

Risks Related to Our Strategy

We may not be able to implement our growth strategy or manage costs effectively, resulting in lower earnings or profitability.

There can be no assurance that we will be able to continue to grow and to be profitable in future periods, or, if profitable, that our overall earnings will remain consistent or increase in the future. Our growth requires that we increase our loans, assets under management and deposits while managing risks by following prudent loan underwriting standards without increasing interest rate risk, increasing our noninterest expenses or compressing our net interest margin, maintaining more than adequate capital at all times, hiring and retaining qualified employees and successfully implementing strategic initiatives. Even if we are able to increase our interest income, our earnings may nonetheless be reduced by increased expenses, such as additional employee compensation or other general and administrative expenses and increased interest expense on any liabilities incurred or deposits solicited to fund increases in assets. Additionally, if our competitors extend credit on terms we find to pose excessive risks, or at interest rates which we believe do not warrant the credit exposure, we may not be able to maintain our lending volume and could experience deteriorating financial performance. Our inability to manage our growth successfully or to continue to expand into new markets could have a material adverse effect on our business, financial condition or results of operations.

New lines of business, products, product enhancements or services may subject us to additional risks.

From time to time, we may implement new lines of business or offer new products or product enhancements as well as new services within our existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances in which the markets are not fully developed. In implementing, developing or marketing new lines of business, products, product enhancements or services, we may invest significant time and resources, although we may not assign the appropriate level of resources or expertise necessary to make these new lines of business, products, product enhancements or services successful or to realize their expected benefits. Initial timetables for the introduction and development of new lines of business, products, product enhancements or services may not be achieved, and price and profitability targets may not prove feasible. For example, several of our competitors have successfully introduced innovative investment management products. The introduction of such new products requires continued innovative efforts on the part of our management and may require significant time and resources as well as ongoing support and investment. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also affect the implementation of a new line of business or offerings of new products, product enhancements or services. Furthermore, any new line of business, product, product enhancement or service or system conversion could have a significant impact on the effectiveness of our internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or offerings of new products, product enhancements or services could have a material adverse effect on our business, financial condition or results of operations.

Our ability to maintain our reputation is critical to the success of our business, including our ability to attract and retain customers, and failure to do so may materially adversely affect our performance.

We are a Certified B Corporation™. The term “Certified B Corporation” does not refer to a particular form of legal entity, but instead refers to companies certified by the B Lab, an independent nonprofit organization, as meeting rigorous standards of social and environmental performance, accountability and transparency. B Labs sets the standards for Certified B Corporation™ certification and may change those standards over time. Our reputation could be harmed if we lose our Certified B Corporation™ status, whether by choice or by our failure to meet B Lab’s certification requirements, if that change in status were to create a perception that we are no longer committed to the values shared by Certified B Corporations™. Likewise, our reputation could be harmed if our publicly reported B Corporation™ score declines, if that were to create a perception that we are less focused on meeting the Certified B Corporation™ standards.

As a fund manager, we continue to engage in stockholder activism, pressing companies to adopt best practices on a range of environmental, social and corporate governance topics. This activism has caused and could cause increased scrutiny over our own environmental, social and corporate governance activities. Any failure, or perceived failure, in our ability to maintain environmental, social and corporate governance best practices could damage our reputation adversely affecting our business, results of operations or financial condition.

Maintaining our reputation also depends on our ability to successfully prevent third-parties from infringing on our brand and associated trademarks. Defense of our reputation and our trademarks, including through litigation, could result in costs adversely affecting our business, results of operations or financial condition.

We face strong competition from other banks and financial institutions and other wealth and investment management firms that could hurt our business.