Risk Factors Comparison 2023-04-11 to 2022-04-15 Form: 10-K

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

We are exposed to a variety of risks, some of which are inherent to the financial services industry and others of which are more specific to our businesses. The discussion below addresses material factors, of which we are currently aware, that could have a material and adverse effect on our businesses, results of operations, and financial condition. These risk factors and other forward- looking statements that relate to future events, expectations, trends and operating periods involve certain factors that are subject to change, and important risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties should not be considered a complete discussion of all the risks and uncertainties that we might face. Although the risks are organized by headings and each risk is discussed separately, many are interrelated. Risks Relating to Our ~~BusinessWe -~~ - **Business** ~~may not be successful in retaining key employees. Our success will depend in part on its ability to retain the talents and dedication of key employees. If key employees terminate their employment, our business activities may be adversely affected and management' s attention may be diverted from successfully integrating operating our business to hiring suitable replacements, which may cause our business to suffer. In addition, we may not be able to locate or retain suitable replacements for any key employees who leave the Company.~~ The ~~COVID- 19 pandemic has impacted the economy and our businesses. The extent and severity of the impact on our business and financial results will depend on future developments, which are highly uncertain and cannot be predicted. Since early March 2020, the spread of the COVID- 19 novel coronavirus has resulted in a pandemic (the " COVID- 19 pandemic "), which has impacted virtually every aspect of society. The COVID- 19 pandemic negatively impacted the global economy, disrupted global supply chains, and created significant volatility and disruption in financial markets. In response, the Federal Reserve sharply reduced interest rates and instituted quantitative easing measures, as well as domestic and global capital market support programs; however, to help curtail rising inflation, the Federal Reserve recently began increasing interest rates and is also expected to reduce quantitative easing measures. The duration of the COVID- 19 pandemic and its effects still cannot be determined with a reasonable level of certainty. Federal, state and local governments have enacted various restrictions in an attempt to limit the spread of COVID- 19. Such measures have disrupted economic~~ **macroeconomic** ~~activity and contributed to job losses and reductions in consumer business and spending. The institution of physical distancing, and shelter- in- place requirements resulted in temporary closures of many businesses. Even as state and local governments begin to re- open businesses and relax restrictions, these changes have had, and may continue to have, a significant and lasting adverse effect on the markets in which the Company conducts its businesses. As a result, the demand for the Company' s products and services have been and may continue to be significantly affected, although in different ways and to different degrees. The COVID- 19 pandemic could prompt credit losses in the Bank' s loan portfolio and increase the required levels of allowances for credit losses, particularly if businesses remain closed or close again in another wave of the COVID- 19 pandemic and if more customers draw on lines of credit or seek additional loans to help finance their businesses. In addition, the impacts of prior federal stimulus measures and other federal and state measures, specifically with respect to loan forbearances, may also have an impact on the Company' s performance. The operations of the Bank may also be disrupted if significant portions of its workforce are unable to work effectively, due to illness, quarantines, government actions, or other restrictions in connection with the COVID- 19 pandemic. Although the branch offices of the bank are currently open, many employees are now working remotely, and it is anticipated that staffing levels will remain lower than pre- pandemic levels for some time. Although the ultimate impact of the COVID- 19 pandemic over the longer term is uncertain and we do not yet know the full extent of the impacts on our business, operations or the global economy as a whole, nor the pace of recovery when the COVID- 19 pandemic subsides, the decline in economic conditions generally and a prolonged negative impact on small to medium sized businesses, in particular, due to COVID- 19 may have a lasting adverse effect on our financial condition, results of operations, assets or business. The economic~~ environment could pose significant challenges for the Company and could adversely affect our financial condition and results of operations. ~~The threat of near- term inflation~~ **Inflation** poses risk to the economy overall and could indirectly pose challenges to our clients and to our business. Elevated inflation can impact our business customers through loss of purchasing power for their customers, leading to lower sales. Rising inflation can also increase input and inventory costs for our customers, forcing them to raise their prices or lower their profitability. Supply chain disruption, also leading to inflation, can delay our customers' shipping ability, or timing on receiving inputs for their production or inventory. Inflation can lead to higher wages for our commercial customers, increasing costs. All of these inflationary risks for our commercial customer base can be financially detrimental, leading to increased