliers and vendors may have an adverse effect on us and Atlantic Union. These uncertainties may impair our and Atlantic Union's ability to attract, retain and motivate key personnel and customers (including depositors and borrowers) until the merger is completed, as such personnel and customers may experience uncertainty about their future roles and relationships following the completion of the merger. Additionally, these uncertainties could cause customers and others that deal with us or Atlantic Union to seek to change existing business relationships with us or Atlantic Union or fail to extend an existing relationship with us or Atlantic Union, as applicable. Competitors may target each party's existing customers by highlighting potential uncertainties and integration difficulties that may result from the merger.

In addition, subject to certain exceptions, we and Atlantic Union have agreed to operate our respective businesses in the ordinary course consistent with past practice in all material respects before closing, and we and Atlantic Union have agreed not to take certain actions, which could cause us or Atlantic Union to be unable to pursue other beneficial opportunities that may arise before the completion of the merger.

Shareholder litigation could prevent or delay the completion of the merger or otherwise negatively impact our business, financial condition and results of operations.

Shareholders of Atlantic Union and/or stockholders of the Company may file lawsuits against Atlantic Union, the Company and/or the directors and officers of either company in connection with the merger. One of the conditions to the closing is that no law, order, injunction or decree issued by any court or governmental entity of competent jurisdiction that would prevent, prohibit or make illegal the completion of the merger, the bank merger or any of the other transactions contemplated by the merger agreement be in effect. If any plaintiff were successful in obtaining an injunction prohibiting Atlantic Union or the Company from completing the merger, the bank merger or any of the other transactions contemplated by the merger agreement, then such injunction may delay or prevent the effectiveness of the merger and could result in significant costs to either party, including any cost associated with the indemnification of its directors and officers. We and Atlantic Union may incur costs relating to the defense or settlement of any shareholder lawsuits filed in connection with the merger. Shareholder lawsuits may divert management attention from management of each company's business or operations. Such litigation could have an adverse effect on such party's business, financial condition and results of operations and could prevent or delay the completion of the merger.

The merger will not be completed unless important conditions are satisfied or waived.

Specified conditions set forth in the merger agreement must be satisfied or waived to complete the merger. If the conditions are not satisfied or, subject to applicable law, waived, the merger will not occur or will be delayed and each of Atlantic Union and us may lose some or all of the intended benefits of the merger.

Risks Related to the Economy, Financial Markets, Interest Rates and Liquidity

The geographic concentration of our operations makes us susceptible to downturns in local economic conditions.

Our lending operations are concentrated in central Maryland, northern Virginia and Washington D.C. Our success depends in part upon economic conditions in these markets. Adverse changes in economic conditions in these markets could limit growth in loans and deposits, impair our ability to collect amounts due on loans, increase problem loans and charge-offs and otherwise negatively affect our performance and financial condition. Declines in real estate values could cause some of our residential and commercial real estate loans to be inadequately collateralized, which would expose us to a greater risk of loss in the event that the recovery on amounts due on defaulted loans is resolved by selling the real estate collateral under duress or to expedite payment.

Changes in interest rates may adversely affect our earnings and financial condition.

Our net income depends to a great extent upon the level of net interest income, which is the difference between the interest income earned on loans, investments, and other interest-earning assets, and the interest paid on interest-bearing liabilities, such as deposits and borrowings. Net interest income 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 re-price 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 re-price more quickly than interest-bearing liabilities, falling interest rates could reduce net interest income.

Changes in market interest rates are affected by many factors beyond our control, including inflation, unemployment, money supply, fiscal policies of the U.S. government, domestic and international events, and events in U.S. and other financial markets. We attempt to manage our risk from changes in market interest rates by adjusting the rates, maturity, re-pricing, and balances of the different types of interest-earning assets and interest-bearing liabilities, but interest rate risk management techniques are not exact. As a result, a rapid increase or decrease in interest rates could have an adverse effect on our net interest margin and results of operations. Changes in the market interest rates for types of products and services in various markets also may vary significantly from location to location and over time based upon competition and local or regional economic factors.

For further discussion regarding the impact of interest rate movements on net interest income, refer to the Market Risk Management section of Management's Discussion and Analysis on page 65-67. The results of an interest rate sensitivity simulation model depend upon a number of assumptions regarding customer behavior, movement of interest rates and cash flows, any of which may prove to be inaccurate.

Inflation can have an adverse impact on our business and on our customers.

In 2022 and continuing into 2023, the United States experienced the highest rates of inflation since the 1980s. In an effort to reduce inflation, the Federal Reserve increased the federal funds target rate seven times in 2022 and four times in 2023 from 0 - 0.25% at the beginning of 2022 to 5.25 - 5.50% as of December 31, 2023. Market interest rates increased in response to the Federal Reserve's actions. Inflation generally increases the cost of goods and services we use in our business operations, as well as labor costs. We may find that we need to give higher than normal raises to employees and start new employees at a higher wage. Furthermore, our clients are also affected by elevated interest rates, inflation and the rising costs of goods and services used in their households and businesses, which could have a negative impact on their ability to repay their loans with us. Further From 2022 to 2023, the Federal Reserve increased the federal funds target rate hikes would continue from 0 - 0.25% to increase 5.25 - 5.50% in an effort to combat elevated inflation. In 2024, the cost federal funds target rate was reduced slightly, but remained at an elevated level of business investment 4.25% - 4.50%. Market interest rates increased in response to the Federal Reserve's actions. Higher market interest rates have increased borrowing costs and consumer goods, which would place downward pressure on demand and cause declines in cash flow and profitability, further impacting the ability of borrowers to repay their loans, depressed loan demand. As market interest rates rise, the value of our investment securities generally decreases, although this effect can be less pronounced for floating rate instruments. Higher interest rates reduce the

demand for loans and increase the attractiveness of alternative investment and savings products, like U.S. Treasury securities and money market funds, which can make it difficult to attract and retain deposits. If inflationary pressures do not subside, sustained higher interest rates by the Federal Reserve may be needed to tame persistent inflationary price pressures, which could weaken economic activity. A deterioration in economic conditions in the United States and our markets could result in a further increase in loan delinquencies and non-performing assets, decreases in loan collateral values and a decrease in demand for our products and services, all of which, in turn, would adversely affect our business, financial condition and results of operations.

Insufficient liquidity could impair our ability to fund operations and jeopardize our financial condition, growth and prospects.

We require sufficient liquidity to fund loan commitments, satisfy depositor withdrawal requests, make payments on our debt obligations as they become due, and meet other cash commitments. Liquidity risk is the potential that we will be unable to meet our obligations as they become due because of an inability to liquidate assets or obtain adequate funding at a reasonable cost, in a timely manner and without adverse conditions or consequences. Our sources of liquidity consist primarily of cash, assets readily convertible to cash (such as investment securities), increases in deposits, advances, as needed, from the FHLB, borrowings, as needed, from the

Federal Reserve Bank of Richmond and other borrowings. Our access to funding sources in amounts adequate to finance our activities or on acceptable terms could be impaired by factors that affect our organization specifically or the financial services industry or economy generally. Core deposits and FHLB advances are our primary source of funding. A significant decrease in core deposits, an inability to renew FHLB advances, an inability to obtain alternative funding to core deposits or FHLB advances, or a substantial, unexpected, or prolonged change in the level or cost of liquidity could have a negative effect on our business, financial condition and results of operations.

Our investment securities portfolio is subject to credit risk, market risk, and liquidity risk.

Our investment securities portfolio has risk factors beyond our control that may significantly influence its fair value. These risk factors include, but are not limited to, rating agency downgrades of the securities, defaults of the issuers of the securities, lack of market pricing of the securities, and instability in the credit markets. Lack of market activity with respect to some securities has, in certain circumstances, required us to base our fair market valuation on unobservable inputs. Any changes in these risk factors, in current accounting principles or interpretations of these principles could impact our assessment of fair value. Adjustments to the allowance for credit losses on available-for-sale investment securities would negatively affect our earnings and regulatory capital ratios.

Credit Risks

Our allowance for credit losses may not be adequate to cover our actual credit losses, which could adversely affect our financial condition and results of operations.

We maintain an allowance for credit losses in an amount that is believed to be appropriate to provide for expected losses inherent in the portfolio. We have a proactive program to monitor credit quality and to identify loans that may become non-performing; however, at any time there could be loans in the portfolio that may result in losses, but that have not been identified as non-performing or potential problem credits. We may be unable to identify all deteriorating credits prior to them becoming non-performing assets, or to limit losses on those loans that are identified. As a result, future additions to the allowance may be necessary. Additionally, future additions to the allowance may be required based on changes in the forecasted economic conditions, changes in the loans comprising the portfolio and changes in the financial condition of borrowers, or as a result of assumptions used by management in determining the allowance. Additionally, banking regulators, as an integral part of their supervisory function, periodically review the adequacy of our allowance for credit losses. These regulatory agencies may require an increase in the provision for expected credit losses or to recognize further loan charge-offs based upon their judgments, which may be different from ours. Any increase in the allowance for credit losses could have a negative effect on our financial condition and results of operations.

We may not be able to adequately measure and limit our credit risk, which could lead to unexpected losses.

The business of lending is inherently risky, including risks that the principal of or interest on any loan will not be repaid timely, or at all, or that the value of any collateral supporting the loan will be insufficient to cover our outstanding exposure. These risks may be affected by the strength of the borrower's business sector and local, regional and national market and economic conditions. Many of our loans are made to small- to medium-sized businesses that may be less able to withstand competitive, economic and financial pressures than larger borrowers. Our risk management practices, such as monitoring the concentration of loans within specific industries and credit approval practices, may not adequately reduce credit risk, and credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of the loan portfolio. A failure to effectively measure and limit the credit risk associated with our loan portfolio could lead to unexpected losses and have a material adverse effect on our business, financial condition and results of operations.

If non-performing assets increase, earnings will be adversely impacted.

Non-performing assets adversely affect net income in various ways. Interest income is not accrued on non-accrual loans or other real estate owned. We must record a reserve for expected credit losses, which is established through a current period charge in the form of

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a provision for expected credit losses, and from time to time must write-down the value of properties in our other real estate owned portfolio 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 other real estate owned. Further, the resolution of non-performing assets requires the active involvement of management, which can distract them from more profitable activities. Finally, if the estimate for the recorded allowance for credit losses proves to be incorrect and the allowance is inadequate, the allowance will have to be increased and, as a result, our earnings would be adversely affected.

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Appraisals may not accurately describe the value of our collateral.

When making a loan secured by real property, we generally require an appraisal of the property. However, an appraisal is only an estimate of the value of the property at the time the appraisal is made and does not guarantee that the appraised value could be realized upon sale of the property. Real estate values can change significantly in relatively short periods of time, especially in periods of changing interest rates and economic uncertainty. If the amount realizable upon the sale of the collateral is less than the appraised value, we may not be able to recover the full contractual amount of principal and interest that we anticipated at the time we originated the loan. In addition, we rely on appraisals and other valuation techniques to establish the value of foreclosed real estate and to determine certain loan impairments. If any of these valuations are incorrect, our consolidated financial statements may reflect the incorrect value of our other real estate owned and our allowance for credit losses may not accurately reflect loan impairments.

Our commercial real estate lending activities expose us to increased lending risks and related loan losses.

At **December 31, 2023** **December 31, 2024**, our commercial real estate loan portfolio totaled **\$7.8 billion** **\$7.9 billion**, or **69%** **68%** of our total loan portfolio. Commercial real estate loans generally expose a lender to greater risk of non-payment and loss than one-to-four family residential mortgage loans because repayment of the loans often depends on the successful operation of the properties and the income stream of the borrowers. These loans involve larger loan balances to single borrowers or groups of related borrowers compared to one-to-four family residential mortgage loans. Some segments have shown some signs of weakness as rising expenses and debt costs and lower valuations have impacted credit quality metrics. Vacancy rates have risen in the office sector, which is experiencing significant structural shifts that could take several years to fully materialize as new remote work practices normalize. To the extent that borrowers have more than one commercial real estate loan outstanding, an adverse development with respect to one loan or one credit relationship could expose us to a significantly greater risk of loss compared to an adverse development with respect to a one-to-four family residential real estate loan. Moreover, if loans that are collateralized by commercial real estate become troubled and the value of the real estate has deteriorated significantly, then we may not be able to recover the full contractual amount of principal and interest that we anticipated at the time we originated the loan. A decline in the value of the collateral for a loan may require us to increase our allowance for credit losses, which would adversely affect our earnings and financial condition.

Imposition of limits by the bank regulators on commercial real estate lending activities could curtail our growth and adversely affect our earnings.

Regulatory guidance on concentrations in commercial real estate lending provides that a bank's commercial real estate lending exposure could receive increased supervisory scrutiny where total commercial investor real estate loans, including loans secured by apartment buildings, nonowner-occupied investor real estate, and construction and land loans, represent 300% or more of an institution's total risk-based capital, and the outstanding balance of the commercial real estate loan portfolio has increased by 50% or more during the preceding 36 months. At **December 31, 2023** **December 31, 2024**, our total commercial investor real estate loans, including loans secured by apartment buildings, nonowner-occupied commercial real estate, and construction and land loans represented **348%** **337%** of the Bank's total risk-based **capital and the growth in the commercial real estate ("CRE") portfolio was approximately 30% over the preceding 36 months, significantly driven by our 2020 acquisition of Revere Bank, capital.** Management has established a CRE lending framework to monitor specific exposures and limits by types within the CRE portfolio and takes appropriate actions, as necessary. If the Federal Reserve, the Bank's primary federal regulator, were to impose restrictions on the amount of commercial real estate loans we can hold in our portfolio, our earnings would be adversely affected.

Our concentration of residential mortgage loans exposes us to increased lending risks.

At **December 31, 2023** **December 31, 2024**, **14%** **13%** of our total **residential mortgage loan** portfolio was secured by **residential mortgage** one-to-four family real estate, a significant majority of which is located in central Maryland, northern Virginia and Washington, D.C. One-to-four family residential mortgage lending is generally sensitive to regional and local economic conditions that significantly impact the ability of borrowers to meet their loan payment obligations, making loss levels difficult to predict. Declines in real estate values could cause some of our residential mortgages to be inadequately collateralized, which would expose us to a greater risk of loss if we seek to recover on defaulted loans by selling the real estate collateral.

We may be subject to certain risks related to originating and selling mortgage loans.

When mortgage loans are sold, it is customary to make representations and warranties to the purchaser about the mortgage loans and the manner in which they were originated. Whole loan sale agreements require the repurchase or substitution of mortgage loans in the event we breach any of these representations or warranties. In addition, there may be a requirement to repurchase mortgage loans as a result of borrower fraud or in the event of early payment default of the borrower on a mortgage loan. We receive a limited number of repurchase and indemnity demands from purchasers as a result of borrower fraud and early payment default of the borrower on mortgage loans. If repurchase and indemnity demands increase materially, our results of operations could be adversely affected.

Any delays in our ability to foreclose on delinquent mortgage loans may negatively impact our business.

The origination of mortgage loans occurs with the expectation that, if the borrower defaults, the ultimate loss would be mitigated by the value of the collateral that secures the mortgage loan. The ability to mitigate the losses on defaulted loans depends upon the ability to promptly foreclose upon the collateral after an appropriate cure period. The length of the foreclosure process depends on state law and other factors, such as the volume of foreclosures and actions taken by the borrower to stop the foreclosure. Any delay in the foreclosure process will adversely affect us by increasing the expenses related to carrying such assets, such as taxes, insurance, and other carrying costs, and expose us to losses as a result of potential additional declines in the value of such collateral.

Risks Related to our Trust and Wealth Management Business

Our trust and wealth management fees may decrease as a result of poor investment performance, in either relative or absolute terms, which could decrease our revenues and net earnings.

Our trust and wealth management businesses derive a significant amount of their revenues from investment management fees based on assets under management. Our ability to maintain or increase assets under management is subject to a number of factors, including investors' perception of our past performance, in either relative or absolute terms, general market and economic conditions, and competition from other investment management firms. A decline in the fair value of the assets under management would decrease our trust and wealth management fee income.

Investment performance is one of the most important factors in retaining existing clients and competing for new trust and wealth management clients. Poor investment performance could reduce our revenues and impede the growth of our trust and wealth management business in the following ways: existing clients may withdraw funds from our trust and wealth management business in favor of better performing products or firms; asset-based management fees could decline from a decrease in assets under management; our ability to attract funds from existing and new clients might diminish; and our portfolio managers may depart, to join a competitor or otherwise.

Even when market conditions are generally favorable, our investment performance may be adversely affected by the investment style of our portfolio managers and the particular investments that they make or recommend. To the extent that our future investment performance is perceived to be poor in either relative or absolute terms, the revenues and profitability of our trust and wealth management business will likely be reduced and our ability to attract new clients will likely be impaired.

Our investment management contracts are terminable without cause and on relatively short notice by our clients, which makes us vulnerable to short-term declines in the performance of the securities under our management.

Like most wealth management businesses, the investment advisory contracts we maintain with our clients are typically terminable by the client without cause upon less than 30 days' notice. As a result, even short-term declines in the performance of the accounts that we manage, which can result from factors outside our control, such as adverse changes in general market or economic conditions or the poor performance of some of the investments we have recommended to our clients, could lead some of our clients to move assets under our management to other investment advisors that have investment product offerings or investment strategies different than ours. A decline in assets under management, and a corresponding decline in investment management fees, would adversely affect our results of operations.

The wealth management business is heavily regulated, and the regulators have the ability to limit or restrict our activities and impose fines or suspensions on the conduct of our business.

The wealth management business is highly regulated, primarily at the federal level. The failure of our subsidiaries that are registered investment advisors to comply with applicable laws or regulations could result in fines, suspensions of individual employees or other sanctions including revocation of such subsidiaries' registration as an investment adviser.

governing our wealth management business could have a material adverse impact on our business, financial condition and results of operations.

Strategic and Other Risks

Combining acquired businesses may be more difficult, costly or time-consuming than expected and the anticipated benefits and cost savings of acquisitions may not be realized.

The success of our mergers and acquisitions, including anticipated benefits and cost savings, will depend, in part, on our ability to successfully combine and integrate the acquired business in a manner that permits growth opportunities and does not materially disrupt existing customer relations nor result in decreased revenues due to loss of customers. It is possible that the integration process could result in the loss of key employees, the disruption of either company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors, employees and other constituents or to achieve the anticipated benefits and cost savings of the transaction. The loss of key employees could adversely affect our ability to successfully conduct our business, which could have an adverse effect on our financial results and the value of our common stock. If we experience difficulties with the integration process, the anticipated benefits of a transaction may not be realized fully or at all, or may take longer to realize than expected. As with any merger of financial institutions, there also may be business disruptions that cause us to lose customers or cause customers to remove their accounts from us and move their business to competing financial institutions. Integration efforts will also divert management attention and resources. These integration matters could have an adverse effect on us during this transition period and for an undetermined period after completion of a transaction. It is possible that the potential cost savings could turn out to be more difficult to achieve than anticipated. The cost savings estimates also depend on the ability to combine the businesses in a manner that permits those cost savings to be realized.

We depend on our executive officers and key personnel to continue the implementation of our long-term business strategy and could be harmed by the loss of their services.

We believe that our continued growth and future success will depend in large part on the skills of our management team, as well as on our ability to attract, motivate and retain highly qualified senior and middle management and other skilled employees. The loss of

service of one or more of our executive officers or key personnel could reduce our ability to successfully implement our long-term business strategy, our business could suffer and the value of our common stock could be materially adversely affected. Leadership changes will occur from time to time and we cannot predict whether significant resignations will occur or whether we will be able to recruit additional qualified personnel. We believe our management team possesses valuable knowledge about the banking industry and our markets and that their knowledge and relationships would be very difficult to replicate. Our success also depends on the experience of our branch managers and lending officers and on their relationships with the customers and communities they serve. The loss of these key personnel could negatively affect our banking operations. Competition for qualified employees is intense, and the process of locating key personnel with the combination of skills, attributes and business relationships required to execute our business plan may be lengthy. The loss of key personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition and results of operations.

Restrictions on unfriendly acquisitions could prevent a takeover of the Company.

Our articles of incorporation and bylaws contain provisions that could discourage takeover attempts that are not approved by our board of directors. The Maryland General Corporation Law also includes provisions that make an acquisition of the Company more difficult. These provisions include super-majority provisions for the approval of certain business combinations and certain provisions relating to meetings of shareholders. Our articles of incorporation also authorize the issuance of additional shares by the board of directors without shareholder approval on terms or in circumstances that could deter a future takeover attempt. These provisions may prevent a future takeover attempt in which the shareholders otherwise might receive a substantial premium for their shares over then-current market prices.

Market competition may decrease our growth or profits.

We compete for loans, deposits, and investment dollars with other banks and other financial institutions and enterprises, such as securities firms, insurance companies, savings associations, credit unions, mortgage brokers, and private lenders, many of which have substantially greater resources than we possess. Credit unions have federal tax exemptions, which may allow them to offer lower rates on loans and higher rates on deposits than taxpaying financial institutions such as commercial banks. In addition, non-depository institution competitors are generally not subject to the extensive regulation applicable to institutions that offer federally insured deposits. Banks are facing significant competition

from higher-yielding choices, such as Treasury securities and money market funds, which has pushed rates higher. Other institutions may have other competitive advantages in particular markets or may be willing to

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accept lower profit margins on certain products. These differences in resources, regulation, competitive advantages, and business strategy create a competitive landscape that may decrease our net interest margin, increase our operating costs, and make it harder to compete profitably.

Operational Risks

The high volume of transactions processed by us exposes us to significant operational risks.

We rely on the ability of our employees and systems to process a high number of transactions. Operational risk is the risk of loss resulting from our operations, including, but not limited to, the risk of fraud by employees or outside persons, the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of our internal control system and compliance requirements, and business continuation and disaster recovery. Insurance coverage may not be available for such losses, or where available, such losses may exceed insurance limits. This risk of loss also includes the potential legal actions that could arise as a result of an operational deficiency or as a result of noncompliance with applicable regulations, adverse business decisions or their implementation, and customer attrition due to potential negative publicity. A breakdown in our internal control system, improper operation of systems or improper employee actions could result in material financial loss, the imposition of regulatory action, and damage to our reputation.

Failure to keep up with technological change in the financial services industry could have a material adverse effect on our competitive position or profitability.

The financial services industry is undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to 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 not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological changes affecting the financial services industry could have a material adverse effect on our business, financial condition and results of operations.

Our risk management framework may not be effective in mitigating risks and/or losses to us.

Our risk management framework is comprised of various processes, systems and strategies, and is designed to manage the types of risk to which we are subject, including, among others, credit, market, liquidity, interest rate, operational and compliance. Our framework also includes financial or other modeling methodologies that involve management assumptions and judgment. Our risk management framework may not be effective under all circumstances and may not adequately mitigate any risk of loss to us. If our risk management framework is not effective, we could suffer unexpected losses and our business, financial condition, or results of operations could be materially and adversely affected. We also be subject to potentially adverse regulatory consequences.

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Our information systems may experience an interruption or security breach.

We rely heavily on communications and information systems to conduct our business. We, our customers, and other financial institutions with which we interact, are subject to ongoing, continuous attempts to penetrate key systems by individual hackers, organized criminals, and in some cases, state-sponsored organizations. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems, misappropriation of funds, and theft of proprietary or customer data. While we have policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of our information systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failure, interruption or security breach of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, require us to incur additional expense, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our business, financial condition and results of operations.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data in our third-party data centers and on our networks, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees. The secure processing, maintenance and transmission of this

information is critical to our operations and business strategy. Despite the security measures we have implemented to help ensure data security and compliance with applicable laws, rules and regulations, which include firewalls, regular penetration testing and other measures, our facilities and systems, and those of our third-party service providers and vendors, may be vulnerable to cyber-attacks, security breaches, ransomware, unauthorized activity and access, malicious code, acts of vandalism, computer viruses, theft of data, misplaced or lost data, fraud, misconduct or misuse, social engineering attacks and denial of service attacks, phishing attacks, programming or human errors, physical break-ins, or other disruptions, any of which could result in critical data becoming inaccessible or the loss or disclosure of confidential or personal client or employee information or our own proprietary information. Any such loss or disclosure of confidential information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provide to customers, damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business, revenues and competitive position.

We are subject to laws regarding the privacy, information security and protection of personal information and any violation of these laws or another incident involving personal, confidential or proprietary information of individuals could damage our reputation and otherwise adversely affect our business, financial condition and earnings. Our business requires the collection and retention of large volumes of customer data, including personally identifiable information in various information systems that we maintain and in those maintained by third parties with whom we contract to provide data services. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. We are subject to complex and evolving laws and regulations governing the privacy and protection of personal information of individuals (including customers, employees, suppliers and other third parties). For example, our business is subject to the Gramm-Leach-Bliley Act which, among other things: (i) imposes certain limitations on our ability to share nonpublic personal information about our customers with non-affiliated third parties; (ii) requires that we provide certain disclosures to customers about our information collection, sharing and security practices and afford customers the right to "opt out" of any information sharing by us with non-affiliated third parties (with certain exceptions); and (iii) requires that we develop, implement and maintain a written comprehensive information security program containing appropriate safeguards based on our size and complexity, the nature and scope of our activities, and the sensitivity of customer information we process, as well as plans for responding to data security breaches. Various state and federal laws and regulations impose data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in certain circumstances in the event of a security breach. Ensuring that our collection, use, transfer and storage of personal information complies with all applicable laws and regulations can increase costs.

Furthermore, we may not be able to ensure that all of our clients, suppliers, counterparties and other third parties have appropriate controls in place to protect the confidentiality of the information that they exchange with us, particularly where such information is transmitted by electronic means. If personal, confidential or proprietary information of customers or others were to be mishandled or misused (in situations where, for example, such information was erroneously provided to parties who are not permitted to have the information, or where such information was intercepted or otherwise compromised by third parties), we could be exposed to litigation

or regulatory sanctions under personal information laws and regulations. Concerns regarding the effectiveness of our measures to safeguard personal information, or even the perception that such measures are inadequate, could cause us to lose customers or potential customers for our products and services and thereby reduce our revenues. Accordingly, any failure or perceived failure to comply with applicable privacy or data protection laws and regulations may subject us inquiries, examinations and investigations that could result in requirements to modify or cease certain operations or practices or in significant liabilities, fines or penalties, and could damage our reputation and otherwise adversely affect our business, financial condition and earnings.

Our reliance on third-party vendors could expose us to additional cyber risk and liability.

The operation of our business involves outsourcing certain business functions and reliance on third-party providers, which may result in transmission and maintenance of personal, confidential, and proprietary information to and by such vendors. Although we require third-party providers to maintain certain levels of information security, such providers may experience breaches, unauthorized access, misuse, computer viruses, or other malicious attacks that could ultimately compromise our sensitive information. Although we contract to limit our liability in connection with attacks against third-party providers, we remain exposed to risk of loss associated with such vendors.

We outsource certain aspects of our data processing to certain third-party providers, which may expose us to additional risk.

We outsource certain key aspects of our data processing to certain third-party providers. While we have selected these third-party providers carefully, we cannot control their actions. If our third-party providers encounter difficulties, including those that result from their failure to provide services for any reason or their poor performance of services, or if we have difficulty in communicating with

them, our ability to adequately process and account for customer transactions could be affected, and our business operations could be adversely impacted. Replacing these third-party providers could also entail significant delay and expense.

Our third-party providers may experience unauthorized access, computer viruses, phishing schemes and other security breaches. Threats to information security also exist in the processing of customer information through various other third-party providers and their personnel. We may be required to expend significant additional resources to protect against the threat of such security breaches and computer viruses, or to alleviate problems caused by such security breaches or viruses. To the extent that the activities of our third-party providers or the activities of our customers involve the storage and transmission of confidential information, security breaches and viruses could expose us claims, regulatory scrutiny, litigation and other possible liabilities.

We are dependent on our information technology and telecommunications systems; third-party service providers and systems failures, interruptions or breaches of security could have an adverse effect on our financial condition and results of operations.

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems third-party service providers. We outsource many of our major systems, such as data processing and deposit processing systems. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If sustained or repeated, a system failure or service denial could result in a deterioration of our ability to provide customer service, compromise our ability to operate effectively, damage our reputation, result in a loss of customer business and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

In addition, we provide our customers the ability to bank remotely, including online over the internet and through mobile banking applications. The secure transmission of confidential information is a critical element of remote banking. Our network could be vulnerable to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. Further, we outsource some of the data processing functions used for remote banking, and accordingly we are dependent on the expertise and performance of our third-party providers. To the extent that our activities, the activities of our customers, or the activities of our third-party service providers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could adversely affect our reputation, results of operations and ability to attract and maintain customers and businesses. In addition, a security breach could also subject us to additional regulatory scrutiny, expose us to civil litigation and possible financial liability and cause reputational damage.

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We are at risk of increased losses from fraud.

Fraudulent activity that may be committed against us or our customers may result in financial losses or increased costs to us. Criminals are committing fraud at an increasing rate and are using more sophisticated techniques. Such fraudulent activity has taken many forms, ranging from wire fraud, debit card fraud, check fraud, mechanical devices attached to ATMs, social engineering and phishing attacks to obtain personal information, business email compromise, or impersonation of clients through the use of falsified or stolen credentials. While we have policies and procedures, as well as fraud detection tools, designed to prevent fraud losses, such policies, procedures and tools may be insufficient to accurately detect and prevent fraud. A significant increase in fraudulent activities could lead us to take additional steps to reduce fraud risk, which could increase our costs. Fraud losses may materially and adversely affect our business, financial condition, and results of operations.

The adoption of flexible work from home arrangements poses a number of operational risks that could adversely affect our business, financial condition and results of operations.

We have adopted flexible work arrangements that permit some employees to work from home full or part time. Having employees conduct their daily work in our offices helps to ensure a level of productivity and operational security that may not be achieved when working remotely for an extended period. Remote work arrangements could strain our technology resources and introduce operational risks, including heightened cybersecurity risk, as remote working environments can be less secure. Over time, remote work arrangements may decrease the ability to maintain our culture, which is integral to our success. Additionally, a remote working environment may impede our ability to undertake new business projects and foster a creative environment. The prevalence of remote work arrangements has expanded competition among employers and may put us at a disadvantage if we are unable or unwilling to

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offer the same level of flexibility. Failure to attract and retain the desired workforce could have a negative effect on our business, financial condition and results of operations.

Risks Related to our Financial Statements

Changes in accounting standards or interpretation of new or existing standards may affect how we report our financial condition and results of operations.

From time to time the Financial Accounting Standards Board ("FASB") and the SEC change accounting regulations and reporting standards that govern the preparation of our financial statements. In addition, the FASB, SEC, bank regulators and the outside independent auditors may revise their previous interpretations regarding existing accounting regulations and the application of these accounting standards. These changes can be difficult to predict and can materially impact how to record and report our financial condition and results of operations. In some cases, there could be a requirement to apply a new or revised accounting standard retroactively, resulting in the restatement of prior period financial statements.

The Current Expected Credit Loss ("CECL") accounting standard could require us to increase our allowance for credit losses and may have a material adverse effect on our financial condition and results of operations.

Accounting Standard Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which became effective for us on January 1, 2020, requires earlier recognition of expected credit losses on loans and certain other instruments, compared to the previously applied incurred loss model. CECL requires advanced modeling techniques, heavy reliance on assumptions, and dependence on historical data that may not accurately forecast losses. CECL can result in greater volatility in the level of the allowance for credit losses, depending on various factors and assumptions applied in the model, such as the forecasted economic conditions in the foreseeable future and loan payment behaviors. Any increase in the allowance for credit losses, or expenses incurred to determine the appropriate level of the allowance for credit losses, can have an adverse effect on our financial condition and results of operations.

Impairment in the carrying value of goodwill and other intangible assets could negatively impact our financial condition and results of operations.

At December 31, 2023, goodwill and other intangible assets totaled \$391.7 million. Goodwill represents the excess of purchase price paid over the fair value of the net assets acquired in a business combination. Goodwill and other intangible assets are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. A significant decline in expected future cash flows, a material change in interest rates, a significant adverse change in the business climate, slower growth rates or a significant or sustained decline in the price of our common stock may necessitate taking charges in the future related to the impairment of goodwill and other intangible assets. The amount of any impairment charge could be significant and could have a material adverse impact on our financial condition and results of operations.

Our accounting estimates and risk management processes rely on analytical and forecasting models.

The processes that we use to estimate our allowance for credit losses and to measure the fair value of 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. 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 that we use for interest rate risk and asset-liability management are inadequate, we incur increased or unexpected losses upon changes in market interest rates or other market measures. Inaccurate deposit assumptions could render model results unreliable and may mask our true interest rate risk and liquidity risk profiles. Inaccurate model projections and stresses may result in higher-than-forecast funding costs and potentially unexpected liquidity shortfalls. If the models that we use for determining our allowance for expected credit losses are inadequate, the allowance for credit losses may not be sufficient to support future charge-offs. If the models that 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

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accurately reflect what we could realize upon sale or settlement of such financial instruments. Any such failure in our analytical or forecasting models could have a material adverse effect on our business, financial condition and results of operations.

Regulatory Risks

We operate in a highly regulated industry, and compliance with, or changes to, the laws and regulations that govern our operations may adversely affect us.

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The banking industry is heavily regulated. Banking regulations are primarily intended to protect the federal deposit insurance fund and depositors, not shareholders. Sandy Spring Bank is subject to regulation and supervision by the Board of Governors of the Federal Reserve System and by Maryland banking authorities, as well as the CFPB. Sandy Spring Bancorp is subject to regulation and supervision by the Board of Governors of the Federal Reserve System. Federal and state laws and regulations govern numerous matters affecting us, including changes in the ownership or control of banks and bank holding companies, maintenance of adequate capital and sound financial condition, permissible types, amounts and terms of loans and investments, permissible non-banking activities, the level of reserves against deposits and restrictions on dividend payments. These and other restrictions limit the manner in which we conduct business and obtain financing. The laws, rules, regulations, and supervisory guidance and policies applicable to us are subject to regular modification and change. Such changes may, among other things, increase the cost of doing business, limit the types of financial services and products we offer, or affect the competitive balance between banks and other financial institutions. Any new regulations or legislation, change in existing regulations or oversight, whether a change in regulatory policy or a change in a regulator's interpretation of a law or regulation, could have a material impact on our operations, increase our costs of regulatory compliance and adversely affect our profitability. While we have developed policies and procedures designed to assist in compliance with these laws and regulations, no assurance is given that our compliance policies and procedures will be effective. Failure to comply (or to ensure that our agents and third-party service providers comply) with laws, regulations, or policies could result in enforcement actions or sanctions by regulatory agencies, civil money penalties, and/or reputational damage, which could have a material adverse effect on our business, financial condition, or results of operations. The burdens imposed by federal and state regulations put banks at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies, and leasing companies.

Our ability to pay dividends is limited by law.

The ability to pay dividends to shareholders largely depends on Bancorp's receipt of dividends from the Bank. The amount of dividends that the Bank may pay to Bancorp is limited by federal laws and regulations. The ability of the Bank to pay dividends is also subject to its profitability, financial condition and cash flow requirements. There is no assurance that the Bank will be able to pay dividends to Bancorp in the future. In addition, as a bank holding company, Bancorp's our ability to declare and pay dividends is dependent on federal regulatory considerations, including limits on dividends should we not maintain the required capital conservation buffer and guidelines of the Federal Reserve regarding capital adequacy and dividends. It is the policy of the Federal Reserve that bank holding companies should generally pay dividends on common stock only out of earnings, and only if prospective earnings retention is consistent with the organization's expected future needs, asset quality and financial condition. We may limit the payment of dividends, even when the legal ability to pay them exists, in order to retain earnings for other uses.

Federal banking agencies periodically conduct examinations of our business, including compliance with laws and regulations; the failure to comply with any supervisory actions to which we are or becomes subject as a result of such examinations could adversely affect us.

As part of the bank regulatory process, the Federal Reserve and the Maryland banking authorities periodically conduct comprehensive examinations of our business, including compliance with laws and regulations. If, as a result of an examination, either of these banking agencies were to determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, asset sensitivity, risk management or other aspects of any of our operations had become unsatisfactory, or that we were in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. The Federal Reserve may enjoin "unsafe or unsound" practices or violations of law, require affirmative actions to correct any conditions resulting from any violation or practice, issue an administrative order that can be judicially enforced, direct an increase in our capital levels, restrict our growth, assess civil monetary penalties against us or our officers or directors, and remove officers and directors. The FDIC also has authority to review the Bank's financial condition, and, if the FDIC were to conclude that the Bank or its directors were engaged in unsafe or unsound practices, that the Bank was in an unsafe or unsound condition to continue operations, or that the Bank or the directors violated applicable law, the FDIC could move to terminate the Bank's deposit insurance. If we become subject to such regulatory actions, our business, financial condition, earnings and reputation could be adversely affected.

We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act ("CRA") and fair lending laws, and the failure to comply with these laws could lead to a wide variety of sanctions.

The CRA requires the Federal Reserve to assess our performance in meeting the credit needs of the communities we serve, including low- and moderate-income neighborhoods. If the Federal Reserve determines that we need to improve our performance or are in substantial non-compliance with CRA requirements, various adverse regulatory consequences may ensue. In addition, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. In addition, the Bank is subject to other federal and state laws designed to protect consumers, including the Home Ownership Protection Act, Fair Credit Reporting Act, as amended by the Fair and Accurate Credit Transactions Act of 2003, the Gramm-Leach Bliley Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the National Flood Insurance Act and various state law counterparts. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must interact with clients when taking deposits, making loans, collecting and servicing loans and providing other services.

The CFPB, the U.S. Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. The CFPB was created under the Dodd-Frank Act to centralize responsibility for consumer financial protection with broad rule-making authority to administer and carry out the purposes and objectives of federal consumer financial laws with respect to all financial institutions that offer financial products and services to consumers. The CFPB is also authorized to prescribe rules

applicable to any covered person or service provider, identifying and prohibiting acts or practices that are "unfair, deceptive, or abusive" in connection with any transaction with a consumer for a consumer financial product or service, or the offering of a consumer financial product or service. The ongoing broad rule-making powers of the CFPB have potential to have a significant impact on the operations of financial institutions offering consumer financial products or services.

A successful regulatory challenge to an institution's performance under the CRA, fair lending laws or regulations, or consumer lending laws and regulations 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 an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition and results of operations.

Additionally, state attorneys general can enforce consumer protection laws, including through use of Dodd-Frank Act provisions that authorize state attorneys general to enforce certain provisions of federal consumer financial laws and obtain civil money penalties and other relief available to the CFPB. In conducting an investigation, the CFPB or state attorneys general may issue a civil investigative demand requiring a target company to prepare and submit, among other items, documents, written reports, answers to interrogatories, and deposition testimony. If we become subject to such an investigation, the required response could result in substantial costs and a diversion of the attention and resources of our **management, management, and any penalties imposed in connection with such investigations could have a material adverse effect on our business, financial condition and results of operations.**

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The federal Bank Secrecy Act, PATRIOT Act and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti-money laundering programs and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the U.S. Treasury Department to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and engages in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. Federal and state bank regulators also focus on compliance with the Bank Secrecy Act and anti-money laundering regulations. If our policies, procedures and systems are deemed to be deficient or the policies, procedures and systems of the financial institutions that we acquire in the future are deficient, we would be subject to liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans, which would negatively impact our business, financial condition and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us.

The level of our commercial real estate loan portfolio may subject us to additional regulatory scrutiny.

The FDIC, the Federal Reserve and the Office of the Comptroller of the Currency have promulgated joint guidance on sound risk management practices for financial institutions with concentrations in commercial real estate lending. Under this guidance, a financial

institution that, like us, is actively involved in commercial real estate lending should perform a risk assessment to identify concentrations. A financial institution may have a "concentration" in commercial real estate lending if, among other factors (i) total reported loans for construction, land development and other land represent 100% or more of total capital, or (ii) total reported loans secured by multi-family and non-farm non-residential properties, loans for construction, land development and other land, and loans otherwise sensitive to the general commercial real estate market, including loans to commercial real estate related entities, represent 300% or more of total capital. The purpose of the guidance is to guide banks in developing risk management practices and capital levels commensurate with the level and nature of real estate concentrations. The guidance states that management should employ heightened risk management practices including board and management oversight and strategic planning, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing.

At December 31, 2024, our total commercial investor real estate loans, including loans secured by apartment buildings, nonowner-occupied commercial real estate, and construction and land loans represented 337% of the Bank's total risk-based capital. Management has established a CRE lending framework to monitor specific exposures and limits by types within the CRE portfolio and take appropriate actions, as necessary. While we believe that Management has implemented policies and procedures with respect to our commercial real estate loan portfolio consistent with the joint guidance, if the Federal Reserve, the Bank's primary federal regulator, were to require us to implement additional policies and procedures consistent with their interpretation of the joint guidance, or impose restrictions on the amount of commercial real estate loans we can hold in our portfolio, our earnings could be adversely affected.

General Risk Factors

Changes in U.S. or regional economic conditions could have an adverse effect on our business, financial condition and results of operations.

Our business activities and earnings are affected by general business conditions in the United States and in our local market area. These conditions include short-term and long-term interest rates, inflation, unemployment levels, consumer confidence and spending, fluctuations in both debt and equity capital markets, and the strength of the economy in the

United States generally and, in particular, our market area. A favorable business environment is generally characterized by, among other factors, economic growth, efficient capital markets, low inflation, low unemployment, high business and investor confidence, and strong business earnings. Unfavorable or uncertain economic and market conditions can be caused by declines in economic growth, business activity or investor or business confidence; limitations on the availability or increases in the cost of credit and capital; increases in inflation or interest rates; high unemployment; natural disasters; or a combination of these or other factors. Economic pressure on consumers and uncertainty regarding continuing economic improvement may result in changes in consumer and business spending, borrowing and savings habits. Elevated levels of unemployment, declines in the values of real estate, extended federal government shutdowns, or other events that affect household and/or corporate incomes could impair the ability of our borrowers to repay their loans in accordance with their terms and reduce demand for banking products and services.

Increasing scrutiny and evolving expectations from customers, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks.

Companies are facing increasing scrutiny from customers, regulators, investors, and other stakeholders related to their environmental, social and governance (“ESG”) practices and disclosure. Investor advocacy groups, investment funds and influential investors are also

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increasingly focused on these practices, especially as they relate to the environment, health and safety, diversity, labor conditions and human rights. Increased ESG-related compliance costs could result in increases in our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, ability to do business with certain partners, and our stock price. New government regulations could also result in new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosure. Additionally, concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses also may change their behavior on their own as a result of these concerns. We and our customers will need to respond to new laws and regulations as well as consumer and business preferences resulting from climate change concerns. We and our customers may face cost increases, asset value reductions, operating process changes, among other impacts. The impact on our customers will likely vary depending on their specific attributes, including reliance on or role in carbon intensive activities. 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 in making lending and other decisions may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior.

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Climate change could have a material adverse impact on us and our clients.

We are exposed to risks of physical impacts of climate change and risks arising from the process of transitioning to a less carbon-dependent economy. Climate change-related physical risks include increased severity and frequency of adverse weather events, such as extreme storms and flooding, and longer-term shifts in climate patterns, such as rising temperatures and sea levels and changes in precipitation amount and distribution. Such physical risks may have adverse impacts on us, both directly on our business operations and as a result of impacts on our borrowers and counterparties, such as declines in the value of loans, investments, real estate and other assets, disruptions in business operations and economic activity, including supply chains, and market volatility.

Transition risks include changes in regulations, market preferences and technologies toward a less carbon-dependent economy. The possible adverse impacts of transition risks include asset devaluations, increased operational and compliance costs, and an inability to meet regulatory or market expectations. For example, we may become subject to new or heightened regulatory requirements and stakeholder expectations regarding climate change, including those relating operational resiliency, disclosure and financial reporting.

The risks associated with climate change are rapidly changing and evolving, making them difficult to assess due to limited data and other uncertainties. We could experience increased expenses resulting from strategic planning, litigation, and technology and market changes, and reputational harm as a result of negative public sentiment, regulatory scrutiny, and reduced investor and stakeholder confidence due to our response to climate change and our climate change strategy, which, in turn, could have a material negative impact on our business, results of operations, and financial condition.

The market price for our stock may be volatile.

The market price for our common stock has fluctuated, ranging between **\$35.59** **\$38.71** and **\$19.66** **\$19.81** per share during the 12 months ended **December 31, 2023** **December 31, 2024**. The overall market and the price of our common stock may experience volatility. There may be a significant impact on the market price for the common stock due to, among other things:

- past and future dividend practice;
- financial condition, performance, creditworthiness and prospects;

- quarterly variations in operating results or the quality of our assets;
- operating results that vary from the expectations of management, securities analysts and investors;
- changes in expectations as to the future financial performance;
- announcements of innovations, new products, strategic developments, significant contracts, acquisitions and other material events by us or our competitors;
- the operating and securities price performance of other companies that investors believe are comparable to us;
- future sales of our equity or equity-related securities;
- the credit, mortgage and housing markets, the markets for securities relating to mortgages or housing, and developments with respect to financial institutions generally; and
- changes in global financial markets and economies and general market conditions, such as interest or foreign exchange rates, stock, commodity or real estate valuations or volatility or other geopolitical, regulatory or judicial events, events; and
- changes in Atlantic Union's stock price and/or expectations around closure of the plan of merger with Atlantic Union.

Future sales of our common stock or other securities may dilute the value and adversely affect the market price of our common stock.

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In many situations, our board of directors has the authority, without any vote of our shareholders, to issue shares of authorized but unissued stock, including shares authorized and unissued under our equity incentive plans. In the future, additional securities may be issued, through public or private offerings, in order to raise additional capital. Any such issuance would dilute the percentage of ownership interest of existing shareholders and may dilute the per share book value of our common stock.