likelihood that the customer may default on a loan. In addition, sustained inflationary pressure has led the Federal Reserve to **raise** ~~begin raising~~ interest rates ~~in~~ **several times during** 2022, which increases our interest rate risk **. The failure of three regional banks in March 2023 and the resultant negative outlook on the banking sector has created concern regarding the exposure of banks to interest rate risk, and the exposure of banks to unrecognized investment losses due to investments classified as " held to maturity " on the balance sheet. Also, analysts have been monitoring the level of uninsured deposits in banks due to the liquidity risk associated with high levels of uninsured deposits** . To the extent such conditions exist or worsen, we could experience adverse effects on our business, financial condition, and results of operations. Additionally, financial markets may be adversely affected by the current or anticipated impact of military conflict, including hostilities between Russia and Ukraine, terrorism, or other geopolitical events. Our future success will depend on our ability to compete effectively in the highly competitive financial services industry in the greater Washington **,** D.C.and Los Angeles metropolitan areas.We face strong competition in the Washington,D.C.metropolitan area and the Southern California Market.We compete with many different types of financial institutions,including commercial

banks,credit unions,savings and loan associations,mortgage banking firms,consumer finance companies,insurance companies,and money market funds,as well as other local and community,super- regional,national,and international financial institutions that operate offices in our primary market areas and elsewhere.Our future growth and success will depend on our ability to compete effectively in this highly competitive financial services environment.Many of our competitors in the greater Washington,D.C.and Los Angeles metropolitan areas are well- established,larger financial institutions that have greater name recognition and market presence that benefit them in attracting business.Failure to compete effectively and to attract new or to retain existing clients may have an adverse effect on our financial condition,results of operations,assets,or business.A downturn in the real estate market could seriously impair our loan portfolio and operating results.Most of our loan portfolio consists of loans secured by various types of real estate located in Southern California and in Washington,D.C.,and surrounding areas.If economic factors cause real estate values in the markets we serve to decline,higher vacancies to occur,or the deterioration of other factors,including **,for example,** as a result of the COVID- 19 pandemic,then the financial condition of the Bank' s borrowers could be harmed,and the collateral for loans will provide less security.In addition,a decline in real estate values in the regions served could result in the Bank experiencing increases in loan delinquencies and defaults,which result in increases in the amounts of nonperforming assets and which would likely cause the Bank to suffer losses.Our allowance for loan losses may not be adequate to cover actual loan losses.The Bank seeks to limit the risk that borrowers will fail to repay loans by carefully underwriting the loans made.Losses nevertheless ~~may~~ occur **from time to time** .The Bank has established allowances for estimated loan losses in its accounting records through loss provisions which are recorded as expenses that reduce income.The Bank has based decisions on the amount of these loss provisions and allowances that are prudent from time to time on estimates of the following factors,among others: ~~•~~ **●** historical experience with its loans; ~~•~~ **●** evaluation of current economic conditions; ~~•~~ **●** reviews of the quality,mix and size of the overall loan portfolio; ~~•~~ **●** reviews of loan delinquencies,including trends in such delinquencies;and ~~•~~ **●** the quality of the collateral underlying loans,based in part on independent appraisals by third parties.If the Bank' s actual loan losses exceed the amount that has been allocated for estimated probable losses,our net income and financial condition could be materially and adversely affected.Evaluation of many of the factors that are relevant to the determination of the appropriate levels of loss provisions and allowances is an inherently subjective process,and our conclusions are subject to review by our regulators in the course of regular periodic and special examinations of the Bank.The regulatory examiners may make different judgments on such matters based on the information available to them at the times of their examinations and may require that we increase the amounts of loss provisions and allowances.In addition,in June 2016,the Financial Accounting Standards Board (" FASB ") issued a new accounting standard that will replace the current **historical** approach under GAAP for establishing the allowance for loan losses,which generally considers only past events and current conditions.This new standard,referred to as Current Expected Credit Loss (" CECL "),requires financial institutions to project a loan' s lifetime losses at origination,as opposed to the current framework which allows adjustments to the provision for loan and lease losses when losses are assessed as probable in an existing loan. **Under ASU 2016- 13,available- for- sale debt securities are evaluated for impairment if fair value is less than amortized cost,with any estimated credit losses recorded through a credit loss expense and an allowance,rather than a write- down of the investment.Changes in fair value that are not credit- related will continue to be recorded in other comprehensive income.** On November 15,2019,FASB issued a new accounting standard,which delayed the effective date of CECL for small banking institutions to interim periods and fiscal years beginning after December 15,2022. ~~At this time,we do not know and cannot reasonably quantify the impact on us or the Bank of the adoption of CECL.~~ The new standard is expected ~~,however,~~ to result generally in increases to loan loss allowance levels and ~~will require~~ **requires** the application of the revised methodology to existing financial assets through a one- time adjustment to retained earnings **on January 1** ~~upon initial effectiveness.On February 14~~ , **2023.** ~~2019,the FDIC,Federal Reserve Board and OCC issued a final rule providing an optional CECL Transition Provision,which allows a banking organization that experiences a reduction in retained earnings as of the CECL adoption date to elect to phase in the regulatory capital impact over~~ The Company is ~~a holding company~~ **currently finalizing its CECL implementation by validating the data in the model, preparing supporting documentation,** and ~~depends primarily~~ **developing policies and procedures during the first quarter of 2023. Changes in interest rates affect profitability. Changes in prevailing interest rates adversely affect our business. We derive income mainly from the difference or " spread " between the interest earned** on ~~dividends from~~ **loans, securities and** ~~the~~ **other** ~~bank for operating funds. Substantially all of~~ **interest- earning assets, and interest paid on deposits, borrowings and** ~~the~~ **other** ~~activities of~~ **interest- bearing liabilities. In general,** the ~~Company are conducted through~~ **wider the spread, the more we will earn. When market rates of interest change, the interest** the Bank **receives on assets and** ~~. The principal source of funds with which~~ the ~~Company~~ **interest paid on liabilities** will **fluctuate** ~~service its debt, pay operating expenses and pay preferred stock dividends will be the Bank, which will be subject to restrictions as to the amounts of dividends it may pay based on normal regulatory guidelines~~ . In addition, **the timing and rate of change in the interest that the Bank earns on assets do not necessarily match the timing and rate of change in the interest that** it ~~that the Bank earns on assets do not necessarily match the timing and rate of change in the interest that it~~ must pay on deposits and other interest- bearing liabilities,even though most of the loans have **adjustable rate features.This causes increases or decreases in the spread and can greatly affect income.Also,the carrying value of our** ~~variable~~ - **available - for- sale investment portfolio will continue to decrease due to increases in** interest rates ~~.This can cause increases or decreases in the spread and can greatly affect income~~ .In addition,interest rate fluctuations can affect how much money the Bank may be able to lend and its ability to attract and retain customer deposits,which are an important source of funds for making and holding loans.Changes in governmental regulation may impair operations or restrict growth.We are subject to substantial governmental supervision and regulation,which are intended primarily for the protection of depositors rather than our stockholders.Statutes and regulations affecting our business may be changed at any time,and the interpretation of existing statutes and regulations by examining authorities may also change.Within the last several years **,** Congress and the federal bank regulatory authorities have made

significant changes to these statutes and regulations.There can be no assurance that such changes to the statutes and regulations or in their interpretation will not adversely affect our business.We ~~will~~ **are** also ~~be~~ subject to changes in other federal and state laws,including changes in tax laws,which could materially affect the banking industry.If we fail to comply with federal bank regulations,our regulators may limit our activities or growth,assess civil money penalties against us or place the Bank into conservatorship or receivership.Bank regulations can hinder our ability to compete with financial services companies that are not regulated or are less regulated.Negative public opinion regarding us or the 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~~ is ~~possible that regulatory restrictions~~ **critical to our success. We believe we have built strong personal and professional relationships with our customers and are an active member of the communities we serve. If our reputation is negatively affected, including as a result of actions of our employees or otherwise, we** may be ~~imposed~~ **less successful** in ~~the event of sustained~~ **attracting new customers or talent or may lose existing customers, and our business, financial condition and earnings could be** ~~adverse~~ **adversely affected. We may not be successful in retaining key employees. Our success will depend in part on its ability to retain the talents and dedication of key employees. If key employees terminate their employment, our business activities may be adversely affected and management' s attention may be diverted from successfully integrating** operating ~~results or~~ **our** ~~substantial declines in regulatory capital that could~~ **business to hiring suitable replacements, which may** cause ~~the Bank~~ **our business** to **suffer. In addition, we may not** be ~~unable~~ -- **able** to ~~pay dividends~~ **locate or retain suitable replacements** in **a timely manner if at all for any key employees who leave** the ~~future~~ **Company** . We may not be successful in seeking future awards under the United States Department of the Treasury CDFI Fund' s