Changes in tax laws and regulations and differences in interpretation of tax laws and regulations may negatively impact our financial performance.

From time to time, local, state or federal tax authorities change tax laws and regulations, which may result in a decrease or increase to our net deferred tax asset. Local, state or federal tax authorities may interpret laws and regulations differently than we do and challenge tax positions that we have taken on our tax returns. This may result in differences in the treatment of revenues, deductions, credits and/or differences in the timing of these items. The differences in treatment may result in payment of additional taxes, interest, penalties or litigation costs that could have a material adverse effect on our operating results.

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Negative public opinion regarding us or failure to maintain our reputation in the communities we serve could adversely affect our business and prevent us from growing our business.

Our reputation within the communities we serve is critical to our success. We believe we have set ourselves apart from our competitors by building strong personal and professional relationships with our customers and being an active member of the communities we serve. As such, we strive to enhance our reputation by recruiting, hiring and retaining employees who share our core values of being an integral part of the communities we serve and delivering superior service to our customers. If our reputation is negatively affected by the actions of our employees or otherwise, we be less successful in attracting new talent and customers or may lose existing customers, and our business, financial condition and earnings could be adversely affected. Further, negative public opinion can expose us to litigation and regulatory action and delay and impede our efforts to implement our growth strategy, which could further adversely affect our business, financial condition and results of operations.

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Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY **RISK**

Information security, which includes cybersecurity, is a significant operational risk facing our business. Cybersecurity risks result from intentional malicious attacks or unintentional acts that result in an impact to the confidentiality, integrity or availability of our or our clients' or third parties' operations, systems or data.

Management assesses and manages material risks from cybersecurity threats through designated management positions and committees that are responsible for overseeing technology and information security. Our Chief Information Security Officer is responsible for information security and cybersecurity risk management. He has over 20 years of financial services related experience in cybersecurity program strategy, security architecture and security team leadership. Our Chief Technology Officer, among other duties, is responsible for the security and integrity of systems, applications and databases and coordinates security implementations, monitoring and enforcement in conjunction with the Chief Information Security Officer. He has over 25 years of experience building and leading technical organizations of various sizes, including in the banking industry.

We maintain a comprehensive information security policy that is intended to maintain the security and confidentiality of client information, protect against threats to the security or integrity of such information, and protect against unauthorized access to or use of such information. We have a written information security program that is aligned to our information security policy and designed to assess, identify and manage risks that result from cybersecurity threats. The program is overseen and executed by a team of experienced, certified cybersecurity professionals. Our information security program is centered on preparing for, preventing, detecting, mitigating, responding to and recovering from cyber threats and cyber incidents while ensuring our processes continue to operate effectively. **Annually, and at onboarding, our employees are required to take information security training. Employees also receive periodic education announcements on cybersecurity related topics to help them in their role in protecting the Bank and our clients from cybersecurity threats. Employees are tested on a monthly basis with simulated phishing emails and if necessary additional training is assigned.**

We use the Federal Financial Institutions Examination Council's Cybersecurity Assessment Tool to help us identify our cybersecurity risks and determine our cybersecurity preparedness. This assessment tool incorporates regulatory guidance as well as concepts from other industry standards, including the National Institute of Standards and Technology Cybersecurity Framework. The results of the assessment are used to determine risk management practices and controls in order to align our cybersecurity preparedness to address the identified risks with our risk appetite. We engage a third-party to provide an annual risk assessment of our compliance with interagency guidelines for safeguarding confidential customer information. This risk assessment focuses on our information security program and the controls in place to protect client information. The results of the risk assessment are analyzed and used to improve our information security program where needed. Internal audits, regulatory examinations and third-party assessments of our processes in information technology and information security also help us assess our cybersecurity preparedness and whether risk management practices and controls need adjustment. Risk issues are identified through assessments, audits, examinations and security testing, and are tracked and reported.

We have contracted with various service providers (vendors) who provide a broad range of services, including core banking, communications, collaboration and infrastructure services. We have established a vendor management policy to establish the principles, framework, and guidance for the effective review, engagement, monitoring, and oversight of vendors to ensure that we adequately manage operational, strategic, reputational, and other related risks inherent in outsourcing of services or operations. We manage the cybersecurity risks posed by our use of third-party service providers by conducting periodic risk assessments.

The cybersecurity operations team is responsible for cyber threat detection, investigation and response. We leverage a managed security service provider to monitor key system and network activity on a 24/7/365 basis and to detect and alert the cyber security operations team of cyber threats and potential cybersecurity events of concern. In addition to monitoring for security events, cyber threat intelligence sources are analyzed in order to understand potential cyber threats and techniques that may be used in cyberattacks against us and to monitor for such threats. Examples of cyber threat intelligence sources include the Financial Services Information

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Sharing and Analysis Center, trade organizations, the Cybersecurity and Infrastructure Security Agency, security service providers, vendor alerts, and open-source intelligence sources.

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Our cybersecurity risk management processes are integrated into our overall risk management system through our risk management committee structure. These committees have processes to help facilitate appropriate and effective oversight of cybersecurity risk, including tracking and reporting of cybersecurity risks and remediation plans. The Technology Risk Committee, which is a standing subcommittee of the Operational Risk Committee, is responsible for the oversight of policies and practices relating to the identification, assessment, measurement, monitoring and management of our technology and information security risks. The Technology Risk Committee is chaired by our Chief Technology

Officer and members include our Chief Information Officer, Chief Information Security Officer, and administrators of key business systems. The Technology Risk Committee reports regularly to the Operational Risk Committee, which reports to the Executive Risk Committee, which includes our Chief Executive Officer and other executive officers. Through this committee reporting structure, management is informed about and monitors the information security program and its management of cybersecurity risks and incidents. When a cybersecurity incident is detected, we follow a cybersecurity incident response plan and associated procedures as we mitigate, respond and recover from the incident. Management assesses the materiality of a cybersecurity incident to our business and determines the communications that are made to internal and external parties at the appropriate times. When a cybersecurity incident is detected, we follow a cybersecurity incident response plan and associated procedures as we mitigate, respond and recover from the incident. Management and, if required, external subject matter experts are directly involved in assessing the materiality of a cyber security incident to our business, and determine the communications that are made to internal and external parties at the appropriate times. The cybersecurity incident response plan is tested annually using a simulation exercise involving representatives from organizations across the Bank, including executive management.

The Board of Directors, through the efforts of its Risk Committee, oversees our continuing efforts to strengthen our information security infrastructure and staffing, adhere to regulatory guidelines and enhance our processes, technology controls and cybersecurity defenses. As part of its oversight of operational risk, the Risk Committee is responsible for the oversight of information security and cybersecurity risk management. Our Chief Information Security Officer regularly reports to the Risk Committee on security events and incidents, testing, training, audits, new system assessments and the identification and remediation of cybersecurity risks. These reports also include topics such as the threat environment and vulnerability assessments, results of penetration testing, results of key cyber risk indicators and performance metrics, and our efforts to detect, prevent and respond to internal and external critical threats. The Risk Committee receives periodic updates on information security risk, the maturity of our information security program, and related investments and results. On an annual basis, the Risk Committee reviews and approves our information security program and information security policy.

Item 2. PROPERTIES

The Company's headquarters is located in Olney, Maryland. As of December 31, 2023 December 31, 2024, The Company owns 11 of its full-service community banking centers. The remaining banking locations, in addition to the offices of West Financial and RPJ are leased. See Note 7 – Leases to the Notes to the Consolidated Financial Statements for additional information.

Item 3. LEGAL PROCEEDINGS

In the normal course of business, the Company becomes we become involved in litigation arising from the banking, financial and other activities it conducts. we conduct. Management, after consultation with legal counsel, does not anticipate that the ultimate liability, if any, arising out of currently pending legal proceedings from these matters will have a material effect on the Company's our financial condition, operating results or liquidity.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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Stock Listing

Common shares of Sandy Spring Bancorp, Inc. are listed on the NASDAQ Global Select Market under the symbol "SASR". At January 31, 2024 January 31, 2025 there were approximately 2,500 holders of record of the Company's common stock.

Transfer Agent and Registrar

Computershare Investor Services, 150 Royall Street - Suite 101, Canton, MA 02021

Share Transactions with Employees

Shares issued under the employee stock purchase plan, which was authorized in 2011, and amended in 2020, totaled 59,724 in 2024 and 64,502 in 2023, and 43,837 in 2022, while issuances pursuant to exercises of stock options and vesting of restricted shares were 192,005 167,132 and 119,997 192,005 in the respective years.

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Net income for Sandy Spring Bancorp, Inc. and subsidiaries (the "Company") for the year ended December 31, 2023 December 31, 2024 was \$122.8 million \$19.9 million (\$2.73 0.44 per diluted common share) compared to \$166.3 million \$122.8 million (\$3.68 2.73 per diluted common share) for the year ended December 31, 2022 December 31, 2023, representing a 26% 84% decrease in both net income and earnings per diluted common share. The decline during 2023 2024 was driven by lower non-interest income, a result \$54.4 million goodwill impairment charge, higher provision for loan losses of the gain recognized on the sale of our insurance segment during the prior year, in combination with the decrease in \$31.8 million, and lower net interest income of \$27.4 million, as the increase in interest income was more than offset by the growth in interest expense and higher non-interest expense. These declines were partially offset by lower provision for credit losses, a \$12.2 million increase in non-interest income. Core earnings were \$134.3 million \$85.3 million for the year ended December 31, 2023 December 31, 2024 compared to \$160.3 million \$134.3 million for the prior year. Core earnings exclude the goodwill impairment charge, merger and acquisitions expense, and the after-tax impact of amortization of intangibles, investment securities gains or losses and other non-recurring or extraordinary items. Core earnings for the current year were lower compared to the prior year primarily as a result of the aforementioned decrease in higher provision for loan losses and lower net interest income, driven by the multiple federal funds rate increases over the preceding twelve months, as well as the decline in mortgage banking income, elimination of insurance agency commissions as a result of the sale of our insurance segment in the prior year, higher professional and consulting fees, and higher FDIC insurance, partially offset by lower provision for credit losses. Decline increases in wealth management income and income from bank owned life insurance. The decline in net interest income was a result of a rising sustained high interest rate environment during the current year as before the 29% increase in Federal Reserve lowered interest income was more than offset rates by a 312% increase total of 100 basis points beginning in interest expense, September 2024. Non-interest income which included a gain on the sale of our insurance business in the prior year, decreased 23% increased 18% compared to 2022. Excluding the gain from the sale of the insurance business, the decrease 2023. The increase in non-interest income was driven by a decline in mortgage banking income, a decline in insurance commission higher wealth management income and a reduction in income from bank card income, owned life insurance, generated by one-time mortality proceeds. Non-interest expense increased 7% 25% for the year compared 2022, 2023. Current year expense included a goodwill impairment charge of \$54.4 million and merger and acquisition expense of \$4.2 million, while the prior year included pension settlement expense of \$8.2 million and severance expense of \$1.9 million, while the prior year included contingent earn-out expense associated with the 2020 acquisition of Rembert Pendleton Jackson of \$1.2 million and merger, acquisition and disposal expense of \$1.1 million. Excluding these items, non-interest expense increased by \$10.0 million \$19.8 million or 4% 7% in the current year over the prior year as a result of an increase increases in salaries and employee benefits, amortization of intangible assets, and professional and consulting fees, and an increase in FDIC expense, partially offset by lower salaries and benefits expense. fees.

The results for 2023 2024 reflect the following:

- At December 31, 2023 December 31, 2024, total assets were \$14.0 billion \$14.1 billion, a 1% increase compared to \$13.8 billion \$14.0 billion at December 31, 2022 December 31, 2023.
- Total loans remained increased by \$171.0 million or 2% to \$11.5 billion at December 31, 2024 compared to \$11.4 billion at December 31, 2023 compared to December 31, 2022. Total commercial loans declined increased by \$97.5 million \$155.3 million or 1% 2% during the year as we reduced our concentration AD&C loans and commercial business loans increased by \$338.3 million and \$148.3 million, respectively, partially offset by a \$324.8 million decline in the commercial investor real estate segments by \$146.5 million or 2%, partially offset by the \$49.0 million or 3% increase in commercial business loans, segment. Total residential mortgage and consumer loans increased by \$83.2 million or 5% remained relatively stable during the year, 2024.
- Deposits were level increased by \$749.1 million or 7% to \$11.7 billion at December 31, 2024 compared to \$11.0 billion at December 31, 2023 compared December 31, 2022. During the year, the \$802.3 million \$858.4 million or 11% increase in interest-bearing deposits was partially offset by the \$759.1 million \$109.2 million or 21% 4% decline in noninterest-bearing deposits, as customers moved excess funds into higher yielding accounts. Growth in interest-bearing deposits during the current year was driven by savings accounts and time deposits, money market accounts, which increased by \$761.9 million \$489.4 million and \$596.3 million \$387.2 million, respectively, partially offset by the \$584.1 million \$134.0 million decrease in money market time deposit accounts.
- Net interest income for 2023 2024 declined \$72.5 million \$27.4 million or 17.0% 8% compared to 2022, 2023. The rising sustained high interest rate environment during the current year resulted in the \$141.9 million \$34.7 million increase in interest income being more than offset by the \$214.3 million \$62.2 million growth in interest expense due to the higher funding costs and significant market competition for deposits during the period.
- The net interest margin for 2023 2024 was 2.67% 2.46% compared to 3.44% 2.67% for 2022, 2023. The contraction of the net interest margin for the current year reflects the higher rate paid on interest-bearing liabilities, which outpaced the increase in the yield on interest-earning assets. As compared to the prior year, the yield on interest-earning assets increased 79 24 basis points while the rate paid on interest-bearing liabilities rose 218 52 basis points, resulting in net interest margin compression of 77 21 basis points.

- The provision for credit losses for 2023 2024 amounted to a charge of \$14.2 million as compared to a credit of \$17.6 million as compared to a charge of \$34.4 million for 2022, 2023. The provision for credit losses for 2023 2024 was mainly a reflection of the improving regional forecasted unemployment

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rate and the declining probability of economic recession, partially offset by higher individual reserves on our non-accrual loans during the year. loans.

- Non-interest income for 2023 decreased 23% 2024 increased \$12.2 million or 18% to \$79.3 million compared to \$67.1 million compared to \$87.0 million for 2022, 2023. During the prior year, the Company realized a \$16.5 million gain on the sale of its insurance segment. Excluding the gain, non-interest income decreased 5% or \$3.4 million, driven by a \$2.9 million decrease \$5.4 million increase in insurance commissions, a \$2.6 million decrease in bank card fees and a \$0.6 million decrease wealth management income, \$3.3 million increase in income from mortgage banking activities, bank owned life insurance, and \$2.1 million increase in other income.
- Non-interest expense increased 7% \$68.2 million or 25% to \$343.3 million for 2024 compared to \$275.1 million for 2023 compared to \$257.3 million for 2022, 2023. Excluding the goodwill impairment charge and merger and acquisition expense from the current year, and pension settlement expense and severance expense from the current year, and merger, acquisition and disposal expense and the earn-out accrual from the prior year, non-interest expense increased 4% \$19.8 million or 7% year-over-year. The increase is mainly driven by higher salaries and employee benefits expense, amortization of intangible assets, and professional fees and services.
- During the current year, as part of an annual goodwill impairment test as of October 1, 2024, the terms incorporated in the merger agreement between the Company and Atlantic Union were utilized for the quantitative goodwill analysis. The implied value of the Company was quantified by utilizing the stock conversion ratio in the merger agreement with Atlantic Union and used a weighted average approach to consider both Atlantic Union's most recent closing stock price prior to the merger announcement date, as well as the forward sale price for Atlantic Union common stock under the forward sale agreement that was announced simultaneously with the merger agreement. This valuation method resulted in lower estimated fair value of the Company as compared to its book value and required recording of a goodwill impairment charge of \$54.4 million.
- Return on average assets ("ROA") for the year was 0.87% 0.14% and return on average tangible common equity ("ROTCE") was 11.06% 6.73% compared to 1.26% 0.87% and 15.64% 11.06%, respectively, for the prior year. On a non-GAAP basis, the current year's core ROA was 0.96% 0.60% and core ROTCE was 11.72% 7.07% compared to core ROA of 1.21% 0.96% and core ROTCE of 14.69% 11.72% for 2022, 2023.
- For the year ended December 31, 2023 December 31, 2024, the GAAP efficiency ratio was 65.24% 84.46% compared to 50.05% 65.24% for 2022, 2023. The non-GAAP efficiency ratio for the current year was 60.99% 67.07% compared to the 49.66% 60.99% for the prior year. The growth in the current year's GAAP and non-GAAP efficiency ratios compared to the prior year, indicating a decline in efficiency, was the result of the decreases in non-GAAP revenue combined with the growth in non-GAAP non-interest expense.

Total loans were unchanged at \$11.4 billion at December 31, 2023 compared December 31, 2022. Total commercial loans declined by \$97.5 million or 1% during the year as we reduced our concentration in the commercial real estate segments by \$146.5 million or 2%. During the current year, business loans and lines and total mortgage loans increased by \$49.0 million and \$83.2 million, respectively. Overall, composition of the loan portfolio remained consistent with the prior year.

Non-performing loans include non-accrual loans, accruing loans 90 days or more past due and restructured loans. The level of non-performing loans to total loans increased to 1.03% at December 31, 2024 compared to 0.81% at December 31, 2023 compared to 0.35% at December 31, 2022. At year-end 2023, 2024, non-performing loans totaled \$91.8 million \$119.4 million, compared to \$39.4 \$91.8 million at the end of the prior year. Loans placed on non-accrual during the year increased \$51.0 million compared to \$81.9 million compared to \$12.1 million for the prior year. The largest component of new loans placed on non-accrual during the year mainly due to three was a single large investor commercial real estate relationships within the custodial care and multifamily residential property industries AD&C relationship designated as non-accrual during the fourth third quarter of 2023. These three relationships had a combined 2024, with an outstanding loan balance of \$53.5 million \$28.0 million as of December 31, 2023 December 31, 2024. Total net charge-offs were \$1.5 million \$3.7 million for 2023, 2024, as compared to net recoveries of \$0.4 million \$1.5 million for 2022, 2023.

At December 31, 2023 December 31, 2024, the allowance for credit losses was \$120.9 \$134.4 million or 1.16% of outstanding loans and 113% of non-performing loans, compared to \$120.9 million or 1.06% of outstanding loans and 132% of non-performing loans compared to \$136.2 million or 1.20% of outstanding loans and 346% of non-performing loans at

the end of 2022, 2023. The decrease increase in the allowance during the year compared to the previous year was primarily driven by improving regional forecasted unemployment rate and the declining probability of economic recession, partially offset by higher individual reserves on our non-accrual loans during the year.

Total deposits were level increased by \$749.1 million or 7% to \$11.7 billion at December 31, 2024 compared to \$11.0 billion at December 31, 2023 compared December 31, 2022 as interest-bearing deposits grew 11%, partially offset by a 21% 4% decline in noninterest-bearing deposits. The rising sustained high interest rate environment combined with the market competition for deposits resulted in growth of savings accounts by \$761.9 million \$489.4 million or 148% 38% and time money market deposits by \$596.3 million \$387.2 million or 28% 15% during the current year. These increases were partially offset by the \$584.1 million \$134.0 million or 18% 5% decrease in money market time deposit accounts. The decrease in the noninterest-bearing deposits during the current year was mainly driven by \$407.4 million \$69.4 million or 26% 6% and \$276.3 million \$44.4 million or 19% 4% declines in the commercial and small business checking accounts, respectively. Core deposits, which exclude brokered deposits, remained flat increased \$941.4 million year-over-year and represented 92% 94% of total

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deposits as of both December 31, 2024 as compared to 92% at December 31, 2023 and December 31, 2022, reflecting the continued stability of the core deposit base. The loan-to-deposit ratio decreased to 98% at December 31, 2024 from 103% at December 31, 2023 from 104% at December 31, 2022. Total uninsured deposits at December 31, 2023 December 31, 2024 were approximately 34% 37% of total deposits. The Company offers its customers reciprocal deposit arrangements, which provide FDIC deposit insurance for accounts that would otherwise exceed deposit insurance limits. At December 31, 2023 December 31, 2024 balances in the Company's reciprocal deposit accounts increased by \$657.0 million \$79.3 million during the previous twelve months.

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Total borrowings grew declined by \$53.7 million \$605.5 million or 4% 47% at December 31, 2023 December 31, 2024 as compared to the previous year. During the current year, we repaid \$300.0 million borrowed \$300.0 million through under the Federal Reserve Bank's Bank Term Funding Program, which was partially offset by a \$260.0 million payoff as well as \$300.0 million in advances from the FHLB. At December 31, 2024, available unused sources of federal funds purchased. The total balance of FHLB advances remained the same at \$550.0 million at the end of the current year as compared to the prior year. At December 31, 2023, contingent liquidity, which consists of available FHLB borrowings, fed funds, available funds through the Federal Reserve Bank's discount window, and the Bank Term Funding Program, as well as excess cash and unpledged investment securities totaled \$6.0 billion \$6.3 billion or 162% 147% of uninsured deposits. At December 31, 2023 December 31, 2024, total cash and cash equivalents were \$545.9 million \$519.0 million, an increase a decrease of \$353.7 million \$26.9 million or 184% 5% compared to December 31, 2022 December 31, 2023.

Stockholders' equity at December 31, 2023 increased 7% December 31, 2024 decreased 2% to \$1.6 billion, compared to December 31, 2022 December 31, 2023. The ratio of tangible common equity to tangible assets increased to 8.77% 8.84% at December 31, 2023 December 31, 2024, compared to 8.13% 8.77% at December 31, 2022 as common equity was positively impacted by the \$61.5 million increase in retained earnings coupled with the \$34.6 million decrease in accumulated other comprehensive loss, mainly a result of the \$26.6 million reduction in unrealized losses on investment securities, December 31, 2023. At December 31, 2023 December 31, 2024, the Company had a total risk-based capital ratio of 14.92% 15.38%, a common equity tier 1 risk-based capital ratio of 10.90% 11.36%, a tier 1 risk-based capital ratio of 10.90% 11.36%, and a tier 1 leverage ratio of 9.51% 9.39% all above the "well-capitalized" regulatory requirement levels. Book value per common share was \$34.51 at December 31, 2024 compared to \$35.36 at December 31, 2023 compared to \$33.23 at December 31, 2022. Tangible book value per common share was \$26.64 \$26.99 at December 31, 2023 December 31, 2024, compared to \$24.49 \$26.64 at December 31, 2022 December 31, 2023.

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Selected Financial Data

Consolidated Summary of Financial Results (Dollars in thousands, except per share data)		2023	2022	2021	2020	2019	Consolidated Summary of Financial Results (Dollars in thousands, except per share data)		2024	2023	2022
Results of Operations:											
Tax-equivalent interest income											
Tax-equivalent interest income											
Tax-equivalent interest income		\$ 641,681	\$ 499,508	\$ 453,987	\$ 427,688	\$ 352,615			\$ 676,731	\$ 641,681	\$ 499,508
Interest expense	Interest expense	282,974	68,663	25,766	60,401	82,561	Interest expense		345,146	282,974	68,663
Tax-equivalent net interest income	Tax-equivalent net interest income	358,707	430,845	428,221	367,287	270,054	Tax-equivalent net interest income		331,585	358,707	430,845
Tax-equivalent adjustment	Tax-equivalent adjustment	4,157	3,841	3,703	4,128	4,746	Tax-equivalent adjustment		4,459	4,157	3,841
Provision/(credit) for credit losses	Provision/(credit) for credit losses	(17,561)	34,372	(45,556)	85,669	4,684	Provision/(credit) for credit losses		14,192	(17,561)	34,372
Net interest income after provision for credit losses	Net interest income after provision for credit losses	372,111	392,632	470,074	277,490	260,624	Net interest income after provision for credit losses		312,934	372,111	392,632
Non-interest income	Non-interest income	67,078	87,019	102,055	102,716	71,322	Non-interest income		79,315	67,078	87,019
Non-interest expense	Non-interest expense	275,054	257,293	260,470	255,782	179,085	Non-interest expense		343,288	275,054	257,293
Income before taxes	Income before taxes	164,135	222,358	311,659	124,424	152,681	Income before taxes		48,961	164,135	222,358
Income tax expense	Income tax expense	41,291	56,059	76,552	27,471	36,428	Income tax expense		29,026	41,291	56,059
Net income	Net income	122,844	166,299	235,107	96,953	116,433	Net income		19,935	122,844	166,299
Net income attributable to common shareholders											
Net income attributable to common shareholders											
Net income attributable to common shareholders		\$ 122,621	\$ 165,618	\$ 233,599	\$ 96,170	\$ 115,671			\$ 19,902	\$ 122,621	\$ 165,618
Per Share Data:											
Per Share Data:											
Per Share Data:											
Net income - basic per common share											
Net income - basic per common share											
Net income - basic per common share		\$ 2.74	\$ 3.69	\$ 5.00	\$ 2.19	\$ 3.25			\$ 0.44	\$ 2.74	\$ 3.69

Net income - diluted per common share	Net income - diluted per common share	\$	2.73	\$	3.68	\$	4.98	\$	2.18	\$	3.25	Net income - diluted per common share	\$	0.44	\$	2.73	\$	3.68
Dividends declared per share	Dividends declared per share	\$	1.36	\$	1.36	\$	1.28	\$	1.20	\$	1.18	Dividends declared per share	\$	1.36	\$	1.36	\$	1.36
Book value per common share	Book value per common share	\$	35.36	\$	33.23	\$	33.68	\$	31.24	\$	32.40	Book value per common share	\$	34.51	\$	35.36	\$	33.23
Tangible book value per common share - Non-GAAP ⁽¹⁾	Tangible book value per common share - Non-GAAP ⁽¹⁾	\$	26.64	\$	24.49	\$	24.90	\$	22.68	\$	22.25	Tangible book value per common share - Non-GAAP ⁽¹⁾	\$	26.99	\$	26.64	\$	24.49
Dividends declared to diluted net income per common share	Dividends declared to diluted net income per common share	49.82	%	36.96	%	25.70	%	55.05	%	36.31	%	Dividends declared to diluted net income per common share	309.09	%	49.82	%	36.96	%

Period End Balances:

Period End Balances:

Period End Balances:

Assets																			
Assets																			
Assets		\$	14,028,172	\$	13,833,119	\$	12,590,726	\$	12,798,429	\$	8,629,002		\$	14,127,480	\$	14,028,172	\$	13,833,119	\$
Investment securities	Investment securities	1,414,453		1,543,208		1,507,062		1,413,781		1,125,136		Investment securities		1,418,244		1,414,453		1,543,208	
Loans	Loans	11,366,989		11,396,706		9,967,091		10,400,509		6,705,232		Loans		11,537,966		11,366,989		11,396,706	
Deposits	Deposits	10,996,538		10,953,421		10,624,731		10,033,069		6,440,319		Deposits		11,745,665		10,996,538		10,953,421	
Borrowings	Borrowings	1,295,835		1,242,172		313,798		1,149,320		936,788		Borrowings		690,311		1,295,835		1,242,172	
Stockholders' equity	Stockholders' equity	1,588,142		1,483,768		1,519,679		1,469,955		1,132,974		Stockholders' equity		1,558,011		1,588,142		1,483,768	

Average Balances:

Average Balances:

Average Balances:

Assets																			
Assets																			
Assets		\$	14,055,645	\$	13,218,824	\$	12,818,202	\$	11,775,096	\$	8,367,139		\$	14,129,795	\$	14,055,645	\$	13,218,824	\$
Investment securities	Investment securities	1,612,672		1,689,219		1,457,483		1,350,483		979,757		Investment securities		1,537,131		1,612,672		1,689,219	
Loans	Loans	11,354,227		10,638,882		10,034,866		9,317,493		6,569,069		Loans		11,429,692		11,354,227		10,638,882	
Deposits	Deposits	11,036,305		10,785,731		10,663,823		8,982,623		6,266,757		Deposits		11,407,094		11,036,305		10,785,731	
Borrowings	Borrowings	1,322,336		801,618		478,398		1,279,481		861,926		Borrowings		977,389		1,322,336		801,618	
Stockholders' equity	Stockholders' equity	1,528,242		1,480,198		1,518,607		1,339,491		1,108,310		Stockholders' equity		1,597,456		1,528,242		1,480,198	

Performance Ratios:

Performance Ratios:

Performance Ratios:

Return on average assets	Return on average assets	Return on average assets	0.87	%	1.26	%	1.83	%	0.82	%	1.39	%	Return on average assets	0.14	%	0.87	%	1.26	%	1.8
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Return on
average
common
equity

Return on
average
tangible
common
equity - Non-
GAAP ⁽¹⁾

Yield on
average
interest-
earning
assets

Rate on
average
interest-
bearing
liabilities

Net interest
spread

Net interest
margin

Efficiency
ratio - GAAP
⁽²⁾

Efficiency
ratio - Non-
GAAP ⁽²⁾

Capital Ratios:
Capital Ratios:
Capital Ratios:

Tier 1 leverage

Tier 1 leverage

Tier 1 leverage 9.51 % 9.33 % 9.26 % 8.92 % 9.70 % 9.39 % 9.51 % 9.33 % 9.2

Common
equity tier 1
capital to risk-
weighted
assets

Tier 1 capital
to risk-
weighted
assets

Total
regulatory
capital to risk-
weighted
assets

Tangible
common
equity to
tangible
assets - Non-
GAAP ⁽¹⁾

Average equity to average assets

Credit Quality Ratios:

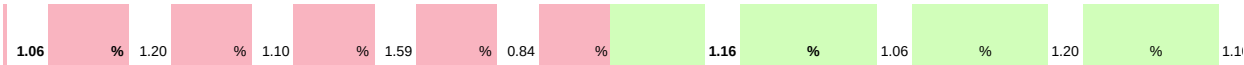
Credit Quality Ratios:

Credit Quality Ratios:

Allowance for credit losses to total loans

Allowance for credit losses to total loans

Allowance for credit losses to total loans



Non-performing loans to total loans

Non-performing assets to total assets

Net charge-offs to average loans

(1) See the discussion of tangible common equity in the section of Management's Discussion and Analysis of Financial Condition and Results of Operations entitled "Tangible Common Equity."
(2) See the discussion of the efficiency ratio in the section of Management's Discussion and Analysis of Financial Condition and Results of Operations entitled "Non-GAAP Financial Measures."

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Critical Accounting Policies

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and follow general practices within the banking industry. Application of these principles requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, the financial statements may reflect different estimates, assumptions, and judgments. Certain policies inherently rely more extensively on the use of estimates, assumptions, and judgments and as such may have a greater possibility of producing results that could be materially different than originally reported. Estimates, assumptions, and judgments are necessary for assets and liabilities that are required to be recorded at fair value. A decline in the value of assets required to be recorded at fair value may warrant an impairment write-down or valuation allowance to be established. Carrying assets and liabilities at fair value inherently results in greater financial statement volatility. The fair values and the information used to record valuation adjustments for certain assets and liabilities are based either on quoted market prices or are provided by other third-party sources, when readily available.

Management believes the following accounting policies are the most critical to aid in fully understanding and evaluating the reported financial results:

- Allowance for credit losses;
- Goodwill and other intangible asset impairment; and
- Accounting for income taxes.

Allowance for Credit Losses

The allowance for credit losses ("ACL") represents management's judgement of an estimated amount of lifetime expected losses that may be incurred on outstanding loans at the balance sheet date. This estimate is based on the risk characteristics of each segment of the loan portfolio, historical losses and defaults, an expectation of supportable future economic conditions and payment performance of the our borrowers. The methodology for estimating the allowance includes a collective quantified reserve, a collective qualitative reserve and individual allowances on specific credits. Loans are pooled into segments based on similar characteristics of borrowers, collateral types, types of associated industries and business purposes of the loans. Accordingly, the determination of the appropriateness of the allowance is complex and applies significant and highly subjective estimates. The use of significant judgement and the estimates of expected lifetime losses in the loan portfolio may vary significantly from actual amounts incurred. While management utilizes available applicable data to recognize expected losses, based on changes in the behavior of the portfolio in response to interest rates and economic conditions, the composition of the loan portfolio and the financial condition of the respective borrowers, future additions to the allowance may be necessary. The reasonableness of the allowance and the

underlying methodology applied to determine the estimate is reviewed periodically by the Risk Committee of the board of directors and formally approved quarterly by the same committee of the board.

Further details regarding the methodologies applied to estimate the various components of the allowance are provided in Note 1 – Significant Accounting Policies in the Notes to the Consolidated Financial Statements. Information regarding the management of credit risk and changes in the allowance for credit losses during the period is provided in those sections of Management's Discussion and Analysis beginning on page 58 60.

Goodwill and Other Intangible Asset Impairment

Current accounting guidance provides the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We assess qualitative factors on a quarterly basis for any indicators of impairment. Based on the assessment of these qualitative factors, if it is determined that it is more likely than not that the fair value of a reporting unit is not less than the carrying value, then performing a quantitative impairment test is not necessary. However, if it is determined that it may be more likely than not that the carrying value exceeds the fair value a quantified analysis is required to determine whether an impairment exists. Determining the fair value of a reporting unit requires the Company to use a degree of subjectivity.

Annually, we perform an impairment test of goodwill as of October 1 at a reporting unit level. As of our **last latest** annual test and as of **December 31, 2023** **December 31, 2024**, we had two reporting units: Community Banking and Investment Management. We are also required to test goodwill for impairment if a triggering event occurs that may indicate it is more likely than not that the fair value of a reporting unit is below its carrying amount.

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Accordingly, outside of our annual impairment testing process, we monitor our reporting units for potential triggering events in addition to performing quarterly qualitative assessments of impairment indicators.

As a part of the annual goodwill impairment assessment, we utilized market information from the merger agreement with Atlantic Union as it represents an orderly transaction between market participants and the implied valuation of the Company from the merger transaction represents the most relevant fair value. Additionally, when evaluating goodwill for impairment, management considered the operating performance of our reporting units in at a consolidated level as the context Community Banking and Investment Management reporting units were part of the overall industry and economic environment. Due to economic uncertainty, sustained declines in bank share prices and increased market volatility resulting from aggregate transaction price contemplated with the rising interest rate environment, which was observed during the current year, we concluded that a quantitative impairment test was appropriate for our reporting units as of October 1, 2023. The community banking reporting unit utilized a combination of the income approach (weighted 75%) and the market guideline public company approach (weighted 25%). We also considered market guideline transactions approach, however did not identify any qualifying comparable transactions occurring in the past 12 months. Our investment management reporting unit utilized a combination of the two market based approaches weighted equally at 50% merger agreement.

The income in the quantitative assessment, the calculation of implied value of the Company utilized the stock conversion ratio in the merger agreement and used a weighted average approach uses a discounted cash flow analysis, while to consider both Atlantic Union's most recent closing stock price prior to the guideline public company approach utilizes comparable public company information and key valuation multiples and incorporates a market control premium associated with cost synergies. The guideline transaction approach uses market observable transactions occurring within merger announcement date, as well as the previous 12 months, which inherently include a control premium associated forward sale price for Atlantic Union common stock under the forward sale agreement announced simultaneously with the benefits merger agreement. This valuation method resulted in a blended Atlantic Union stock price of obtaining control over \$38.22 and implied deal value of \$1,574.4 million. Compared to the acquired entity book value of equity of \$1,628.8 million as of October 1, 2024, the quantitative assessment indicated the necessity of recording a goodwill impairment charge of \$54.4 million. The goodwill impairment is a non-cash charge and has no impact on our regulatory capital ratios, cash flows, or liquidity position.

Key inputs and assumptions used in Management determined that the discounted cash flow analysis include projections of future cash flows, discount rate, capital requirements and estimated cost savings. We used a five year financial forecast, which projects the net interest margin, expected provision for credit losses, non-interest income and non-interest expense. The projection of the net interest margin, asset growth and return on average assets are the most significant inputs entire goodwill impairment charge be allocated to the financial projections for the community banking Community Banking reporting unit. The long-term asset growth rate used in determining the terminal fair value was 3% as of October 1, 2023, unit based on our the materiality assessment of the minimum terminal growth rate. The discount rate was estimated using the risk-free interest rate, supplemented by specific risk relative asset and equity size premiums, resulting in a discount rate for our community banking of both reporting unit as of October 1, 2023 of 14.5%.

Our annual impairment test determined that the fair value of the community banking reporting unit exceeded its carrying amount by approximately \$146 million or 8%, indicating that the goodwill assigned to this reporting unit may be at risk of impairment in the future periods. Circumstances that could negatively impact fair value of the reporting unit in the future and increase a risk of impairment include deterioration in the reporting unit's projected cash flows, an increase in the discount rate, and a decline in industry peer multiples. Investment management reporting unit's fair value exceeded its carrying amount by approximately \$26 million or 56%, indicating no risk of failing the quantitative impairment test. units.

We also performed a sensitivity analysis around key assumptions used in the discounted cash flow analysis and their estimated impact on the fair value of the reporting unit. The analysis for the community banking reporting unit at October 1, 2023, indicated that even if the discount rate was further increased by 100 basis points, the reporting unit's fair value

would still exceed its carrying amount.

Further we monitored events, market and economic environment, Company's operating performance and other banking and industry specific circumstances, including share price movements between the Company and Atlantic Union, during the period from October 1, 2023 October 1, 2024 through December 31, 2023 December 31, 2024. Based on these considerations, we concluded that it was more-likely-than-not that the fair value of our reporting units remained above the respective carrying amounts as of December 31, 2023 December 31, 2024.

Other intangible assets have finite lives and are reviewed for impairment annually. These assets are amortized over their estimated useful lives on a straight-line or sum-of-the-years basis over varying periods that initially did not exceed 15 years. Intangible assets are reviewed or analyzed periodically to determine if it appears that their value has diminished beyond the value in the financial statements. The review or analysis of the intangible assets did not indicate that any impairment occurred during 2023, 2024.

Refer to Note 1 – Significant Accounting Policies in the Notes to the Consolidated Financial Statements for more details on the Company's accounting policy for Goodwill and Other Intangible Assets.

Accounting for Income Taxes

Management exercises significant judgment in the evaluation of the amount and timing of the recognition of the resulting tax assets and liabilities. The judgments and estimates required for the evaluation are updated based upon changes in business factors and the tax laws. If actual results differ from the assumptions and other considerations used in estimating the amount and timing of tax recognized, there can be no assurance that additional expenses will not be required in future periods. Our adherence to the required

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accounting guidance may result in volatility in quarterly and annual effective income tax rates due to the requirement that any change in judgment or measurement taken in a prior period be recognized as a discrete event in the period in which it occurs. Factors that could impact management's judgment include changes in income, tax laws and regulations, and tax planning strategies. Assessment of uncertain tax positions requires careful consideration of the technical merits of a position based on management's analysis of tax regulations and interpretations. Significant judgment may be involved in applying the applicable reporting and accounting requirements.

Refer to Note 1 – Significant Accounting Policies in the Notes to the Consolidated Financial Statements for more details on the Company's accounting policy for Income Taxes.

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Accounting Pronouncements Adopted During the Current Year

For further information regarding accounting pronouncements adopted during the current year, refer to Note 1 - Significant Accounting Policies in the Notes to the Consolidated Financial Statements.

Pending Accounting Pronouncements

Refer to Note 1 - Significant Accounting Policies in the Notes to the Consolidated Financial Statements for more details regarding pending accounting pronouncements.

Net Interest Income

The largest source of our operating revenue is net interest income, which is the difference between the interest earned on interest-earning assets and the interest paid on interest-bearing liabilities. For purposes of this discussion and analysis, the interest earned on tax-advantaged loans and tax-exempt investment securities has been adjusted to an amount comparable to interest subject to normal income taxes. The result is referred to as tax-equivalent interest income and tax-equivalent net interest income. The following discussion of net interest income should be considered in conjunction with a review of the information provided in the below table that provides yields and rates on average balances.

2024 vs. 2023

Net interest income for 2024 was \$327.1 million, compared to \$354.6 million for 2023, an 8% decrease. For the year ended December 31, 2024, net interest income decreased \$27.4 million compared to the prior year as a result of the \$62.2 million increase in interest expense, partially offset by the \$34.7 million increase in interest income. Net interest income during the current year was negatively impacted by higher funding costs, driven by higher market rates, significant competition for deposits, and customers' movement of excess funds from noninterest-bearing to interest-bearing accounts. The increase in interest expense was primarily the result of additional interest expense associated with money market, time deposit, and savings accounts. During the year, average interest-earning assets grew 0.5% or \$61.8 million while interest-bearing liabilities increased 4% or \$398.8 million. The increase in interest-bearing liabilities was the result of the \$743.8 million increase in average interest-bearing deposits, partially offset by the \$344.9 million decrease in

average borrowings. Average noninterest-bearing deposits decreased \$373.0 million or 12% during the year. On a tax-equivalent basis, net interest income for 2024 was \$331.6 million, compared to \$358.7 million for 2023. During the year, the average yield on interest-earning assets increased 24 basis points while the average rate paid on interest-bearing liabilities increased 52 basis points. The net interest margin was 2.46% for the year ended December 31, 2024, compared to 2.67% for the prior year.

2023 vs. 2022

Net interest income for 2023 was \$354.6 million, compared to \$427.0 million for 2022, a 17% decrease. For the year ended December 31, 2023, net interest income decreased \$72.5 million compared to the prior year 2022 as a result of the \$214.3 million increase in interest expense, partially offset by outpacing the \$141.9 million increase in interest income. Net interest income during the current year 2023 was negatively impacted by higher funding costs, driven by higher market rates, significant competition for deposits, and customers' movement of excess funds from noninterest-bearing to interest-bearing accounts. The increase in interest expense was primarily the result of additional interest expense associated with money market, time deposit, and savings accounts and, to a lesser degree, FHLB advances and borrowings from the Federal Reserve Bank. During the year, 2023, average interest-earning assets grew 7% or \$880 million while interest-bearing liabilities increased 20% or \$1.5 billion. The increase in interest-bearing liabilities was the result of the \$996 million increase in average interest-bearing deposits along with the \$521 million increase in average borrowings. Average noninterest-bearing deposits decreased \$745 million or 19% during the year, 2023. On a tax-equivalent basis, net interest income for 2023 was \$358.7 million, compared to \$430.8 million for 2022. During the year, 2023, the average yield on interest-earning assets increased 79 basis points while the average rate paid on interest-bearing liabilities increased 218 basis points. The net interest margin was 2.67% for the year ended December 31, 2023, compared to 3.44% for the prior year.

2022 vs. 2021

Net interest income for 2022 was \$427.0 million, compared to \$424.5 million for 2021, a 1% increase. For the year ended December 31, 2022, net interest income increased \$2.5 million compared to the prior year as a result of the \$45.4 million increase in interest income, despite the \$39.9 million reduction in PPP interest and fees, offset by the \$42.9 million increase in interest expense. Excluding the impact of interest and fees on loans on Paycheck Protection Program ("PPP") loans, tax-equivalent interest income grew 21%, driven by non-PPP commercial loans, which increased 22% compared to 2021. The increase in interest expense was primarily the result of additional interest expense associated with money market and time deposit accounts and, to a lesser degree, FHLB borrowings and the subordinated debt issued in March 2022. During 2022, average interest-earning assets grew 4% or \$482 million while interest-bearing liabilities increased 4% or \$275 million. The increase in interest-bearing liabilities was the result of the \$323 million increase in average borrowings while average interest-bearing deposits declined \$48 million. Average noninterest-bearing deposits increased 5% during 2022 providing an incremental benefit to the net interest margin. On a tax-equivalent basis, net interest income for 2022 was \$430.8 million, compared to \$428.2 million for 2021. During 2022, the average yield on interest-earning assets

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increased 22 basis points as the average rate paid on interest-bearing liabilities increased 54 basis points. The net interest margin declined to 3.44% for the year ended December 31, 2022, compared to 3.56% for the prior year. Excluding the impact of PPP interest and fees and the amortization of the fair value marks, the net interest margin for the year ended December 31, 2022 would have been 3.40% compared to 3.38% for 2021.

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Consolidated Average Balances, Yields and Rates

Year Ended December 31,											
2023				2022				2021			
2024				2023				2022			
(Dollars in thousands and tax-equivalent)	(Dollars in thousands and tax-equivalent)	Average Balances	Interest ⁽¹⁾	Annualized Average Yield/Rate ⁽²⁾	Average Balances	Interest ⁽¹⁾	Annualized Average Yield/Rate ⁽²⁾	Average Balances	Interest ⁽¹⁾	Annualized Average Yield/Rate ⁽²⁾	Interest ⁽¹⁾
Assets											
Commercial investor real estate loans											

Premises and equipment, net
Premises and equipment, net
Premises and equipment, net

Other assets
Other assets
Other assets

Total assets
Total assets
Total assets

Liabilities and Stockholders'

Equity

Liabilities and Stockholders'

Equity

Liabilities and Stockholders'

Equity

Interest-bearing demand deposits

Interest-bearing demand deposits

Interest-bearing demand deposits	\$1,429,219	16,077	16,077	1.12		1.12	%	\$	1,457,833	3,177	3,177	0.22	0.22	%	\$1,420,249	911
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Regular savings

deposits

Money market
savings deposits

Time deposits

Total interest-
bearing
deposits

Federal funds

purchased and

Federal Reserve

Bank

borrowings

Repurchase
agreements

Advances from

FHLB

Subordinated
debentures

Total

borrowings

Total
interest-
bearing
liabilities

Noninterest-bearing demand
deposits

Noninterest-bearing demand
deposits

Noninterest-bearing demand
deposits

Other liabilities

Other liabilities

Other liabilities

Stockholders' equity

Stockholders' equity

Stockholders' equity

Commercial investor real estate loans
Commercial investor real estate loans
Commercial owner-occupied real estate loans
Commercial AD&C loans
Commercial business loans
Residential mortgage loans
Residential construction loans
Consumer loans
Loans held for sale
Residential mortgage loans held for sale
SBA loans held for sale
Taxable securities
Tax-exempt securities
Interest-bearing deposits with banks
Federal funds sold
Total tax-equivalent interest income
Interest expense on funding of earning assets:
Interest expense on funding of earning assets:
Interest expense on funding of earning assets:
Interest-bearing demand deposits
Interest-bearing demand deposits
Interest-bearing demand deposits
Regular savings deposits
Money market savings deposits
Time deposits
Federal funds purchased and Federal Reserve Bank borrowings
Repurchase agreements
Advances from FHLB
Subordinated debentures
Total interest expense
Tax-equivalent net interest income

* Variances that are the combined effect of volume and rate, but cannot be separately identified, are allocated to the volume and rate variances based on their respective relative amounts.

Total tax-equivalent interest income increased 5% during 2024 compared to the prior year due to the impact of higher yields, as a result of the higher average loan balances, in combination with the continued high interest rate environment. Growth in tax-equivalent interest income was driven by commercial business and AD&C loans, both of which increased by 14%, compared to the prior year period. In addition, interest income on the residential and consumer loan portfolio increased 7% and interest income on investment securities increased 6%. Year-over-year, the average yield on the loan portfolio increased by 23 basis points while the average yield on investment securities increased 25 basis points. Overall, the yield on average interest-earning assets increased to 5.02% at end of the current year compared to 4.78% for 2023. This growth reflects the impact of the sustained high interest rate environment during 2024 before the federal funds rate cuts took place in third and fourth quarter of 2024.

2023 vs. 2022

Total tax-equivalent interest income increased 28% during 2023 compared to the prior year 2022 due to the impact of higher yields, a result of the rising interest rate environment, in combination with the higher average loan balances. Growth in tax-equivalent interest income was driven by commercial loans, which increased 24% compared to the prior year period. 2022. In addition, interest income on the residential and consumer loan portfolio increased 38% and interest income on investment securities increased 12%. Year-over-year, the average yield on the loan portfolio increased by 77 basis points while the average yield on investment securities increased 33 basis points. Overall, the yield on average interest-earning assets increased to 4.78% at end of the current year 2023 compared to 3.99% for 2022. This growth reflected the impact of the multiple increases to federal funds rates during 2023.

2022

Interest Expense

2024 vs. 2021 2023

Total tax-equivalent interest income Interest expense increased 10% during 2022 by \$62.2 million or 22% in 2024 compared to 2023, primarily as the prior year due to result of additional interest expense associated with money market, savings and time deposit accounts, partially offset by lower interest expense associated with FHLB advances and borrowings from the impact Federal Reserve Bank. During 2024, average interest-bearing deposits increased 9% while average borrowings decreased 26%, resulting in total interest-bearing liabilities increasing by 4%. Sustained high interest rates during 2024 resulted in notable increases of loan growth and higher loan yields and income from investment securities. During 2022 interest and fees on PPP loans declined \$39.9 million. Excluding the impact of interest and fees on PPP loans, tax-equivalent interest income grew 21%, driven by non-PPP commercial loans, which increased 22% compared to 2021. In addition, interest income on the residential and consumer loan portfolio increased 14% and interest income on investment securities increased 21%. Year-over-year, 119 basis points in the average yield rate paid on the loan portfolio increased by 12 savings accounts, 83 basis points while in the average yield rate paid on investment securities increased eight time deposits, and 49 basis points. Overall, points in the yield average rate paid on money market accounts. The average interest-earning assets increased rate paid on borrowings declined by nine basis points as a result of lower yields on advances from FHLB. The combination of higher average rates and average balances on interest-bearing deposits, slightly offset by lower average borrowings, resulted in the 52 basis points increase in the average rate paid on interest-bearing liabilities. During the year, average noninterest-bearing deposits decreased 12%, further contributing to 3.99% at end an overall higher funding costs and the related compression of 2022 compared to 3.77% for 2021. This growth was driven by the rising rate environment during 2022. Excluding the impact of PPP loans, the yield on average interest-earning assets for 2022 was 3.96% compared to 3.65% for 2021. net interest margin.

Interest Expense

2023 vs. 2022

Interest expense increased by \$214.3 million or 312% in 2023 compared to 2022, primarily as the result of additional interest expense associated with money market, savings and time deposit accounts and, to a lesser degree, FHLB advances and borrowings from the Federal Reserve Bank. During 2023, average interest-bearing deposits increased 14% and average borrowings increased 65% resulting in total interest-bearing liabilities increasing 20%. Rising interest rates during 2023 compared to the prior year 2022 resulted in notable increases of 242 basis points in the average rate paid on money market accounts, 259 basis points in the average rate paid on time deposits, 219 basis points in the average rate paid on savings accounts and 129 basis points in the average rate paid on borrowings. The combination of higher average rates on interest-bearing liabilities coupled with the increases in average interest-bearing deposits and average borrowings resulted in the 218 basis point increase in the average rate paid on interest-bearing liabilities. During the year, 2023, average noninterest-bearing deposits decreased 19%, further contributing to an overall higher funding costs and the related compression of the net interest margin.

2022 vs. 2021

Interest expense increased by \$42.9 million or 166% in 2022 Rate Performance

2024 vs. 2023

Our net interest margin decreased to 2.46% for 2024 compared to 2021, primarily as 2.67% for 2023, while the result of additional net interest expense associated with money market and time deposit accounts and, spread decreased to a lesser degree, FHLB borrowings and the subordinated debt issued 1.43% in March 2022. During 2022, average interest-bearing deposits declined 1% as average borrowings increased 68% resulting in total interest-bearing liabilities increasing 4%. Rising interest rates during 2022 2024 compared to 2021 resulted 1.71% in notable increases of 58 basis points 2023. The decrease in the average rate paid on money market accounts, 48 basis points in spread was driven by the average rate paid on time deposits and 84 basis points in the average rate paid on borrowings. The combination of higher average rates on interest-bearing liabilities coupled with the increase in average borrowings resulted in the 54 52 basis point increase in the average rate rates paid on average interest-bearing liabilities. During 2022, liabilities exceeding the 24 basis point increase in the yields earned on average interest-earning assets. The decrease in the net interest margin from the prior year is the result of the increase of 45 basis points in the cost of interest-bearing liabilities as a percentage of interest-earning assets exceeding the 24 basis point increase in the yield on interest-earning assets. The overall rate and yield increases were driven by the sustained high interest rate environment during 2024 prior to the multiple federal funds rate decreases that occurred in third and fourth quarter of 2024, competition for deposits in the market, and customer movement of excess

funds out of noninterest-bearing deposits accounts into higher yielding products. The higher cost of deposit products more than offset increases in the yields on interest-earning assets and resulted in interest expense increasing 22% while tax-equivalent interest income increased 5% and continued to benefit our overall funding costs and net interest margin, during the year.

Interest Rate Performance

2023 vs. 2022

Our net interest margin decreased to 2.67% for 2023 compared to 3.44% for 2022, while the net interest spread decreased to 1.71% in 2023 compared to 3.10% in 2022. The decrease in the spread was driven by the 218 basis point increase in the rates paid on average interest-bearing liabilities exceeding the 79 basis point increase in the yields earned on average interest-earning assets. The decrease in the net interest margin from the prior year 2022 is the result of the increase of 156 basis points in the cost of interest-bearing liabilities as a percentage of interest-earning assets exceeding the 79 basis point increase in the yield on interest-earning assets. The overall rate and yield increases were driven by the multiple federal funds rate increases that occurred over the preceding twelve months, during 2023, competition for deposits in the market, and customer movement of excess funds out of noninterest-bearing accounts into higher yielding products.

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The higher cost of deposit products and borrowings more than offset increases in the yields on interest-earning assets and resulted in interest expense increasing 312% while tax-equivalent interest income increased 28% during the year.

2022 vs. 2021

Our net interest margin decreased to 3.44% for 2022 compared to 3.56% for 2021, while the net interest spread decreased to 3.10% in 2022 compared to 3.42% in 2021. The decrease in the spread was driven by the 54 basis point increase in the rates paid on average interest-bearing liabilities exceeding the 22 basis point increase in the yields earned on average interest-earning assets. The decrease in the net interest margin from 2021 is the result of the increase of 34 basis points in the cost of interest-bearing liabilities as a percentage of interest-earning assets exceeding the 22 basis point increase in the yield on interest-earning assets. Growth in both average interest-earning assets and average interest-bearing liabilities was driven primarily by loan growth and its respective funding requirements. Higher cost deposit products and borrowings fully offset increases in the yields on interest-earning assets and resulted in interest expense increasing 166% while tax-equivalent interest income increased 10% during 2022. Excluding the impact of PPP interest and fees, net interest income would have increased 21% year over year. The net interest margin for the year ended December 31, 2022 would have been 3.40% compared to 3.38% for 2021 exclusive of the impact of PPP interest and fees and the amortization of the fair value marks, December 31, 2023.

Non-interest Income

Non-interest income amounts and trends are presented in the following table for the years indicated:

												2023/2022		2023/2022	
												2024/2023		2024/2023	
(Dollars in thousands)	(Dollars in thousands)	2023	2022	2021		\$ Change	% Change		\$ Change	% Change		\$ Change	% Change		
Investment securities gains/(losses)	Investment securities gains/(losses)	\$ —	\$ (345)	\$ 212	\$	\$ 345	N/M	N/M	\$	(557)	N/M				
Gain on disposal of assets	Gain on disposal of assets	—	16,516	16,516	—	(16,516)	(16,516)	N/M	N/M	16,516	N/M				
Service charges on deposit accounts	Service charges on deposit accounts	10,447	9,803	9,803	8,241	8,241	644	6.6	6.6	1,562	19.0				
Mortgage banking activities	Mortgage banking activities	5,536	6,130	6,130	24,509	24,509	(594)	(9.7)	(9.7)	(18,379)	(75.0)				
Wealth management income	Wealth management income	36,633	35,774	35,774	36,841	36,841	859	2.4	2.4	(1,067)	(2.9)				
Insurance agency commissions	Insurance agency commissions	—	2,927	2,927	7,017	7,017	(2,927)	N/M	N/M	(4,090)	(58.3)				

Income from bank owned life insurance	Income from bank owned life insurance	4,210	3,141	3,141	3,022	3,022	1,069	1,069	34.0	34.0	119	3.9
Bank card fees	Bank card fees	1,769	4,379	4,379	6,896	6,896	(2,610)	(2,610)	(59.6)	(59.6)	(2,517)	(36.5)
Letter of credit fees	Letter of credit fees	676	721	721	910	910	(45)	(45)	(6.2)	(6.2)	(189)	(20.8)
Extension fees	Extension fees	1,875	955	955	811	811	920	920	96.3	96.3	144	17.8
Prepayment penalty fees	Prepayment penalty fees	914	1,807	1,807	3,216	3,216	(893)	(893)	(49.4)	(49.4)	(1,409)	(43.8)
Other income	Other income	5,018	5,211	5,211	10,380	10,380	(193)	(193)	(3.7)	(3.7)	(5,169)	(49.8)
Total non-interest income	Total non-interest income	\$67,078	\$87,019	\$87,019	\$102,055	\$102,055	\$(19,941)	\$(19,941)	(22.9)	(22.9)	\$(15,036)	(14.7)

2024 vs. 2023

Total non-interest income increased by 18% to \$79.3 million for 2024, compared to \$67.1 million for 2023, driven by higher wealth management income and income from bank owned life insurance.

Service charges on deposits increased by 13% in 2024 compared to the prior year as a result of increased transaction volume and general consumer spending. The income from mortgage banking activities remained stable in 2024 as compared to 2023. For 2024, total mortgage production was \$464 million, an increase of 3% from the total production in 2023. The current period's mortgage sale volumes and net margin were relatively level as compared to the prior year, primarily due to the sustained high-interest rate environment that dampened mortgage originations and refinancing activity. In 2024, \$365 million in mortgages were sold into the secondary market at a net margin of 1.5% as compared to \$375 million at a net margin of 1.5% in 2023. Wealth management income is comprised of income from trust and estate services provided by the Bank and investment management fees earned by West Financial and RPJ, our investment management subsidiaries. During 2024 wealth management income increased 15% from 2023 due to higher asset management income reflecting an improved performance of the stock market and customers' asset value appreciation. Total assets under management by trust and wealth management increased to \$6.6 billion at December 31, 2024 compared to \$6.0 billion at December 31, 2023. Investments in bank-owned life insurance ("BOLI") products are used to manage the cost of employee benefit plans. Income from BOLI increased 78% in 2024 compared to the prior year, driven by one-time mortality proceeds received during the current year. At December 31, 2024, the total carrying amount of BOLI increased to \$167.3 million as compared to \$158.9 million at December 31, 2023. These policies are diversified by carrier in accordance with defined policies and practices. The average

tax-equivalent yield on these insurance contract assets was 5.89% for 2024 compared to 3.37% for the prior year. Bank card fees and credit-related fees were level with the prior year.

2023 vs. 2022

Total non-interest income decreased 23% to \$67.1 million for 2023, compared to \$87.0 million for 2022. Non-interest income for 2022 included a \$16.5 million gain from the sale of our insurance business. Excluding the gain, non-interest income decreased \$3.4 million or 5%, driven by a \$2.9 million decrease in insurance commissions, a \$2.6 million decrease in bank card fees and a \$0.6 million decrease in income from mortgage banking activities.

Service charges on deposits increased 7% in 2023 compared to the prior year 2022 as a result of increased transaction volume and general consumer spending. The decline in income from mortgage banking activities was predominantly due to lower sale margins and lower mortgage origination volumes caused by the high interest rate environment. For 2023, total mortgage production was \$453 million, a decrease of 53% from the total production in 2022. The current period's lower sale margins for 2023 were offset by selling a higher proportion of originated loans in the secondary market. In 2023, \$375 million in mortgages were sold into the secondary market at a net margin of 1.5% as compared to \$399 million at a net margin of 1.9% in 2022. Wealth management income is comprised of income from trust and estate services provided by the Bank and investment management fees earned by West Financial and RPJ, our investment management subsidiaries. During 2023 wealth management income increased 2% from 2022 due to higher asset management income reflecting an improved performance of the stock market and customers' asset value appreciation. Total assets under management by trust and wealth management increased to \$6.0 billion at December 31, 2023 compared to \$5.3 billion at December 31, 2022 as market values of those assets increased. As a result of the sale of the insurance business in the second quarter of 2022, we did not recognize

any insurance agency commissions during the current year, 2023. Investments in bank-owned life insurance ("BOLI") products are used to manage the cost of employee benefit plans. Income from BOLI increased 34% in 2023 compared to the prior year, 2022. At December 31, 2023, the total carrying amount of BOLI increased to \$158.9 million as compared to \$153.0 million at December 31, 2022. These policies are diversified by carrier in accordance with defined policies and practices. The average tax-equivalent yield on these insurance contract assets was 3.37% for 2023 compared to 2.94% for the prior year, 2022. Bank card fees declined 60% compared to the prior year as a result of interchange fee limitations that became effective in the second quarter of the prior year. Credit-related fees were level with the prior year.

2022 vs. 2021

Total non-interest income decreased 15% to \$87.0 million for 2022, compared to \$102.1 million for 2021. Non-interest income for 2022 included a \$16.5 million gain from the sale of our insurance business. Excluding the gain, non-interest income decreased 31% driven by a 75% decline in income from mortgage banking activities, a 58% decline in insurance commission income, reduced bank card income of 36% and a 50% decline in other income.

Service charges on deposits increased 19% in 2022 compared to 2021 as a result of increased transaction volume. The decline in income from mortgage banking activities resulted from the rising interest rate environment, which dampened mortgage origination and refinancing activity. During 2022 wealth management income declined 3% from 2021 reflecting volatility and asset value erosion in the marketplace. Total assets under management by trust and wealth management declined to \$5.3 billion at December 31, 2022 compared to \$6.1 billion at December 31, 2021 as market values of those assets declined. Insurance agency commissions for the year decreased 58% compared to the prior year as a result of the sale of the insurance business in the second quarter of 2022. Income from BOLI increased 4% in 2022 compared to the prior year. At December 31, 2022, the total carrying amount of BOLI increased to \$153.0 million as compared to \$147.5 million at December 31, 2021. The average tax-equivalent yield on these insurance contract assets was 2.94% for 2022 compared to 2.91% for 2021. Bank card fees declined 36% compared to 2021 as a result of interchange fee limitations that became effective in the second quarter of 2022. Other income declined from 2021 as a result of the decline in credit related Credit-related fees the inclusion in 2021 of the impact from the full payoff of a purchased credit deteriorated loan and activity-based vendor incentives, were level with 2022.

Non-interest Expense

Non-interest expense amounts and trends are presented in the following table for the years indicated:

		2023/2022				2023/2022			
		2024/2023				2024/2023			
(Dollars in thousands)	(Dollars in thousands)	2023		2022		2021		\$ Change	% Change
								\$ Change	% Change
Salaries and employee benefits	Salaries and employee benefits	\$160,192	\$	\$158,504	\$	\$155,830	\$	\$1,688	1.1
									1.1
Occupancy expense of premises									
Equipment expenses									
Marketing									
Outside data services									
FDIC insurance									
Amortization of intangible assets									
Merger and acquisition expense		—		1,068		45		(1,068)	N/M
Merger, acquisition, and disposal		4,164		—		1,068		4,164	100.0
								(1,068)	N/M

[illegible]

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Employee salaries and benefits, the largest component of non-interest expense, decreased \$0.3 million in 2024 compared to the prior year. Excluding the prior year pension settlement and severance expense, total salaries and benefits expense increased by \$9.8 million or 7% from the prior year period, primarily due higher incentive and stock compensation expenses. Occupancy expense of premises, equipment expenses, and marketing costs all remained relatively level in 2024 compared to the prior year. Outside data services costs increased 13% as a result of larger number of transactions billed per unit on the online banking platform. FDIC insurance increased by 21% as a result of the changes in company-specific risk measure values used in the determination of the assessment rate. Amortization of intangible assets increased 75% as more software licensed assets were placed into production and amortized during the year. The Company incurred \$4.2 million in merger and acquisition expense in the fourth quarter of 2024 related to the pending merger between the Company and Atlantic Union. During the year, the Company recorded a goodwill impairment charge of \$54.4 million based on the quantitative goodwill impairment assessment performed as part of the annual goodwill impairment test. Professional fees and service costs grew 18% for the period driven by higher consulting fees mainly associated with our investments in technology and software projects. Other expenses decreased \$1.2 million or 4% during the current year.

2023 vs. 2022

Non-interest expenses increased \$17.8 million to \$275.1 million in 2023 compared to \$257.3 million in 2022. Non-interest expense for 2023 included pension settlement expense of \$8.2 million and severance expense of \$1.9 million, while 2022 included contingent earn-out expense associated with the 2020 acquisition of Rembert Pendleton Jackson of \$1.2 million and merger, acquisition and disposal expense of \$1.1 million. Excluding these items, non-interest expense increased by \$10.0 million or 4% in 2023 compared to 2022.

Employee salaries and benefits, the largest component of non-interest expense, increased \$1.7 million or 1% in 2023 compared to the prior year, 2022. Excluding the pension settlement expense, total salaries and benefits expense declined by \$6.5 million or 4% from the prior year period, 2022, predominantly due to a reduction in performance-based compensation. Combined occupancy and equipment expense was higher by \$0.4 million or 1% as a result of higher software related amortization expenses, which exceeded lower building and grounds maintenance expenses. Outside data services costs increased 10% as a result of costs related to an upgrade of our online banking platform. FDIC insurance increased by 97% due to the two basis point increase in the assessment rate for all banks that became effective in 2023. Professional fees and service costs grew 96% for the period 2023 driven by higher consulting fees mainly associated with our investments in technology and software projects. Other expenses increased \$4.2 million or 18% during the current year, 2023, driven by increases in other operational expenses.

2022 vs. 2021

Non-interest expenses decreased \$3.2 million to \$257.3 million in 2022 compared to \$260.5 million in 2021. Excluding merger, acquisition and disposal expense from 2022 and 2021, the earn-out accrual associated with the performance of the 2020 acquisition of Rembert Pendleton Jackson and the \$9.1 million in prepayment penalties on FHLB borrowings that occurred in 2021, non-interest expense increased 1% year-over-year.

Employee salaries and benefits, the largest component of non-interest expense, increased \$2.7 million or 2% in 2022 compared to 2021, primarily due to year-over-year salary adjustments and, to a lesser extent, increased benefit costs. During 2022, the average number of full-time equivalent employees decreased to 1,134 compared to 1,155 for 2021. Combined occupancy and equipment expense was lower by 4% as a result of lower depreciation and rental expense, which exceeded higher software related expenses. Marketing costs increased 10% as a result of specific initiatives and outside data services increased 14% as a result of transaction volumes, while professional fees and service costs decreased 11% during 2022 due to a reduction in the utilization of consultant services. Other expenses increased \$2.0 million or 10% during 2022, driven by increases in other operational expenses.

Income Taxes

Income tax expense in 2023 2024 was \$41.3 million \$29.0 million, compared to \$41.3 million in 2023 and \$56.1 million in 2022 and \$76.6 million in 2021, 2022. The resulting effective rates for each year were 59.3% for 2024, 25.2% for 2023 and 25.2% for 2022 and 24.6% for 2021, 2022. The effective tax rate for 2024 increased as compared to 2023, primarily driven by higher non-deductible tax expenses incurred in 2024 related to goodwill impairment charge, merger and acquisition expenses, and non-deductible executive compensation. The effective rate for 2023 remained the same compared to 2022. The increase in the effective rate in 2021 was due to the 2020 application of a change in tax laws that expanded the time permitted to utilize previous net operating losses. The Company applied this change in 2020 to utilize the net operating losses acquired as part of the 2018 acquisition of WashingtonFirst Bankshares, Inc. to realize a tax benefit of \$1.8 million.

Operating Expense Performance

Management views the GAAP efficiency ratio as an important financial measure of expense performance and cost management. The ratio expresses the level of non-interest expenses as a percentage of total revenue (net interest income plus total non-interest income). Lower ratios indicate improved productivity.

Non-GAAP Financial Measures

We also use a traditional efficiency ratio that is a non-GAAP financial measure of operating expense control and efficiency of operations. Management believes that its traditional ratio better focuses attention on the operating performance of the Company over time than does a GAAP ratio, and is highly useful in comparing period-to-period operating performance of our core business operations. The non-GAAP efficiency ratio is used by management as part of its assessment of its performance in managing non-interest expenses. However, this measure is supplemental, and is not a substitute for an analysis of performance based on GAAP measures. The reader is cautioned that the non-GAAP efficiency ratio used by the Company may not be comparable to GAAP or non-GAAP efficiency ratios reported by other financial institutions.

In general, the efficiency ratio is non-interest expenses as a percentage of net interest income plus non-interest income. Non-interest expenses used in the calculation of the non-GAAP efficiency ratio exclude goodwill impairment loss, merger and acquisition expense, the amortization of intangible assets, and other non-recurring expenses, such as pension settlement expense, severance expense and/or contingent payment expense, expenses. Income for the non-GAAP ratio includes the favorable effect of tax-exempt income, and excludes realized investment securities gains and losses, which may vary widely from period to period without appreciably affecting operating expenses, and other non-recurring gains or losses. The measure is different from the GAAP efficiency ratio, which also is presented in this report. The

GAAP measure is calculated using non-interest expense and income amounts as shown on the face of the Consolidated Statements of Income. The GAAP and non-GAAP efficiency ratios are reconciled and provided in the following table. The GAAP efficiency ratio was 65.24% 84.46% in 2023 2024 compared to 50.05% 65.24% for the prior year. The current year's non-GAAP efficiency ratio was 60.99% 67.07% compared to the 49.66% 60.99% for to prior year. The growth increase in the current year's GAAP and non-GAAP efficiency ratios compared to the prior year, indicating a decline in efficiency, was the result of the declines in GAAP and non-GAAP revenues combined with the growth in GAAP and non-GAAP non-interest expenses.

In addition, the Company uses pre-tax, pre-provision net income, as a measure of the level of certain recurring income before provision for credit losses and income taxes. Management believes this provides financial statement users with a useful metric of the run-rate of revenues and expenses that is readily comparable to other financial institutions. This measure is calculated by adding/ (subtracting) the provision (credit) for credit losses and the provision for income taxes back to/from net income. Pre-tax, pre-provision net income for 2023 2024 was \$146.6 million \$63.2 million compared to \$256.7 million \$146.6 million in 2022, 2023, a decline of \$110.1 million \$83.4 million or 43% 57%, as a result of the decline in net interest income and non-interest income along with an increase in non-interest expense. expense, partially offset by increase in non-interest income.

We have also presented core earnings, core earnings per diluted share, core return on average assets and core return on average tangible common equity in order to present metrics that are more comparable to prior periods to provide an indication of the core performance of the Company year-over-year. Core earnings reflect net income exclusive of goodwill impairment loss and merger, acquisition and disposal expense, as well as the after-tax impact of amortization of intangible assets, contingent payment expense, pension settlement expense, severance expense, gain on disposal of assets and investment securities gains or losses, in each case net of tax. losses. Average tangible common equity represents average stockholders' equity adjusted for average goodwill and average intangible assets, net.

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Reconciliation of Non-GAAP Financial Measures

		Year ended December 31,											
		(Dollars in thousands)	2023	2022	2021	2020	2019	(Dollars in thousands)	2024	2023	2022	2021	2020
(Dollars in thousands)													
Pre-tax pre-provision net income (non-GAAP):													
Net income (GAAP)													
Net income (GAAP)													
Net income (GAAP)													
Plus non-GAAP adjustments:													
Income tax expense													
Income tax expense													
Income tax expense													
Provision/ (credit) for credit losses													
Pre-tax pre-provision net income (non-GAAP)													
Efficiency ratio (GAAP):													
Efficiency ratio (GAAP):													
Efficiency ratio (GAAP):													
Non-interest expense													
Non-interest expense													
Non-interest expense													
Net interest income plus non-interest income													
Net interest income plus non-interest income													
Net interest income plus non-interest income													
Efficiency ratio (GAAP)													
Efficiency ratio (GAAP)													
Efficiency ratio (GAAP)			65.24 %	50.05 %	49.47 %	54.90 %	53.20 %		84.46 %	65.24 %	50.05 %	49.47 %	54.90 %
Efficiency ratio (non-GAAP):													
Efficiency ratio (non-GAAP):													

Efficiency ratio (non-GAAP):

Non-interest expense
Non-interest expense
Non-interest expense
Less non-GAAP adjustments:
Amortization of intangible assets
Amortization of intangible assets
Amortization of intangible assets
Loss on FHLB redemption
Merger, acquisition and disposal expense
Merger, acquisition and disposal expense
Merger, acquisition and disposal expense
Goodwill impairment loss
Severance expense
Pension settlement expense
Contingent payment expense
Non-interest expense - as adjusted
Net interest income plus non-interest income
Net interest income plus non-interest income
Net interest income plus non-interest income
Plus non-GAAP adjustment:
Tax-equivalent income
Tax-equivalent income
Tax-equivalent income
Less/ (plus) non-GAAP adjustments:
Investment securities gains/ (losses)
Investment securities gains/ (losses)
Investment securities gains/ (losses)
Gain on disposal of assets
Net interest income plus non-interest income - as adjusted

Efficiency ratio (non-GAAP)

Efficiency ratio (non-GAAP)

Efficiency ratio (non-GAAP)	60.99 %	49.66 %	46.17 %	46.53 %	51.52 %		67.07 %	60.99 %	49.66 %	46.17 %	46.53 %
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49.52

GAAP and Non-GAAP Performance Ratios

		Year ended December 31,						Year ended December 31,								
(Dollars in thousands)	(Dollars in thousands)	2023	2022	2021	2020	2019	(Dollars in thousands)	2024		2023		2022		2021		2020
Core earnings (non-GAAP):																
Net income (GAAP)																
Net income (GAAP)																
Net income (GAAP)																
Plus/ (less) non-GAAP adjustments (net of tax) (1):																

Return/ Core return on average tangible common equity (non-GAAP):

Return/ Core return on average tangible common equity (non-GAAP):

Return/ Core return on average tangible common equity (non-GAAP):

Net Income (GAAP)
Net Income (GAAP)
Net Income (GAAP)

Plus: Amortization of intangible assets (net of tax)

Plus: Amortization of intangible assets (net of tax) (1)

Plus: Goodwill impairment loss (2)

Net income before amortization of intangible assets

Core return on average tangible common equity (non-GAAP):
Core return on average tangible common equity (non-GAAP):
Core return on average tangible common equity (non-GAAP):

Average total stockholders' equity (GAAP)
Average total stockholders' equity (GAAP)
Average total stockholders' equity (GAAP)

Average goodwill
Average other intangible assets, net

Average tangible common equity (non-GAAP)

Return on average tangible common equity (non-GAAP)

Return on average tangible common equity (non-GAAP)

Return on average tangible common equity (non-GAAP)	11.06 %	15.64 %	21.45 %	10.74 %	15.67 %		6.73 %	11.06 %	15.64 %	21.45 %	10.74 %
Core return on average tangible common equity (non-GAAP)	11.72 %	14.69 %	22.04 %	13.16 %	15.79 %		7.07 %	11.72 %	14.69 %	22.04 %	13.16 %

(1) Tax adjustments have been adjusted using the combined marginal federal and state rate of 25.48% for 2024, 25.37% for 2023, 25.47% for 2022, 25.64% for 2021 and 25.54% for 2020 and 26.13% for 2019, 2020.
(2) Adjustment is not tax-effected as it represents a nondeductible tax item.

FINANCIAL CONDITION

Total assets increased 1% to \$14.0 billion\$14.1 billion at December 31, 20232024 compared to \$13.8 billion\$14.0 billion at December 31, 2022December 31, 2023. Total loan balances remained unchangedincreased to \$11.5 billion at December 31, 2024 compared to \$11.4 billion at December 31, 2023 compared to December 31, 2022. During 20232024 investment securities decreased \$128.8 million or 8% to remained stable at \$1.4 billion compared to year at the end 2022, as cash flows received from investment pay downs, maturities and calls were retained to strengthen our liquidity position. of 2023. At December 31, 2023December 31, 2024, total liabilities were \$12.4 billion\$12.6 billion compared to \$12.3 billion\$12.4 billion at the end of 2022. 2023. Deposit balances were level at \$11.0 billionincreased by \$749.1 million to \$11.7 billion at the end of 20232024

compared to 2022, \$11.0 billion at the end of 2023. The availability of competitive high yields in savings and time products, in addition to short-term debt securities, resulted in noninterest-bearing deposits declining 21%4%. This run-off was more than compensated by offering higher yielding savings accounts along with the growth in core time savings deposits resulting in an 11% increase in interest-bearing deposits. Total borrowings were \$0.7 billion at December 31, 2024 compared to \$1.3 billion at December 31, 2023 compared to \$1.2 billion at December 31, 2022, , primarily driven by payoff of Federal Reserve Bank borrowings of \$300.0 million and reduction in advances from FHLB of \$300.0 million, of which \$50.0 million was prepaid generating \$0.5 million gain on debt extinguishment.

Loans

A comparison of the loan portfolio for the years indicated is presented in the following table:

December 31,													
2023													
2023													
Year-to-Year Change													
2023 2022													
2024													
2024													
Year-to-Year Change													
2024 2023													
(Dollars in thousands)	(Dollars in thousands)	Amount	%	Amount	%	Change	%	(Dollars in thousands)	Amount	%	Amount	%	%
Commercial real estate:													
Commercial investor real estate													
Commercial investor real estate													
Commercial investor real estate		\$5,104,425	44.9	\$5,130,094	45.0	(25,669)	(0.5)	(0.5)%	\$4,779,593	41.4	\$5,104,425	44.9	4
Commercial owner-occupied real estate													
Commercial AD&C													
Commercial business													
Total commercial loans													
Residential real estate:													
Residential mortgage													
Residential mortgage													
Residential mortgage													
Residential construction													
Consumer													
Total residential and consumer loans													
Total loans													

Total loans remained increased \$171.0 million to \$11.5 billion at December 31, 2024 compared to \$11.4 billion at December 31, 2023 compared to December 31, 2022. Portfolio mix during the current year remained relatively unchanged compared to the prior year-end. During the current year, the increase in commercial AD&C portfolio decreased and commercial business loans of 34% and 10%, respectively, was partially offset by 9% as a result of our reduced concentration within the decrease in commercial investor real estate segments. loans of 6%, as the Company reduced concentrations in specific industries within this segment. The residential mortgage portfolio increased by 14% 4% mainly due to migration of residential construction loans into the residential permanent portfolio upon completion of construction. Overall, the absence of loan demand combined with lower payoff activity total residential and consumer loans remained relatively level during 2023 2024, as a result of the higher interest rate environment, resulted in the total portfolio remaining fairly unchanged compared to the prior year. The loan-to-deposit ratio declined slightly to 98% at December 31, 2024 from 103% at December 31, 2023 from 104% at December 31, 2022.

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Loan Balances by Industry

Loan balances by industry for specific lending portfolios are presented in the following table:

	December 31, 2023		December 31, 2024		
	Commercial Business				
(Dollars in thousands)					
(Dollars in thousands)					
(Dollars in thousands)		Amount	Total Amount	Amount	Total Amount
Accommodation & Food Services					
Administrative & Support					
Agriculture & Forestry					
Arts, Entertainment & Recreation					
Construction					
Educational Services					
Finance & Insurance					
Health Care & Social Assistance					
Information					
Management of Companies					
Manufacturing					
Other Services (except Public Administration)					
Professional, Scientific & Technical Services					
Public Administration					
Real Estate Rental & Leasing					
Retail					
Transportation & Warehousing					
Utilities					
Wholesale					
Total loans					

Loan Balances by Collateral

Loan balances by collateral for commercial real estate lending portfolios are presented in the following table:

	December 31, 2023		December 31, 2024		
	A D & C				
(Dollars in thousands)					
(Dollars in thousands)					
(Dollars in thousands)		Amount	Total Amount	Amount	Total Amount
Apartment Building (5 or more units)					

Automotive Facilities
Flexible use office/warehouse
Hotel
Industrial
Mixed use retail/residential
Office
Residential
Residential Lot
Retail
Unimproved Commercial Property
Warehouse Space
Other
Total loans

5255

We have enhanced our monitoring of loans secured by office properties, as remote work trends have led to overall higher vacancy rates and higher interest rates have led to higher payments as loans reprice or renew. At **December 31, 2023****December 31, 2024**, 10% of our office loans were secured by properties located in Washington, DC and 6% were secured by properties in Baltimore, MD. Substantially all of the remainder of the office loan portfolio was secured by properties in the Maryland and Virginia counties surrounding these core downtown markets. Our enhanced monitoring includes performing site visits, obtaining updated rent rolls, determining debt service coverage, evaluating individual loans for risk rating changes, and monitoring market area trends and activity.

Loan Maturities and Interest Rate Sensitivity
 Loan maturities and interest rate characteristics for loan portfolios are presented in the following table:

	At December 31, 2023											At December 31, 2024																			
	Fixed Rate Loans						Fixed Rate Loans						Variable Rate Loans						Fixed Rate Loans						Variable Rate Loans						
		In One Year or Less	After One Year Through Five Years	After Five Years Through Fifteen Years	After Fifteen Years	Total		In One Year or Less	After One Year Through Five Years	After Five Years Through Fifteen Years	After Fifteen Years	Total		In One Year or Less	After One Year Through Five Years	After Five Years Through Fifteen Years	After Fifteen Years	Total		In One Year or Less	After One Year Through Five Years	After Five Years Through Fifteen Years	After Fifteen Years	Total		In One Year or Less	After One Year Through Five Years	After Five Years Through Fifteen Years	After Fifteen Years	Total	
(In thousands)	(In thousands)												(In thousands)																		
Commercial																															
Real Estate:																															
Commercial investor R/E																															
Commercial investor R/E																															
Commercial investor R/E																															
Commercial owner-occupied R/E																															
Commercial AD&C																															
Commercial business																															
Total commercial loans																															
Residential real estate:																															

Residential mortgage
Residential mortgage
Residential mortgage
Residential construction
Consumer
Total residential and consumer loans
Total loans

5356

Composition of Investment Securities

The composition of investment securities for the periods indicated is presented in the following table:

		December 31,															
		2023															
		2023															

Total available-for-sale
debt securities⁽³⁾
Held-to-maturity debt
securities⁽⁴⁾
Held-to-maturity debt
securities⁽⁴⁾
Held-to-maturity debt
securities⁽⁴⁾

Mortgage-backed and
asset-backed⁽²⁾
Mortgage-backed and
asset-backed⁽²⁾
Mortgage-backed and
asset-backed⁽²⁾

Total held-
to-maturity
debt
securities⁽³⁾

Other investments, at cost:
Other investments, at cost:
Other investments, at cost:

Federal Reserve Bank
stock

Federal Reserve Bank
stock

Federal Reserve Bank
stock

Federal
Home Loan
Bank of
Atlanta stock

Other

Other
investments

Total
securities⁽³⁾

- (1) At estimated fair value.
- (2) Issued by a U.S. Government Agency or secured by U.S. Government Agency collateral.
- (3) The outstanding balance of no single issuer, except for U.S. Government Agency securities, exceeded ten percent of stockholders' equity at December 31, 2023 December 31, 2024 or 2022, 2023.
- (4) At amortized cost.

The investment portfolio consists primarily of U.S. Treasuries, U.S. Agency securities, U.S. Agency mortgage-backed and asset-backed securities and collateralized mortgage obligations and state and municipal securities. During 2023 2024 total investment securities, which are a source of liquidity for the Company and a contributor to interest income, decreased 8% remained stable at \$1.4 billion. During this period, the available-for-sale investment securities declined \$111.9 million increased \$38.1 million or 9%, as cash flows received from pay downs, maturities and calls were retained to strengthen our liquidity position. 3%. Total gross unrealized losses on investments available-for-sale declined \$34.2 million \$4.6 million, from \$152.3 million \$118.3 million as of December 31, 2022 December 31, 2023 to \$118.1 million \$113.7 million at December 31, 2023 December 31, 2024, due to a decrease in the market rates and tighter spreads on during the mortgage-backed securities along with the smaller portfolio balance. period. Unrealized losses on investments available-for-sale at December 31, 2023 December 31, 2024 are due to changes in interest rates and not credit-related events. As such, no allowance for credit losses is required at December 31, 2023 December 31, 2024. These unrealized losses are expected to recover over time as the available-for-sale securities approach maturity. We do not intend to sell, nor is it more likely than not that we will be required to sell, these securities and we have sufficient liquidity to hold these securities for an adequate period of time, which may be maturity, to allow for any anticipated recovery in fair value.

At December 31, 2023 December 31, 2024, 94% 99% of the investment portfolio was invested in Aa/AA or Aaa/AAA rated securities compared to 95% 94% at December 31, 2022 December 31, 2023. The average duration of the investment portfolio was 4.6 years compared to 4.8 years at the end of the prior year. both 2024 and 2023. The decline in the duration of the portfolio reflects the effect of a natural run-off experienced during the current year, as we retained cash flows on maturing securities without any significant reinvestments in new securities. The composition and duration of the investment portfolio has resulted in a portfolio with low credit risk that is expected to provide the liquidity needed to meet lending and other funding demands. The portfolio is monitored on a continual basis with consideration given to interest rate trends and the structure of the yield curve and with constant assessment of economic projections and analysis.

During the prior year, we transferred certain debt securities from available-for-sale to held-to-maturity. The total amortized cost of debt securities transferred was \$305.6 million with the associated fair value of \$289.4 million and unrealized losses of \$16.2 million at

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the date of transfer. The transfer occurred to lessen the impact on the Company's tangible common equity in contemplation of anticipated future increases in general market interest rates.

Maturity Distribution and Yield Analysis of Investment Securities

The following table summarizes the weighted average yields for AFS and HTM debt securities by contractual maturity of the underlying securities as of December 31, 2023 December 31, 2024:

	One year or Less
	One year or Less
	One year or Less
Available-for-sale debt securities:	
Available-for-sale debt securities:	
Available-for-sale debt securities:	
U.S. treasuries and government agencies	
U.S. treasuries and government agencies	
U.S. treasuries and government agencies	
State and municipal	
State and municipal	
State and municipal	
Mortgage-backed and asset-backed	
Mortgage-backed and asset-backed	
Mortgage-backed and asset-backed	
Total available-for-sale debt securities	
Total available-for-sale debt securities	
Total available-for-sale debt securities	
Held-to-maturity debt securities:	
Held-to-maturity debt securities:	
Held-to-maturity debt securities:	
Mortgage-backed and asset-backed	
Mortgage-backed and asset-backed	
Mortgage-backed and asset-backed	
Total held-to-maturity debt securities	
Total held-to-maturity debt securities	
Total held-to-maturity debt securities	

Weighted average yield is calculated as the tax-equivalent yield on a pro rata basis for each security based on its relative amortized cost. Yields on tax-exempt securities have been computed on a tax-equivalent basis using the federal statutory tax rate of 21%.

Other Earning Assets

Residential mortgage loans held for sale decreased increased to \$22.8 million at December 31, 2024 compared to \$10.8 million at December 31, 2023 compared to \$11.7 million as of December 31, 2022 December 31, 2023, due to as a result of the decrease in volume associated timing of originations as residential lending rates rose origination and sale volumes that has occurred during the year period. We continue to sell a portion of our residential mortgage loan production in the secondary market. Interest-bearing deposits with banks increased decreased by \$359.6 \$25.4 million to \$438.3 million at December 31, 2024 compared to \$463.4 million at December 31, 2023 compared to \$103.9 million at December 31, 2022, to provide for on-balance sheet liquidity during the current year.

Deposits

The composition of deposits for the periods indicated is presented in the following table:

		December 31,													
		2023													
		2023													
										Year-to- Year Change					
		2023				2022									
		2024													
		2024													
										Year-to- Year Change					
		2024				2023									
(Dollars in thousands)	(Dollars in thousands)	Amount		%	Amount		%	\$ Change		% Change	(Dollars in thousands)	Amount		%	At
Noninterest-bearing deposits	Noninterest-bearing deposits	\$2,914,161	26.5	26.5 %	\$3,673,300	33.5	33.5 %	\$ (759,139)	(20.7)		(20.7) %	Noninterest-bearing deposits	\$2,804,930	23.9	23.9 %
Interest-bearing deposits:															
Demand															
Demand															
Demand															
Money market savings															
Regular savings															
Time deposits of less than \$250,000															
Time deposits of \$250,000 or more															
Total interest-bearing deposits															
Total deposits															

Deposits and Borrowings

Total deposits remained increased \$749.1 million to \$11.7 billion at December 31, 2024 compared to \$11.0 billion at December 31, 2023 compared to December 31, 2022, as interest-bearing deposits grew \$802.3 million \$858.4 million or 11%, partially offset by a \$759.1 million \$109.2 million or 21% 4% decline in noninterest-bearing deposits. The growth in interest-bearing deposits was driven principally by savings accounts and time deposits, money market accounts, which increased \$761.9 million \$489.4 million and \$596.3 million \$387.2 million, respectively, partially offset by a \$584.1 million \$134.0 million decline in money market accounts, time deposits. During the year, competition for deposits along

with higher market rates resulted in customers' movement of excess funds from noninterest-bearing into interest-bearing accounts. The decline in noninterest-bearing deposits was mainly observed within commercial checking

and small business checking categories. Core deposits, which exclude brokered relationships, increased by \$72.7 million \$941.4 million or 1% 9% year-over-year and represented 92% 94% of the total deposits as of both December 31, 2024 as compared to 92% as of December 31, 2023 and December 31, 2022, reflecting continued stability of the core deposit base. At December 31, 2023 December 31, 2024, retail accounts interest-bearing deposits represented 43% of core deposits while business accounts accounted for 57% of core deposits. No single commercial or retail client represented more than two percent 76% of total deposits at with the end of the current period. remaining 24% in noninterest-bearing balances. At December 31, 2023, interest-bearing deposits represented 73% of total deposits, with the remaining 27% in noninterest-bearing balances. At December 31, 2022, interest-bearing deposits represented 66% of total deposits, while non-interest bearing deposits represented 34% 27%.

The total amount of deposits that exceeded the \$250,000 insured limit provided by the FDIC was approximately \$3.7 billion \$4.3 billion or 34% 37% of the total deposits at December 31, 2023 December 31, 2024. This estimate is based on the determination of known deposit account relationships of each depositor and the insurance guidelines provided by the FDIC. FDIC. Commercial accounts represented 77% 74% of uninsured deposits, while retail accounts accounted for 23% 26% of the uninsured deposit total. The commercial deposit mix continues to be well diversified with no significant concentration in one particular industry or single client. Management established strategies to mitigate outflows of uninsured deposits by providing reciprocal deposit arrangements, which provide FDIC deposit insurance for accounts that would otherwise exceed deposit insurance limits. These deposits increased \$657.0 million \$71.2 million or 193% 7% during 2023, 2024.

Total borrowings increased \$53.7 million decreased \$605.5 million or 4% 47% at December 31, 2023 December 31, 2024 compared to December 31, 2022 December 31, 2023. During the period, the \$260.0 million reduction in federal funds purchased was replaced by \$300.0 million of borrowings through the Federal Reserve's Bank Term Funding Program were fully paid off and advances from FHLB were reduced by \$300.0 million. The Company currently carries \$370.8 million \$371.4 million in subordinated debt, which is accounted for as Tier 2 capital in accordance with to the extent allowed under regulatory guidelines. At December 31, 2023 December 31, 2024, contingent liquidity, which consists of available FHLB borrowings, fed funds, and funds through the Federal Reserve Bank's discount window, and the Bank Term Funding Program, as well as excess cash and unpledged investment securities, totaled \$6.0 billion \$6.3 billion or 162% 147% of uninsured deposits.

Capital Management

The Company monitors historical and projected earnings, dividends and asset growth, as well as risks associated with the various types of on and off-balance sheet assets and liabilities, in order to determine appropriate capital levels. Stockholders' equity at December 31, 2023 increased to December 31, 2024 remained level at \$1.6 billion as compared to \$1.5 billion at December 31, 2022, as a result of \$61.5 million increase in net retained earnings coupled with the \$26.6 million decrease in the accumulated other comprehensive loss in the investment portfolio. December 31, 2023. The ratio of average equity to average assets was 11.31% for the year ended December 31, 2024, as compared to 10.87% for the year ended December 31, 2023, as compared to 11.20% for the year ended December 31, 2022, as the \$48.0 million or 3% increase in average equity was more than offset by the \$836.8 million or 6% increase in average assets. .

Risk-Based Capital Ratios

Bank holding companies and banks are required to maintain capital ratios in accordance with guidelines adopted by the federal bank regulators. These guidelines are commonly known as Risk-Based Capital guidelines. The actual regulatory ratios and required ratios for the Company's capital adequacy are summarized in the following table.

	Ratios at December 31, 2023	Ratios at December 31, 2024	Minimum Value(1)	Well - Capitalized(2)	Ratios at December 31, 2023	Minimum Value(1)	Well - Capitalized(2)
Tier 1 Leverage	9.51%	9.33%	4.00%	5.00%	9.39%	9.51%	4.00%
Tier 1 Leverage							
Tier 1 Leverage							
Common Equity Tier 1 Capital to risk-weighted assets							
Common Equity Tier 1 Capital to risk-weighted assets							
Common Equity Tier 1 Capital to risk-weighted assets	10.90%	10.23%	4.50%	6.50%	11.36%	10.90%	4.50%
Tier 1 Capital to risk-weighted assets							
Tier 1 Capital to risk-weighted assets							

Tier 1 Capital to risk-weighted assets	10.90%	10.23%	6.00%	8.00%	11.36%	10.90%	6.00%	8.00%
Total Capital to risk-weighted assets								
Total Capital to risk-weighted assets								
Total Capital to risk-weighted assets	14.92%	14.20%	8.00%	10.00%	15.38%	14.92%	8.00%	10.00%

(1) Minimum requirements to remain adequately capitalized.
(2) Well-capitalized under prompt corrective action regulations.

Regulatory capital at **December 31, 2023** **December 31, 2024** was comprised of Tier 1 capital of \$1.3 billion and total qualifying capital of \$1.8 billion. As of **December 31, 2023** **December 31, 2024**, the most recent notification from the Bank's primary regulator categorized the Bank as a "well-capitalized" institution under the prompt corrective action rules of the Federal Deposit Insurance Act. Designation as a well-capitalized institution under these regulations is not a recommendation or endorsement of the Company or the Bank by federal bank regulators.

The minimum capital level requirements applicable to the Company and the Bank are: (1) a Tier 1 leverage ratio of 4%; (2) a common equity Tier 1 capital ratio of 4.5%; (3) a Tier 1 capital ratio of 6%; and (4) a total capital ratio of 8%. Covered financial institutions must also maintain a "capital conservation buffer" of 2.5% above the regulatory minimum capital requirements, which must consist

entirely of common equity Tier 1 capital. An institution would be subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses to executive officers if its capital level falls below the buffer amount. These limitations establish a maximum percentage of eligible retained income that could be utilized for such actions.

The decrease in Tier 1 leverage ratio of 9.39% at December 31, 2024 from 9.51% at December 31, 2023 was primarily driven by a 2% increase in the total average assets utilized for the leverage ratio while total Tier 1 capital remained relatively stable. The main drivers driver of the increase in the remaining ratios at December 31, 2024 from December 31, 2023 from December 31, 2022 were was a reduction in risk weightings applied on certain consumer loan unfunded commitment categories that met the 4% and 3% growth in Tier 1 and total qualifying regulatory capital respectively, while risk-weighted assets declined by 2% driven by lower available balance of unfunded lending commitments. The growth in Tier 1 and total qualifying capital was driven by net retained earnings. requirements. During the year, we continued to elect to apply the provisions of the CECL deferral transition in the determination of its our risk-based capital ratios. At **December 31, 2023** **December 31, 2024**, the impact of the application of this deferral transition provided an additional **\$5.8 million** **\$2.9 million** in Tier 1 capital, and resulted in raising the common equity Tier 1 ratio by **five** **three** basis points.

Tangible Common Equity

Tangible common equity, tangible assets and tangible book value per common share are non-GAAP financial measures calculated using GAAP amounts. Tangible common equity and tangible assets exclude the balances of goodwill and other intangible assets from total stockholders' equity and total assets. Management believes that this non-GAAP financial measure provides information to investors that may be useful in understanding the Company's financial condition. Because not all companies use the same calculation of tangible common equity and tangible assets, this presentation may not be comparable to other similarly titled measures calculated by other companies.

Tangible common equity increased **to slightly** by **\$21.8 million** and remained level at **\$1.2 billion** **at for** **December 31, 2024** **as compared** **December 31, 2023**, **compared to** **\$1.1 billion** **at December 31, 2022**. The tangible common equity ratio increased to **8.77%** **8.84%** of tangible assets at **December 31, 2023** **December 31, 2024**, compared to **8.13%** **8.77%** at **December 31, 2022** **December 31, 2023**. This increase reflected the impact of higher tangible common equity, which increased by **9%** **2%** during the current year outpacing a 1% growth in tangible assets.

Non-GAAP Tangible Common Equity Ratios

A reconciliation of the non-GAAP ratio of tangible common equity to tangible assets and tangible book value per common share are provided in the following table.

		December 31,										
(Dollars in thousands, except per share data)	(Dollars in thousands, except per share data)	2023	2022	2021	2020	2019	(Dollars in thousands, except per share data)	2024	2023	2022	2021	2020
Tangible common equity ratio:												
Total stockholders' equity												
Total stockholders' equity												
Total stockholders' equity												
Goodwill												
Other intangible assets, net												
Tangible common equity												
Total assets												
Total assets												
Total assets												
Goodwill												
Other intangible assets, net												
Tangible assets												
Outstanding common shares												
Outstanding common shares												
Outstanding common shares												
Tangible common equity ratio												
Tangible common equity ratio												
Tangible common equity ratio		8.77 %	8.13 %	9.21 %	8.61 %	9.40 %		8.84 %	8.77 %	8.13 %	9.21 %	8.61 %
Book value per common share												
Tangible book value per common share												

Credit Risk

Our fundamental lending business is based on understanding, measuring and controlling the credit risk inherent in the loan portfolio. The loan portfolio is subject to varying degrees of credit risk. Credit risk entails both general risks, which are inherent in the process of

lending, and risk specific to individual borrowers. We mitigate credit risk through portfolio diversification, which limits exposure to any single customer, industry or collateral type. Typically, each consumer and residential lending product has a generally predictable level of credit losses based on historical loss experience. Residential mortgage and home equity loans and lines generally have the lowest credit loss experience. Loans secured by personal property, such as auto loans, generally experience medium credit losses. Unsecured loan products, such as personal revolving credit, have the highest credit loss experience and, for that reason, we have chosen not to engage in a significant amount of this type of lending. Credit risk in commercial lending can vary significantly, as losses as a percentage of outstanding loans can shift widely during economic cycles and are particularly sensitive to changing economic conditions. Generally, improving economic conditions result in improved operating results on the part of commercial customers, enhancing their ability to meet their particular debt service requirements. Improvements, if any, in operating cash flows can be offset by the impact of rising interest rates that may occur during times of economic uncertainty. Inconsistent economic conditions may have an adverse effect on the operating results of commercial customers, reducing their ability to meet debt service obligations.

To control and manage credit risk, management has a credit process in place to reasonably ensure that credit standards are maintained along with an in-house loan administration, accompanied by oversight and review procedures. The primary purpose of loan underwriting is the evaluation of specific lending risks and involves the analysis of the borrower's ability to service the debt as well as the assessment of the value of the underlying collateral. Oversight and review procedures include monitoring the credit quality of the portfolio, providing early identification of potential problem credits and proactive management of problem credits.

We recognize a lending relationship as non-performing when either the loan becomes 90 days delinquent or as a result of factors, such as bankruptcy, interruption of cash flows, etc., considered at the monthly credit committee meeting. Classification as a non-accrual loan is based on a determination that we may not collect all principal and/or interest payments according to contractual terms. When a loan is placed on non-accrual status all accrued but unpaid interest is reversed from interest income. Typically, all payments received on non-accrual loans are first applied to the remaining principal balance of the loans. Any additional recoveries are credited to the allowance up to the amount of all previous charge-offs.

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The level of non-performing loans to total loans increased to 1.03% at December 31, 2024 compared to 0.81% at December 31, 2023 compared to 0.35% at December 31, 2022. Non-performing loans were \$91.8 million \$119.4 million at December 31, 2023 December 31, 2024 in comparison to \$39.4 million \$91.8 million at December 31, 2022 December 31, 2023. Loans placed on non-accrual during 2023 2024 amounted to \$81.9 million \$51.0 million compared to \$12.1 million \$81.9 million for 2022, 2023. The current year's increase in non-performing loans was mainly related to three one large investor commercial real estate relationships, two of which are within the custodial care and one within the multifamily residential property industries. These three relationships accounted for \$57.0 million of the total \$81.9 million of loans placed on AD&C relationship designated as non-accrual during the year, third quarter of 2024, with an outstanding loan balance of \$28.0 million as of December 31, 2024.

While the diversification of the lending loan portfolio among different commercial, residential and consumer product lines along with different market conditions of the D.C. suburbs, northern Virginia and Baltimore metropolitan area has mitigated some of the risks in the portfolio, local economic conditions and levels of non-performing loans may continue to be influenced by the conditions being experienced in various business sectors of the economy on both a regional and national level.

The methodology for evaluating whether a loan shall be placed on non-accrual status begins with risk-rating credits on an individual basis and includes consideration of the borrower's overall financial condition, payment record and available cash resources that may include the sufficiency of collateral value and, in a select few cases, verifiable support from financial guarantors. In measuring a specific allowance, we look primarily to the value of the collateral (adjusted for estimated costs to sell) or projected cash flows generated by the operation of the collateral as the primary sources of repayment of the loan. We may consider the existence of guarantees and the financial strength and wherewithal of the guarantors involved in any loan relationship. Guarantees may be considered as a source of repayment based on the guarantor's financial condition and payment capacity. Accordingly, absent a verifiable payment capacity, a guarantee alone would not be sufficient to avoid classifying the loan as non-accrual.

Management has established a credit process that dictates that structured procedures be performed to monitor these loans between the receipt of an original appraisal and the updated appraisal. These procedures include the following:

- An internal evaluation is updated periodically to include borrower financial statements and/or cash flow projections.
- The borrower may be contacted for a meeting to discuss an updated or revised action plan which may include a request for additional collateral.
- Re-verification of the documentation supporting our position with respect to the collateral securing the loan.
- At the monthly credit committee meeting the loan may be downgraded and an individual allowance may be decided upon in advance of the receipt of the appraisal.

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- Upon receipt of the updated appraisal (or based on an updated internal financial evaluation) the loan balance is compared to the appraisal and an individual allowance is decided upon for the particular loan, typically for the amount of the difference between the appraised value (adjusted for estimated costs to sell) and the loan balance.
- Evaluation of whether adverse changes in the value of the collateral are expected over the remainder of the loan's expected life.
- We will individually assess the allowance for credit losses based on the fair value of the collateral for any collateral dependent loans where the borrower is experiencing financial difficulty or when we determine that foreclosure is probable. We will charge-off the excess of the loan amount over the fair value of the collateral adjusted for the estimated selling costs.

We may extend the maturity of a performing or current loan that may have some inherent weakness associated with the loan. However, we generally follow a policy of not extending maturities on non-performing loans under existing terms. Maturity date extensions only occur under revised terms that clearly place us in a position to increase the likelihood of or assure full collection of the loan under the contractual terms and/or terms at the time of the extension that may eliminate or mitigate the inherent weakness in the loan. These terms may incorporate, but are not limited to additional assignment of collateral, significant balance curtailments/liquidations and assignments of additional project cash flows. Guarantees may be a consideration in the extension of loan maturities. As a general matter, we do not view the extension of a loan to be a satisfactory approach to resolving non-performing

credits. On an exception basis, certain performing loans that have displayed some inherent weakness in the underlying collateral values, an inability to comply with certain loan covenants which are not affecting the performance of the credit or other identified weakness may be extended.

We continue to sell a portion of our fixed-rate residential mortgage originations in the secondary mortgage market. Concurrent with such sales, we are required to make customary representations and warranties to the purchasers about the mortgage loans and the manner in which they were originated. The related sale agreements grant the purchasers recourse back to the Company, which could require us to repurchase loans or to share in any losses incurred by the purchasers. This recourse exposure typically extends for a period of nine to eighteen months after the sale of the loan although the time frame for repurchase requests can extend for an indefinite

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period. Such transactions could be due to a number of causes including borrower fraud or early payment default. We have experienced a very limited number of repurchase and indemnity demands from purchasers for such events and routinely monitors its exposure in this regard. A liability of \$0.5 million \$0.4 million is maintained for probable losses due to repurchases. Management believes that this reserve is appropriate.

Mortgage loan servicing rights are accounted for at amortized cost and are monitored for impairment on an ongoing basis. The amortized cost of the Company's mortgage loan servicing rights was \$0.3 \$0.2 million at both December 31, 2024 as compared to \$0.3 million at December 31, 2023 and December 31, 2022, respectively. We did not incur any impairment losses during 2023, 2024.

Periodically we may engage in whole loan sale transactions of residential mortgage loans as a part of our interest rate risk management strategy. No whole loan sales occurred during 2023, 2024.

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Analysis of Credit Risk

The following table presents information with respect to non-accrual loans, 90-day past due delinquencies and non-performing assets for the years indicated:

	At December 31,
	At December 31,
	At December 31,
(Dollars in thousands)	
(Dollars in thousands)	
(Dollars in thousands)	
Non-accrual loans:	
Non-accrual loans:	
Non-accrual loans:	
Commercial real estate:	
Commercial real estate:	
Commercial real estate:	
Commercial investor real estate	
Commercial investor real estate	
Commercial investor real estate	
Commercial owner-occupied real estate	
Commercial owner-occupied real estate	
Commercial owner-occupied real estate	

Commercial AD&C
Commercial AD&C
Commercial AD&C
Commercial business
Commercial business
Commercial business
Residential real estate:
Residential real estate:
Residential real estate:
Residential mortgage
Residential mortgage
Residential mortgage
Residential construction
Residential construction
Residential construction
Consumer
Consumer
Consumer
Total non-accrual loans ⁽¹⁾
Total non-accrual loans ⁽¹⁾
Total non-accrual loans ⁽¹⁾
Loans 90 days past due:
Loans 90 days past due:
Loans 90 days past due:
Commercial real estate:
Commercial real estate:
Commercial real estate:
Commercial investor
Commercial investor
Commercial investor
Commercial owner-occupied
Commercial owner-occupied
Commercial owner-occupied
Commercial AD&C
Commercial AD&C
Commercial AD&C
Commercial business
Commercial business
Commercial business
Residential real estate:
Residential real estate:
Residential real estate:
Residential mortgage
Residential mortgage
Residential mortgage
Residential construction
Residential construction
Residential construction
Consumer
Consumer
Consumer

Total 90 days past due loans
Total 90 days past due loans
Total 90 days past due loans
Restructured loans (accruing)
Restructured loans (accruing)
Restructured loans (accruing)
Total non-performing loans ⁽²⁾
Total non-performing loans ⁽²⁾
Total non-performing loans ⁽²⁾
Other real estate owned, net
Other real estate owned, net
Other real estate owned, net
Total non-performing assets
Total non-performing assets
Total non-performing assets
Non-accrual loans to total loans
Non-accrual loans to total loans
Non-accrual loans to total loans
Non-performing loans to total loans
Non-performing loans to total loans
Non-performing loans to total loans
Non-performing assets to total assets
Non-performing assets to total assets
Non-performing assets to total assets
Allowance for credit losses to non-accrual loans
Allowance for credit losses to non-accrual loans
Allowance for credit losses to non-accrual loans
Allowance for credit losses to non-performing loans
Allowance for credit losses to non-performing loans
Allowance for credit losses to non-performing loans

- (1)

Gross interest income that would have been recorded in 2023 2024 if non-accrual loans shown above had been current and in accordance with their original terms was \$2.6 million \$6.4 million. No interest income was accrued on these loans during the year while on non-accrual status. Please see Note 1 - Significant Accounting Policies in the Notes to Consolidated Financial Statements for a description of the Company's policy for placing loans on non-accrual status.
- (2)

Performing loans considered potential problem loans, as defined and identified by management, amounted to \$42.6 million \$103.7 million at December 31, 2023 December 31, 2024. Although these are loans where known information about the borrowers' possible credit problems causes management to have concerns as to the borrowers' ability to comply with the loan repayment terms, most are current as to payment terms, well collateralized and are not believed to present significant risk of loss. Loans classified for regulatory purposes not included in either non-performing or potential problem loans consist only of "other loans especially mentioned" and do not, in management's opinion, represent or result from trends or uncertainties reasonably expected to materially impact future operating results, liquidity or capital resources, or represent material credits where known information about the borrowers' possible credit problems causes management to have doubts as to the borrowers' ability to comply with the loan repayment terms.

Allowance for Credit Losses

The allowance for credit losses represents management's estimate of the portion of our loans' amortized cost basis not expected to be collected over the loans' contractual life. As a part of the credit oversight and review process, we maintain an allowance for credit losses (the "allowance"). The following allowance section should be read in conjunction with the "Allowance for Credit Losses" section in Note 1 – Significant Accounting Policies in the Notes to the Consolidated Financial Statements. Accrued interest receivable is excluded from the measurement of the allowance as the non-accrual policy requires the reversal of any accrued, uncollected interest income when loans are placed on non-accrual status.

The appropriateness of the allowance is determined through ongoing evaluation of the credit portfolio, and involves consideration of a number of factors. Determination of the allowance is inherently subjective and requires significant estimates and assumptions, including consideration of current conditions and economic forecasts, which may be susceptible to significant volatility. The forecasted economic metrics with the greatest impact in order of magnitude were the expected level of business bankruptcies, gross domestic product, the expected future unemployment rate and, to a lesser degree, the commercial real estate price index and residential real estate house price index. The most sensitive assumptions include the length of the forecast and reversion periods, forecast of economic variables and prepayment and curtailment speeds. The amount of expected losses can vary significantly from the amounts actually observed. Loans deemed uncollectible are charged-off against the allowance, while recoveries are credited to the allowance when received. Management adjusts the level of the allowance through the provision for credit losses in the Consolidated Statements of Income.

The provision for credit losses was a charge of \$14.2 million in 2024 compared to a credit of \$17.6 million in 2023 compared to a charge of \$34.4 million in 2022. 2023. The credit to the provision for credit losses for the current period that is directly attributable to the loan portfolio was \$13.9 million \$17.3 million. The current period credit to provision expense also contains an adjustment a credit of \$3.7 million \$3.1 million associated with unfunded loan commitments. The credit to the provision for credit losses for the year ended December 31, 2023 December 31, 2024 was a reflection of the higher individual reserves on our non-accrual loans during the year as non-accrual loan balances increased from \$91.5 million at December 31, 2023 to \$119.1 million at December 31, 2024. The prior year's credit to the provision for credit losses was mainly driven by the improving regional forecasted unemployment rate, observed during the first half of the current year, 2023, and the declining probability of economic recession, partially offset by higher increased individual reserves on our non-accrual loans during the year. The prior year's provision for credit losses was mainly driven by the growth in the loan portfolio, coupled with management's consideration of the potential impact of recessionary pressures that existed during the prior period and other portfolio qualitative metrics.

At December 31, 2023 December 31, 2024, the allowance for credit losses was \$120.9 million \$134.4 million as compared to \$136.2 million \$120.9 million at December 31, 2022 December 31, 2023. The allowance for credit losses as a percent of total loans was 1.16% and 1.06% at December 31, 2024 and 1.20% at December 31, 2023 and December 31, 2022, respectively. The allowance for credit losses represented 132% 113% of non-performing loans at December 31, 2023 December 31, 2024 as compared to 346% 132% at December 31, 2022 December 31, 2023. At December 31, 2023 December 31, 2024 the allowance attributable to the commercial portfolio represented 1.17% 1.29% of total commercial loans while the portion attributable to total combined consumer and mortgage loans was 0.58% 0.60%, compared to 1.30% 1.17% and 0.68% 0.58%, respectively, at December 31, 2022 December 31, 2023. At the end of the current year, with respect to the total commercial portion of the allowance, 51% 47% of this portion is allocated to the investor real estate loan portfolio, resulting in the ratio of the allowance for investor real estate loans to total investor real estate loans of 1.20% 1.21%. A similar ratio with respect to AD&C loans was 0.84% 2.16% and 2.12% 1.84% for commercial business loans at the end of the current year.

The current methodology for assessing the appropriate allowance includes: (1) a collective quantified reserve that reflects our historical default and loss experience adjusted for expected economic conditions over a reasonable and supportable forecast period and the Company's prepayment and curtailment rates, (2) collective qualitative factors that consider the expected impact of certain qualitative factors not fully captured in the collective quantitative reserve, including concentrations of the loan portfolio, expected changes to the economic forecasts, large lending relationships, early delinquencies, and factors related to credit administration, including, among others, loan-to-value ratios, borrowers' risk rating and credit score migrations, and (3) individual allowances on collateral-dependent loans where borrowers are experiencing financial difficulty or where we have determined that foreclosure is probable. At December 31, 2023 December 31, 2024, the impact of the utilization of the historical default and loss experience combined with the reasonable and supportable economic forecast, and impact of the individual reserves on collateral dependent non-accrual loans results resulted in 60% 66% of the total allowance being attributable to quantifiable factors, while 40% 34% of the allowance is attributable to the collective qualitative factors. At the end of the previous year, the utilization of the historical default and loss experience along with the economic forecast and individual reserves resulted in 45% 60% of the total allowance being attributable to quantifiable factors while 55% 40% was attributable to the collective qualitative factors. The shift from 2022 to 2023 An increase in allocations of the allowance between the quantified and qualitative portions from 2023 to 2024 is mainly attributable to higher individual reserves along with the lower concentrations of the loan portfolio within the commercial investor real estate segment coupled with the declining probability of recession observed during the current year.

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The quantified collective portion of the allowance is determined by pooling loans into segments based on the similar risk characteristics of the underlying borrowers, in addition to consideration of collateral type, industry and business purpose of the loans. We selected two collective methodologies, the discounted cash flows expected loss and weighted average remaining life methodologies. Segments utilizing the discounted cash flow method are further sub-segmented based on the risk level (determined either by internal risk ratings or Beacon Scores). Collective calculation methodologies use the Company's historical default and loss experience adjusted for economic forecasts. The reasonable and supportable forecast period represents a two year economic outlook for the applicable economic variables. Following the end of the reasonable and supportable forecast period expected losses revert back to the historical mean over the next two years on a straight-line basis.

Economic variables which have the most significant impact on the allowance include:

- unemployment rate;
- gross domestic product;

- number of business bankruptcies; and
- commercial real estate price index and residential real estate house price index.

The collective quantified component of the allowance is supplemented by a qualitative component to address various risk characteristics of the Company's loan portfolio including:

- trends in early delinquencies and risk rating migrations;
- changes in the risk profile related to large loans in the portfolio;
- concentrations of loans to specific industry segments;
- expected changes in economic conditions;
- changes in the Company's credit administration and loan portfolio management processes; and
- probability of the near-term recession and its impact on estimated losses.

The individual reserve assessment is applied to collateral dependent loans where borrowers are experiencing financial difficulty or when we have determined that foreclosure is probable. The determination of the fair value of the collateral depends on whether a repayment of the loan is expected to be from the sale or the operation of the collateral. When repayment is expected from the operation of the collateral, the present value of expected cash flows from the operation of the collateral is used as the fair value. When repayment of the loan is expected from the sale of the collateral the fair value of the collateral is based on an observable market price or the appraised value less estimated cost to sell. During the individual reserve assessment, management also considers the potential future changes in the value of the collateral over the remainder of the loan's life. The balance of collateral-dependent loans individually assessed for the allowance was \$88.2 million \$117.0 million, with individual allowances of \$24.0 million \$37.5 million against those loans at December 31, 2023 December 31, 2024.

If an updated appraisal is received subsequent to the preliminary determination of an individual allowance or partial charge-off, and it is less than the initial appraisal used in the initial assessment, an additional individual allowance or charge-off is taken on the related credit. Partially charged-off loans are not written back up based on updated appraisals and always remain on non-accrual with any and all subsequent payments first applied to the remaining balance of the loan as principal reductions. No interest income is recognized on loans that have been partially charged-off.

A current appraisal on large loans is usually obtained if the appraisal on file is more than 12 months old and there has been a material change in market conditions, zoning, physical use or the appropriateness of the collateral based on an internal evaluation. The policy is to strictly adhere to regulatory appraisal standards. If an appraisal is ordered, no more than a 30 day turnaround is requested from the appraiser, who is selected by Credit Administration from an approved appraiser list. After receipt of the updated appraisal and completion of the internal review, the assigned credit officer will recommend to the Chief Credit Officer whether an individual allowance or a charge-off should be taken. The Chief Credit Officer has the authority to approve an individual allowance or charge-off between monthly credit committee meetings to ensure that there are no significant time lapses during this process. Our borrowers are concentrated in nine counties in Maryland, three counties in Virginia and in Washington D.C. Commercial and residential mortgages, including home equity loans and lines, represented 87% of total loans at both December 31, 2023 and December 31, 2022. Certain loan terms may create concentrations of credit risk and increase our exposure to loss. These include terms that permit the deferral of principal payments or payments that are smaller than normal interest accruals (negative amortization); loans with high loan-to-value ratios; loans, such as option adjustable-rate mortgages, that may expose the borrower to future increases in repayments that are in excess of increases that would result solely

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would result solely from increases in market interest rates; and interest-only loans. The Company does not make loans that provide for negative amortization or option adjustable-rate mortgages.

The following table presents an allocation of the allowance for credit losses by portfolio as of each period end. The allowance is allocated in the following table to various loan categories based on the methodology used to estimate credit losses; however, the allocation does not restrict the usage of the allowance for any specific loan category.

		December 31,											
(In thousands)	(In thousands)	2023		% of loans to total	2022		% of loans to total	2024		2023		% of loans to total	
		Amount			Amount			Amount		Amount			
Commercial real estate:	Commercial real estate:												
Commercial investor real estate	Commercial investor real estate	\$ 61,439	44.9	44.9 %	\$ 64,737	45.0	45.0 %	\$ 57,717	41.4	\$ 61,439	44.9	44.9 %	

Commercial
owner-
occupied
real estate

Commercial
AD&C

Commercial
business

Total
commercial

Residential
real estate:

Residential mortgage

Residential mortgage

Residential mortgage

Residential
construction

Consumer

Total
residential
and
consumer

Total allowance for credit losses - loans	Total allowance for credit losses - loans	\$120,865	100.0	100.0	%	\$136,242	100.0	100.0	%	Total allowance for credit losses - loans	\$	134,401	100.0	100.0	%	\$120,865	100.0	100.0
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Summary of Credit Loss Experience

The following table presents the activity in the allowance for credit losses on loans for the periods indicated:

		Year Ended December 31,					
(Dollars in thousands)	(Dollars in thousands)	2023	2022	(Dollars in thousands)	2024	2023	
Balance, January 1	Balance, January 1	\$ 136,242	\$ 109,145	Balance, January 1	\$ 120,865	\$ 136,242	
Provision/ (credit) for credit losses - loans							
Provision/ (credit) for credit losses - loans							
Provision/ (credit) for credit losses - loans		(13,894)	26,680		17,255	(13,894)	
Loan charge-offs:							
Commercial real estate:							
Commercial real estate:							
Commercial real estate:							
Commercial investor real estate							
Commercial investor real estate							
Commercial investor real estate		—	—		(401)	—	
Commercial owner-occupied real estate	Commercial owner-occupied real estate	—	—	Commercial owner-occupied real estate			—

Commercial AD&C	Commercial AD&C	—	—	Commercial AD&C	(135)	—
Commercial business	Commercial business	(449)	(716)	Commercial business	(3,481)	(449)
Residential real estate:						
Residential mortgage						
Residential mortgage						
Residential mortgage		(160)	(155)		(50)	(160)
Residential construction	Residential construction	—	—	Residential construction	—	—
Consumer	Consumer	(2,005)	(234)	Consumer	(541)	(2,005)
Total charge-offs	Total charge-offs	(2,614)	(1,105)	Total charge-offs	(4,608)	(2,614)

Loan recoveries:

Commercial real estate:						
Commercial real estate:						
Commercial real estate:						
Commercial investor real estate						
Commercial investor real estate						
Commercial investor real estate		25	320		12	25
Commercial owner-occupied real estate	Commercial owner-occupied real estate	105	49	Commercial owner-occupied real estate	111	105
Commercial AD&C	Commercial AD&C	—	—	Commercial AD&C	353	—
Commercial business	Commercial business	303	799	Commercial business	53	303
Residential real estate:						
Residential mortgage						
Residential mortgage						
Residential mortgage		114	102		59	114
Residential construction	Residential construction	—	8	Residential construction	—	—
Consumer	Consumer	584	244	Consumer	301	584
Total recoveries	Total recoveries	1,131	1,522	Total recoveries	889	1,131
Net (charge-offs)/ recoveries	Net (charge-offs)/ recoveries	(1,483)	417	Net (charge-offs)/ recoveries	(3,719)	(1,483)
Balance, period end	Balance, period end	\$ 120,865	\$ 136,242	Balance, period end	\$ 134,401	\$ 120,865

Net charge-offs to average loans

Net charge-offs to average loans

Net charge-offs to average loans		0.01	%	—	%	0.03	%	0.01	%
Allowance for credit losses on loans to total loans	Allowance for credit losses on loans to total loans	1.06	%	1.20	%	1.16	%	1.06	%

Market Risk Management

Our net income is largely dependent on net interest income. Net interest income is susceptible to interest rate risk to the extent that interest-bearing liabilities mature or re-price on a different basis than interest-earning assets. When interest-bearing liabilities mature or re-price more quickly than interest-earning assets in a given period, a significant increase in market rates of interest could adversely affect net interest income. Similarly, when interest-earning assets mature or re-price more quickly than interest-bearing liabilities, falling interest rates could result in a decrease in net interest income. Net interest income is also affected by changes in the portion of interest-earning assets that are funded by interest-bearing liabilities rather than by other sources of funds, such as noninterest-bearing deposits and stockholders' equity.

Our interest rate risk management goals are (1) to increase net interest income at a growth rate consistent with the growth rate of total assets, and (2) to minimize fluctuations in net interest income as a percentage of interest-earning assets. Management attempts to achieve these goals by balancing, within policy limits, the volume of floating-rate liabilities with a similar volume of floating-rate assets; by keeping the average maturity of fixed-rate asset and liability contracts reasonably matched; by maintaining a pool of administered core deposits; and by adjusting pricing rates to market conditions on a continuing basis.

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Our board of directors has established a comprehensive interest rate risk management policy, which is administered by management's Asset/Liability Committee ("ALCO"). The policy establishes limits on risk, which are quantitative measures of the percentage change in net interest income (a measure of net interest income at risk) and the fair value of equity capital (a measure of economic value of equity or "EVE" at risk) resulting from a hypothetical change in U.S. Treasury interest rates for maturities from one day to thirty years. We measure the potential adverse impacts that changing interest rates may have on its short-term earnings, long-term value, and liquidity by employing simulation analysis through the use of computer modeling. The simulation model captures optional factors such as call features and interest rate caps and floors embedded in investment and loan portfolio contracts. As with any method of gauging interest rate risk, there are certain shortcomings inherent in the interest rate modeling methodology we have applied. When interest rates change, actual movements in different categories of interest-earning assets and interest-bearing liabilities, loan prepayments, and withdrawals of time and other deposits, may deviate significantly from assumptions used in the model. As an example, certain money market deposit accounts are assumed to reprice at 40% to 100% of the interest rate change in each of the up rate shock scenarios even though this is not a contractual requirement. As a practical matter, management would likely lag the impact of any upward movement in market rates on these accounts as a mechanism to manage our net interest margin. Finally, the methodology does not measure or reflect the impact that higher rates may have on adjustable-rate loan customers' ability to service their debts, or the impact of rate changes on demand for loan, lease, and deposit products.

We prepare a current base case and multiple alternative simulations at least once per quarter and reports the analysis to the board of directors. In addition, more frequent forecasts are produced when interest rates are particularly uncertain or when other business conditions so dictate.

Our statement of condition is subject to quarterly testing for eight alternative interest rate shock possibilities to indicate the inherent interest rate risk. Projected interest rates are shocked by +/- 100, 200, 300, and 400 basis points ("bp"), although we may elect not to use particular scenarios that are determined to be impractical in a current rate environment. It is management's goal to structure the balance sheet so that net interest earnings at risk over a twelve-month period and the economic value of equity at risk do not exceed policy guidelines at the various interest rate shock levels.

Measures of net interest income at risk produced by simulation analysis are indicators of an institution's short-term performance in alternative rate environments. These measures are typically based upon a relatively brief period, usually one year. They do not necessarily indicate the long-term prospects or economic value of the institution.

The following table presents estimated changes in net interest income utilizing an instantaneous parallel rate shocks in various interest rate scenarios:

Estimated Changes in Net Interest Income

Change in Interest Rates:	Change in Interest Rates:	+ 400 bp	+ 300 bp	+ 200 bp	+ 100 bp	- 100bp	- 200 bp	- 300bp	- 400bp	Change in Interest Rates:	+ 400 bp	+ 300 bp	+ 200 bp	+ 100 bp	- 100bp	- 200 bp	- 300bp	- 400bp
Policy Limit	Policy Limit	23.50%	17.50%	15.00%	10.00%	15.00%	17.50%	23.50%		Policy Limit	23.50%	17.50%	15.00%	10.00%	15.00%	17.50%	23.50%	
December 31, 2024		(7.78%)	(5.94%)	(4.14%)	(2.42%)	1.35%	4.13%	7.14%	9.25%									
December 31, 2023	December 31, 2023	(2.42%)	(1.71%)	(0.99%)	(0.40%)	1.13%	2.09%	2.84%	3.87%	December 31, 2023	(2.42%)	(1.71%)	(0.99%)	(0.40%)	1.13%	2.09%	2.84%	3.87%
December 31, 2022		1.87%	1.58%	1.29%	0.75%	(0.89%)	(1.75%)	(2.66%)	(4.17%)									

As reflected in the table above, the measures of net interest income at risk at **December 31, 2023** **December 31, 2024** declined in every rising interest rate change scenario and increased in every declining interest rate scenario compared to **December 31, 2022** **December 31, 2023**. The change in the net interest income at risk is the result of an increase in deposit expense due to higher interest rates along with the growing interest-bearing account balances, as well as shorter maturities proportion of the FHLB advances, partially offset by higher income generated from the loan portfolio coupled with higher balances in non-maturity interest bearing liabilities and near term repricing of wholesale liabilities over non-interest bearing deposits with banks, and longer term liabilities as compared to year ended 2023. At **December 31, 2023** **December 31, 2024**, all measures remained well within prescribed policy limits. The table also indicates that should the interest rate environment decline, net interest income would increase as the profile reflects the Bank is liability sensitive.

We augment our quarterly interest rate shock analysis with alternative external interest rate scenarios on a monthly basis. These alternative interest rate scenarios may include parallel rate ramps and non-parallel yield curve twists. If a measure of risk produced by the alternative simulations of the entire statement of condition violates policy guidelines, ALCO is required to develop a plan to restore the measure of risk to a level that complies with policy limits within two quarters.

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The following table presents estimated changes in net interest income utilizing parallel rate ramps in various interest rate scenarios:

Estimated Changes in Net Interest Income

Change in Interest Rates:	Change in Interest Rates:	+ 400 bp	+ 300 bp	+ 200 bp	+ 100 bp	- 100bp	- 200 bp	- 300bp	- 400bp
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Change in Interest Rates:									
Change in Interest Rates:									
December 31, 2024									
December 31, 2024									
December 31, 2024									
December 31, 2023	December 31, 2023	(1.81%)	(1.24%)	(0.68%)	(0.25%)	0.81%	1.54%	2.22%	2.87%
December 31, 2023									
December 31, 2023									

The measures of equity value at risk indicate the ongoing economic value of the Company by considering the effects of changes in interest rates on all of our cash flows, and by discounting the cash flows to estimate the present value of assets and liabilities. The difference between these discounted values of the assets and liabilities is the economic value of equity, which, in theory, approximates the fair value of our net assets.

Estimated Changes in Economic Value of Equity

Change in Interest Rates:	Change in Interest Rates:	+ 400 bp	+ 300 bp	+ 200 bp	+ 100 bp	- 100 bp	- 200 bp	- 300 bp	- 400 bp	Change in Interest Rates:	+ 400 bp	+ 300 bp	+ 200 bp	+ 100 bp	- 100 bp	- 200 bp	- 300 bp	- 400 bp
Policy Limit	Policy Limit	35.00%	25.00%	20.00%	10.00%	20.00%	25.00%	35.00%		Policy Limit	35.00%	25.00%	20.00%	10.00%	20.00%	25.00%	35.00%	
December 31, 2024		(22.56%)	(16.35%)	(10.16%)	(4.55%)	4.27%	8.04%	10.69%	10.40%									
December 31, 2023	December 31, 2023	(24.78%)	(18.31%)	(11.90%)	(5.75%)	5.55%	9.92%	12.93%	12.49%	December 31, 2023	(24.78%)	(18.31%)	(11.90%)	(5.75%)	5.55%	9.92%	12.93%	12.49%
December 31, 2022		(20.78%)	(15.84%)	(10.62%)	(5.32%)	5.13%	10.48%	15.71%	18.74%									

Overall, the measure of the economic value of equity ("EVE") at risk remained relatively stable in most of the rising rate change scenarios from December 31, 2022 to December 31, 2023 to December 31, 2023 to December 31, 2024. The slight increase decrease in EVE at risk is a reflection of the impact of a higher baseline EVE at December 31, 2024 than at December 31, 2023. The higher base EVE value at December 31, 2024, which increased from \$1.6 billion in 2023 to \$1.8 billion in 2024, is a consequence of the earning assets on the Bank's balance sheet coming more into line with current market rates on loan fair values coupled with declining core deposit premium due to a lower balances after the rapid increase in noninterest-bearing deposits rates in 2022 and other lower cost core deposits, offset by more favorable premiums on FHLB advances and borrowings under the Bank Term Funding Program due to the higher market rates, 2023.

Liquidity Management

Liquidity is defined as a financial institution's capacity to meet its cash and collateral obligations. Liquidity is measured by a financial institution's ability to raise funds through loan repayments, maturing investments, deposit growth, borrowed funds, capital and the sale of highly marketable assets such as investment securities and residential mortgage loans. In assessing liquidity, management considers operating requirements, the seasonality of deposit flows, investment, loan and deposit maturities and calls, expected funding of loans and deposit withdrawals, and the market values of available-for-sale investments, so that sufficient funds are available on a short notice to meet obligations as they arise and to ensure that we are able to pursue new business opportunities. Accordingly, management evaluates these metrics on a monthly basis to ensure that policy parameters are adequately addressed. We perform liquidity stress testing at least quarterly which includes systemic and idiosyncratic scenarios. Testing at the end of the fourth quarter of 2023 2024 indicated that the Company demonstrates sufficient liquidity in most severe scenarios. Our liquidity position, considering both internal and external sources available, exceeded anticipated short-term and long-term needs at December 31, 2023 December 31, 2024.

Liquidity is measured using an approach designed to take into account core deposits, in addition to factors already discussed above. Management considers core deposits, defined to include all deposits other than brokered and outsourced deposits, to be a relatively stable funding source. Core deposits, which exclude brokered deposit relationships, equaled 92% 94% of total deposits at December 31, 2023 December 31, 2024. At December 31, 2023 December 31, 2024, contingent liquidity, which consists of available FHLB borrowings fed funds, and funds through the Federal Reserve Bank's discount window, and the Bank Term Funding Program, as well as excess cash and unpledged investment securities totaled \$6.0 billion \$6.3 billion or 162% 147% of uninsured deposits. Although this amount of contingent liquidity does not include any consideration of the held-to-maturity or the available-for-sale investment portfolios, management also considers changes in the liquidity of the investment portfolio due to fluctuations in interest rates when considering total liquidity of the Company. Under this approach, implemented by the Funding and Liquidity Subcommittee of ALCO under formal policy guidelines, our liquidity position is measured weekly, monthly, looking forward at thirty day intervals from 30 to 360 days. The measurement is based upon the projection of funds sold or purchased position, along with ratios and trends developed to measure dependence on purchased funds and core growth. At December 31, 2023 December 31, 2024, our liquidity and funds availability provides it with the requisite flexibility in funding and other liquidity demands.

Our external sources of funds available that can be drawn upon when required are available lines of credit with the FHLB and the Federal Reserve Bank, in addition to the Bank Term Financing Program ("BTF Program"). Bank. At December 31, 2023 December 31, 2024, we had the ability to pledge collateral at prevailing market rates under a line of credit with the FHLB of \$3.6 billion \$3.4 billion. FHLB availability based on pledged collateral at December 31, 2023 December 31, 2024 amounted to \$3.1 billion \$3.2 billion, with \$550.0 million \$250.0 million outstanding against it. The secured lines of

credit at the Federal Reserve Bank and correspondent banks totaled \$651.3 million \$772.3 million, all of which was available for borrowing based on pledged collateral, with no borrowings against it as of December 31, 2023 December 31, 2024. In addition, we have federal funds borrowing capacity under unsecured lines of credit with correspondent banks of \$1.2 billion \$903.0 million with

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no amount outstanding at December 31, 2023. The Company has provided \$309.8 million in collateral under the BTF Program as a contingent funding source, with \$300.0 million in borrowings against it at December 31, 2023 December 31, 2024. Based upon its liquidity analysis, including external sources of liquidity available, management believes the liquidity position was appropriate at December 31, 2023 December 31, 2024.

Bancorp is a separate legal entity from the Bank and must provide for its own liquidity. In addition to its operating expenses, Bancorp is responsible for paying any dividends declared to its common stockholders and interest and principal on outstanding debt. Bancorp's primary source of income is dividends received from the Bank. The amount of dividends that the Bank may declare and pay to Bancorp in any calendar year, without the receipt of prior approval from the Federal Reserve Bank, cannot exceed net income for that year to date plus retained net income (as defined) for the preceding two calendar years. Based on this requirement, as of December 31, 2023 December 31, 2024, the Bank could have declared a dividend dividend of \$213.8 million \$153.8 million to Bancorp. At December 31, 2023 December 31, 2024, Bancorp had liquid assets of \$125.2 million \$99.7 million.

The Company has various contractual obligations that affect its cash flows and liquidity. For information regarding material contractual obligations, please see Market Risk Management previously discussed, and Note 6 - Premises and Equipment, Note 7 - Leases, Note 10 - Borrowings, Note 13 - Pension, Profit Sharing and Other Employee Benefit Plans, Note 18 - Derivatives, Note 19 - Financial Instruments with Off-Balance Sheet Risk, and Note 21 - Fair Value in the Notes to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements

With the exception of the Company's obligations in connection with its irrevocable letters of credit and loan commitments, we have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources, that is material to investors. Arrangements to fund credit products or guarantee financing take the form of loan commitments (including lines of credit on revolving credit structures) and letters of credit. Approval for these arrangements are obtained in the same manner as loans. Generally, cash flows, collateral value and risk assessments are considered when determining the amount and structure of credit arrangements. Commitments to extend credit are agreements to provide financing to a customer with the provision that there are no violations of any condition established in the agreement. Commitments generally have interest rates determined by current market rates, expiration dates or other termination clauses and may require payment of a fee. Lines of credit typically represent unused portions of lines of credit that were provided and remain available as long as customers comply with the requisite contractual conditions. Commitments to extend credit are evaluated, processed and/or renewed regularly on a case by case basis, as part of the credit management process. The total commitment amount or line of credit amounts do not necessarily represent future cash requirements, as it is highly unlikely that all customers would draw on their lines of credit in full at one time. For additional information on off-balance sheet arrangements, please see Note 19 - Financial Instruments with Off-Balance Sheet Risk and Note 10 - Borrowings in the Notes to the Consolidated Financial Statements, and Capital Management above.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

The information required by this item is incorporated by reference to Part II, Item 7 of this report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control Over Financial Reporting

As part of our program to comply with Section 404 of the Sarbanes-Oxley Act of 2002, our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024 (the "Assessment"). In making this Assessment, management used the control criteria framework of the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission published in its report entitled Internal Control— Integrated Framework (2013). Management's Assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Based on this assessment, our management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023 December 31, 2024.

The attestation report by the Company's independent registered public accounting firm, Ernst & Young LLP, on the Company's internal control over financial reporting begins on the following page.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Sandy Spring Bancorp, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Sandy Spring Bancorp, Inc. and subsidiaries' internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Sandy Spring Bancorp, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of condition of the Company as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, and the related notes and our report dated **February 20, 2024** **February 20, 2025** expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, VA
February 20, **2024** **2025**

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Sandy Spring Bancorp, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of condition of Sandy Spring Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2023, December 31, 2024, and 2022, 2023, the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, December 31, 2024 and 2022, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 20, 2024, February 20, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matters matter communicated below are matters is a matter arising from the current period audit of the financial statements that were was communicated or required to be communicated to the audit committee and that: (1) relate relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters matter below, providing a separate opinions opinion on the critical audit matters matter or on the accounts or disclosures to which they relate.

it relates.

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Allowance for credit losses

Description of the Matter

As of ~~December 31, 2023~~ December 31, 2024, the Company's loan portfolio totaled approximately ~~\$11.4 billion~~ \$11.5 billion and the allowance for credit losses was ~~\$120.9 million~~ \$134.4 million. As more fully described in Notes 1 and 5 to the consolidated financial statements, the Company estimates an allowance representing an amount, which, in for credit losses (allowance) represents management's judgment, is appropriate to absorb the current estimate of lifetime expected losses that may be sustained on outstanding loans at the balance sheet date. The Company's methodology for estimating the allowance includes (1) a collective quantified reserve that reflects the Company's historical default and loss experience adjusted for expected economic conditions throughout a reasonable and supportable period, and the Company's prepayment and curtailment rates, followed by a reversion period, (2) collective qualitative factors that consider concentrations of the loan portfolio, expected changes to the economic forecasts, large relationships, early delinquencies, and factors related to credit administration, and (3) individual allowances on certain collateral-dependent loans.

Auditing management's estimate of the allowance involved a high degree of complexity for credit losses was especially challenging and management judgement subjective due to the judgment required in determining the measurement of establishing the qualitative reserve related to concentrations of the loan portfolio.

How We Addressed the Matter in our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls over its allowance, including, among others, controls over the accuracy of data and key allowance inputs such as borrowers' risk ratings, rating, the review of economic forecast data, and management review controls over qualitative factors. Our tests of controls included observation of certain of management committee meetings, at which key management judgements including qualitative factors are subjected to critical challenge, inspection of meeting materials and meeting minutes, and inquiries of key management personnel.

Our audit response included involving EY our specialists to evaluate the conceptual soundness of the comprehensive framework of Company's overall methodology for estimating the allowance, including the qualitative factor related to concentrations of the loan portfolio, in addition to evaluating model methodology calculation methodologies and model performance. To test the qualitative factor related to concentrations of the loan portfolio, we evaluated tested the identification and measurement of the adjustments, including the basis for concluding the adjustments were warranted when considering the model methodology and the historical data inputs used in the adjustments. Additionally, we tested the completeness calculation and accuracy of data used in determining the qualitative reserve, including internal data used to measure portfolio concentrations. We recalculated metrics used by management in the qualitative factor determination. In testing management's measurement of according to the qualitative reserve, we reviewed methodology. We also assessed management's judgments about risk, such as risk in various portfolio concentrations captured in the qualitative factor and evaluated the corroborating or contrary evidence, as appropriate.

We also evaluated the overall allowance amount, inclusive of qualitative factors, and whether the amount appropriately reflects lifetime expected losses in the loan portfolio as of the consolidated balance sheet date. Finally, in this context, we also reviewed a comparison of loss experience estimated by the allowance model during the year to the Company's actual performed searches for contrary evidence, which included reviewing historical loss experience and underlying macroeconomic conditions and forecast, data, peer-bank allowance coverage ratios metrics and subsequent event information and considered to determine whether it corroborated this information supported or contradicted the Company's overall estimate of the allowance.

Goodwill Impairment Analysis

Description of the Matter

At December 31, 2023, the Company's goodwill was \$363.4 million recorded across two reporting units, of which \$331.7 million related to the community banking reporting unit. As more fully described in Notes 1 and 8 of the consolidated financial statements, goodwill is tested for impairment at least annually at the reporting unit level by comparing the fair value of the reporting unit to its carrying value. Management used a combination of market and income valuation approaches to estimate fair value. The income approach includes a discounted cash flow analysis (DCF) to calculate the fair value of the reporting unit. Management engaged a third-party valuation specialist to assist with its impairment analysis. The Company performed its annual impairment testing in the fourth quarter of 2023 and determined there was no impairment to its goodwill.

Auditing the annual goodwill impairment test for the community banking reporting unit was especially challenging and highly judgmental due to the estimation uncertainty involved in determining the fair value of the reporting unit and narrower margin by which the reporting unit's fair value exceeded its carrying value relative to the other reporting unit. The fair value estimate and resulting goodwill impairment determination are sensitive to significant assumptions including prospective financial information (PFI) and the discount rate. The projection of the net interest margin which drives return on average assets is the most significant input to the financial projections of the community banking reporting unit.

How We Addressed the Matter in our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the internal controls over the Company's PFI forecasting process and management's goodwill impairment assessment process, including controls over the estimation of the discount rate.

To test management's annual goodwill impairment assessment for the community banking reporting unit, we evaluated certain of management's PFI assumptions against historical performance (e.g., trend analysis), current industry and economic trends and analyst projections. We also evaluated the consistency of the PFI by comparing the projections to other analyses used within the organization and inquiries performed of senior management regarding strategic plans for the reporting unit. We compared prior year forecasts to current year actual performance, as well as fourth quarter 2023 forecasts to actual fourth quarter 2023 results. We performed sensitivity analyses related to the significant assumptions to evaluate the change in the fair value of the reporting unit resulting from changes in the assumptions.

Our audit response included involving EY valuation specialists who assisted in assessing the Company's DCF methodology, testing of the significant assumptions, including testing the Company's discount rate estimate, developing an independent estimate fair value range for the community banking reporting unit and comparing the result to the Company's fair value point estimate, and evaluating the total fair value of the Company's reporting units through comparison to the Company's market capitalization and analysis of the resulting control premium.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

Tysons, VA
February 20, 2024 2025

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SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands)	(Dollars in thousands)	December 31, 2023	December 31, 2022	(Dollars in thousands)	December 31, 2024	December 31, 2023
Assets						
Cash and due from banks						
Cash and due from banks						
Cash and due from banks						
Federal funds sold						
Interest-bearing deposits with banks						
Cash and cash equivalents						
Residential mortgage loans held for sale (at fair value)						
Investments held-to-maturity, at cost (fair value of \$200,411 and \$220,123, respectively)						
SBA loans held for sale						
Investments held-to-maturity, at cost (fair value of \$177,854 and \$200,411, respectively)						

Investments available-for-sale (at fair value)
Other investments, at cost
Total loans
Total loans held for investment
Less: allowance for credit losses - loans
Net loans
Premises and equipment, net
Other real estate owned
Accrued interest receivable
Goodwill
Other intangible assets, net
Other assets
Total assets
Liabilities
Liabilities
Liabilities
Noninterest-bearing deposits
Noninterest-bearing deposits
Noninterest-bearing deposits
Interest-bearing deposits
Total deposits
Federal funds purchased
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings
Securities sold under retail repurchase agreements
Advances from FHLB
Subordinated debt
Total borrowings
Accrued interest payable and other liabilities
Total liabilities
Stockholders' equity
Stockholders' equity
Stockholders' equity
Common stock -- par value \$1.00; shares authorized 100,000,000; shares issued and outstanding
Common stock -- par value \$1.00; shares authorized 100,000,000; shares issued and outstanding
Common stock -- par value \$1.00; shares authorized 100,000,000; shares issued and outstanding
44,913,561 and 44,657,054 at December 31, 2023 and 2022, respectively
44,913,561 and 44,657,054 at December 31, 2023 and 2022, respectively
44,913,561 and 44,657,054 at December 31, 2023 and 2022, respectively
45,140,417 and 44,913,561 at December 31, 2024 and 2023, respectively
45,140,417 and 44,913,561 at December 31, 2024 and 2023, respectively
45,140,417 and 44,913,561 at December 31, 2024 and 2023, respectively
Additional paid-in capital
Retained earnings
Accumulated other comprehensive loss
Total stockholders' equity
Total liabilities and stockholders' equity

The accompanying notes are an integral part of these financial statements

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,	
(Dollars in thousands, except per share data)	(Dollars in thousands, except per share data)			(Dollars in thousands, except per share data)				
	2023	2022	2021		2024	2023	2022	
Interest income:								
Interest and fees on loans								
Interest and fees on loans								
Interest and fees on loans								
Interest on loans held for sale								
Interest on mortgage loans held for sale								
Interest on SBA loans held for sale								
Interest on deposits with banks								
Interest and dividend income on investment securities:								
Taxable								
Taxable								
Taxable								
Tax-advantaged								
Interest on federal funds sold								
Total interest income								
Interest expense:								
Interest on deposits								
Interest on deposits								
Interest on deposits								
Interest on retail repurchase agreements and federal funds purchased								
Interest on advances from FHLB								
Interest on subordinated debt								
Total interest expense								
Net interest income								
Provision/ (credit) for credit losses								
Net interest income after provision/ (credit) for credit losses								
Non-interest income:								
Investment securities gains/ (losses)								
Investment securities gains/ (losses)								
Investment securities gains/ (losses)								
Investment securities losses								
Investment securities losses								
Investment securities losses								
Gain on disposal of assets								
Service charges on deposit accounts								
Mortgage banking activities								
Wealth management income								
Insurance agency commissions								
Income from bank owned life insurance								
Bank card fees								
Other income								

Total non-interest income
Non-interest expense:
Salaries and employee benefits
Salaries and employee benefits
Salaries and employee benefits
Occupancy expense of premises
Equipment expenses
Marketing
Outside data services
FDIC insurance
Amortization of intangible assets
Merger, acquisition and disposal expense
Professional fees and services
Goodwill impairment loss
Other expenses
Total non-interest expense
Income before income tax expense
Income tax expense
Net income
Net income per common share amounts:
Net income per common share amounts:
Net income per common share amounts:
Basic net income per common share
Basic net income per common share
Basic net income per common share
Diluted net income per common share
Dividends declared per share

The accompanying notes are an integral part of these financial statements

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SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Year Ended December 31,		
	2023	2022	2021
Net income	\$ 122,844	\$ 166,299	\$ 235,107
Other comprehensive income/ (loss):			
Investments available-for-sale:			
Net change in unrealized gains/ (losses) on investments available-for-sale	34,167	(152,196)	(38,104)
Related income tax (expense)/ benefit	(8,823)	38,762	9,751
Net investment (gains)/ losses reclassified into earnings	—	345	(212)
Related income tax expense/ (benefit)	—	(88)	54
Net effect on other comprehensive income/ (loss)	25,344	(113,177)	(28,511)
Investments held-to-maturity:			
Net change in unrealized loss	1,726	(14,003)	—
Related income tax expense/ (benefit)	(452)	3,567	—
Net effect on other comprehensive income/ (loss)	1,274	(10,436)	—

Defined benefit pension plan:			
Net change in unrealized losses	10,737	294	1,687
Related income tax benefit	(2,735)	(93)	(420)
Net effect on other comprehensive income/ (loss)	8,002	201	1,267
Total other comprehensive income/ (loss)	34,620	(123,412)	(27,244)
Comprehensive income	\$ 157,464	\$ 42,887	\$ 207,863

The accompanying notes are an integral part of these financial statements

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/ (Loss)	Total Stockholders' Equity
<i>(Dollars in thousands, except per share data)</i>					
Balances at January 1, 2021	\$ 47,057	\$ 846,922	\$ 557,271	\$ 18,705	\$ 1,469,955
Net income	—	—	235,107	—	235,107
Other comprehensive loss, net of tax	—	—	—	(27,244)	(27,244)
Total other comprehensive income					207,863
Common stock dividends \$1.28 per share	—	—	(60,351)	—	(60,351)
Stock compensation expense	—	5,299	—	—	5,299
Common stock issued pursuant to:					
Stock option plan - 270,297 shares	270	3,424	—	—	3,694
Employee stock purchase plan - 60,018 shares	60	2,004	—	—	2,064
Restricted stock vesting, net of tax withholding - 81,838 shares	82	(1,659)	—	—	(1,577)
Repurchase of common stock - 2,350,000 shares	(2,350)	(104,918)	—	—	(107,268)
Balances at December 31, 2021	45,119	751,072	732,027	(8,539)	1,519,679
Net income	—	—	166,299	—	166,299
Other comprehensive loss, net of tax	—	—	—	(123,412)	(123,412)
Total other comprehensive income					42,887
Common stock dividends \$1.36 per share	—	—	(61,537)	—	(61,537)
Stock compensation expense	—	7,887	—	—	7,887
Common stock issued pursuant to:					
Stock option plan - 14,278 shares	14	279	—	—	293
Employee stock purchase plan - 43,837 shares	44	1,685	—	—	1,729
Restricted stock vesting, net of tax withholding - 105,719 shares	105	(2,288)	—	—	(2,183)
Repurchase of common stock - 625,710 shares	(625)	(24,362)	—	—	(24,987)
Balances at December 31, 2022	44,657	734,273	836,789	(131,951)	1,483,768
Net income	—	—	122,844	—	122,844
Other comprehensive income, net of tax	—	—	—	34,620	34,620
Total other comprehensive income					157,464
Common stock dividends \$1.36 per share	—	—	(61,317)	—	(61,317)
Stock compensation expense	—	7,631	—	—	7,631
Common stock issued pursuant to:					
Stock option plan - 59,150 shares	59	658	—	—	717

Employee stock purchase plan - 64,502 shares	65	1,475	—	—	1,540
Restricted stock vesting, net of tax withholding - 132,855 shares	133	(1,794)	—	—	(1,661)
Balances at December 31, 2023	\$ 44,914	\$ 742,243	\$ 898,316	\$ (97,331)	\$ 1,588,142

(In thousands)	Year Ended December 31,		
	2024	2023	2022
Net income	\$ 19,935	\$ 122,844	\$ 166,299
Other comprehensive income/ (loss):			
Investments available-for-sale:			
Net change in unrealized gains/ (losses) on investments available-for-sale	4,600	34,167	(152,196)
Related income tax (expense)/ benefit	(1,046)	(8,823)	38,762
Net investment losses reclassified into earnings	—	—	345
Related income tax benefit	—	—	(88)
Net effect on other comprehensive income/ (loss)	3,554	25,344	(113,177)
Investments held-to-maturity:			
Net change in unrealized loss	1,498	1,726	(14,003)
Related income tax expense/ (benefit)	(368)	(452)	3,567
Net effect on other comprehensive income/ (loss)	1,130	1,274	(10,436)
Defined benefit pension plan:			
Net change in unrealized losses	—	10,737	294
Related income tax benefit	—	(2,735)	(93)
Net effect on other comprehensive income/ (loss)	—	8,002	201
Total other comprehensive income/ (loss)	4,684	34,620	(123,412)
Comprehensive income	\$ 24,619	\$ 157,464	\$ 42,887

The accompanying notes are an integral part of these financial statements

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/ (Loss)	Total Stockholders' Equity
(Dollars in thousands, except per share data)					
Balances at January 1, 2022	\$ 45,119	\$ 751,072	\$ 732,027	\$ (8,539)	\$ 1,519,679
Net income	—	—	166,299	—	166,299
Other comprehensive loss, net of tax	—	—	—	(123,412)	(123,412)
Total other comprehensive income	—	—	—	—	42,887
Common stock dividends \$1.36 per share	—	—	(61,537)	—	(61,537)
Stock compensation expense	—	7,887	—	—	7,887
Common stock issued pursuant to:					
Stock option plan - 14,278 shares	14	279	—	—	293
Employee stock purchase plan - 43,837 shares	44	1,685	—	—	1,729
Restricted stock vesting, net of tax withholding - 105,719 shares	105	(2,288)	—	—	(2,183)

Repurchase of common stock - 625,710 shares	(625)	(24,362)	—	—	(24,987)
Balances at December 31, 2022	44,657	734,273	836,789	(131,951)	1,483,768
Net income	—	—	122,844	—	122,844
Other comprehensive income, net of tax	—	—	—	34,620	34,620
Total other comprehensive income					157,464
Common stock dividends \$1.36 per share	—	—	(61,317)	—	(61,317)
Stock compensation expense	—	7,631	—	—	7,631
Common stock issued pursuant to:					
Stock option plan - 59,150 shares	59	658	—	—	717
Employee stock purchase plan - 64,502 shares	65	1,475	—	—	1,540
Restricted stock vesting, net of tax withholding - 132,855 shares	133	(1,794)	—	—	(1,661)
Balances at December 31, 2023	44,914	742,243	898,316	(97,331)	1,588,142
Net income	—	—	19,935	—	19,935
Other comprehensive income, net of tax	—	—	—	4,684	4,684
Total other comprehensive income					24,619
Common stock dividends \$1.36 per share	—	—	(61,638)	—	(61,638)
Stock compensation expense	—	9,044	—	—	9,044
Common stock issued pursuant to:					
Stock option plan - 11,950 shares	12	119	—	—	131
Employee stock purchase plan - 59,724 shares	59	1,234	—	—	1,293
Restricted stock vesting, net of tax withholding - 155,182 shares	155	(3,735)	—	—	(3,580)
Balances at December 31, 2024	\$ 45,140	\$ 748,905	\$ 856,613	\$ (92,647)	\$ 1,558,011

The accompanying notes are an integral part of these financial statements

SANDY SPRING BANCORP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,
	(Dollars in thousands)	2023	2022	(Dollars in thousands)	2024	2023	2022
Operating activities:							
Net income							
Net income							
Net income							
Adjustments to reconcile net income to net cash provided by operating activities							
Depreciation and amortization							
Depreciation and amortization							
Depreciation and amortization							
Provision/ (credit) for credit losses							
Share based compensation expense							
Goodwill impairment loss							
Gain on disposal of assets							
Deferred income tax / (benefit)							
Origination of loans held for sale							

Proceeds from sales of loans held for sale
Gains on sales of loans held for sale
Origination of mortgage loans held for sale
Proceeds from sales of mortgage loans held for sale
Gains on sales of mortgage loans held for sale
Origination of SBA loans held for sale
Proceeds from sales of SBA loans held for sale
Gains on sales of SBA loans held for sale
(Gains)/ losses on sale of other real estate owned
Investment securities (gains)/ losses
Tax benefit associated with share based compensation
Tax benefit associated with share based compensation
Tax benefit associated with share based compensation
Net (increase)/ decrease in accrued interest receivable
Net increase in other assets
Net increase/ (decrease) accrued expenses and other liabilities
Other, net
Net cash provided by operating activities
Investing activities:
Sales/ (purchases) of other investments
Sales/ (purchases) of other investments
Sales/ (purchases) of other investments
Purchases of investments available-for-sale
Proceeds from sales of investment available-for-sale
Proceeds from maturities, calls and principal payments of investments available-for-sale
Proceeds from maturities, calls and principal payments of investments held-to-maturity
Proceeds from maturities, calls and principal payments of investments held-to-maturity
Proceeds from maturities, calls and principal payments of investments held-to-maturity
Net (increase)/ decrease in loans
Proceeds from the sales of other real estate owned
Proceeds from sale of business activity, net
Expenditures for premises and equipment
Expenditures for premises and equipment
Expenditures for premises and equipment
Net cash provided by/ (used in) investing activities
Financing activities:
Net increase in deposits
Net increase in deposits
Net increase in deposits
Net increase/ (decrease) in retail repurchase agreements, federal funds purchased and Federal Reserve Bank borrowings
Proceeds from FHLB advances
Repayment of FHLB advances
Proceeds from issuance of subordinated debt
Retirement of subordinated debt
Proceeds from issuance of common stock
Proceeds from issuance of common stock
Proceeds from issuance of common stock
Stock tendered for payment of withholding taxes
Repurchase of common stock
Dividends paid

Net cash provided by/ (used in) financing activities
Net cash provided by financing activities
Net increase/ (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of year
Cash and cash equivalents at end of year
Supplemental Disclosures:
Supplemental Disclosures:
Supplemental Disclosures:
Interest payments
Interest payments
Interest payments
Income tax payments, net of refunds of \$0, \$966 and \$2,673 in 2023, 2022 and 2021
Income tax payments, net of refunds of \$2, \$0 and \$966 in 2024, 2023 and 2022
Transfers from loans to other real estate owned
Transfers from loans to other real estate owned
Transfers from loans to other real estate owned

The accompanying notes are an integral part of these financial statements

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SANDY SPRING BANCORP, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Sandy Spring Bancorp, Inc. ("Bancorp" or, together with its subsidiaries, the "Company"), a Maryland corporation, is the bank holding company for Sandy Spring Bank (the "Bank"). Independent and community-oriented, the Bank offers a broad range of commercial banking, retail banking, mortgage services and trust services throughout central Maryland, northern Virginia, and the greater Washington, D.C. market. The Bank also offers a comprehensive menu of wealth management services through its subsidiaries, West Financial Services, Inc. ("West Financial") and SSB Wealth Management, Inc. (d/b/a Rembert Pendleton Jackson, "RPJ").

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP") and prevailing practices within the financial services industry for financial information. The following summary of significant accounting policies of the Company is presented to assist the reader in understanding the financial and other data presented in this report. Certain prior period amounts have been reclassified to conform to the current period presentation. Such reclassifications had no impact on the Company's net income and shareholders' equity. The Company has evaluated subsequent events through the date of the issuance of its financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Sandy Spring Bank and its subsidiaries. Consolidation has resulted in the elimination of all significant intercompany accounts and transactions.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, in addition to affecting the reported amounts of revenues earned and expenses incurred during the reporting period. Actual results could differ from those estimates. Estimates that could change significantly relate to the provision for credit losses and the related allowance, potential impairment of goodwill or other intangible assets, valuation of investment securities and the determination of whether available-for-sale debt securities with fair values less than amortized costs are impaired and require an allowance for credit losses, valuation of other real estate owned, valuation of share based compensation, the assessment that a liability should be recognized with respect to any matters under litigation, and the calculation of current and deferred income taxes, and the actuarial projections related to pension expense and the related liability, taxes.

Assets Under Management

Assets held for others under fiduciary and agency relationships are not assets of the Company or its subsidiaries and are not included in the accompanying Consolidated Statements of Condition. Trust department income and investment management fees are presented on an accrual basis.

Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks, federal funds sold and interest-bearing deposits with banks (items with an original maturity of three months or less).

Revenue from Contracts with Customers

The Company's revenue includes net interest income on financial instruments and non-interest income. Specific categories of revenue are presented in the Consolidated Statements of Income. Most of the Company's revenue is not within the scope of Accounting Standard Codification ("ASC") 606 – *Revenue from Contracts with Customers*. For revenue within the scope of ASC 606, the Company provides services to customers and has related performance obligations. The revenue from such services is recognized upon satisfaction of all contractual performance obligations. The following discusses key revenue streams within the scope of revenue recognition guidance.

West Financial and RPJ provide comprehensive investment management and financial planning services. Wealth management income is comprised of income for providing trust, estate and investment management services. Trust services include acting as a trustee for corporate or personal trusts. Investment management services include investment management, record-keeping and reporting of security portfolios. Fees for these services are recognized based on a contractually-agreed fixed percentage applied to net assets under management at the end of each reporting period. The Company does not charge/recognize any performance-based fees.

Prior to the sale of its assets in June 2022, Sandy Spring Insurance Corporation performed the function of an insurance intermediary by introducing the policyholder and insurer and was compensated by a commission fee for placement of an insurance policy. Sandy Spring Insurance did not provide any captive management services or any claim handling services. Commission fees were set as a percentage of the premium for the insurance policy for which Sandy Spring Insurance was a producer. Sandy Spring Insurance recognized revenue when the insurance policy was contractually agreed to by the insurer and policyholder (at transaction date).

Service charges on deposit accounts are earned on depository accounts for consumer and commercial account holders and include fees for account and overdraft services. Account services include fees for event-driven services and periodic account maintenance activities. An obligation for event-driven services is satisfied at the time of the event when service is delivered and revenue recognized as earned. Obligation for maintenance activities is satisfied over the course of each month and revenue is recognized at month end. The overdraft services obligation is satisfied at the time of the overdraft and revenue is recognized as earned.

Residential Mortgage Loans Held for Sale

The Company engages in sales of residential mortgage loans originated by the Bank. Loans held for sale are carried at fair value. Fair value is derived from secondary market quotations for similar instruments. The Company measures residential mortgage loans at fair value when the Company first recognizes the loan (i.e., the fair value option). Changes in fair value of these loans are recorded in earnings as a component of mortgage banking activities in non-interest income in the Consolidated Statements of Income. The Company's current practice is to sell the majority of such loans on a servicing released basis. Any retained servicing assets are amortized in proportion to their net servicing fee income over the life of the respective loans. Servicing assets are evaluated for impairment on a periodic basis.

Investments Held-to-maturity

Debt securities that are purchased with the positive intent and ability to be held until their maturity are classified as held-to-maturity ("HTM"). HTM debt securities are recorded at cost adjusted for amortization of premiums and accretion of discounts. Transfers of debt securities from available-for-sale ("AFS") category to HTM category are made at fair value as of the transfer date. The unrealized gain or loss at the date of transfer continues to be reported in accumulated other comprehensive income and in the carrying amount of the HTM securities. Both amounts are amortized over the remaining life of the security as a yield adjustment in interest income and effectively offset each other.

Investments Available-for-Sale

Debt securities not classified as held-to-maturity or trading are classified as securities available-for-sale. Securities available-for-sale are acquired as part of the Company's asset/liability management strategy and may be sold in response to changes in interest rates, loan demand, changes in prepayment risk or other factors. Securities available-for-sale are carried at fair value, with unrealized gains or losses based on the difference between amortized cost and fair value, reported net of deferred tax, as accumulated other comprehensive income/ (loss), a separate component of stockholders' equity. The amortized cost of securities available-for-sale are adjusted for premium amortization and discount accretion. Premium is amortized to the earliest call date and discount accreted to the maturity date using the effective interest method. Realized gains and losses on security sales or maturities, using the specific identification method, are included as a separate component of non-interest income. Related interest and dividend income are included in interest income. Declines in the fair value of individual available-for-sale securities below their amortized cost due to credit-related factors are recognized as an allowance for credit losses. Credit-related factors affecting the determination of whether impairment has occurred include a downgrading of the security below investment grade by a rating agency or due to potential default, a significant deterioration in the financial condition of the issuer, increase in entity-specific credit spreads. Additionally, on any available-for-sale securities with unrealized losses, the Company evaluates its intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in fair value.

Other Investments

Equity securities include Federal Reserve Bank stock, Federal Home Loan Bank of Atlanta ("FHLB") stock and other equities that are considered restricted as to marketability and recorded at cost. As these securities do not have readily available market values, they are carried at cost and adjusted for any necessary impairments each reporting period.

Loan Financing Receivables

The Company's financing receivables consist primarily of loans that are stated at their principal balance outstanding, net of any unearned income, acquisition fair value marks and deferred loan origination fees and costs. Interest income on loans is accrued at the contractual rate based on the principal balance outstanding. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

Loans are considered past due or delinquent when the principal or interest due in accordance with the contractual terms of the loan agreement or any portion thereof remains unpaid after the due date of the scheduled payment. Immaterial shortfalls in payment amounts do not necessarily result in a loan being considered delinquent or past due. If any payments are past due and subsequent payments are resumed without payment of the delinquent amount, the loan shall continue to be considered past due. Whenever any loan is reported delinquent on a principal or interest payment or portion thereof, the amount reported as delinquent is the outstanding principal balance of the loan.

Loans, except for consumer installment loans, are placed into non-accrual status when any portion of the loan principal or interest becomes 90 days past due. Management may determine that certain circumstances warrant earlier discontinuance of interest accruals on specific loans if an evaluation of other relevant factors (such as bankruptcy, interruption of cash flows, etc.) indicates collection of amounts contractually due is unlikely. These loans are considered, collectively, to be non-performing loans. Consumer installment loans

that are not secured by real estate are not placed on non-accrual, but are charged down to their net realizable value when they are four months past due. Loans designated as non-accrual have all previously accrued but unpaid interest reversed. Interest income is not recognized on non-accrual loans. All payments received on non-accrual loans are applied using a cost-recovery method to reduce the outstanding principal balance until the loan returns to accrual status. Loans may be returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

On January 1, 2023, the Company adopted provisions of ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)", which eliminated accounting guidance for troubled debt restructurings ("TDRs") by creditors and expanded disclosures about modifications. Prior to the effective adoption date, the Company considered loans to be TDRs if their terms were restructured (e.g., interest rates, loan maturity date, payment and amortization period, etc.) in circumstances that provided a payment concession to a borrower experiencing financial difficulty. Loans could be removed from a TDR category if the borrower no longer experienced financial difficulty, a re-underwriting event took place, and the revised loan terms of the subsequent restructuring agreement were considered to be consistent with terms that could be obtained in the market for loans with comparable credit risk. Subsequent to the effective adoption date of ASU 2022-02, the Company continues to offer modifications to certain borrowers experiencing financial difficulty, mainly in the form of interest rate concessions or term extensions, without classifying and accounting for them as TDRs.

Allowance for Credit Losses

The allowance for credit losses ("allowance" or "ACL") represents an amount which, in management's judgment, reflects the lifetime expected losses that may be sustained on outstanding loans at the balance sheet date based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of future economic conditions and prepayment experience. The allowance is measured and recorded upon the initial recognition of a financial asset. The allowance is reduced by charge-offs, net of recoveries of previous losses, and is increased or decreased by a provision or credit for credit losses, which is recorded as a current period expense.

Determination of the appropriateness of the allowance is inherently complex and requires the use of significant and highly subjective estimates. The reasonableness of the allowance is reviewed by the Risk Committee of the Board of Directors and formally approved quarterly by that same committee of the Board.

The Company's methodology for estimating the allowance includes: (1) a collective quantified reserve that reflects the Company's historical default and loss experience adjusted for expected economic conditions throughout a **two year** reasonable and supportable **period, followed by a two year reversion** period, and the Company's prepayment and curtailment rates; (2) collective qualitative factors that consider the expected impact of certain factors not fully captured in the collective quantified reserve, including concentrations of the loan portfolio, expected changes to the economic forecasts, large relationships, early delinquencies, and factors related to credit administration, including, among others, loan-to-value ratios, borrowers' risk rating and credit score migrations; and (3) individual allowances on collateral-dependent loans where borrowers are experiencing financial difficulty or when the Company determines that the foreclosure is probable. The Company excludes accrued interest from the measurement of the allowance as the Company has a non-accrual policy to reverse any accrued, uncollected interest income as loans are moved to non-accrual status.

Loans are pooled into segments based on the similar risk characteristics of the underlying borrowers, in addition to consideration of collateral type, industry and business purpose of the loans. Portfolio segments used to estimate the allowance are the same as portfolio segments used for general credit risk management purposes. Refer to Note 4 for more details on the Company's portfolio segments.

The Company applies two calculation methodologies to estimate the collective quantified component of the allowance: **discounted cash flows expected loss** method and weighted average remaining life method. Allowance estimates on commercial acquisition, development and construction ("AD&C") and residential construction segments are based on the weighted average remaining life method. Allowance estimates on all other portfolio segments are based on the **discounted cash flows expected loss** method. **Segments utilizing the discounted cash flows method are further sub-segmented into risk level pools, determined either by risk rating for commercial loans or Beacon Scores ranges for residential and consumer loans. To better manage risk and reasonably determine the sufficiency of reserves, this segregation allows the Company to monitor the allowance component applicable to higher risk loans separate from the remainder of the portfolio.** Collective calculation methodologies utilize the Company's historical default and loss experience adjusted for future economic forecasts. The reasonable and supportable forecast period represents a two-year economic outlook for the applicable economic variables. Following the end of the reasonable and supportable forecast period expected losses revert back to the historical mean over the next two years on a straight-line basis. Economic variables that have the most significant impact on the allowance include: unemployment rate, **gross domestic product, commercial real estate price index, residential real estate** house price index and business bankruptcies. Contractual loan level cash flows within the **discounted cash flows expected loss** methodology are adjusted for the Company's historical prepayment and curtailment rate experience.

The individual reserve assessment is applied to collateral dependent loans where borrowers are experiencing financial difficulty or when the Company determines that a foreclosure is probable. The determination of the fair value of the collateral depends on whether a repayment of the loan is expected to be from the sale or the operation of the collateral. When a repayment is expected from the operation of the collateral, the Company uses the present value of expected cash flows from the operation of the collateral as the fair value. When the repayment of the loan is expected from the sale of the collateral the fair value of the collateral is based on an observable market price or the collateral's appraised value, less estimated costs to sell. Third-party appraisals used in the individual reserve assessment are conducted at least annually with underlying assumptions that are reviewed by management. Third-party appraisals may be obtained on a more frequent basis if deemed necessary. Internal evaluations of collateral value are conducted quarterly to ensure any further deterioration of the collateral value is recognized on a timely basis. During the individual reserve assessment, management also considers the potential future changes in the value of the collateral over the remainder of the loan's remaining life. The Company may receive updated appraisals which contradict the preliminary determination of fair value used to establish an individual allowance on a loan. In these instances the individual allowance is adjusted to reflect the Company's evaluation of the updated appraised fair value. In the event a loss was previously confirmed and the loan was charged down to the estimated fair value based on a previous appraisal, the balance of partially charged-off loans are not subsequently increased, but could be further decreased depending on the direction of the change in fair value. Payments on fully or partially charged-off loans are accounted for under the cost-recovery method. Under this method, all payments received are applied on a cash basis to reduce the entire outstanding principal balance, then to recognize a recovery of all previously charged-off amounts before any interest income may be recognized. Based on the individual reserve assessment, if the Company determines that the fair value of the collateral is less than the amortized cost basis of the loan, an individual allowance will be established measured as the difference between the fair value of the collateral (less costs to sell) and the amortized cost basis of the loan. Once a loss has been confirmed, the loan is charged-down to its estimated fair value.

Large groups of smaller non-accrual homogeneous loans are not individually evaluated for allowance and include residential permanent and construction mortgages and consumer installment loans. These portfolios are reserved for on a collective basis using historical loss rates of similar loans over the weighted average life of each pool.

Unfunded lending commitments are reviewed to determine if they are considered unconditionally cancellable. The Company establishes reserves for unfunded commitments that do not meet that criteria as a liability in the Consolidated Statements of Condition. Changes to the liability are recorded through the provision for credit losses in the Consolidated Statements of Income. The establishment of the reserves for unfunded commitments considers both the likelihood that the funding will occur and an estimate of the expected credit losses over the life of the respective commitments.

Management believes it uses relevant information available to make determinations about the allowance for credit losses and the reserve for unfunded commitments and that it has established both reserves in accordance with GAAP. However, the determination of the allowance requires significant judgment, and estimates of expected lifetime losses in the loan portfolio can vary significantly from the amounts actually observed. While management uses available information to recognize expected losses, future additions to the allowance may be necessary based on changes in the loans comprising the portfolio, changes in the current and forecasted economic conditions, changes to the interest rate environment which may directly impact prepayment and curtailment rate assumptions, and changes in the financial condition of borrowers.

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization, computed using the straight-line method. Premises and equipment are depreciated over the useful lives of the assets, which generally range from 3 to 10 years for furniture, fixtures and equipment, 3 to 5 years for computer software and hardware, and 10 to 40 years for buildings and building improvements. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful lives of the improvements. The costs of major renewals and betterments are capitalized, while the costs of ordinary maintenance and repairs are included in non-interest expense.

Leases

The Company determines if an arrangement is a lease at inception. All of the Company's leases are currently classified as operating leases and are included in other assets and other liabilities on the Company's Consolidated Statements of Condition. Periodic operating lease costs are recorded in occupancy expenses of premises on the Company's Consolidated Statements of Income.

Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease arrangements. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the expected future lease payments over the remaining lease term. In determining the present value of future lease payments, the Company uses its incremental borrowing rate based on the information available at the lease commencement date. The operating ROU assets are adjusted for any lease payments made at or before the lease commencement date, initial direct costs, any lease incentives received and, for acquired leases, any favorable or unfavorable fair value adjustments. The present value of the lease liability may include the impact of options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options provided in the lease terms. Lease expense is recognized on a straight-line basis over the expected lease term. Lease agreements that include lease and non-lease components, such as common area maintenance charges, are accounted for separately.

Segment Reporting

Operating segments are components of a business about which separate financial information is available and evaluated regularly by the Chief Executive Officer, who is the designated chief operating decision maker, in deciding how to allocate resources and assessing performance. The Bank is the Company's only reportable operating segment upon which management makes decisions regarding how to allocate resources and assess performance. While the Company's chief operating decision maker has some limited financial information about its various financial products and services, that information is not complete since it does not include a full allocation of revenue, costs, and capital from key corporate functions; therefore, the Company evaluates financial performance on a company-wide basis. Management continues to evaluate the Company's business units for separate reporting as facts and circumstances change.

The Company's single reportable segment, the Bank, includes revenues from interest income from financial instruments and non-interest income, which include wealth management and service charges on deposit accounts. Segment performance is evaluated using net income that is also reported on the Consolidated Statement of Income. The measure of segment assets is reported on the Consolidated Statements of Condition as total assets. The chief operating decision maker evaluates the financial performance of the Company's segment using net income to monitor budget versus actual results and in determination of allocating resources. The Company does not have intra-entity sales or transfers.

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price paid over the fair value of the net assets acquired in a business combination. Goodwill is not amortized but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Impairment testing requires that the fair value of each of the Company's reporting units be compared to the carrying amount of the reporting unit's net assets, including goodwill. The Company's reporting units were identified based upon an analysis of each of its individual operating segments. If the fair values of the reporting units exceed their book values, no write-down of recorded goodwill is required. If the fair value of a reporting unit is less than book value, an expense may be required to write-down the related goodwill to the proper carrying value. Any impairment would be realized through a reduction of goodwill or the intangible and an offsetting charge to non-interest expense.

Accounting current accounting guidance provides the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company assesses qualitative factors on a quarterly basis. Based on the assessment of these qualitative factors, if it is determined that it is more likely than not that the fair value of a reporting unit is not less than remains in excess of the carrying value, then performing the a quantitative impairment process test is not necessary. However, if it is determined that it is more likely than not that the carrying value exceeds the fair value, a quantified quantitative analysis is required to determine whether an impairment exists.

Other intangible assets represent purchased assets that lack physical substance but can be distinguished from goodwill because of contractual or other legal rights and capitalized development, implementation, and license costs of internal-use licensed software. Other intangible assets have finite lives and are reviewed for impairment annually. The amortization of internal-use licensed software begins when a module or a component of a licensed software is ready for its intended use. Other intangible assets are amortized over their estimated useful lives either on a straight-line or sum-of-the-years basis over varying periods that initially do not exceed 15 years.

Annually, the Company performs an impairment test of goodwill as of October 1 of each year. As of October 1, 2023, the Company's annual goodwill impairment assessment date, the Company performed an impairment test for its two reporting units: Community Banking and Investment Management. The results of the 2023 annual goodwill impairment test for the two reporting units, which included both qualitative and quantitative assessments, indicated that the estimated fair value of each reporting unit exceeded its carrying amount and

that the goodwill assigned to the Community Banking reporting unit may be at risk of impairment in future periods. The Company provided detailed disclosures regarding the 2023 impairment analysis and the results of the testing in its annual financial statements for the year ended December 31, 2023 in its 2023 Annual Report on Form 10-K. In addition to the annual impairment testing process, on a quarterly basis, the Company monitors each reporting unit for any triggering events and performs qualitative assessments of impairment indicators.

During the current year, 2024, management performed both quarterly qualitative assessments and an annual quantitative impairment test. In the annual quantitative impairment test, the Agreement and Plan of Merger ("Merger Agreement") with Atlantic Union Bankshares Corporation ("Atlantic Union") entered by the Company on October 21, 2024 was used as a result the most accurate market data point to evaluate the fair value of the economic uncertainty and increased market volatility resulting from the rising interest rate environment, reporting units. The Company's annual impairment test of goodwill using the transaction terms from the Merger Agreement resulted in an implied deal value of \$1,574.4 million. Compared to the book value of equity of \$1,628.8 million as of October 1, 2024, a goodwill impairment charge of \$54.4 million was recorded. Management allocated the entire goodwill impairment charge to the Community Banking reporting unit based on the immaterial size of the Investment Management reporting unit relative to the Consolidated Bancorp for both asset and other intangible assets did not identify equity. Finally, management further evaluated any impairment. Additionally, the Company determined that there were no potential triggering events and as a result no evidence between the date of impairment between the annual impairment test and December 31, 2023, December 31, 2024, concluding that no such events occurred.

Other intangible assets have finite lives and are reviewed for impairment annually. These assets are amortized over their estimated useful lives on a straight-line or sum-of-the-years basis over varying periods that initially did not exceed 15 years. Intangible assets are reviewed or analyzed periodically to determine if it appears that their value has diminished beyond the value in the financial statements. The review of the intangible assets did not indicate that any impairment occurred during 2024.

Other Real Estate Owned

OREO is comprised of properties acquired in partial or total satisfaction of problem loans. The properties are recorded at fair value less estimated costs of disposal, on the date acquired or on the date that the Company acquires effective control over the property. Gains or losses arising at the time of acquisition of such properties are charged against the allowance for credit losses. During the holding period OREO continues to be measured at lower of cost or fair value less estimated costs of disposal, and any subsequent declines in value are expensed as incurred. Gains and losses realized from the sale of OREO, as well as valuation adjustments and expenses of operation are included in non-interest expense.

Derivative Financial Instruments

Derivative Loan Commitments

Mortgage loan commitments are derivative loan commitments if the loan that will result from exercise of the commitment will be held for sale upon funding. Derivative loan commitments are recognized at fair value in the Consolidated Statements of Condition in other assets or other liabilities with changes in their fair values recorded as a component of mortgage banking activities in the Consolidated Statements of Income.

Mortgage loan commitments are issued to borrowers. Subsequent to commitment date, changes in the fair value of the loan commitment are recognized based on changes in the fair value of the underlying mortgage loan due to interest rate changes, changes in the probability the derivative loan commitment will be exercised, and the passage of time. In estimating fair value, a probability is assigned to a loan commitment based on an expectation that it will be exercised and the loan will be funded.

Forward Loan Sale Commitments

Loan sales agreements are evaluated to determine whether they meet the definition of a derivative as facts and circumstances may differ significantly. If agreements qualify, to protect against the price risk inherent in derivative loan commitments, the Company utilizes both "mandatory delivery" and "best efforts" forward loan sale commitments to mitigate the risk of potential decreases in the values of loans that would result from the exercise of the derivative loan commitments. Mandatory delivery contracts are accounted for as derivative instruments. Generally, best efforts contracts also meet the definition of derivative instruments after the loan to the borrower has closed. Accordingly, forward loan sale commitments that economically hedge the closed loan inventory are recognized at fair value in the Consolidated Statements of Condition in other assets or other liabilities with changes in their fair values recorded as a component of mortgage banking activities in the Consolidated Statements of Income. The Company estimates the fair value of its forward loan sales commitments using a methodology similar to that used for derivative loan commitments.

Interest Rate Swap Agreements

The Company enters into interest rate swaps ("swaps") with commercial loan customers to provide a facility to mitigate the fluctuations in the variable rate on the respective loans. These swaps are matched in exact offsetting terms to swaps that the Company enters into with an outside third party. The swaps are reported at fair value in other assets or other liabilities in the Consolidated Statements of Condition. The Company's swaps qualify as derivatives, but are not designated as hedging instruments, thus any net gain or loss resulting from changes in the fair value is recognized in other non-interest income in the Consolidated Statements of Income. Further discussion of the Company's financial derivatives is set forth in Note 18.

Off-Balance Sheet Credit Risk

The Company issues financial or standby letters of credit that represent conditional commitments to fund transactions by the Company, typically to guarantee performance of a customer to a third-party related to borrowing arrangements. The credit risk associated with issuing letters of credit is essentially the same as occurs when extending loan facilities to borrowers. The Company monitors the exposure to the letters of credit as part of its credit review process. Extensions of letters of credit, if any, would become part of the loan balance outstanding and would be evaluated in accordance with the Company's credit policies. Potential exposure to loss for unfunded letters of credit if deemed necessary would be recorded in other liabilities in the Consolidated Statements of Condition.

In the ordinary course of business the Company originates and sells whole loans to a variety of investors. Mortgage loans sold are subject to representations and warranties made to the third-party purchasers regarding certain attributes. Subsequent to the sale, if a material underwriting deficiency or documentation defect is determined, the Company may be obligated to repurchase the mortgage loan or reimburse the investor for losses incurred if the deficiency or defect cannot be rectified within a specific period subsequent to discovery. The Company monitors the activity regarding the requirement to repurchase loans and the associated losses incurred. This information is applied to determine an estimated recourse reserve that is recorded in other liabilities in the Consolidated Statements of Condition.

Valuation of Long-Lived Assets

The Company reviews long-lived assets, including leases, and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the cost or the fair value, less costs to sell.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right or from providing more than a trivial benefit to the transferor) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through any agreement to repurchase or redeem them before their maturity or likely cause a holder to return those assets whether through unilateral ability or a price so favorable to the transferee that it is probable that the transferee will require the transferor to repurchase them. A participating interest must be in an entire financial asset and cannot represent an interest in a group of financial assets. Except for compensation paid for services performed, all cash flows from the asset are allocated to the participating interest holders in proportion to their share of ownership. Financial assets obtained or liabilities incurred in a sale are recognized and initially measured at fair value.

Advertising Costs

Advertising costs are expensed as incurred and included as marketing expense in non-interest expenses in the Consolidated Statements of Income.

Net Income per Common Share

The Company calculates earnings per common share under the two class method, which provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the dual class method. The Company has determined that its outstanding non-vested restricted stock awards are participating securities.

Under the two class method, basic earnings per common share is computed by dividing net earnings allocated to common shareholders by the weighted average number of common shares outstanding during the applicable period, which excludes outstanding participating securities. Diluted earnings per common share is computed using the weighted average number of common shares determined for the basic earnings per common share computation plus the dilutive effect of incremental stock options and restricted stock.

Income Taxes

Income tax expense is based on the results of operations, adjusted for permanent differences between items of income or expense reported in the financial statements and those reported for tax purposes. Deferred income tax assets and liabilities are determined using the liability method. Under the liability method, deferred income taxes are determined based on the differences between the financial statement carrying amounts and the income tax bases of assets and liabilities and are measured at the enacted tax rates that will be in effect when these differences reverse. The effects of the enactment of the new tax law are accounted for under the existing authoritative guidance.

The Company's policy is to recognize interest and penalties on income taxes in other non-interest expense in the Consolidated Statements of Income.

Adopted Accounting Pronouncements

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326)", which eliminated the accounting guidance on TDRs and amended the guidance on "vintage disclosures" to require disclosure of current period gross charge-offs by year of origination. The ASU also added enhanced disclosures for creditors with respect to loan refinancing and restructurings for borrowers experiencing financial difficulty. The objective of the disclosures was to provide information about the type and magnitude of modifications and the degree of their success in mitigating potential credit losses. The Company fully adopted this update effective January 1, 2023 on a prospective basis. The adoption of this pronouncement did not have a material impact on the Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848)". This ASU provided temporary, optional guidance to ease the potential burden in accounting for, or recognizing the effects of, the transition away from the London Interbank Offered Rate ("LIBOR") or other reference rate expected to be discontinued on financial reporting. The standard was elective and provided optional expedients and exceptions for applying GAAP to contracts, hedging relationships, or other transactions that reference LIBOR, or another reference rate expected to be discontinued. The amendments in the update were effective for all entities between March 12, 2020 and December 31, 2022. In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848): Scope". This ASU refines the scope of Topic 848 and addresses questions about whether Topic 848 can be applied to derivative instruments that do not reference a rate that is expected to be discontinued, but that use an interest rate for margining, discounting or contract price alignment that is expected to be modified as a result of reference rate reform. ASU 2021-01 is effective upon issuance through December 31, 2024, and can be adopted at any time during this period. The Company has not offered LIBOR for any new contracts since 2021. The Company has identified all known LIBOR exposures, created a plan to address the exposures, and continues to communicate with all stakeholders in order to facilitate the transition to an alternative reference rate. The adoption did not have a material impact on the Company's Consolidated Financial Statements.

Pending Accounting Pronouncements applicable to the Company

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Entities must adopt this ASU on a retrospective basis. Early adoption is permitted. Currently, the Company does not expect that the adoption of this standard will have a material impact on its Consolidated Financial Statements.

In March 2023, the FASB issued ASU 2023-02, "Investments—Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method". ASU 2023-02 allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. The amendment in this ASU also remove removes the specialized guidance for low-income-housing tax credit investments that are not accounted for using the proportional amortization method and instead require that those LIHTC investments be accounted for using the guidance in other GAAP. The amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The adoption of this pronouncement did not have a material impact on the Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. The ASU is effective for fiscal years beginning after December 15, 2023 and

interim periods within fiscal years beginning after December 15, 2024. Entities must adopt this ASU on a retrospective basis. The Company fully adopted this update beginning 2024 fiscal year. The adoption did not have a material impact on its Consolidated Financial Statements.

Pending Accounting Pronouncements applicable to the Company

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expenses Disaggregation Disclosures (Subtopic 220-40). ASU 2024-03 requires disaggregated disclosure of income statement expenses for public business entities. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The adoption of this pronouncement is not expected to have a material impact on the Consolidated Financial Statements, Statements and accompanying footnotes.

NOTE 2 – CASH AND DUE FROM BANKS

The Federal Reserve Act requires that banks maintain cash reserve balances with the Federal Reserve Bank based principally on the type and amount of their deposits. At its option, the Company maintains additional balances to compensate for clearing and safekeeping services. The average balance maintained in 2024 was \$488.5 million and in 2023 was \$429.2 million and in 2022 was \$185.6 million.

NOTE 3 – INVESTMENTS

Investments available-for-sale and held-to-maturity

During 2022, the Company transferred certain debt securities from available-for-sale to held-to-maturity. The total amortized cost of debt securities transferred was \$305.6 million with the associated fair value of \$289.4 million and unrealized losses of \$16.2 million at the date of transfer. All of these investments are either issued by a direct governmental entity or a government-sponsored entity and have no historical evidence supporting expected credit losses. Therefore, the Company has estimated these losses at zero and will monitor this assumption in the future for any economic or governmental policies that could affect this assumption. There were no additional transfers of debt securities from available-for-sale to held-to-maturity during 2023.

The amortized cost and estimated fair values of investments available-for-sale and held-to-maturity at December 31 are presented in the following table:

2023										2022									
2024										2023									
	(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	
Available-for-sale debt securities																			
U.S. treasuries and government agencies																			
U.S. treasuries and government agencies																			
U.S. treasuries and government agencies																			
State and municipal																			
Mortgage-backed and asset-backed																			
Total available-for-sale debt securities																			
Total available-for-sale debt securities																			
Total available-for-sale debt securities																			
Held-to-maturity debt securities:																			
Mortgage-backed and asset-backed																			
Mortgage-backed and asset-backed																			
Mortgage-backed and asset-backed																			

Total held-to-
maturity
debt
securities
Total debt
securities

Any unrealized losses in the U.S. treasuries and government agencies, state and municipal, mortgage-backed and asset-backed available-for-sale debt securities at December 31, 2023 December 31, 2024 are due to changes in interest rates and not credit-related events. As such, no allowance for credit losses is required at December 31, 2023 December 31, 2024. Unrealized losses on available-for-sale debt securities are expected to recover over time as these securities approach maturity. The Company does not intend to sell, nor is it more likely than not it will be required to sell, these securities and has sufficient liquidity to hold these securities for an adequate period of time, which may be maturity, to allow for any anticipated recovery in fair value.

All held-to-maturity investments are either issued by a direct governmental entity or a government-sponsored entity and have no historical evidence supporting expected credit losses. Therefore, the Company has estimated these losses at zero and will monitor this assumption in the future for any economic or governmental policies that could affect this assumption.

The available-for-sale and held-to-maturity mortgage-backed and asset-backed securities portfolio at December 31, 2023 December 31, 2024 is composed entirely of either the most senior tranches of GNMA, FNMA or FHLMC collateralized mortgage obligations (\$441.2 505.1 million), GNMA, FNMA or FHLMC mortgage-backed securities (\$562.7 557.6 million) and SBA asset-backed securities (\$39.9 41.2 million).

Accrued interest receivable on investment securities totaled \$5.3 million at December 31, 2024 and \$5.4 million at December 31, 2023, and is excluded from the amortized cost and fair value of the securities.

Gross unrealized losses and fair values by length of time that individual available-for-sale securities have been in an unrealized loss position at December 31 are presented in the following tables:

(Dollars in thousands)	December 31, 2023								December 31, 2024							
	(Dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or More		Total		(Dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or More		Total	
			Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses			Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasuries and government agencies																
State and municipal																
Mortgage-backed and asset-backed																
Total																
Total																
Total																

(Dollars in thousands)	December 31, 2022								December 31, 2023							
	(Dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or More		Total		(Dollars in thousands)	Number of Securities	Less Than 12 Months		12 Months or More		Total	
			Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses			Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasuries and government agencies																
State and municipal																
Mortgage-backed and asset-backed																
Total																

The Company has allocated mortgage-backed and asset-backed securities into the four maturity groupings reflected in the following table using the expected average life of the individual securities based on statistics provided by independent third-party industry sources. Expected maturities will differ from contractual maturities as borrowers may have the right to prepay obligations with or without prepayment penalties.

The estimated fair values and amortized costs of available-for-sale and held-to-maturity debt securities by contractual maturity at December 31 are provided in the following table:

	December 31, 2023
	December 31, 2023
	December 31, 2023
	December 31, 2024
	December 31, 2024
	December 31, 2024

(In thousands)

(In thousands)

(In thousands)

U.S. treasuries and government agencies:
U.S. treasuries and government agencies:
U.S. treasuries and government agencies:
One year or less
One year or less
One year or less
One to five years
One to five years
One to five years
Five to ten years
Five to ten years
Five to ten years
After ten years
After ten years
After ten years
State and municipal:
State and municipal:
State and municipal:
One year or less
One year or less
One year or less
One to five years
One to five years
One to five years
Five to ten years
Five to ten years
Five to ten years
After ten years
After ten years
After ten years
Mortgage-backed and asset-backed:
Mortgage-backed and asset-backed:
Mortgage-backed and asset-backed:
One year or less
One year or less
One year or less
One to five years
One to five years
One to five years
Five to ten years
Five to ten years
Five to ten years

After ten years
After ten years
After ten years

Total available-for-sale debt securities

Total available-for-sale debt securities

Total available-for-sale debt securities

December 31, 2023						December 31, 2022					
December 31, 2024						December 31, 2023					
(In thousands)	(In thousands)	Fair Value	Amortized Cost	Fair Value	Amortized Cost	(In thousands)	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Held-to-maturity debt securities											
Mortgage-backed and asset-backed:											
Mortgage-backed and asset-backed:											
Mortgage-backed and asset-backed:											
One year or less											
One year or less											
One year or less											
One to five years											
Five to ten years											
After ten years											
Total held-to-maturity debt securities											

At December 31, 2023, December 31, 2024 and 2022, 2023, available-for-sale and held-to-maturity debt securities with a book value of \$729.0 million, \$468.9 million and \$533.9 million, respectively, were pledged as collateral for certain government deposits and for other purposes as required or permitted by law. The outstanding balance of no single issuer, except for U.S. government agency securities, exceeded ten percent of stockholders' equity at December 31, 2023, December 31, 2024 and 2022, 2023.

Other Investments

Other investments are presented in the following table:

(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Federal Reserve Bank stock, at cost						
Federal Home Loan Bank of Atlanta stock, at cost						
Other						
Total other investments, at cost						

Investment securities gains/ (losses)

Gross realized gains and losses on all investments for the years ended December 31 are presented in the following table:

(In thousands)	(In thousands)	2023	2022	2021	(In thousands)	2024	2023	2022
Gross realized gains from sales of investments available-for-sale								
Gross realized losses from sales of investments available-for-sale								
Net gains from calls of investments available-for-sale								
Net investment securities gains/ (losses)								
Net investment securities gains/ (losses)								
Net investment securities gains/ (losses)								
Net investment securities losses								
Net investment securities losses								
Net investment securities losses								

NOTE 4 – LOANS

The lending business of the Company is based on understanding, measuring and controlling the credit risk inherent in the loan portfolio. The Company's loan portfolio is subject to varying degrees of credit risk. Credit risk entails both general risks, which are inherent in the process of lending, and risk specific to individual borrowers. The Company's credit risk is mitigated through portfolio diversification, which limits exposure to any single customer, industry or collateral type.

Outstanding loan balances at December 31, 2023, December 31, 2024 and 2022, 2023 are net of unearned income, including net deferred loan fees of \$7.0 million, \$5.8 million and \$10.5 million, respectively.

The loan portfolio segment balances at December 31 are presented in the following table:

(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Commercial real estate:						
Commercial investor real estate						
Commercial investor real estate						
Commercial investor real estate						
Commercial owner-occupied real estate						
Commercial AD&C						
Commercial business						
Total commercial loans						
Residential real estate:						
Residential mortgage						
Residential mortgage						
Residential mortgage						
Residential construction						
Consumer						
Total residential and consumer loans						
Total loans						

Portfolio Segments

The Company currently manages its credit products and the respective exposure to credit losses (credit risk) by the following specific portfolio segments which are levels at which the Company develops and documents its systematic methodology to determine the allowance for credit losses attributable to each respective portfolio segment. These segments are:

- Commercial investor real estate loans** - Commercial investor real estate loans consist of loans secured by nonowner-occupied properties where an established banking relationship exists and involves investment properties for warehouse, retail, and office space with a history of occupancy and cash flow. This commercial investor real estate category contains mortgage loans to the developers and owners of commercial real estate where the borrower intends to operate or sell the property at a profit and use the income stream or proceeds from the sale(s) to repay the loan.
- Commercial owner-occupied real estate loans** - Commercial owner-occupied real estate loans consist of commercial mortgage loans secured by owner-occupied properties where an established banking relationship exists and involves a variety of property types to conduct the borrower's operations. The decision to extend a loan is based upon the borrower's financial health and the ability of the borrower and the business to repay. The primary source of repayment for this type of loan is the cash flow from the operations of the business.
- Commercial acquisition, development and construction loans** - Commercial acquisition, development and construction loans are intended to finance the construction of commercial properties and include loans for the acquisition and development of land. Construction loans represent a higher degree of risk than permanent real estate loans and may be affected by a variety of additional factors such as the borrower's ability to control costs and adhere to time schedules and the risk that constructed units may not be absorbed by the market within the anticipated time frame or at the anticipated price. The loan commitment on these loans often includes an interest reserve that allows the lender to periodically advance loan funds to pay interest charges on the outstanding balance of the loan.
- Commercial business loans** - Commercial business loans are made to provide funds for equipment and general corporate needs. Repayment of a loan primarily comes from the funds obtained from the operation of the borrower's business. Commercial business loans also include lines of credit that are utilized to finance a borrower's short-term credit needs and/or to finance a percentage of eligible receivables and inventory.
- Residential mortgage loans** - The residential mortgage loans category contains permanent mortgage loans principally to consumers secured by residential real estate. Residential real estate loans are evaluated for the adequacy of repayment sources at the time of approval, based upon measures including credit scores, debt-to-income ratios, and collateral values. Loans may be either conforming or non-conforming.
- Residential construction loans** - The Company makes residential construction loans generally to provide interim financing on residential property during the construction period. Borrowers are typically individuals who will ultimately occupy the single-family dwelling. Loan funds are disbursed periodically as pre-specified stages of completion are attained based upon site inspections.
- Consumer loans** - This category of loans includes primarily home equity loans and lines, installment loans, personal lines of credit, and other loans. The home equity category consists mainly of revolving lines of credit to consumers which are secured by residential real estate. These loans are typically secured with second mortgages on the homes. Other consumer loans include installment loans used by customers to purchase automobiles, boats and recreational vehicles.

Loans to Related Parties

Certain directors and executive officers have loan transactions with the Company. The following schedule summarizes changes in amounts of loans outstanding, both direct and indirect, to these persons during the periods indicated:

(In thousands)

(In thousands)

(In thousands)

Balance at January 1
Balance at January 1
Balance at January 1
Additions
Additions
Additions
Repayments
Repayments
Repayments
Balance at December 31
Balance at December 31
Balance at December 31

NOTE 5 – CREDIT QUALITY ASSESSMENT

Allowance for Credit Losses - Loans

Summary information on the allowance for credit loss activity for the years ended December 31 is provided in the following table:

(In thousands)

(In thousands)

2023

2022

2021

(In thousands)

2024

2023

2022

Balance at beginning of year
Provision/ (credit) for credit losses - loans
Provision/ (credit) for credit losses - loans
Provision/ (credit) for credit losses - loans
Loans charge-offs
Loans recoveries
Net (charge-offs)/ recoveries
Balance at period end

The following table provides summary information regarding collateral dependent loans individually evaluated for credit loss at the dates indicated:

(In thousands)

(In thousands)

2023

2022

(In thousands)

2024

2023

Collateral dependent loans individually evaluated for credit loss with an allowance
Collateral dependent loans individually evaluated for credit loss without an allowance
Total individually evaluated collateral dependent loans
Allowance for credit losses related to loans evaluated individually
Allowance for credit losses related to loans evaluated individually
Allowance for credit losses related to loans evaluated individually
Allowance for credit losses related to loans evaluated collectively
Total allowance for credit losses - loans

The following tables provide information on the activity in the allowance for credit losses by the respective loan portfolio segment for the years ended December 31:

	2023	2024
Commercial Real Estate		

(In thousands)

(In thousands)

(In thousands)

Balance as of
December 31,
2022

Balance as of
December 31,
2023

Provision/ (credit) for
credit losses - loans

Provision/ (credit) for
credit losses - loans

Provision/ (credit) for
credit losses - loans

Charge-offs

Recoveries

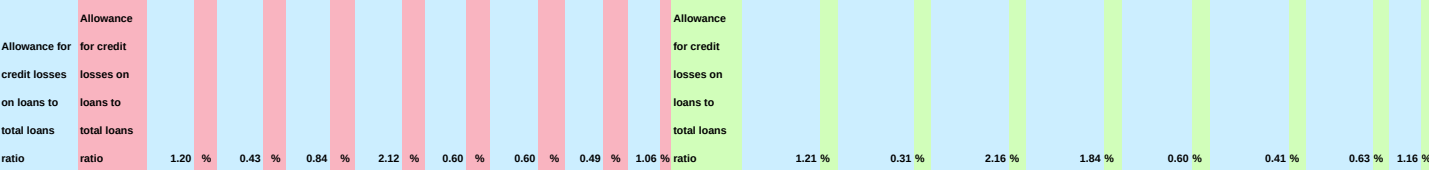
Net
(charge-
offs)/
recoveries

Balance at
end of period

Total loans

Total loans

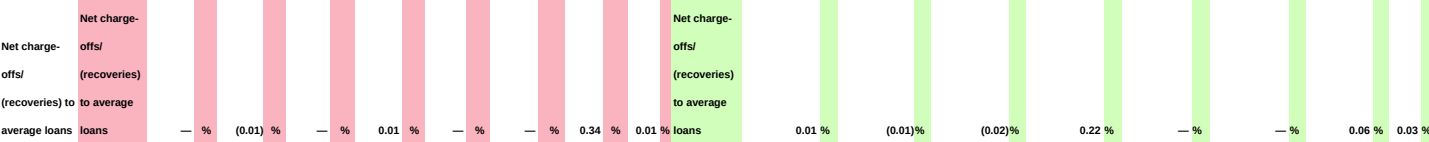
Total loans



Average loans

Average loans

Average loans



Balance of loans
individually evaluated for
credit loss

Balance of loans
individually evaluated for
credit loss

Balance of loans
individually evaluated for
credit loss

Allowance
related to
loans
evaluated
individually



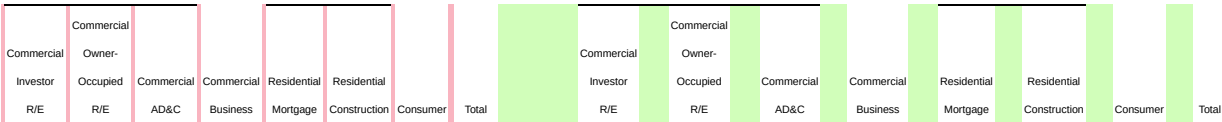
(In thousands)

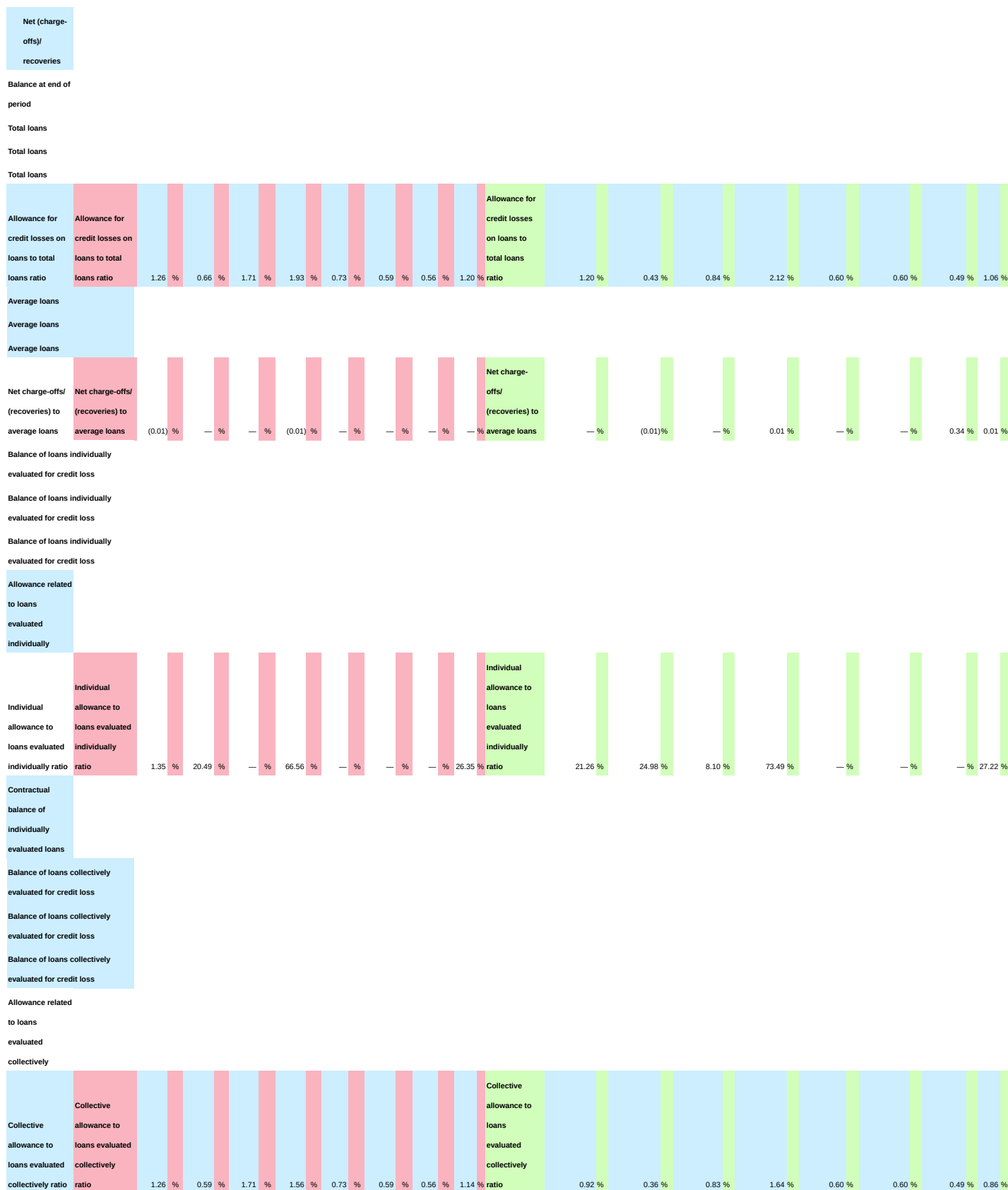
(In thousands)

(In thousands)

Balance as of December 31, 2021
Balance as of December 31, 2022

Provision/ (credit) for credit losses - loans
Provision/ (credit) for credit losses - loans
Provision/ (credit) for credit losses - loans
Charge-offs
Recoveries





The following table presents average principal balance of total non-accrual loans and contractual interest due on non-accrual loans for the periods indicated below:

	2023			2024	
	Commercial Real Estate	Commercial Real Estate	Residential Real Estate	Commercial Real Estate	Residential Real Estate
(In thousands)				Total	Total
Average non-accrual loans for the period					
Average non-accrual loans for the period					
Average non-accrual loans for the period					
Contractual interest income due on non-accrual loans during the period					

	2022			2023	
	Commercial Real Estate	Commercial Real Estate	Residential Real Estate	Commercial Real Estate	Residential Real Estate
(In thousands)				Total	Total
Average non-accrual loans for the period					
Average non-accrual loans for the period					
Average non-accrual loans for the period					
Contractual interest income due on non-accrual loans during the period					

There was no interest income recognized on non-accrual loans during the year ended **December 31, 2023** **December 31, 2024**. See Note 1 for additional information on the Company's policies for non-accrual loans. Loans designated as non-accrual have all previously accrued but unpaid interest reversed from interest income. During the year ended **December 31, 2023** **December 31, 2024**, new loans placed on non-accrual status totaled **\$81.9** **\$51.0** million and the related amount of reversed uncollected accrued interest was **\$1.1 million** **\$1.4 million**.

Credit Quality

The following tables provide information on the credit quality of the loan portfolio by segment at December 31 for the years indicated:

	2023								2024							
	Commercial Real Estate															
(In thousands)																
(In thousands)																
(In thousands)	Commercial Investor R/E	Commercial Owner-Occupied R/E	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total	Commercial Investor R/E	Commercial Owner-Occupied R/E	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total
Analysis of non-accrual loan activity:																
Balance at beginning of period																
Balance at beginning of period																
Balance at beginning of period																
Loans placed on non-accrual																
Loans placed on non-accrual																
Loans placed on non-accrual																
Non-accrual balances transferred to OREO																
Non-accrual balances charged-off																
Net payments or draws																
Non-accrual loans brought current																
Balance at end of period																

(In thousands)

(In thousands)

	Commercial Investor	Commercial Owner- R/E Occupied	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total	Commercial Investor	Commercial Owner- R/E Occupied	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total
(In thousands)																
Analysis of non-accrual loan activity:																
Balance at beginning of period																
Balance at beginning of period																
Balance at beginning of period																
Loans placed on non-accrual																
Loans placed on non-accrual																
Loans placed on non-accrual																
Non-accrual balances transferred to OREO																
Non-accrual balances charged-off																
Net payments or draws																
Non-accrual loans brought current																
Balance at end of period																

	2023								2024							
	Commercial Real Estate															
(In thousands)																
(In thousands)																
	Commercial Investor R/E	Commercial Owner- R/E Occupied	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total	Commercial Investor R/E	Commercial Owner- R/E Occupied	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total
(In thousands)																
Performing loans:																
Current																
Current																
Current																
30-59 days																
60-89 days																
Total performing loans																
Non-performing loans:																
Non-accrual loans																
Non-accrual loans																
Non-accrual loans																
Loans greater than 90 days past due																
Restructured loans																
Total non-performing loans																
Total loans																

(In thousands)

(In thousands)

	Commercial Investor R/E	Commercial Owner- Occupied R/E	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total	Commercial Investor R/E	Commercial Owner- Occupied R/E	Commercial AD&C	Commercial Business	Residential Mortgage	Residential Construction	Consumer	Total
<i>(In thousands)</i>																
Performing loans:																
Current																
Current																
Current																
30-59 days																
60-89 days																
Total performing loans																
Non-performing loans:																
Non-accrual loans																
Non-accrual loans																
Non-accrual loans																
Loans greater than 90 days past due																
Restructured loans																
Total non-performing loans																
Total loans																

The credit quality indicators for commercial loans are developed through review of individual borrowers on an ongoing basis. Each borrower is evaluated at least annually with more frequent evaluation of more severely criticized loans. The indicators represent the rating for loans as of the date presented is based on the most recent credit review performed. These credit quality indicators are defined as follows:

Pass - A pass rated credit is not adversely classified because it does not display any of the characteristics for adverse classification.

Special mention - A special mention credit has potential weaknesses that deserve management's close attention. If uncorrected, such weaknesses may result in deterioration of the repayment prospects or collateral position at some future date. Special mention assets are not adversely classified and do not warrant adverse classification.

Substandard - A substandard loan is inadequately protected by the current net worth and payment capacity of the obligor or of the collateral pledged, if any. Loans classified as substandard generally have a well-defined weakness, or weaknesses, that jeopardize the liquidation of the debt. These loans are characterized by the distinct possibility of loss if the deficiencies are not corrected.

Doubtful - A loan that is classified as doubtful has all the weaknesses inherent in a loan classified as substandard with added characteristics that the weaknesses make collection or liquidation in full highly questionable and improbable, on the basis of currently existing facts, conditions and values.

Loss – Loans classified as a loss are considered uncollectible and of such little value that their continuing to be carried as a loan is not warranted. This classification is not necessarily equivalent to no potential for recovery or salvage value, but rather that it is not appropriate to defer a full write-off even though partial recovery may be effected in the future.

The following tables provide information about credit quality indicators by the year of origination:

		2023						2024									
		Term Loans by Origination					Revolving	Term Loans by Origination					Revolving				
		Year						Year									
<i>(In thousands)</i>	<i>(In thousands)</i>	2023	2022	2021	2020	2019	Prior	<i>(In thousands)</i>	2024	2023	2022	2021	2020	Prior	Loans	Total	
Commercial Investor	Commercial Investor																
Commercial Investor R/E:	R/E:																
Pass																	
Special Mention																	
Substandard																	
Doubtful																	
Total																	
Current period gross charge-offs																	
Commercial Owner-Occupied R/E:																	
Commercial Owner-Occupied R/E:																	

Commercial Owner-Occupied R/E:
Pass
Pass
Pass
Special Mention
Substandard
Doubtful
Total
Current period gross charge-offs
Commercial AD&C:
Commercial AD&C:
Commercial AD&C:
Pass
Pass
Pass
Special Mention
Substandard
Doubtful
Total
Current period gross charge-offs
Commercial Business:
Commercial Business:
Commercial Business:
Pass
Pass
Pass
Special Mention
Substandard
Doubtful
Total
Current period gross charge-offs
Residential Mortgage:
Residential Mortgage:
Residential Mortgage:
Beacon score:
Beacon score:
Beacon score:
660-850
660-850
660-850
600-659
540-599
less than 540
Total
Current period gross charge-offs
Residential Construction:
Residential Construction:
Residential Construction:

Beacon score:
Beacon score:
Beacon score:
660-850
660-850
660-850
600-659
540-599
less than 540
Total
Current period gross charge-offs
Consumer:
Consumer:
Consumer:
Beacon score:
Beacon score:
Beacon score:
660-850
660-850
660-850
600-659
540-599
less than 540
Total
Current period gross charge-offs
Total loans

		2022								2023							
		Term Loans by Origination Year					Revolving		Term Loans by Origination Year					Revolving			
		2022	2021	2020	2019	2018	Prior	Loans		2023	2022	2021	2020	2019	Prior	Loans	Total
(In thousands)	(In thousands)								(In thousands)								
Commercial Investor R/E:	Commercial Investor R/E:								Commercial Investor R/E:								
Pass																	
Special Mention																	
Substandard																	
Doubtful																	
Total																	
Current period gross charge-offs																	
Commercial Owner-Occupied R/E:																	
Commercial Owner-Occupied R/E:																	
Commercial Owner-Occupied R/E:																	
Pass																	
Pass																	
Pass																	
Special Mention																	
Substandard																	
Doubtful																	

Total	
Current period gross charge-offs	
Commercial AD&C:	
Commercial AD&C:	
Commercial AD&C:	
Pass	
Pass	
Pass	
Special Mention	
Substandard	
Doubtful	
Total	
Current period gross charge-offs	
Commercial Business:	
Commercial Business:	
Commercial Business:	
Pass	
Pass	
Pass	
Special Mention	
Substandard	
Doubtful	
Total	
Current period gross charge-offs	
Residential Mortgage:	
Residential Mortgage:	
Residential Mortgage:	
Beacon score:	
Beacon score:	
Beacon score:	
660-850	
660-850	
660-850	
600-659	
540-599	
less than 540	
Total	
Current period gross charge-offs	
Residential Construction:	
Residential Construction:	
Residential Construction:	
Beacon score:	
Beacon score:	
Beacon score:	
660-850	
660-850	
660-850	
600-659	

540-599
less than 540
Total
Current period gross charge-offs
Consumer:
Consumer:
Consumer:
Beacon score:
Beacon score:
Beacon score:
660-850
660-850
660-850
600-659
540-599
less than 540
Total
Current period gross charge-offs
Total loans

Modifications to Borrowers Experiencing Financial Difficulty (after the adoption of ASU 2022-02)

Effective January 1, 2023, the Company adopted provisions of ASU 2022-02 that eliminated accounting, classification and disclosures of loans modified into troubled debt restructurings.

As a part of our risk management practices, we may consider modifying a loan for a borrower experiencing a financial difficulty that provides a certain degree of a payment relief. Modification types primarily include a reduction in the interest rate or an extension of the existing term. We do not provide modifications that result in the reduction of the outstanding principal balance.

The following table presents the amount of the loans modified during the year ended December 31, 2023 periods indicated below to borrowers experiencing financial difficulty, disaggregated by the loan portfolio segment, type of modification granted and the financial effect of loans modified:

For the Year Ended December 31, 2023																	
		Interest rate reduction		Interest rate reduction		Term extension		Rate reduction & Term extension		Total				Interest rate reduction		Term extension	
(in thousands)	(in thousands)	Amount		Amount		Amount		% of total loan segment		Weighted Average		(in thousands)	Weighted Average		Term extension		
Commercial Investor R/E	Commercial Investor R/E	\$28,970	\$	\$9,778	\$	\$13,560	\$	\$52,308	1.0	1.0	%	1.5	%	15 Months	Commercial Investor R/E		
Commercial Owner-Occupied R/E	Commercial Owner-Occupied R/E	—	2,808	2,808	—	—	2,808	2,808	0.2	0.2	%	—	%	14 Months	Commercial Owner-Occupied R/E		
Commercial AD&C	Commercial AD&C	—	1,016	1,016	—	—	1,016	1,016	0.1	0.1	%	—	%	9 Months	Commercial AD&C		
Commercial Business	Commercial Business	233	5,496	5,496	—	—	5,729	5,729	0.4	0.4	%	0.3	%	14 Months	Commercial Business		
All Other loans	All Other loans	—	521	521	—	—	521	521	—	—	%	—	%	18 Months	All Other loans		

Total

	For the Year Ended December 31, 2023						
	Interest rate reduction	Term extension	Rate reduction & Term extension	Total	Interest rate reduction	Term extension	
				% of total loan segment	Weighted Average	Weighted Average	
	Amount	Amount	Amount	Amount			
(in thousands)							
Commercial Investor R/E	\$ 28,970	\$ 9,778	\$ 13,560	\$ 52,308	1.0 %	1.5 %	15 Months
Commercial Owner-Occupied R/E	—	2,808	—	2,808	0.2 %	— %	14 Months
Commercial AD&C	—	1,016	—	1,016	0.1 %	— %	9 Months
Commercial Business	233	5,496	—	5,729	0.4 %	0.3 %	14 Months
All Other loans	—	—	—	—	— %	— %	—
Total	\$ 29,203	\$ 19,098	\$ 13,560	\$ 61,861	0.5 %		

Unfunded loan commitments on modifications for borrowers experiencing financial difficulty totaled \$2.8 million \$10.3 million at December 31, 2023 December 31, 2024. These commitments are not included in the table above.

The following table presents the performance of loans that have been modified during the year ended December 31, 2023: periods indicated:

	For the Year Ended December 31, 2024			
	Current	30-89 days past due	90+ days past due	Total
(in thousands)				
Commercial Investor R/E	\$ 20,689	\$ 47,617	\$ 2,405	\$ 70,711
Commercial Owner-Occupied R/E	13,225	—	457	13,682
Commercial AD&C	23,718	—	122	23,840
Commercial Business	9,239	797	75	10,111
All Other loans	521	—	—	521
Total	\$ 67,392	\$ 48,414	\$ 3,059	\$ 118,865

	For the Year Ended December 31, 2023			
	Current	30-89 days past due	90+ days past due	Total
(in thousands)				
Commercial Investor R/E	\$ 51,560	\$ —	\$ 748	\$ 52,308
Commercial Owner-Occupied R/E	2,808	—	—	2,808
Commercial AD&C	327	—	689	1,016
Commercial Business	5,408	88	233	5,729
All Other loans	—	—	—	—
Total	\$ 60,103	\$ 88	\$ 1,670	\$ 61,861

There were three loans with the total outstanding balance of \$1.7 \$2.3 million which defaulted (defined as new non-accrual or 90 days past due) after during the loan was year ended December 31, 2024 and had been modified during 2023. Two in the form of the loans were granted an interest rate reduction and one of the loans was provided a term extension. extension within the previous 12 months preceding the payment default when the debtor was experiencing financial difficulty at the time of modification. All of these loans were non-accrual, collateral-dependent loans at December 31, 2023 December 31, 2024, and carried total immaterial individual reserves of \$0.2 million.

Troubled Debt Restructurings (prior to the adoption of ASU 2022-02)

The following table provides the amounts of the restructured loans at the date of restructuring for specific segments of the loan portfolio during the period indicated:

	For the Year Ended December 31, 2022					
	Commercial Real Estate					
	Commercial Investor R/E	Commercial Owner-Occupied R/E	Commercial AD&C	Commercial Business	All Other Loans	Total
(In thousands)						
Troubled debt restructurings:						
Restructured accruing	\$ —	\$ —	\$ —	\$ 439	\$ —	\$ 439
Restructured non-accruing	—	—	—	1,269	—	1,269
Balance	\$ —	\$ —	\$ —	\$ 1,708	\$ —	\$ 1,708

Specific allowance	\$	—	\$	—	\$	—	\$	1,233	\$	—	\$	1,233
Restructured and subsequently defaulted	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—

During the year ended December 31, 2022, the Company restructured \$1.7 million in loans that were designated as TDRs. Modifications consisted principally of interest rate concessions. No modifications resulted in the reduction of the principal in the associated loan balances. TDR loans are subject to periodic credit reviews to determine the necessity and appropriateness of an individual credit loss allowance based on the collectability of the recorded investment in the TDR loan. Loans restructured during 2022 had individual reserves of \$1.2 million at December 31, 2022. balance.

Other Real Estate Owned

The company had no \$3.3 million OREO at December 31, 2023 and \$0.6 million December 31, 2024 as compared to none at December 31, 2022 December 31, 2023. There was one were nine consumer mortgage loan loans secured by residential real estate property totaling \$0.6 \$1.6 million, for which formal foreclosure proceedings were in process as of December 31, 2023 December 31, 2024.

NOTE 6 – PREMISES AND EQUIPMENT

Presented in the following table are the components of premises and equipment at December 31:

(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Land						
Buildings and leasehold improvements						
Equipment						
Total premises and equipment						
Less: accumulated depreciation and amortization						
Net premises and equipment						

Depreciation and amortization expense for premises and equipment amounted to \$6.1 million \$7.2 million, \$6.1 million, and \$7.9 million \$6.1 million for each of the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

NOTE 7 – LEASES

The Company leases real estate properties for its network of bank branches, financial centers and corporate offices. All of the Company's leases are currently classified as operating. Most lease agreements include one or more options to renew, with renewal terms that can extend the original lease term from one to twenty years or more. The Company does not receive sublease income from any of its leased real estate properties.

The following table provides information regarding the Company's leases as of the dates indicated:

	Year Ended
	Year Ended
	Year Ended
	2023
	2024
Components of lease expense:	
Components of lease expense:	
Components of lease expense:	
Operating lease cost (resulting from lease payments)	
Operating lease cost (resulting from lease payments)	
Operating lease cost (resulting from lease payments)	
Supplemental cash flow information related to leases:	
Supplemental cash flow information related to leases:	
Supplemental cash flow information related to leases:	
Operating cash flows from operating leases	
Operating cash flows from operating leases	
Operating cash flows from operating leases	
ROU assets obtained in the exchange for lease liabilities due to:	
ROU assets obtained in the exchange for lease liabilities due to:	
ROU assets obtained in the exchange for lease liabilities due to:	
New leases	

New leases		
New leases		
Acquisitions		
Acquisitions		
Acquisitions		
	As of	
	As of	
	As of	
	December 31, 2023	
	December 31, 2023	
	December 31, 2023	
	December 31, 2024	
	December 31, 2024	
	December 31, 2024	

Supplemental balance sheet information related to leases:

Supplemental balance sheet information related to leases:

Supplemental balance sheet information related to leases:

Operating lease ROU assets	
Operating lease ROU assets	
Operating lease ROU assets	
Operating lease liabilities	
Operating lease liabilities	
Operating lease liabilities	
Other information related to leases:	
Other information related to leases:	
Other information related to leases:	
Weighted average remaining lease term of operating leases	
Weighted average remaining lease term of operating leases	
Weighted average remaining lease term of operating leases	
Weighted average discount rate of operating leases	
Weighted average discount rate of operating leases	
Weighted average discount rate of operating leases	

ROU assets and lease liabilities are recorded in other assets and other liabilities, respectively, in the Condensed Consolidated Statements of Condition. Operating lease cost is recorded in the occupancy expense of premises in the Condensed Consolidated Statements of Income.

As of December 31, 2023 December 31, 2024, the maturities of the Company's operating lease liabilities were as follows:

(In thousands)	Amount
Maturity:	
One year	\$ 10,956 11,091
Two years	10,071 10,649
Three years	9,336 9,232
Four years	7,890 7,749
Five years	6,558 5,260
Thereafter	8,470 4,989
Total undiscounted lease payments	53,281 48,970
Less: Present value discount	(5,223) (4,467)
Lease Liability	\$ 48,058 44,503

The Company had no operating lease that has not yet commenced operations at **December 31, 2023** **December 31, 2024**. The Company does not have any lease arrangements with any of its related parties as of **December 31, 2023** **December 31, 2024**.

NOTE 8 – GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the net carrying amount of goodwill by segment for the periods indicated:

(In thousands)	(In thousands)	Community Banking	Insurance	Investment Management	Total	(In thousands)	Community Banking	Insurance	Investment Management	Total
Balance December 31, 2021										
Balance December 31, 2022										
Disposal of subsidiary's assets ⁽¹⁾										
Disposal of subsidiary's assets ⁽¹⁾										
Disposal of subsidiary's assets ⁽¹⁾										
Balance December 31, 2022										
No Activity										
No Activity										
No Activity										
Balance December 31, 2023										
Goodwill Impairment Loss										
Balance December 31, 2023										
Balance December 31, 2023										
Balance December 31, 2023										
Balance December 31, 2024										
Balance December 31, 2024										
Balance December 31, 2024										

(1) Relates

The Company performed a quantitative impairment test of goodwill as of October 1, 2024 and utilized the market information from the Merger Agreement with Atlantic Union. As a result of the quantitative assessment, the Company recorded a goodwill impairment charge of \$54.4 million in the fourth quarter of 2024 as the fair value of equity was less than book value. The entire goodwill impairment was allocated to a sale the Community Banking unit based on immaterial size of Sandy Spring Insurance Corporation during 2022. the Investment Management reporting unit relative to the Consolidated Bancorp for both asset and equity. Refer to Note 1 - Significant Accounting Policies for more detail.

The gross carrying amounts and accumulated amortization of intangible assets and goodwill are presented at December 31 in the following table:

		2023		Weighted		2022	
		2024		Weighted		2023	
	Gross Carrying	Gross Carrying	Accumulated	Net Carrying	Average Remaining	Gross Carrying	
(Dollars in thousands)	(Dollars in thousands)	Amount	Amortization	Life	Amount	Amortization	
Amortizing intangible assets:							
Core deposit intangibles							
Core deposit intangibles							
Core deposit intangibles				5.5 years			
		\$29,038	\$ (20,181)	5.5 years	\$ 29,038	\$ (16,694)	
Software intangibles	Software intangibles	10,422	(183)	4.8 years	—	—	
Other identifiable intangibles	Other identifiable intangibles	13,906	(7,949)	7.7 years	13,906	(6,395)	(6,395)

Total amortizing intangible assets
Non-amortizing intangible assets:
Non-amortizing intangible assets:
Non-amortizing intangible assets:
Intangible projects in process ⁽¹⁾
Intangible projects in process ⁽¹⁾
Intangible projects in process ⁽¹⁾
Total intangible assets
Total intangible assets
Total intangible assets
Goodwill
Goodwill
Goodwill

(1) Capitalized costs on internal-use licensed software-related projects that are currently in the development/implementation phase.

The following table presents the estimated future amortization expense for amortizing intangible assets within the years ending December 31:

(In thousands)	(In thousands)	Amount	(In thousands)	Amount
2024				
2025	2025	5,724		
2026	2026	4,873	2026	6,899
2027	2027	3,866	2027	5,660
2028	2028	2,956	2028	4,342
2029		1,749		
Thereafter	Thereafter	1,150	Thereafter	499
Total amortizing intangible assets				

NOTE 9 – DEPOSITS

The following table presents the composition of deposits at December 31 for the years indicated:

(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Noninterest-bearing deposits						
Interest-bearing deposits:						
Demand						
Demand						
Demand						
Money market savings						
Regular savings						
Time deposits of less than \$250,000						
Time deposits of less than \$250,000						
Time deposits of less than \$250,000						
Time deposits of \$250,000 or more						
Total interest-bearing deposits						
Total deposits						

Demand deposit overdrafts reclassified as loan balances were \$4.6 million and \$1.1 million at December 31, 2024 and \$10.4 million at December 31, 2023 and 2022, 2023, respectively. Overdraft charge-offs and recoveries are reflected in the allowance for credit losses.

The following table presents the maturity schedule for time deposits maturing within years ending December 31:

(In thousands)	(In thousands)	Amount	(In thousands)	Amount
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total time deposits				

The Company's time deposits of less than \$250,000 represented 18.8% 15.7% of total deposits and time deposits of \$250,000 or more represented 5.9% 6.3% of total deposits at December 31, 2023 December 31, 2024 and are presented by maturity in the following table:

Months to Maturity									
(In thousands)	(In thousands)	(In thousands)	(In thousands)	(In thousands)	(In thousands)	(In thousands)	(In thousands)	(In thousands)	(In thousands)
(In thousands)	3 or Less	Over 3 to 6	Over 6 to 12	Over 12	Total	3 or Less	Over 3 to 6	Over 6 to 12	Over 12
Time deposits - less than \$250,000									
Time deposits - \$250,000 or more									

Interest expense on time deposits of less than \$250,000 amounted to \$33.9 million \$53.5 million, \$5.0 million \$33.9 million, and \$6.0 million \$5.0 million and interest expense on time deposits of \$250,000 or more amounted to \$64.1 million \$62.1 million, \$11.5 million \$64.1 million, and \$3.0 million \$11.5 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

Deposits received in the ordinary course of business from the directors and officers of the Company and their related interests amounted to \$91.1 million \$70.2 million and \$126.7 million \$91.1 million for the years ended December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

NOTE 10 – BORROWINGS

Subordinated Debt

On March 15, 2022, the Company completed an offering of \$200.0 million aggregate principal amount Fixed to Floating Rate Subordinated Notes due in 2032. The notes bear a fixed interest rate of 3.875% per year through March 29, 2027. Commencing on March 30, 2027, the notes will bear interest at a floating rate per annum equal to the benchmark rate (which is expected to be the three-month SOFR rate) plus a spread of 196.5 basis points, payable quarterly in arrears. The total amount of debt issuance costs incurred was \$3.1 million, which are being amortized through the contractual life of the debt. The entire amount of the subordinated debt is considered Tier 2 capital under current regulatory guidelines.

On November 5, 2019, the Company completed an offering of \$175.0 million aggregate principal amount Fixed to Floating Rate Subordinated Notes due in 2029. The notes bear had a fixed interest rate of 4.25% per year through November 14, 2024. Beginning On November 15, 2024, the interest rate will become became a floating rate equal to three-month SOFR, plus 288 basis points (including a benchmark adjustment of 26 basis points) through the remaining maturity or early redemption date of the notes. The interest will be was paid in arrears semi-annually during the fixed rate period and is paid quarterly during the floating rate period. The Company incurred \$2.9 million of debt issuance costs, which are being amortized through the contractual life of the debt. The entire amount As of December 31, 2024, the effective variable rate was 7.41%. Under regulatory capital guidelines subordinated debt begins to phase out of Tier 2 capital qualification, on an annual straight-line basis, when there are five years remaining until the subordinated debt matures. This subordinated debt has less than five years but more than four years remaining until it matures, and therefore, as of December 31, 2024, \$140 million of the subordinated debt is considered Tier 2 capital under current regulatory guidelines.

The following table provides information on subordinated debentures for the period indicated:

(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Fixed to floating rate sub debt, 3.875%						
Fixed to floating rate sub debt, 4.25%						
Fixed to floating rate sub debt, 7.41%						
Total subordinated debt						
Less: Debt issuance costs						
Long-term borrowings						
Long-term borrowings						

Long-term borrowings

Other Borrowings

Information relating to retail repurchase agreements and federal funds purchased is presented in the following table at and for the years ending December 31:

	2023
	2023
	2023
	2024
	2024
	2024

(Dollars in thousands)

(Dollars in thousands)

(Dollars in thousands)

End of period:
End of period:
End of period:
Retail repurchase agreements
Retail repurchase agreements
Retail repurchase agreements
Federal funds purchased
Federal funds purchased
Federal funds purchased
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings
Average for the year:
Average for the year:
Average for the year:
Retail repurchase agreements
Retail repurchase agreements
Retail repurchase agreements
Federal funds purchased
Federal funds purchased
Federal funds purchased
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings
Maximum month-end balance:
Maximum month-end balance:
Maximum month-end balance:
Retail repurchase agreements
Retail repurchase agreements
Retail repurchase agreements
Federal funds purchased
Federal funds purchased
Federal funds purchased
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings
Federal Reserve Bank borrowings

The Company pledges U.S. Agencies securities, based upon their market values, as collateral for greater than 102.5% of the principal of its retail repurchase agreements.

The Company had no outstanding federal funds purchased at December 31, 2024 or December 31, 2023. The available borrowing federal funds capacity under unsecured lines of credit with correspondent banks was \$903.0 million at December 31, 2024 and \$1.2 billion at December 31, 2023. During the first quarter of 2024, the Company fully paid off \$300.0 million of outstanding borrowings through the Federal Reserve's Bank Term Funding Program.

The Company also had secured lines of credit available from the Federal Reserve and correspondent banks of \$772.3 million and \$651.3 million at December 31, 2024 and 2023, respectively, collateralized by loans, with no borrowings outstanding at the end of either period.

At December 31, 2023 December 31, 2024, the Company had the ability to pledge collateral at prevailing market rates under a line of credit with the FHLB of \$3.6 billion \$3.4 billion. FHLB availability based on pledged collateral at December 31, 2023 December 31, 2024, amounted to \$3.1 billion \$3.2 billion, with \$550.0 million \$250.0 million outstanding. At December 31, 2022 December 31, 2023, the Company possessed the ability to extend its lines of credit with the FHLB totaling \$3.2 billion \$3.6 billion based on collateral that was available to be pledged. The availability of FHLB borrowings based on the collateral pledged at December 31, 2022 December 31, 2023 was \$2.6 billion \$3.1 billion with \$550.0 million outstanding borrowings.

Under a blanket lien, the Company has pledged qualifying residential mortgage loans amounting to \$1.4 billion, commercial real estate loans amounting to \$4.0 billion \$3.9 billion, home equity lines of credit ("HELOC") amounting to \$209.2 million \$228.7 million and multifamily loans amounting to \$538.6 million \$559.3 million at December 31, 2023 December 31, 2024 as collateral under the borrowing agreement with the FHLB. At December 31, 2022 December 31, 2023, the Company had pledged collateral of qualifying mortgage loans of \$1.2 billion \$1.4 billion, commercial real estate loans of \$3.6 billion \$4.0 billion, HELOC loans of \$214.3 million \$209.2 million and multifamily loans of \$514.8 million \$538.6 million under the FHLB borrowing agreement.

The Company also had secured lines of credit available from the Federal Reserve and correspondent banks of \$651.3 million and \$718.6 million at December 31, 2023 and 2022, respectively, collateralized by loans, with no borrowings outstanding at the end of either period. In addition, the Company had unsecured lines of credit with correspondent banks of \$1.2 billion and \$1.6 billion at December 31, 2023 and 2022. Of the unsecured lines of credit available there were no outstanding borrowings at December 31, 2023 and \$260.0 million outstanding borrowings at December 31, 2022.

Advances from the FHLB and the respective maturity schedule at December 31 for the years indicated consisted of the following:

2023				2022							
2024				2023							
(Dollars in thousands)	(Dollars in thousands)	Amounts	Weighted Average Rate	Amounts	Weighted Average Rate	(Dollars in thousands)	Amounts	Weighted Average Rate	Amounts	Weighted Average Rate	
Maturity:											
One year											
One year											
One year		\$250,000	4.60	4.60 %	\$350,000	4.28	4.28 %	\$150,000	4.16	4.16 %	
Two years											
Three years											
Four years											
Five years											
After five years											
Total advances from FHLB											

NOTE 11 – STOCKHOLDERS' EQUITY

The Company's Articles of Incorporation authorize 100,000,000 shares of capital stock (par value \$1.00 per share). Issued shares have been classified as common stock. The Articles of Incorporation provide that remaining unissued shares may later be designated as either common or preferred stock.

The Company maintains maintained an employee stock purchase plan (the "Purchase Plan") that enables enabled employees to purchase up to \$25,000 of Company common stock each year at a discount. The Purchase Plan, which was initially authorized on July 1, 2011, was amended and restated as of November 18, 2020. As part of the amendment and restatement, an additional 700,000 shares of common stock were reserved to be issued, which is in addition to the 300,000 shares of common stock authorized for purchase under the previous version of the Purchase Plan. Under the Purchase Plan, shares are purchased at 85% of the lower of the fair market value of the common stock on the offering date or the purchase date, as defined in the Purchase Plan. Contributions are made through monthly payroll deductions of not less than 1% or more than 10% of cash compensation paid in the month. The Purchase Plan is administered by a committee of at least three directors appointed by the board of directors. At December 31, 2023, there were 546,264 shares available for issuance under this In accordance with the terms of the Merger Agreement, the Company terminated the Purchase Plan. Plan as of October 31, 2024.

On March 30, 2022, the Company's board of directors authorized a stock repurchase plan that permits the repurchase of up to \$50.0 million of the Company's common stock. During 2022, the Company repurchased and retired 625,710 common shares at an average price of \$39.93 per share for the total cost of \$25.0 million. The Company did not repurchase any shares of its common stock during the year years ended December 31, 2024 and December 31, 2023. Under the current authorization, common stock with a total value of up to \$25.0 million remains available to be repurchased.

The Company has a dividend reinvestment plan that is sponsored and administered by Computershare as independent agent, which enables current shareholders as well as first-time buyers to purchase and sell common stock of Sandy Spring Bancorp, Inc. directly through Computershare. Participants may reinvest cash dividends and make periodic

supplemental cash payments to purchase additional shares.

Bank and bank holding company regulations, as well as Maryland law, impose certain restrictions on dividend payments by the Bank, as well as restrictions on extensions of credit and transfers of assets between the Bank and Bancorp. At **December 31, 2023** **December 31, 2024**, the Bank could have paid additional dividends of **\$213.8 million** **\$153.8 million** to its parent company without regulatory approval. There were no loans outstanding between the Bank and Bancorp at **December 31, 2023** **December 31, 2024** and **2022** **2023**, respectively.

NOTE 12 – SHARE BASED COMPENSATION

The On May 22, 2024, the Company's shareholders approved the Sandy Spring Bancorp, Inc. 2024 Equity Plan (the "2024 Plan"), which replaces the Company's 2015 Omnibus Incentive Plan. The 2024 Plan ("Omnibus Incentive Plan") was approved on May 6, 2015 and provides for the granting of incentive stock options, non-qualifying non-qualified stock options, stock appreciation rights, restricted stock, grants, and restricted stock units to officers, employees and non-employee directors. Awards may be subject to performance share units to selected directors and employees on a periodic basis at the discretion of the Company's Board of Directors. conditions.

The Omnibus Incentive 2024 Plan authorizes the issuance of up to **1,500,000** **700,000** shares of common stock, of which **321,495** are

available for issuance at **December 31, 2023**, subject to adjustment, has a term of 10 years, and is administered by a committee the Compensation Committee of at least three directors appointed by the Board of Directors. Options granted There were **509,706** shares available for issuance under the plan have an exercise price which may not be less than 100% of the fair market value of the common stock on the date of the grant and must be exercised within seven or 10 years from the date of grant depending on the terms of the grant agreement. The exercise price of stock options must be paid for in full in cash or shares of common stock, or a combination of both. The board committee has the discretion when making a grant of stock options to impose restrictions on the shares to be purchased upon the exercise of such options. The Company generally issues authorized but previously unissued shares to satisfy option exercises. 2024 Plan at **December 31, 2024**.

The value associated with the grant of restricted stock awards ("RSAs") and restricted share units ("RSUs") is determined by multiplying the fair market value of the Company's common stock on the grant date by the number of shares awarded. Holders of RSAs have the right to vote and receive cash dividends for the unvested RSAs. Non-vested RSAs are considered participating securities that have an immaterial impact on the computation of earnings per share. Holders of RSUs receive cash dividends on the vesting date and these units are not considered participating securities in the earnings per share calculation. Starting in 2022, grants of RSUs allow continued vesting following a qualified retirement. Any non-vested shares are subject to forfeiture upon termination of employment.

Performance restricted stock units ("PRSUs") are subject to the Company's achievement of specified performance criteria over a three -year period. Compensation expense related to the achievement of specified performance criteria is variable and based on the fair market value of the Company's common stock on the grant date and an assessment of the probability of achieving specified metrics and is adjusted periodically. Beginning in 2021, the PRSU's granted annually are based on the Company's return on tangible common equity ("ROTCE") compared to a specified peer group's ROTCE over a three-year period. The number of awards that vest can range from zero to 150% of the grant amount based on the achievement level compared to the specified performance or market-based criteria. Dividends that accrue during the vesting period are reinvested in dividend equivalent share units. PRSUs and the related dividend equivalent share units are converted into shares of common stock at vesting. Upon qualifying employee retirement, shares can continue to vest through the initial grant period should the vesting criteria continue to be met. PRSUs are not considered participating securities and do not impact the computation of earnings per share.

The Company stopped granting stock options in 2019. There was no unrecognized compensation cost related to stock options at **December 31, 2023** **December 31, 2024**. The intrinsic value for the stock options exercised was **\$0.2 million**, **\$0.7 million**, **\$0.3 million**, and **\$8.0** **\$0.3 million** in the years ended **December 31, 2023** **December 31, 2024**, **2022** **2023** and **2021**, **2022**, respectively.

All stock compensation expense is recognized on a straight-line basis over the vesting period of the respective restricted stock, restricted stock unit grants or performance share units. Compensation expense associated with PRSUs is variable in nature based on the probability of achieving specific criteria. Compensation expense of **\$9.0 million**, **\$7.6 million**, **\$7.9 million**, and **\$5.3** **\$7.9 million** was recognized for the years ended **December 31, 2023** **December 31, 2024**, **2022** **2023** and **2021**, **2022**, respectively, related to RSAs, RSUs and PRSUs. The total of unrecognized compensation cost related to RSAs, RSUs and PRSUs was approximately **\$5.8 million** **\$6.1 million** at **December 31, 2023** **December 31, 2024**. That cost is expected to be recognized over a weighted average period of approximately **1.7** **2.14** years.

During the year ended **December 31, 2023** **December 31, 2024**, the Company granted **282,503** **344,748** RSUs and PRSUs, under the Omnibus Incentive Plan, of which **63,867** are **87,846** were PRSUs subject to achievement of certain performance conditions measured over a three-year performance period and **218,636** are **256,902** were RSUs subject to a three-year vesting schedule. In order to mitigate potential adverse tax consequences of merger-related compensation on the Company and certain of its executive officers, the Company cancelled the PRSUs grated in 2023 and 2024 and reissued the shares as RSAs with time-based vesting that otherwise vest on the same terms and conditions as those applicable to the cancelled PRSUs. In addition, the Company accelerated into 2024 the grant of certain equity awards that would otherwise be made in 2025. The Company did not grant any stock options granted total of **167,436** RSAs in connection with these actions, all of which required the recipient to make an election under Section 83(b) of the Omnibus Incentive Plan during Internal Revenue Code to be taxed currently on the year ended **December 31, 2023**. fair market value of the grant.

A summary of the activity for the Company's restricted stock for the period indicated is presented in the following table:

(In dollars, except share data):	(In dollars, except share data):	Number of Common Shares	Weighted Average Grant-Date Fair Value	(In dollars, except share data):	Number of Common Shares	Weighted Average Grant-Date Fair Value
Restricted stock at January 1, 2023						

Restricted stock at January 1, 2024
Granted
Vested
Forfeited/ cancelled
Restricted stock at December 31, 2023
Restricted stock at December 31, 2024

A summary of share option activity for the period indicated is reflected in the following table:

	Number of Common Shares	Number of Common Shares	Weighted Average Exercise Share Price	Weighted Average Contractual Remaining Life (Years)	Aggregate Intrinsic Value (in thousands)	Number of Common Shares	Weighted Average Exercise Share Price	Weighted Average Contractual Remaining Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance at January 1, 2023									
Balance at January 1, 2024									
Granted									
Exercised									
Exercised									
Exercised									
Forfeited									
Expired									
Expired									
Expired									
Balance at December 31, 2023									
Balance at December 31, 2023									
Balance at December 31, 2023									
Balance at December 31, 2024									
Balance at December 31, 2024									
Balance at December 31, 2024									
Exercisable at December 31, 2023									
Exercisable at December 31, 2023									
Exercisable at December 31, 2023									
Exercisable at December 31, 2024									
Exercisable at December 31, 2024									
Exercisable at December 31, 2024									

NOTE 13 – PENSION, PROFIT SHARING, AND OTHER EMPLOYEE BENEFIT PLANS
Defined Benefit Pension Plan

Prior to September 30, 2023, the Company **has** maintained a qualified noncontributory, defined benefit pension plan (the "Plan").

On March 30, 2022, the Board of Directors approved the termination of the Pension Plan to be effective of June 30, 2022. The Company executed plan amendments regarding the Plan termination and received a determination letter from the Internal Revenue Service ("IRS") as to the tax-qualified status of the Plan at the time of termination. The Company also filed appropriate notices and documents related to the Plan's termination and wind-down with the Pension Benefit Guaranty Corporation ("PBGC").

Plan participants made elections for lump-sum distributions or annuity benefits. Both lump-sum distributions and transfer of annuity benefits to a highly-rated insurance company were completed in August 2023. In order to fully fund the Plan, the Company made a \$1.3 million cash contribution. As a result of the pension termination, the Company incurred a one-time settlement expense of \$8.2 million, which was recognized in salaries and employee benefits expense.

The Pension Plan's funded status at December 31 is as follows:

(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Reconciliation of Projected Benefit Obligation:						
Projected obligation at January 1						
Projected obligation at January 1						
Projected obligation at January 1						
Interest cost						
Actuarial (gain)/ loss						
Benefit payments						
Increase/ (decrease) related to change in assumptions						
Annuity Purchase						
Projected obligation at December 31						
Reconciliation of Fair Value of Plan Assets:						
Fair value of plan assets at January 1						
Fair value of plan assets at January 1						
Fair value of plan assets at January 1						
Actual return on plan assets						
Employer contributions						
Benefit payments						
Annuity Purchase						
Fair value of plan assets at December 31						
Funded status at December 31						
Funded status at December 31						
Funded status at December 31						
Accumulated benefit obligation at December 31						
Accumulated benefit obligation at December 31						
Accumulated benefit obligation at December 31						
Unrecognized net actuarial loss						
Unrecognized net actuarial loss						
Unrecognized net actuarial loss						
Net periodic pension cost not yet recognized						

Weighted average assumptions used to determine benefit obligations at December 31 are presented in the following table:

		2023		2022	2021				
		2024		2023	2022				
Discount rate	Discount rate	N/A	5.10%		2.80%	Discount rate	N/A	N/A	5.10%
Rate of compensation increase	Rate of compensation increase	N/A		N/A	Rate of compensation increase		N/A		N/A

The components of net periodic benefit cost for the years ended December 31 are presented in the following table:

(In thousands)	(In thousands)	2023	2022	2021	(In thousands)	2024	2023	2022
Interest cost on projected benefit obligation								

Expected return on plan assets

Recognized net actuarial loss

Settlement charge

Other

Net periodic benefit cost

Components of the net periodic benefit cost are recorded in salaries and employee benefits expense in the Consolidated Statement of Income.

Weighted average assumptions used to determine net periodic benefit cost for years ended December 31 are presented in the following table:

		2023	2022	2021				
		2024	2023	2022				
Discount rate	Discount rate	5.10%	2.80%	2.50%	Discount rate	N/A	5.10%	2.80%
Expected return on plan assets	Expected return on plan assets	5.25%	3.75%	3.25%	Expected return on plan assets	N/A	5.25%	3.75%
Rate of compensation increase	Rate of compensation increase	N/A	N/A	N/A	Rate of compensation increase	N/A	N/A	N/A

Sandy Spring Bank 401(k) Plan

The Sandy Spring Bank 401(k) Plan ("the 401(k)") is voluntary and covers all eligible employees after 90 days of service. The 401(k) provides that employees contributing to the 401(k) receive a matching contribution of 100% of the first 4% of compensation and 50% of the next 2% of compensation subject to employee contribution limitations. The Company matching contribution vests immediately. The 401(k) permits employees to purchase shares of the Company's common stock with their 401(k) contributions, Company match, and other contributions under the 401(k). The Company's matching contribution to the 401(k), which is included in salaries and employee benefits in non-interest expenses in the Consolidated Statements of Income, totaled **\$6.3 million** **\$6.0 million**, **\$5.9 million** **\$6.3 million**, and **\$6.0 million** **\$5.9 million** in 2024, 2023 2022 and 2021, 2022, respectively.

Deferred Compensation Plans

The Executive Incentive Retirement Plan ("Executive Plan") is a non-qualified deferred compensation plan that provides for contributions to be made to the participants' plan accounts based on the attainment of a level of financial performance determined annually by the board of directors. The Company ceased making contributions to the Executive Plan after adoption of the Non-Qualified Deferred Compensation Plan ("NQDC Plan") in late 2021. The NQDC Plan provides participants with the option to defer receipt of a portion of their base salary and annual cash incentives. Participant contributions are fully vested at all times. At its sole discretion, the Company may credit participant accounts with company contributions. In 2023, 2024, executive officers were selected by the board of directors for contributions to be made to their plan accounts based on the attainment of a level of financial performance compared to a selected group of peer banks. Benefit costs related to the Executive Plan and NQDC Plan included in salaries and employee benefits in non-interest expenses in the Consolidated Statements of Income for 2024, 2023 2022 and 2021, 2022 were \$0.4 million, **\$0.7 million** **\$0.4 million**, and \$0.7 million, respectively.

NOTE 14 – OTHER NON-INTEREST INCOME AND OTHER NON-INTEREST EXPENSE

Selected components of other non-interest income and other non-interest expense for the years ended December 31 are presented in the following table:

(In thousands)	(In thousands)	2023	2022	2021	(In thousands)	2024	2023	2022
Letter of credit fees								
Extension fees								
Swap fee income								
Prepayment penalty fees								
Other income								
Total other non-interest income								
(In thousands)	(In thousands)	2023	2022	2021	(In thousands)	2024	2023	2022
Postage and delivery								
Communications								
Loss on FHLB redemption								
Mortgage processing expense, net								
Mortgage processing expense, net								
Mortgage processing expense, net								
Online services								
Franchise taxes								
Franchise taxes								
Franchise taxes								
Insurance								

Card transaction expense
Office supplies
Contingent payment expense
Other expenses
Total other non-interest expense

NOTE 15 – INCOME TAXES

The following table provides the components of income tax expense for the years ended December 31:

<i>(In thousands)</i>	<i>(In thousands)</i>	2023	2022	2021	<i>(In thousands)</i>	2024	2023	2022
Current income taxes:								
Federal								
Federal								
Federal								
State								
Total current								
Deferred income taxes:								
Federal								
Federal								
Federal								
State								
Total deferred								
Total income tax expense								

The Company does not have uncertain tax positions that are deemed material, and did not recognize any adjustments for unrecognized tax benefits.

The Company is subject to U.S. federal income tax and income tax in various state jurisdictions. All tax years ending after **December 31, 2019** **December 31, 2020** are open to examination.

Temporary differences between the amounts reported in the financial statements and the tax bases of assets and liabilities result in deferred taxes. Deferred tax assets and liabilities, shown as the sum of the appropriate tax effect for each significant type of temporary difference, are presented in the following table at December 31 for the years indicated:

<i>(In thousands)</i>	<i>(In thousands)</i>	2023	2022	<i>(In thousands)</i>	2024	2023
Deferred tax assets:						
Allowance for credit losses						
Allowance for credit losses						
Allowance for credit losses						
Lease liability						
Employee benefits						
Employee benefits						
Employee benefits						
Unrealized losses on pension plan						
Deferred loan fees and costs						
Deferred loan fees and costs						
Deferred loan fees and costs						
Equity based compensation						
Unrealized losses on investments available-for-sale						
Losses on other real estate owned						
Loan and deposit premium/discount						
Loan and deposit premium/discount						
Loan and deposit premium/discount						
Reserve for recourse loans and unfunded commitments						
Reserve for recourse loans and unfunded commitments						

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	Total income tax expense and rate	2009	2008	2007
Bank-owned life insurance														
State income taxes, net of federal income tax benefits														
Other, net														
Goodwill impairment														
Nondeductible merger and acquisition expense														
Nondeductible executive compensation														
Other, net														
Total income tax expense and rate	\$41,291	25.2	25.2 %	\$56,059	25.2	25.2 %	\$ 76,552	24.6	24.6 %	\$ 29,026	59.3	59.3 %		

NOTE 16 – NET INCOME PER COMMON SHARE

	(Dollars and amounts in thousands, except per share data)	(Dollars and amounts in thousands, except per share data)	2023	2022	2021	(Dollars and amounts in thousands, except per share data)	2024	2023	2022
Net income									
Less: Distributed and undistributed earnings allocated to participating securities									
Net income attributable to common shareholders									
Total weighted average outstanding shares									
Total weighted average outstanding shares									
Total weighted average outstanding shares									
Less: Weighted average participating securities									
Basic weighted average common shares									
Dilutive weighted average common stock equivalents									
Diluted weighted average common shares									
Basic net income per common share									
Basic net income per common share									
Basic net income per common share									
Diluted net income per common share									
Anti-dilutive shares									
Anti-dilutive shares									
Anti-dilutive shares									

Comprehensive income/ (loss) is defined as net income plus transactions and other occurrences that are the result of non-owner changes in equity. For financial statements presented for the Company, non-owner changes in equity are comprised of unrealized gains or losses on investments available-for-sale and held-to-maturity, and any pension liability adjustments. These adjustments do not have an impact on the Company's net income. Realized gains and losses on available-for-sale debt securities, and the amortization of unrealized losses on held-to-maturity debt securities and net periodic benefit cost impact the Company's net income as discussed in the following tables.

The following table presents the activity in net accumulated other comprehensive income/ (loss) for the periods indicated:

(In thousands)	(In thousands)	Unrealized Gains/ (Losses) on Investments Available-for-Sale	Defined Benefit Pension Plan	Unrealized Losses on Debt Securities Transferred from Available-for-Sale to Held-to-Maturity	(In thousands)	Unrealized Gains/ (Losses) on Investments Available-for-Sale	Defined Benefit Pension Plan	Unrealized Losses on Debt Securities Transferred from Available-for-Sale to Held-to-Maturity	Total
Balance at January 1, 2021									
Period change, net of tax									
Balance at December 31, 2021									
Balance at January 1, 2022									
Period change, net of tax									
Balance at December 31, 2022									
Period change, net of tax									
Balance at December 31, 2023									
Period change, net of tax									
Balance at December 31, 2024									

The following table provides the information on the reclassification adjustments out of accumulated other comprehensive income/ (loss) for the periods indicated:

(In thousands)	(In thousands)	Year Ended December 31,			(In thousands)			
		2023	2022	2021		2024	2023	2022
Unrealized gains/ (losses) on investments available-for-sale:								
Affected line item in the Consolidated Statements of Income:								
Affected line item in the Consolidated Statements of Income:								
Affected line item in the Consolidated Statements of Income:								
Investment securities gains/ (losses)								
Investment securities gains/ (losses)								
Investment securities gains/ (losses)								
Income before taxes								
Tax (expense)/ benefit								
Net income/ (loss)								
Amortization of unrealized losses on debt securities transferred from available-for-sale to held-to-maturity:								
Amortization of unrealized losses on debt securities transferred from available-for-sale to held-to-maturity:								
Amortization of unrealized losses on debt securities transferred from available-for-sale to held-to-maturity:								
Affected line item in the Consolidated Statements of Income:								
Affected line item in the Consolidated Statements of Income:								
Affected line item in the Consolidated Statements of Income:								
Interest and dividends on investment securities ⁽¹⁾								
Interest and dividends on investment securities ⁽¹⁾								
Interest and dividends on investment securities ⁽¹⁾								
Income before taxes								
Tax benefit								
Net loss								
Amortization of defined benefit pension plan items:								
Amortization of defined benefit pension plan items:								
Amortization of defined benefit pension plan items:								

Affected line item in the Consolidated Statements of Income:

Affected line item in the Consolidated Statements of Income:

Affected line item in the Consolidated Statements of Income:

Recognized actuarial loss ⁽²⁾
Recognized actuarial loss ⁽²⁾
Recognized actuarial loss ⁽²⁾
Settlement charge ⁽²⁾
Income before taxes
Tax benefit
Net loss

(1) Amortization of unrealized losses on held-to-maturity debt securities is fully offset by accretion of a discount on held-to-maturity debt securities with no overall impact on net income and yield.

(2) This amount is included in the computation of net periodic benefit cost, see Note 13.

NOTE 18 - DERIVATIVES

Customer Interest Rate Swaps

The Company has entered into interest rate swaps ("swaps") with qualifying commercial banking customers to facilitate their risk management strategies and financing needs. These swaps provide customers with the ability to convert variable rates into fixed rates. They are economically hedged by offsetting interest rate swaps that the Company executes with derivative counterparties in order to offset its exposure on the fixed components of the customers' swaps. Swaps qualify as derivatives, but are not designated as hedging instruments. Fair values of the swaps are carried as both gross assets and gross liabilities in other assets and other liabilities,

respectively, in the Consolidated Statements of Condition. The associated changes in fair values of gross assets and gross liabilities net to zero in the Consolidated Statements of Income.

Mortgage Banking Derivatives

The Company enters into interest rate lock commitments, which are commitments to originate loans where the interest rate on the loan is determined prior to funding and the customers have locked into that interest rate. The loans are sold to the secondary market on either a mandatory or best efforts basis. Loans sold on a mandatory basis are not committed to an investor until the loan is closed with the borrower. The Company enters into forward to-be-announced ("TBA") sales contracts to manage the interest rate risk between the interest rate lock commitment and the funding of those loans. Loans sold on a best efforts basis are committed to an investor simultaneous to the interest rate lock commitment with the borrower, and as a result, the Company does not enter into a separate forward TBA contract to offset the fair value risk as the investor accepts such risk. Interest rate lock commitments and commitments to deliver loans to investors are considered derivatives but are not designated as hedging instruments.

Fair Values of Derivative Instruments on the Balance Sheet

Derivatives are carried at fair value and are classified under other assets and other liabilities in the Consolidated Statements of Condition. Changes in fair value are recognized in earnings. None of the Company's derivatives are designated in a qualifying hedging relationship.

A summary of the Company's interest rate swaps at December 31 for the years indicated is included in the following table:

2023											
(Dollars in thousands)	(Dollars in thousands)	Notional Amount		Estimated Fair Value	Years to Maturity		Receive Rate		Pay (Dollars in thousands)		Notional Amount
Interest rate swap agreements:											
Pay fixed/receive variable swaps											
Pay fixed/receive variable swaps											
Pay fixed/receive variable swaps		\$247,875	\$	\$ 15,867	5.5 years	5.5 years	7.29 %	4.01 %			\$279,449
Pay variable/receive fixed swaps	Pay variable/receive fixed swaps	247,875	(15,867)	(15,867)	5.5 years	5.5 years	4.01 %	7.29 %	Pay variable/receive fixed swaps		279,449
Total swaps	Total swaps	\$495,750	\$	\$ —	5.5 years	5.5 years	5.65 %	5.65 %	Total swaps		\$558,898
2022											
(Dollars in thousands)	(Dollars in thousands)	Notional Amount		Estimated Fair Value	Years to Maturity		Receive Rate		Pay (Dollars in thousands)		Notional Amount

Interest rate swap agreements:													
Pay fixed/receive variable swaps													
Pay fixed/receive variable swaps													
Pay fixed/receive variable swaps	\$169,544	\$	\$ 18,596	6.8 years	6.8 years	6.00 %	3.83 %				\$247,875	\$	
Pay variable/receive fixed swaps	169,544	(18,596)	(18,596)	6.8 years	6.8 years	3.83 %	6.00 %				247,875	(1	
Total swaps	\$339,088	\$	\$ —	6.8 years	6.8 years	4.92 %	4.92 %				\$495,750	\$	

The table below presents the notional amounts and fair values of the Company's mortgage banking derivative financial instruments as of **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**:

December 31, 2023					December 31, 2022									
December 31, 2024					December 31, 2023									
(In thousands)	(In thousands)	Notional	Asset	Liability	Notional	Asset	Liability	(In thousands)	Notional	Asset	Liability	Notional	Asset	Liability
Mortgage Banking Derivatives:														
Mortgage Banking Derivatives:														
Mortgage Banking Derivatives:														
Interest Rate Lock Commitments														
Interest Rate Lock Commitments														
Interest Rate Lock Commitments		16,608	358	—	21,118	319	—		11,237	177	—	16,608	358	—
Forward TBA Contracts	Forward TBA Contracts	11,750	—	102	11,500	91	—	Forward TBA Contracts	14,500	92	—	11,750	—	102
Total Mortgage Banking Derivatives														

Effect of Derivatives on the Income Statement

The table below presents the changes in the fair value of the Company's derivative financial instruments reflected within non-interest income on the Consolidated Statements of Income for the years ended **December 31, 2023** **December 31, 2024** and **2022** **2023**, respectively.

(In thousands)															
(In thousands)															
(In thousands)		Location of Gain/(Loss)			2023	2022	2021		Location of Gain/(Loss)			2024	2023	2022	
Interest rate lock commitments															
Forward TBA contracts															
Total															

NOTE 19 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company has various outstanding credit commitments that are not reflected in the financial statements. These commitments are made to satisfy the financing needs of the Company's clients. The associated credit risk is controlled by subjecting such activity to the same credit and quality controls as exist for the Company's lending and investing activities. The commitments involve diverse business and consumer customers and are generally well collateralized. Collateral held varies, but may include residential real estate, commercial real estate, property and equipment, inventory and accounts receivable. Commitments do not necessarily represent future cash requirements as a portion of the commitments have some reduced likelihood of being exercised. Additionally, many of the commitments are subject to annual reviews, material change clauses or requirements for inspections prior to draw funding that could result in a curtailment of the funding commitments.

A summary of the financial instruments with off-balance sheet credit risk is as follows at December 31 for the years indicated:

(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Commercial real estate development and construction						

Residential real estate-development and construction	Residential real estate-development and construction	713,903	798,607	Residential real estate-development and construction	610,428	713,903
Real estate-residential mortgage	Real estate-residential mortgage	16,608	21,118	Real estate-residential mortgage	11,237	16,608
Lines of credit, principally home equity and business lines	Lines of credit, principally home equity and business lines	2,405,150	2,397,533	Lines of credit, principally home equity and business lines	2,330,736	2,405,150
Standby letters of credit	Standby letters of credit	71,817	77,424	Standby letters of credit	95,231	71,817
Total commitments to extend credit and available credit lines						

As of **December 31, 2023** **December 31, 2024**, the total reserve for unfunded commitments was **\$4.4 million** **\$1.3 million** as compared to **\$8.0 million** **\$4.4 million** at **December 31, 2022** **December 31, 2023**, and is accounted for in other liabilities in the Consolidated Statements of Financial Condition. See Note 1 for more information on the accounting policy for the allowance for unfunded commitments.

NOTE 20 – LITIGATION

The Company and its subsidiaries are subject in the ordinary course of business to various pending or threatened legal proceedings in which claims for monetary damages are asserted. After consultation with legal counsel, management does not anticipate that the ultimate liability, if any, arising out of currently pending legal proceedings will have a material adverse effect on the Company's financial condition, operating results or liquidity.

NOTE 21 – FAIR VALUE

GAAP provides entities the option to measure eligible financial assets, financial liabilities and commitments at fair value (i.e. the fair value option), on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a commitment. Subsequent changes in fair value must be recorded in earnings. The Company applies the fair value option on residential mortgage loans held for sale. The fair value option on residential mortgage loans allows the recognition of gains on sale of mortgage loans to more accurately reflect the timing and economics of the transaction.

The standard for fair value measurement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Basis of Fair Value Measurement:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Changes to interest rates may result in changes in the cash flows due to prepayments or extinguishments. Accordingly, this could result in higher or lower measurements of the fair values.

Assets and Liabilities

Residential mortgage loans held for sale

Residential mortgage loans held for sale are valued based on quotations from the secondary market for similar instruments and are classified as Level 2 in the fair value hierarchy.

Investments available-for-sale

U.S. treasuries and government agencies securities and mortgage-backed and asset-backed securities

Valuations are based on active market data and use of evaluated broker pricing models that vary based by asset class and includes available trade, bid, and other market information. Generally, the methodology includes broker quotes, proprietary models, descriptive terms, and databases coupled with extensive quality control programs. Quality control evaluation processes use available market, credit and deal level information to support the evaluation of the security. Additionally, proprietary models and pricing systems, mathematical tools, actual transacted prices, integration of market developments and experienced evaluators are used to determine the value of a security based on a hierarchy of market information regarding a security or securities with similar characteristics. The Company does not adjust the quoted price for such securities. Such instruments are classified within Level 2 in the fair value hierarchy.

State and municipal securities

The Company primarily uses prices obtained from third-party pricing services to determine the fair value of state and municipal securities. The Company independently evaluates and corroborates the fair value received from pricing services through various methods and techniques, including references to dealer or other market quotes, by reviewing valuations of comparable instruments, and by comparing the prices realized on the sale of similar securities. Such securities are classified within Level 2 in the fair value hierarchy.

Interest rate swap agreements

Interest rate swap agreements are measured by alternative pricing sources using a discounted cash flow method that incorporates current market interest rates. Based on the complex nature of interest rate swap agreements, the markets these instruments trade in are not as efficient and are less liquid than that of the more mature Level 1 markets. These characteristics classify interest rate swap agreements as Level 2 in the fair value hierarchy.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables set forth the Company's financial assets and liabilities at the December 31 for the years indicated that were accounted for or disclosed at fair value. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

2023						2024				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(In thousands)	(In thousands)				(In thousands)					
Assets										
Residential mortgage loans held for sale ⁽¹⁾										
Residential mortgage loans held for sale ⁽¹⁾										
Residential mortgage loans held for sale ⁽¹⁾										
Available-for-sale debt securities:										
U.S. government agencies										
U.S. government agencies										
U.S. government agencies										
State and municipal										
Mortgage-backed and asset-backed										
Total available-for-sale debt securities										
Total available-for-sale debt securities										
Total available-for-sale debt securities										
Interest rate swap agreements										
Total assets										
Liabilities										
Liabilities										
Liabilities										
Interest rate swap agreements										
Interest rate swap agreements										
Interest rate swap agreements										
Total liabilities										

(1) The outstanding principal balance for residential loans held for sale as of December 31, 2024 was \$16.6 million.

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
(In thousands)				
Assets				
Residential mortgage loans held for sale ⁽¹⁾	\$ —	\$ 10,836	\$ —	\$ 10,836
Investments available-for-sale:				
U.S. government agencies	—	96,927	—	96,927
State and municipal	—	268,214	—	268,214
Mortgage-backed and asset-backed	—	737,540	—	737,540
Total available-for-sale securities	—	1,102,681	—	1,102,681
Interest rate swap agreements	—	15,867	—	15,867
Total assets	\$ —	\$ 1,129,384	\$ —	\$ 1,129,384
Liabilities				

Interest rate swap agreements	\$	—	\$	(15,867)	\$	—	\$	(15,867)
Total liabilities	\$	—	\$	(15,867)	\$	—	\$	(15,867)

(1) The outstanding principal balance for residential loans held for sale as of December 31, 2023 was \$10.5 million.

	2022				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
(In thousands)					
Assets					
Residential mortgage loans held for sale ⁽¹⁾	\$ —	\$ 11,706	\$ —		\$ 11,706
Investments available-for-sale:					
U.S. government agencies	—	93,622	—		93,622
State and municipal	—	265,997	—		265,997
Mortgage-backed and asset-backed	—	854,919	—		854,919
Total available-for-sale securities	—	1,214,538	—		1,214,538
Interest rate swap agreements	—	18,596	—		18,596
Total assets	\$ —	\$ 1,244,840	\$ —		\$ 1,244,840
Liabilities					
Interest rate swap agreements	\$ —	\$ (18,596)	\$ —		\$ (18,596)
Total liabilities	\$ —	\$ (18,596)	\$ —		\$ (18,596)

(1) The outstanding principal balance for residential loans held for sale as of December 31, 2022 was \$11.3 million.

Assets Measured at Fair Value on a Non-recurring Basis

The following tables set forth the Company's financial assets subject to fair value adjustments on a non-recurring basis at December 31 for the year indicated that are valued at the lower of cost or market. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

(In thousands)	2024				Total	Total Losses
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Loans ⁽¹⁾	\$	—	\$	—	\$	—
Other real estate owned		—		3,265		3,265
Total	\$	—	\$	3,265	\$	3,265

(1) Represent outstanding amount of collateral-dependent non-accrual loans that were written down to the fair value of the underlying collateral. Fair values are determined using actual market prices (Level 2), independent third-party valuations and borrower records, discounted as appropriate (Level 3).

(In thousands)	2023				Total	Total Losses
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)			
Loans ⁽¹⁾	\$	—	\$	—	\$	—
Other real estate owned		—		\$—		\$—
Total	\$	—	\$	—	\$	—

(1) Represent outstanding amount of collateral-dependent non-accrual loans that were written down to the fair value of the underlying collateral. Fair values are determined using actual market prices (Level 2), independent third-party valuations and borrower records, discounted as appropriate (Level 3).

2022

(In thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Total Losses
Loans ⁽¹⁾	\$ —	\$ —	\$ 190	\$ 190	\$ (384)
Other real estate owned	—	—	645	645	(105)
Total	\$ —	\$ —	\$ 835	\$ 835	\$ (489)

(1) Represent outstanding amount of collateral-dependent non-accrual loans that were written down to the fair value of the underlying collateral. Fair values are determined using actual market prices (Level 2), independent third-party valuations and borrower records, discounted as appropriate (Level 3).

At December 31, 2023 December 31, 2024, loans totaling \$88.2 million \$117.0 million were written down to fair value of \$64.2 million \$79.4 million as a result of individual credit loss allowances of \$24.0 million \$37.5 million associated with the collateral dependent non-accrual loans which was included in the allowance for credit losses. Loans totaling \$26.2 million \$88.2 million were written down to fair value of \$19.3 million \$64.2 million at December 31, 2022 December 31, 2023 as a result of individual credit loss allowances of \$6.9 million \$24.0 million associated with the collateral dependent non-accrual loans.

Fair value of the collateral dependent loans is measured based on the loan's observable market price or the fair value of the collateral (less estimated selling costs). Collateral may be real estate and/or business assets such as equipment, inventory and/or accounts receivable. The value of business equipment, inventory and accounts receivable collateral is based on net book value on the business' financial statements and, if necessary, discounted based on management's review and analysis. Appraised and reported values may be discounted based on management's historical experience, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the client and client's business. Collateral dependent loans are reviewed and evaluated on at least a quarterly basis for additional individual reserve and adjusted accordingly, based on the factors identified above.

OREO is adjusted to fair value upon transfer of the loans to OREO. Subsequently, OREO is carried at the lower of carrying value or fair value, less cost of disposal. The estimated fair value for OREO included in Level 3 is determined by independent market based appraisals and other available market information, less cost of disposal, that may be reduced further based on market expectations or an executed sales agreement. If the fair value of the collateral deteriorates subsequent to initial recognition, the Company records the OREO as a non-recurring Level 3 adjustment. Valuation techniques are consistent with those techniques applied in prior periods.

Fair Value of Financial Instruments

The Company discloses fair value information, based on the exit price notion, of financial instruments that are not measured at fair value in the financial statements. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Quoted market prices, where available, are shown as estimates of fair market values. Because no quoted market prices are available for a significant portion of the Company's financial instruments, the fair value of such instruments has been derived based on the amount and timing of future cash flows and estimated discount rates based on observable inputs ("Level 2") or unobservable inputs ("Level 3").

Present value techniques used in estimating the fair value of many of the Company's financial instruments are significantly affected by the assumptions used. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate cash settlement of the instrument. Additionally, the accompanying estimates of fair values are only representative of the fair values of the individual financial assets and liabilities, and should not be considered an indication of the fair value of the Company. Management utilizes internal models used in asset liability management to determine the fair values disclosed below. Other investments include FRB and FHLB stock, whose carrying amounts approximate fair values based on the redemption provisions of each entity.

The carrying amounts and fair values of the Company's financial instruments at December 31 for the year indicated are presented in the following table:

							Fair Value Measurements
2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)	
(In thousands)							
Financial assets:							
Financial assets:							
Financial assets:							
Cash and cash equivalents							
Cash and cash equivalents							
Cash and cash equivalents							
Residential mortgage loans held for sale							
SBA loans held for sale							
Available-for-sale debt securities							

Held-to-maturity debt securities
Other investments
Loans, net of allowance
Interest rate swap agreements
Accrued interest receivable
Bank owned life insurance
Financial liabilities:
Financial liabilities:
Financial liabilities:
Time deposits
Time deposits
Time deposits
Other deposits
Securities sold under retail repurchase agreements and
federal funds purchased
federal funds purchased
federal funds purchased
Advances from FHLB
Subordinated debt
Interest rate swap agreements
Accrued interest payable

Fair Value Measurements

2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)
2023						

(In thousands)

Financial assets:
Financial assets:
Financial assets:
Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Residential mortgage loans held for sale
Investments available-for-sale
Held-to-maturity debt securities
Other investments
Loans, net of allowance
Interest rate swap agreements
Accrued interest receivable
Bank owned life insurance
Financial liabilities:
Financial liabilities:
Financial liabilities:
Time deposits
Time deposits
Time deposits
Other deposits
Securities sold under retail repurchase agreements and
federal funds purchased
federal funds purchased
federal funds purchased

Federal funds purchased

Advances from FHLB

Subordinated debt

Interest rate swap agreements

Accrued interest payable

NOTE 22 – PARENT COMPANY FINANCIAL INFORMATION

Financial statements for Sandy Spring Bancorp, Inc. (Parent Only) for the periods indicated are presented in the following tables:

Statements of Condition

	December 31,					
(In thousands)	(In thousands)	2023	2022	(In thousands)	2024	2023
Assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents						
Other investments						
Other investments						
Other investments						
Investment in subsidiary						
Goodwill						
Other assets						
Total assets						
Liabilities:						
Liabilities:						
Liabilities:						
Subordinated debt						
Subordinated debt						
Subordinated debt						
Accrued expenses and other liabilities						
Total liabilities						
Stockholders' Equity:						
Common stock						
Common stock						
Common stock						
Additional paid in capital						
Retained earnings						
Accumulated other comprehensive loss						
Total stockholders' equity						
Total liabilities and stockholders' equity						

Statements of Income

	Year Ended December 31,							
(In thousands)	(In thousands)	2023	2022	2021	(In thousands)	2024	2023	2022
Income:								
Cash dividends from subsidiary								
Cash dividends from subsidiary								
Cash dividends from subsidiary								
Other income								
Total income								
Expenses:								
Interest								
Interest								

Interest
Other expenses
Total expenses
Income before income taxes and equity in undistributed income of subsidiary
Income tax benefit
Income before equity in undistributed income of subsidiary
Equity in undistributed income of subsidiary
Net income

Statements of Cash Flows

	Year Ended December 31,							
(In thousands)	(In thousands)	2023	2022	2021	(In thousands)	2024	2023	2022
Cash Flows from Operating Activities:								
Net income								
Net income								
Net income								
Adjustments to reconcile net income to net cash provided by operating activities:								
Equity in undistributed income-subsiary								
Equity in undistributed income-subsiary								
Equity in undistributed income-subsiary								
Share based compensation expense								
Share based compensation expense								
Share based compensation expense								
Other-net								
Other-net								
Other-net								
Net cash provided by operating activities								
Cash Flows from Investing Activities:								
Proceeds from sales of investment available-for-sale								
Proceeds from sales of investment available-for-sale								
Proceeds from sales of investment available-for-sale								
Investment in subsidiary								
Investment in subsidiary								
Investment in subsidiary								
Net cash provided by/ (used in) investing activities								
Net cash provided by/ (used in) investing activities								
Net cash provided by/ (used in) investing activities								
Cash Flows from Financing Activities:								
Retirement of subordinated debt								
Retirement of subordinated debt								
Retirement of subordinated debt								
Proceeds from issuance of subordinated debt								
Proceeds from issuance of subordinated debt								
Proceeds from issuance of subordinated debt								
Proceeds from issuance of common stock								
Stock tendered for payment of withholding taxes								
Repurchase of common stock								
Dividends paid								
Net cash provided by/ (used in) financing activities								
Net increase/ (decrease) in cash and cash equivalents								
Cash and cash equivalents at beginning of year								
Cash and cash equivalents at end of year								

NOTE 23 – REGULATORY MATTERS

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Company and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established and defined by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of Total, Tier 1 and Common Equity Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. As of **December 31, 2023**, **December 31, 2024** and **2022, 2023**, the capital levels of the Company and the Bank substantially exceeded all applicable capital adequacy requirements.

As of **December 31, 2023**, **December 31, 2024**, the **most recent notification from the Bank's primary regulator categorized the Bank as** **well** capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum Total risk-based, Tier 1 risk-based, Common Equity Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company's and the Bank's actual capital amounts and ratios at December 31 for the years indicated are presented in the following table:

(Dollars in thousands)	(Dollars in thousands)	Actual			Actual		For Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Provisions		(Dollars in thousands)	
		Amount	Ratio		Amount	Ratio			Amount	Ratio		Amount
As of												
December 31, 2024												
Tier 1 Leverage:												
Tier 1 Leverage:												
Tier 1 Leverage:												
Company												
Company												
Company		\$1,317,776	9.39 %		\$561,204	4.00 %			N/A			
Sandy Spring Bank		\$1,589,407	11.33 %		\$561,077	4.00 %		\$ 701,347		5.00 %		
Common Equity Tier 1 Capital to risk-weighted assets:												
Company												
Company												
Company		\$1,317,776	11.36 %		\$522,147	4.50 %			N/A			
Sandy Spring Bank		\$1,589,407	13.70 %		\$521,980	4.50 %		\$ 753,971		6.50 %		
Tier 1 Capital to risk-weighted assets:												
Company												
Company												
Company		\$1,317,776	11.36 %		\$696,196	6.00 %			N/A			
Sandy Spring Bank		\$1,589,407	13.70 %		\$695,973	6.00 %		\$ 927,964		8.00 %		

Company																									
Company																									
Company		\$1,785,347	14.92		14.92	%	\$	957,235	8.00		8.00	%				N/A				\$1,785,347	14.92				
Sandy Spring Bank	Sandy Spring Bank	\$1,655,050	13.84		13.84	%	\$	956,849	8.00		8.00	%				\$1,196,061	10.00		10.00	%	Sandy Spring Bank				\$1,655,050
As of December 31, 2022																									
As of December 31, 2022																									
As of December 31, 2022																									
Tier 1 Leverage:																									
Tier 1 Leverage:																									
Tier 1 Leverage:																									
Company																									
Company																									
Company		\$1,250,218	9.33	%	\$536,159			4.00	%				N/A												
Sandy Spring Bank		\$1,535,674	11.46	%	\$536,016			4.00	%	\$ 670,020			5.00	%											
Common Equity Tier 1 Capital to risk-weighted assets:																									
Company																									
Company																									
Company		\$1,250,218	10.23	%	\$549,992			4.50	%				N/A												
Sandy Spring Bank		\$1,535,674	12.57	%	\$549,681			4.50	%	\$ 793,984			6.50	%											
Tier 1 Capital to risk-weighted assets:																									
Company																									
Company																									
Company		\$1,250,218	10.23	%	\$733,323			6.00	%				N/A												
Sandy Spring Bank		\$1,535,674	12.57	%	\$732,909			6.00	%	\$ 977,212			8.00	%											
Total Capital to risk-weighted assets:																									
Company																									
Company																									
Company		\$1,735,342	14.20	%	\$977,764			8.00	%				N/A												
Sandy Spring Bank		\$1,645,799	13.47	%	\$977,212			8.00	%	\$1,221,514			10.00	%											

NOTE 24 – SUBSEQUENT EVENT

On February 5, 2025, the Company and Atlantic Union issued a joint press release announcing that the Company's stockholders and Atlantic Union's shareholders have approved the previously announced merger agreement at their respective special meetings. The parties also announced that they have received the necessary bank regulatory approvals to complete the merger agreement. The Company and Atlantic Union expect to complete the merger on or about April 1, 2025, subject to the satisfaction or waiver of customary closing conditions.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Fourth Quarter 2023 2024 Changes In Internal Controls Over Financial Reporting

No change occurred during the fourth quarter of 2023 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

As required by Securities and Exchange Commission rules, the Company's management evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) as of December 31, 2023 December 31, 2024. The Company's chief executive officer and chief financial officer participated in the evaluation. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2023 December 31, 2024.

Management's annual report on internal control over financial reporting is located on page 68 70 of this report.

Item 9B. OTHER INFORMATION

During the fiscal quarter ended December 31, 2023 December 31, 2024, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The This information under required herein is incorporated by reference to our definitive proxy statement or in an amendment to this Form 10-K, to be filed no later than 120 days after the captions "Proposal 1: Election of Directors," "Corporate Governance," "Delinquent Section 16(a) Reports," "Proposals for the 2025 Annual Meeting of Shareholders," and "Report end of the Audit Committee" in the Proxy Statement is incorporated in fiscal year covered by this Report by reference. Information regarding executive officers is included under the caption "Information About Our Executive Officers" on page 15 of this Report. Form 10-K.

Item 11. EXECUTIVE COMPENSATION

The This information under the captions "Director Compensation," "Compensation Discussion and Analysis," "Executive Compensation Tables" (excluding the information under "Pay Versus Performance") and "CEO Pay Ratio" in the Proxy Statement required herein is incorporated by reference to our definitive proxy statement or in an amendment to this Report Form 10-K, to be filed no later than 120 days after the end of the fiscal year covered by reference. this Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The This information under the caption "Stock Ownership Information" in the Proxy Statement required herein is incorporated by reference to our definitive proxy statement or in an amendment to this Report by reference. The information under "Proposal 4: Approval Form 10-K, to be filed no later than 120 days after the end of the Sandy Spring Bancorp, Inc. 2024 Equity Plan - Equity Compensation Plan Information" in the Proxy Statement is incorporated in fiscal year covered by this Report by reference. Form 10-K.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The This information under the captions "Director Independence" and "Transactions with Related Persons" in the Proxy Statement required herein is incorporated by reference to our definitive proxy statement or in an amendment to this Report Form 10-K, to be filed no later than 120 days after the end of the fiscal year covered by reference. this Form 10-K.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The This information under the captions "Audit and Non-Audit Fees" and "Audit Committee's Preapproval Policies and Procedures" in the Proxy Statement required herein is incorporated by reference to our definitive proxy statement or in an amendment to this Report Form 10-K, to be filed no later than 120 days after the end of the fiscal year covered by reference.

this Form 10-K.

PART IV.

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following financial statements are filed as a part of this report:

Consolidated Statements of Condition at [December 31, 2023](#) [December 31, 2024](#) and [2022 2023](#)
Consolidated Statements of Income for the years ended [December 31, 2023](#) [December 31, 2024](#), [2022 2023](#) and [2021 2022](#)
Consolidated Statements of Comprehensive Income for the years ended [December 31, 2023](#) [December 31, 2024](#), [2022 2023](#) and [2021 2022](#)
Consolidated Statements of Changes in Stockholders' Equity for the years ended [December 31, 2023](#) [December 31, 2024](#), [2022 2023](#) and [2021 2022](#)
Consolidated Statements of Cash Flows for the years ended [December 31, 2023](#) [December 31, 2024](#), [2022 2023](#) and [2021 2022](#)
Notes to the Consolidated Financial Statements
Reports of Registered Public Accounting Firm

All financial statement schedules have been omitted, as the required information is either not applicable or included in the Consolidated Financial Statements or related Notes.

<u>Exhibit No.</u>	<u>Description</u>	<u>Location</u>
2.1	Agreement and Plan of Merger dated as of October 21, 2024, between Atlantic Union Bankshares Corporation and Sandy Spring Bancorp, Inc.	Incorporated by reference to Exhibit 2.1 to Form 8-K filed on October 21, 2024, SEC File No. 0-19065
3.1.1	Articles of Incorporation of Sandy Spring Bancorp, Inc., as amended	Incorporated by reference to Exhibit 3.1 to Form 10-Q for the quarter ended June 30, 1996, SEC File No. 0-19065
3.1.2	Articles of Amendment to the Articles of Incorporation of Sandy Spring Bancorp, Inc.	Incorporated by reference to Exhibit 3(b) to Form 10-K for the year ended December 31, 2011, SEC File No. 0-19065
3.1.3	Articles of Amendment to the Articles of Incorporation of Sandy Spring Bancorp, Inc.	Incorporated by reference to Exhibit 3.1 to Form 8-K filed on May 2, 2018, SEC File No. 0-19065
3.2	Bylaws of Sandy Spring Bancorp, Inc.	Incorporated by reference to Exhibit 3.1 to Form 8-K filed on December 16, 2022, SEC File No. 0-19065
4.1	Description of Common Stock	Incorporated by reference to Exhibit 4.1.1 to Form 10-K for the year ended December 31, 2019, SEC File No. 0-19065
4.2.1	Subordinated Indenture, dated as of November 5, 2019, between Sandy Spring Bancorp, Inc. and Wilmington Trust, National Association, as Trustee	Incorporated by reference to Exhibit 4.1 to Form 8-K filed on November 5, 2019, SEC File No. 0-19065
4.2.2	First Supplemental Indenture, dated as of November 5, 2019, between Sandy Spring Bancorp, Inc. and Wilmington Trust, National Association, as Trustee	Incorporated by reference to Exhibit 4.2 to Form 8-K filed on November 5, 2019, SEC File No. 0-19065
4.2.3	Subordinated Indenture, dated as of March 18, 2022, between Sandy Spring Bancorp, Inc. and Wilmington Trust, National Association, as Trustee	Incorporated by reference to Exhibit 4.1 to Form 8-K filed on March 18, 2022, SEC File No. 0-19065
4.2.4	First Supplemental Indenture, dated as of March 18, 2022, between Sandy Spring Bancorp, Inc. and Wilmington Trust, National Association, as Trustee	Incorporated by reference to Exhibit 4.2 to Form 8-K filed on March 18, 2022, SEC File No. 0-19065

Other instruments defining the rights of holders of long-term debt securities of Sandy Spring Bancorp, Inc. and its subsidiaries are omitted in accordance with Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. Sandy Spring Bancorp, Inc. agrees to furnish copies of these instruments to the SEC upon request.

10.1.1*	Form of Director Fee Deferral Agreement, August 26, 1997, as amended	Incorporated by reference to Exhibit 10(h) to Form 10-K for the year ended December 31, 2003, SEC File No. 0-19065
10.1.2*	Form of Amendment to Directors' Fee Deferral Agreement	Incorporated by reference to Exhibit 10(o) to Form 10-K for the year ended December 31, 2008, SEC File No. 0-19065
10.2*	Sandy Spring Bank Directors' Deferred Fee Plan	Incorporated by reference to Exhibit 10(d) to Form 10-K for the year ended December 31, 2016, SEC File No. 0-19065
10.3*	Sandy Spring Bank Executive Incentive Retirement Plan	Incorporated by reference to Exhibit 10.10 to Form 10-K for the year ended December 31, 2020, SEC File No. 0-19065
10.4*	Sandy Spring Bancorp, Inc. Employee Stock Purchase Plan, as Amended and Restated	Incorporated by reference to Appendix A of the Definitive Proxy Statement filed on October 7, 2020, SEC File No. 0-19065
10.5*	Sandy Spring Bancorp, Inc. 2015 Omnibus Incentive Plan	Incorporated by reference to Appendix A of the Definitive Proxy Statement filed on March 31, 2015, SEC File No. 0-19065
10.6*	Form of Sandy Spring Bank Split Dollar Life Insurance Agreement	Incorporated by reference to Exhibit 10.1 to Form 8-K filed on May 27, 2021, SEC File No. 0-19065
10.7*	Sandy Spring Bank Non-Qualified Deferred Compensation Plan	Incorporated by reference to Exhibit 10.1 to Form 8-K filed on October 28, 2021, SEC File No. 0-19065
10.8*	Sandy Spring Bancorp, Inc. Executive Severance Plan	Incorporated by reference to Exhibit 10.1 to Form 8-K filed on December 16, 2022, SEC File No. 0-19065
10.9*	Sandy Spring Bancorp, Inc. Annual Incentive Plan	Incorporated by reference to Exhibit 10.1 to Form 8-K filed on January 26, 2023, SEC File No. 0-19065
10.10*	Sandy Spring Bancorp, Inc. 2024 Equity Plan	Incorporated by reference to Appendix B of the Definitive Proxy Statement filed on April 10, 2024, SEC File No. 0-19065
10.11*	Form of Acceleration and Clawback Agreement	Incorporated by reference to Exhibit 10.1 to Form 8-K filed on January 2, 2025, SEC File No. 0-19065
19	Insider Trading Policy	Filed herewith
21	Subsidiaries	Filed herewith
23	Consent of Independent Registered Public Accounting Firm	Filed herewith
31(a)	Rule 13a-14(a)/15d-14(a) Certification	Filed herewith
31(b)	Rule 13a-14(a)/15d-14(a) Certification	Filed herewith
32(a)	18 U.S.C. Section 1350 Certification	Filed herewith
32(b)	18 U.S.C. Section 1350 Certification	Filed herewith
97	Clawback Policy	Filed herewith Incorporated by reference to Exhibit 97 to Form 10-K for the year ended December 31, 2023, SEC File No. 0-19065
101.SCH	XBRL Taxonomy Extension Schema Document	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	

* Management Contract or Compensatory Plan or Arrangement filed pursuant to Item 15(b) of this Report.

Item 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SANDY SPRING BANCORP, INC.
(Registrant)

By: /s/ Daniel J. Schrider
Daniel J. Schrider
President and Chief Executive Officer
Date: February 20, 2024 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 20, 2024 February 20, 2025.

Principal Executive Officer and Director: /s/ Daniel J. Schrider Daniel J. Schrider Chair, President and Chief Executive Officer	Principal Financial and Accounting Officer: /s/ Philip J. Mantua Charles S. Cullum Philip J. Mantua Charles S. Cullum Executive Vice President and Chief Financial Officer
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Signature	Title
/s/ Ralph F. Boyd Ralph F. Boyd	Director
/s/ Kenneth C. Cook Kenneth C. Cook	Director
/s/ Mark E. Friis Mark E. Friis	Director
/s/ Brian J. Lemek Brian J. Lemek	Director
/s/ Pamela A. Little Pamela A. Little	Director
/s/ Walter C. Martz II Walter C. Martz II	Director
/s/ Mark C. Michael Mark C. Michael	Director
/s/ Mark C. Micklem Mark C. Micklem	Director
/s/ Christina B. O'Meara Christina B. O'Meara	Director
/s/ Robert L. Orndorff Robert L. Orndorff	Director
/s/ Craig A. Ruppert Craig A. Ruppert	Director
/s/ Mona Abutaleb Stephenson Mona Abutaleb Stephenson	Director

127 130



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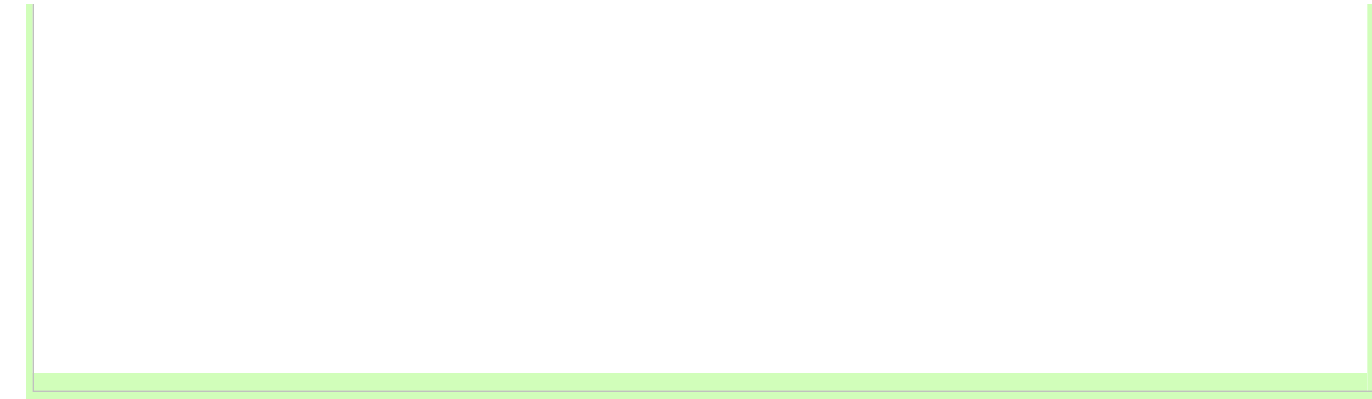


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Insider Trading Policy Version 2024.1 2 P a g e	Table of Contents	Table of Contents	2 I. Statement of Purpose and Scope
	3 II. Policy Requirements		4 III. Governance Roles & Responsibilities
		11 IV. Monitoring and Escalation	12 V. Definitions
		12 Appendix: Document Version Control	13



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Insider Trading Policy Version 2024.1.3 | Page 1: Statement of Purpose and Scope Purpose of Policy The purpose of this policy is to promote compliance with insider trading laws, rules and regulations by directors, officers and employees of Sandy Spring Bancorp, Inc. ("Sandy Spring") and its direct and indirect subsidiaries. Scope of Policy This policy applies to the Sandy Spring Board of Directors and all officers and employees of Sandy Spring and its direct and indirect subsidiaries. The same restrictions that apply to you also apply to family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Sandy Spring securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before trading in Sandy Spring securities). This policy also applies to any entity controlled by a person or group of persons covered by this policy, including any corporations, partnerships or trusts. You are responsible for making sure that the purchase or sale of any security covered by this policy by family members or controlled entities complies with this policy. Except as set forth below, this policy applies to any and all transactions in Sandy Spring securities, including transactions in common stock, options, preferred stock, restricted stock, restricted stock units, and any other type of securities that Sandy Spring may issue. This policy applies to such securities regardless of whether they are held in a brokerage account, 401(k) plan or similar account, employee stock purchase plan or otherwise. Related Laws/Regulations/Regulatory Guidelines Securities Exchange Act of 1934, Section 240.10b5-1



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Insider Trading Policy-Version 2024.1.4 | Page II. Policy Requirements Policy Requirements As a public company, Sandy Spring files periodic reports and proxy statements with the Securities and Exchange Commission ("SEC"). Investment by directors, officers and employees in Sandy Spring securities is generally desirable and encouraged. However, such investments should be made with caution and with recognition of the legal prohibitions against the use of confidential information by "insiders" for their own profit. As a director, officer or employee of a public company or one of its subsidiaries, you have the responsibility not to participate in the market for Sandy Spring securities while in possession of material, non-public information about Sandy Spring. There are harsh civil and criminal penalties if you wrongly obtain or use such material non-public information when you are deciding whether to buy or sell securities, or if you give that information to another person who uses it in buying or selling securities. If you buy or sell securities while in possession of material non-public information, you will not only have to pay back any profit you made, but you could be found guilty of criminal charges, and face substantial fines or even prison. Additionally, Sandy Spring could be held liable for your violations of insider trading laws. In order to avoid these harsh consequences, Sandy Spring has developed the following guidelines to briefly explain the insider trading laws and set forth procedures and limitations on trading by directors, officers and employees. This policy is divided into two parts. Part I applies to all directors, officers and employees and describes the prohibition on insider trading. Part II imposes additional restrictions on directors and certain officers and employees due to the nature of their work at Sandy Spring. Questions regarding the prohibition on insider trading or concerning this policy may be directed to the General Counsel or the Assistant Secretary. Part I: All Directors, Officers and Employees A. Insider Trading Concepts What is "Material" Information? Information is material if its public disclosure is likely to affect the market price of securities or if a reasonable investor would consider it important in deciding whether to buy, sell or hold a security. Material information may be either good or bad and is not limited to financial information. If you are unsure whether the information is material, assume it is material. Some examples of material information include: • earnings for the current or recently completed quarter • financial forecasts, including estimates of future earnings or losses



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Insider Trading Policy Version 2024.1 5 | Page • events that could result in restating financial information • a proposed acquisition, sale or merger • changes in key management personnel • beginning or settling a major lawsuit • changes in dividend policies • declaring a stock split • adopting a stock repurchase program • a stock or bond offering What is Non-Public Information? Non-public information is information that has not yet been made public by Sandy Spring. Information only becomes public when Sandy Spring discloses or publishes the information in a manner designed to reach investors generally, such as in a publicly accessible conference call, a press release or in SEC filings, and the investing public has had an opportunity to see or hear it. Even after public disclosure of information about Sandy Spring, you must wait at least two full trading days after the information was disclosed before you can treat the information as public. For example, if the announcement is made on Tuesday at 8:00 a.m., ET, before the opening of the Nasdaq Stock Market, you can begin trading again on Thursday morning. On the other hand, if the announcement were not made until Tuesday at 11:00 a.m., ET, you would not be able to trade until the opening of trading on Friday, after two full trading days have elapsed. As with questions of materiality, if you are not sure whether information is considered public, you should assume that the information is non-public and treat it as confidential. B. Trading Guidelines Insider Trading Prohibited. You may not purchase or sell any Sandy Spring security while in possession of information that you have reason to believe is material and non-public. Liability for insider trading is not dependent upon whether the motivation to trade is based upon material non-public information. Regardless of the reason for the sale, if you are aware of any material non-public information regarding Sandy Spring, you would be violating the law by trading in Sandy Spring securities while in possession of material non-public information. Tipping Prohibited. You may not pass material non-public information about Sandy Spring or any other company on to others (including immediate family members, friends or financial advisors) or recommend to anyone the purchase or sale of any securities when you are aware of such information. This practice, known as "tipping," also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not trade and did not gain any benefit from another's trading. Securities of Other Companies. You may not purchase or sell any security of any other company while in possession of material non-public information about that other company that was obtained in the course of your employment or service with Sandy Spring. For example, if you learn that Sandy Spring is negotiating to acquire another company, you may not purchase shares of that other company before



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Insider Trading Policy Version 2024.1 6 | Page the acquisition is publicly disclosed. In addition, you may not purchase or sell any security of any other company while in possession of material nonpublic information obtained in the course of your employment or service with Sandy Spring where the share price of the other company is predictably influenced by the disclosure of the material nonpublic information. Short-Term Trading is Strongly Discouraged. Frequent trading of Sandy Spring securities can create an appearance of wrongdoing and may become the subject of investigative action by the SEC or another regulatory authority in the event of any unusual activity in the stock or the stock price performance, even if the decision to trade was based solely on public information such as stock price ranges and other market events. You are strongly discouraged from trading in Sandy Spring securities for short-term trading profits. Derivative and Hedging Transactions Prohibited. You may not at any time buy or sell options on Sandy Spring securities (so called "puts" and "calls") or other derivative securities that reference Sandy Spring securities and may not enter into hedging or similar transactions that are designed to offset any decrease in the market value of Sandy Spring securities. This type of transaction may create the appearance that your interests are not aligned with those of Sandy Spring's shareholders generally. Avoid Open Orders. A good-till-cancelled order is an order to buy or sell a stock that lasts until the order is completed or cancelled. Such orders are typically coupled with price conditions. An open order with a broker to sell or purchase securities at a specified price leaves you with no control over the timing of the transaction. An order executed by the broker when you are aware of material nonpublic information may result in unlawful insider trading. Sandy Spring therefore discourages placing good-till-cancelled orders on Sandy Spring securities (other than as a part of a 10b5-1 trading plan). If you determine that you must use a good-till-cancelled order, the order

should be limited to a very short duration and should otherwise comply with the restrictions set forth in this policy. Managed Accounts. If you have a managed account (where another person has been given discretion or authority to trade without your approval), you should advise your broker or investment advisor not to trade in Sandy Spring securities at any time (other than as part of a Rule 10b5-1 trading arrangement). Rule 10b5-1 Trading Arrangements. A Rule 10b5-1 trading arrangement is any contract, instruction or written plan for the purchase or sale of Sandy Spring securities that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Securities Exchange Act. To qualify as a Rule 10b5-1 trading arrangement, a contract, instruction or plan must specify the price, amount, and date of trades to be executed in your account in the future, or provide a formula or mechanism that your broker or investment advisor will follow. In addition, a Rule 10b5-1 trading arrangement must not permit you to exercise any subsequent influence over how, when, or whether the purchases or sales are made. You may establish a Rule 10b5-1 trading arrangement only at a time when you do not possess material, nonpublic information. The rules regarding 10b5-1 trading plans are complex and you must comply with them completely. You should consult with your legal advisor before proceeding.



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Insider Trading Policy Version 2024.1.7 | Page Transactions Under Company Plans. The trading restrictions of this policy apply to transactions under Sandy Spring benefit and compensation plans as follows: No Restrictions Trading Restrictions Apply 401(k) Plan Investing 401(k) plan contributions in Sandy Spring stock through periodic, automatic payroll deductions in accordance with the terms of the 401(k) plan. Transfers of funds into or out of the Sandy Spring stock fund of the 401(k) plan, an election to allocate a portion of your periodic contributions to the Sandy Spring stock fund, or an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Sandy Spring stock fund. Employee Stock Purchase Plan ("ESPP") Purchasing Sandy Spring stock through periodic, automatic payroll contributions to the ESPP. Electing to enroll in the ESPP, making any changes in your elections under the ESPP and selling any Sandy Spring stock acquired under the ESPP. Dividend Reinvestment Plan ("DRP") Purchasing Sandy Spring stock through the reinvestment of dividends on previously owned shares pursuant to the DRP or similar program offered through your broker. Electing to enroll in the DRP, making any changes in your elections under the DRP, purchasing shares with additional cash contributions under the DRP and selling any Sandy Spring stock acquired under the DRP. Stock Options Exercising stock options granted under Sandy Spring's equity incentive plans with cash or the delivery of previously owned Sandy Spring stock. The sale of any Sandy Spring stock issued on the exercise of stock options and any cashless exercise of stock options. Part II: Rules applicable to Restricted Persons The requirements of this part are applicable to all directors, all officers with the title of Division Executive or higher, all persons in the Finance Department, all persons who work within the Executive Offices of the main office and such other employees as may be designated by the President and Chief Executive Officer or General Counsel ("Restricted Persons"). The General Counsel will maintain a list of the Restricted Persons.



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Insider Trading Policy Version 2024.1.8 | Page A. Blackout Periods Quarterly blackout periods. Restricted Persons may not trade in Sandy Spring securities during a blackout period that begins on the fifteenth day of the last month of each calendar quarter (i.e., on December 15, March 15, June 15 and September 15) and ends two full trading days after the public release of financial results for such quarter. The following transactions are prohibited during blackout periods: • Open market or private purchases or sales • A sale of securities following exercise of a stock option (including a sale by way of a cashless exercise) • Signing up for, or increasing/decreasing participation in, any employee stock purchase plan or dividend reinvestment plan • Initiating a transfer of funds into or out of the Sandy Spring stock fund of the 401(k) plan or increasing or decreasing an existing election to invest funds in the Sandy Spring stock fund • Entering into a 10b5-1 trading plan (see Section C below) • Contributions of Sandy Spring securities to a tax-exempt organization or donor-advised fund The following transactions are permitted during blackout periods: • Purchases through the 401(k) plan or other Company-sponsored plan pursuant to periodic, automatic payroll deductions in accordance with the terms of the plan • Purchases pursuant to a 10b5-1 trading plan that was entered into before the blackout period commenced (see Section C below) • Exercise of stock options with cash or the delivery of previously owned Sandy Spring stock (that is, where no Sandy Spring stock is sold to fund the option exercise) • Regular investment of dividends through the Dividend Reinvestment Plan or similar arrangement • Bona fide gifts of Sandy Spring securities (unless the donor has reason to believe that the recipient intends to sell the shares during the current blackout period) • Transfers of Sandy Spring securities to or from a trust Sandy Spring's President and Chief Executive Officer, in consultation with the General Counsel, may permit transactions during the blackout period upon request where the person making the request is not in possession of material non-public information. Temporary blackout periods. Sandy Spring may institute temporary blackout periods in the event of a material corporate development. Notice of temporary blackout periods will be distributed by means of a written or electronic communication specifying the duration of the blackout period and the persons subject to it. Pension Fund Blackouts. The Sarbanes-Oxley Act of 2002 requires Sandy Spring to absolutely prohibit all purchases, sales or transfers of Sandy Spring securities by directors and executive officers during a pension fund blackout period. A pension fund blackout period exists whenever 50% or more of the plan participants are unable to conduct transactions in their accounts for more than three consecutive days. These blackout periods typically occur when there is a change in the retirement plan's trustee, record



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Insider Trading Policy Version 2024.1.9 | P a g e
keeper or investment manager. Directors and executive officers will be contacted when these or other restricted trading periods are instituted. B. Pre-clearance The following persons must pre-clear all planned transactions in Sandy Spring securities, except as otherwise provided in this policy: • Directors • Members of the Executive Leadership Team ("Section 16 Officers") • Family members or domestic partners who share the same address or who are financially dependent on a director or Section 16 Officer • All corporations, partnerships, trusts or other entities owned or controlled by a director or Section 16 Officer or a member of his or her immediate family living in the same household The following transactions do not require pre-clearance: • Purchases through the 401(k) plan or ESPP pursuant to periodic, automatic payroll deductions in accordance with the terms of the plan • Reinvestment of dividends through the DRP or similar arrangement Please contact the General Counsel or Assistant Secretary to pre-clear any transactions in Sandy Spring securities. It is expected that the planned transaction will be executed within three trading days of receiving clearance. If, upon requesting clearance, you are advised that Sandy Spring securities may not be traded, you may not engage in any trade of any type under any circumstances, nor may you inform anyone of the restriction. You may reapply for pre-clearance at a later date when trading restrictions may no longer be applicable. C. Rule 10b5-1 Trading Arrangements Restricted Persons may not enter into Rule 10b5-1 trading arrangements during blackout periods. Prior to the establishment of a Rule 10b5-1 trading arrangement, each director and Section 16 Officer must pre-clear with the General Counsel their proposed arrangement. To obtain pre-clearance of a Rule 10b5-1 trading arrangement, a director or Section 16 Officer must provide a description of the material terms of the arrangement, including the date on which the director or Section 16 Officer intends to adopt the trading arrangement, the duration of the trading arrangement, and the aggregate number of securities to be purchased or sold pursuant to the trading arrangement. Sandy Spring reserves the right to withhold pre-clearance of any Rule 10b5-1 trading arrangement that the General Counsel determines is not consistent with the rules regarding such plans. Upon termination of a Rule 10b5-1 trading arrangement, a director or Section 16 Officer must promptly inform the General Counsel. D. Selling short Restricted Persons may not at any time sell short Sandy Spring stock or otherwise sell any equity securities of Sandy Spring that they do not own. Generally, a short sale means any transaction whereby one may benefit from a decline in Sandy Spring stock price.



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Insider Trading Policy Version 2024.1 10 | Page E. Margin Accounts and Pledges Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly securities held in an account that may be borrowed against or are otherwise pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. A margin sale or foreclosure sale may occur at a time when the pledgor is aware of material non-public information or otherwise is not permitted to trade in Sandy Spring securities and, as a result, the pledgor may be subject to liability under insider trading laws. To prevent this situation, directors and Section 16 Officers may not purchase Sandy Spring securities on margin or borrow against any account in which Sandy Spring securities are held, or pledge Sandy Spring securities as collateral for any loan. An exception to this prohibition may be granted where a person wishes to pledge Sandy Spring securities as collateral for a loan from a third party (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Sandy Spring securities as collateral for a loan from a third party must submit a request for approval to the President and Chief Executive Officer at least two weeks prior to the execution of the documents evidencing the proposed pledge.





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Insider Trading Policy Version 2024.1 12 | Page IV. Monitoring and Escalation This policy must be reviewed and approved, at a minimum, on the following basis. The frequency of review may be adjusted to meet the review needs of the policy and are generally targeted for the calendar quarter corresponding to the previous review. Annually Biennially X Other If Other, insert frequency: Policy reviews must also occur if significant process changes or regulatory changes are implemented, regardless of the effective date of the Policy. The Policy Owner is responsible for facilitating this policy review. The Policy Owner may approve minor revisions to this Policy, including but not limited to employee title changes, spelling and grammar corrections, etc. The Policy Owner is responsible for monitoring compliance with this Policy and escalating any compliance failures to the Board of Directors, as appropriate. In the event that there is an interpretation difference associated with the requirements of this Policy, the General Counsel shall serve as the initial arbiter. If the General Counsel is not able to resolve the difference, the Board of Directors will serve as final arbiter. V. Definitions Term Definition



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Exhibit 21

Subsidiaries of the Registrant

Name	Jurisdiction of Incorporation
Sandy Spring Bank	Maryland
West Financial Services, Inc.*	Maryland
SSB Wealth Management, Inc.*(1)	Maryland

*Direct subsidiary of Sandy Spring Bank
(1) Does business under the name "Rembert Pendleton Jackson".

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-204746) pertaining to the Sandy Spring Bancorp, Inc. 2015 Omnibus Incentive Plan and Sandy Spring Bank 401(k) Plan,
- (2) Registration Statement (Form S-8 No. 333-235279) pertaining to the Revere Bank 2013 Equity Compensation Plan, Revere Bank 2008 Equity Compensation Plan, and Blue Ridge Bank 2008 Stock Option Plan,
- (3) Registration Statement (Form S-8 No. 333-250740) pertaining to the Sandy Spring Bancorp, Inc. Employee Stock Purchase Plan, as amended and restated, and
- (4) Registration Statement (Form S-8 No. 333-279626) pertaining to the Sandy Spring Bancorp, Inc. 2024 Equity Plan,
- (5) Registration Statement (Form S-3 No. 333-253367) 333-278305) of Sandy Spring Bancorp, Inc.

of our reports dated February 20, 2024 February 20, 2025, with respect to the consolidated financial statements of Sandy Spring Bancorp, Inc. and subsidiaries, and the effectiveness of internal control over financial reporting of Sandy Spring Bancorp, Inc. and subsidiaries included in this Annual Report (Form 10-K) of Sandy Spring Bancorp, Inc. and subsidiaries for the year ended December 31, 2023 December 31, 2024.

/s/ Ernst & Young LLP

Tysons, Virginia
February 20, 2024 2025

Exhibit 31 (a) CERTIFICATION

Rule 13a-14(a) / 15d-14(a) Certifications

I, Daniel J. Schrider, President and Chief Executive Officer of Sandy Spring Bancorp, Inc. ("Bancorp"), certify that:

1. I have reviewed this annual report on Form 10-K of Sandy Spring Bancorp, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based upon such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024 February
20, 2025

/s/ Daniel J. Schrider
Daniel J. Schrider
President and
Chief Executive Officer

Exhibit 31 (b)
CERTIFICATION

Rule 13a-14(a) / 15d-14(a) Certifications

I, Philip J. Mantua, Charles S. Cullum, Executive Vice President and Chief Financial Officer of Sandy Spring Bancorp, Inc. ("Bancorp"), certify that:

1. I have reviewed this annual report on Form 10-K of Sandy Spring Bancorp, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based upon such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 20, 2024 February
20, 2025

/s/ Philip J. Mantua Charles S. Cullum
Philip J. Mantua Charles S. Cullum
Executive Vice President and
Chief Financial Officer

Exhibit 32(a)

18 U.S.C. Section 1350 Certification

I hereby certify pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that the accompanying Form 10-K of Sandy Spring Bancorp, Inc. ("Bancorp") for the period ended ~~December 31, 2023~~ December 31, 2024, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and that the information contained in this Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Bancorp.

By: /s/ Daniel J. Schrider
Daniel J. Schrider
President and Chief Executive Officer
Date: ~~February 20, 2024~~ February 20, 2025

Exhibit 32(b)

18 U.S.C. Section 1350 Certification

I hereby certify pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that the accompanying Form 10-K of Sandy Spring Bancorp, Inc. ("Bancorp") for the period ended ~~December 31, 2023~~ December 31, 2024, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and that the information contained in this Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Bancorp.

By: /s/ Philip J. Mantua Charles S. Cullum
Philip J. Mantua Charles S. Cullum
Executive Vice President and Chief Financial Officer
Date: ~~February 20, 2024~~ February 20, 2025



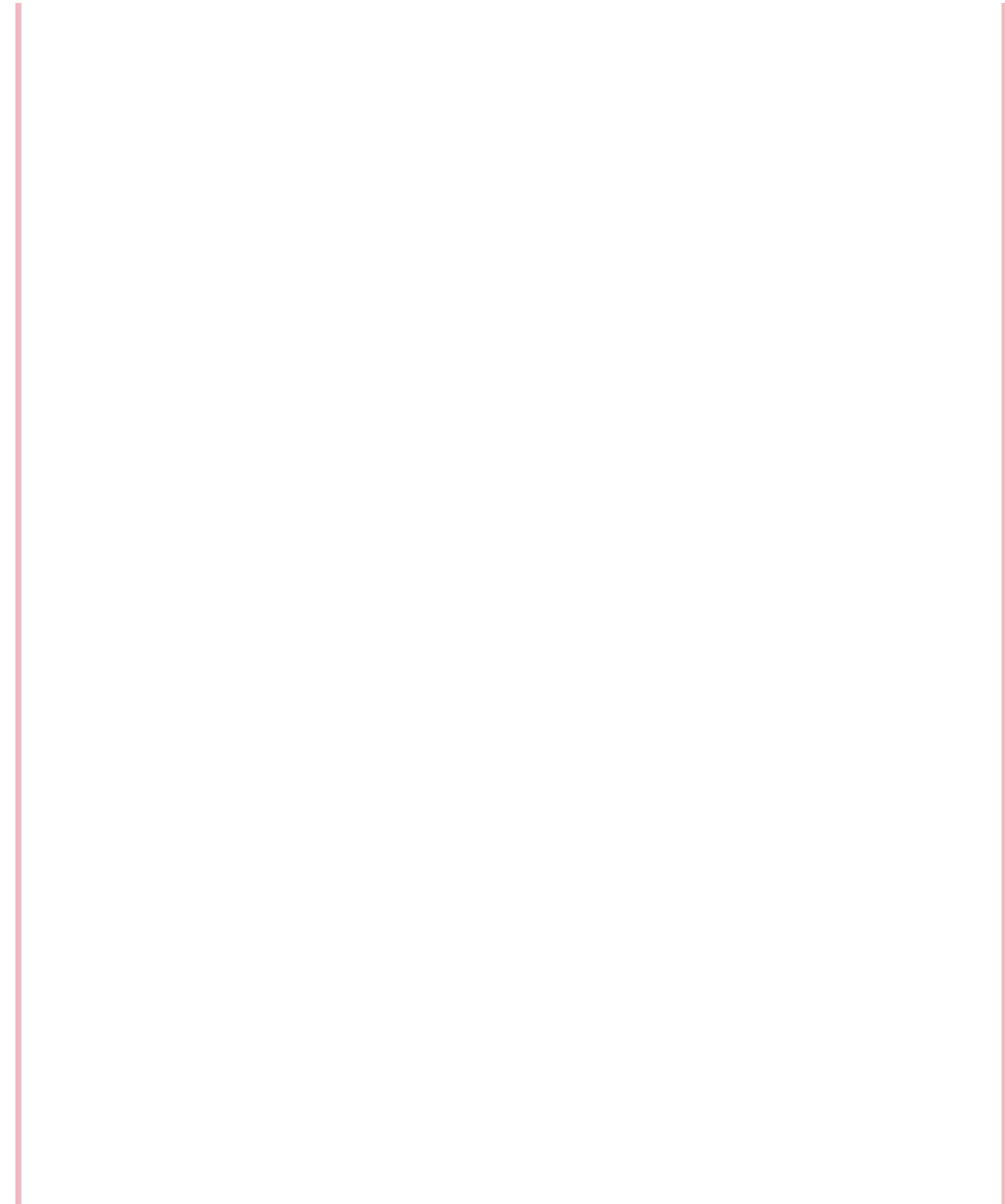


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Clawback Policy Version 2023.1 3 | P a g e I. Statement of Purpose and Scope Purpose of Policy The purpose of this policy is to provide for the recoupment of incentive-based compensation received by current or former executive officers of Sandy Spring Bancorp, Inc. (the "Company") where that compensation was based on erroneously reported financial information. Scope of Policy This policy applies to the Company's current and former executive officers. For purposes of this policy, an executive officer is the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a

principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policymaking functions for the Company. Executive officers of the Company's subsidiaries are deemed executive officers of the Company if they perform such policy making functions for the Company. This policy shall be binding and enforceable against all executive officers and their beneficiaries, heirs, executors, administrators, or other legal representatives. Related Laws/Regulations/Regulatory Guidelines The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Section 954 Securities Exchange Act of 1934, Section 10D Nasdaq Stock Market Listing Rules, Rule 5608



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Clawback Policy Version 2023.1 4 | P a g e II. Policy Requirements Policy Requirements The Company will recover reasonably promptly the amount of erroneously awarded incentive-based compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. This policy applies to all incentive-based compensation received by a person: (i) After beginning service as an executive officer; (ii) Who served as an executive officer at any time during the performance period for that incentive-based compensation; (iii) While the Company has a class of securities listed on a national securities exchange or a national securities association; and (iv) During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described above. (In addition, this policy applies to any transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years, other than a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months, which would be deemed a completed fiscal year.) The Company's obligation to recover erroneously awarded incentive-based compensation is not dependent on if or when the restated financial statements are filed. For purposes of determining the relevant recovery period, the date that the Company is required to prepare an accounting restatement as described above is the earlier to occur of: (i) The date the Company's board of directors, a committee of the board of directors, or the officer or officers of the Company authorized to take such action if board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described above, or (ii) The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described above. The amount of incentive-based compensation that is subject to this policy ("erroneously awarded compensation") is the amount of incentive-based compensation received on or after October 2, 2023, that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement.



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Clawback Policy Version 2023.1 5 | P a g e (i) The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and (ii) The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq. For purposes of this policy, incentive-based compensation is any compensation that is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure. Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Commission. Incentive-based compensation is deemed received in the fiscal period during which the financial reporting measure specified in the incentive-based compensation award is attained, even if the payment or grant of the incentive-based compensation occurs after the end of that period. Equity awards that vest exclusively upon completion of a specified employment period, without any performance condition, and bonus awards that are discretionary or based on subjective goals or goals unrelated to financial reporting measures, do not constitute incentive-based compensation for purposes of this policy. The Compensation Committee of the board of directors will determine, in its sole discretion, the method for recouping erroneously-awarded incentive-based compensation hereunder, which may include, without limitation: (a) requiring reimbursement of erroneously awarded cash compensation previously paid; (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards; (c) offsetting the recouped amount from any compensation otherwise owed by the Company to the executive officer; (d) cancelling outstanding vested or unvested equity awards; and/or (e) taking any other remedial and recovery action permitted by law, as determined by the Compensation Committee. The Compensation Committee shall recover any erroneously awarded incentive-based compensation in accordance with this policy except to the extent the conditions specified below are met and the Compensation Committee has determined that recovery would be impracticable. (i) The direct expense paid to a third party to assist in enforcing this policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of erroneously awarded compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq. (ii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.



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Clawback Policy Version 2023.1 6 | Page The Compensation Committee may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the adoption of this policy shall, as a condition to the grant of any benefit thereunder, require an executive officer to agree to abide by the terms of this policy. Any right of recoupment under this policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. III. Governance Roles & Responsibilities Policy Owner EVP, Chief Administrative Officer & General Counsel Policy Approver Board of Directors Policy Reviewer EVP, Chief Administrative Officer & General Counsel (annually) Compensation Committee (biennially) Policy Exception Approver No exceptions permitted Other Roles Identify those roles necessary in overseeing or carrying out compliance with this Policy. Role Responsibility Finance Determining the impact of a financial re-statement on previously reported compensation metrics. Human Resources Calculating the amount of compensation to be recouped Legal Coordinating Compensation Committee and/or Board approval. Drafting and/or reviewing required disclosures in public filings.



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Clawback Policy Version 2023.1.7 | Page IV: Monitoring and Escalation This policy must be reviewed annually and approved biennially, at a minimum, on the following basis. The frequency of review may be adjusted to meet the review needs of the policy and are generally targeted for the calendar quarter corresponding to the previous review. Annually R Biennially A Other If Other, insert frequency. Policy reviews must also occur if significant process changes or regulatory changes are implemented, regardless of the effective date of the Policy. The Policy Owner is responsible for facilitating this policy review. The Policy Owner may approve minor revisions to this Policy, including but not limited to employee title changes, spelling and grammar corrections, etc. The Policy Owner is responsible for monitoring compliance with this Policy and escalating any compliance failures to the Board of Directors, as appropriate. In the event that there is an interpretation difference associated with the requirements of this Policy, the Compensation Committee shall serve as the initial arbiter. If the Compensation Committee is not able to resolve the difference, the Board of Directors will serve as final arbiter.



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Clawback Policy Version 2023.1.9 | Page Appendix: Document Version Control Maintain an audit trail of the version history. Version # format should be shown as: Year policy was last approved followed by the version number of any revisions. Version # Revision Description Reviewed by Action Date Approved by Action Date 2023.1 Original document publication Compensation Committee 9/6/2023 Board of Directors 9/27/2023 Note: The policy must be Reviewed and Approved in accordance with the Policy on Policies.

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