New Markets Tax Credit (" NMTC ") program or such program may not receive Congressional support in the future. We may not be able to obtain new NMTC awards due to unsuccessful applications, inability to meet program requirements, or failure of Congress to further extend the program. Federal government agencies periodically determine NMTC award recipients through a nationwide application process that is highly competitive. Although we have received prior NMTC awards, we may not be successful in future NMTC applications, or may not meet the qualifications to apply for NMTC awards, and may not be able to successfully expand our current NMTC lending program into the Southern California market. The NMTC program relies on Congressional extension of the program; in 2020, the program was extended through 2025. If the NMTC program requirements change so we are unable to qualify, or the program does not receive Congressional support after 2025, we will no longer be able to continue our participation in the NMTC program. Failure to obtain new NMTC awards may have an adverse effect on our financial condition, results of operations, assets or business. If we were to lose our status as a CDFI, our ability to obtain grants and awards as a CDFI similar to those received in the past may be lost. The Bank and the Company are certified as CDFIs by the United States Department of the Treasury. CDFI status increases a financial institution' s potential for receiving grants and awards that, in turn, enable the financial institution to increase the level of community development financial services that it provides to communities. Broadway Federal Bank received over $ 3 million in Bank Enterprise Awards from the CDFI Fund over the last ten years. We reinvest the proceeds from CDFI- related grants and awards back into the communities we serve. While we believe we will be able to meet the certification criteria required to continue our CDFI status, there is no certainty that we will be able to do so. If we do not meet one or more of the criteria, the CDFI Fund, in its sole discretion, may provide an opportunity for us to cure deficiencies prior to issuing a notice of termination of certification. A loss of CDFI status, and the resulting inability to obtain certain grants and awards received in the past, could have an adverse effect on our financial condition, results of operations or business. Our future success will depend on our...... and earnings could be adversely affected. Systems failures, interruptions and cybersecurity breaches in our information technology and telecommunications systems and of third- party service providers could have a material adverse effect on us. Our business is dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems and the systems of its third- party service providers. 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 significant, sustained, or repeated, a system failure or service denial could 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 business, financial condition and results of operations. Our information technology systems and of our third- party service providers may be vulnerable to unauthorized access, computer viruses, phishing schemes and other security breaches. We likely will expend 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. **However, there can be no certainty that these measures will be sufficient in safeguarding against any such threats.** Security breaches and viruses potentially exposing sensitive data, including our proprietary business information and that of our customers, suppliers and business partners, as well as personally identifiable information about our customers and employees, could expose us to claims, regulatory scrutiny, litigation costs and other possible liabilities and reputational harm. The financial services industry is undergoing rapid technological change, and we may not have the resources to effectively implement new technology or may experience operational challenges when implementing new technology. The financial services industry is undergoing rapid technological changes with frequent introductions of new technology- driven products and services. The effective use of technology increases efficiency and enables financial institutions to reduce costs while increasing customer service and convenience. Our future success will depend, at least 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 for convenience, as well as create additional efficiencies in our operations as we continue to grow and expand our products and service offerings. We may experience operational challenges as we implement these new technology enhancements or products, which could result in us

not fully realizing the anticipated benefits from such new technology or incurring significant costs to remedy any such challenges in a timely manner. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products compared to those that we are able to provide, which may put us at a competitive disadvantage. Accordingly, we may lose customers seeking new technology- driven products and services to the extent we are unable to provide such products and services. The markets in which we operate are susceptible to natural disasters, including earthquakes, fires, **drought,** flooding, and other catastrophic events, any of which could result in a disruption of our operations and increases in loan losses. A significant portion of our business is generated from markets that have been, and will continue to be, susceptible to damage by earthquakes, fires, **drought,** major seasonal flooding, and other natural disasters and catastrophic events. In addition, natural disasters and other adverse external events can disrupt our operations, cause widespread property damage, and severely depress the local economies in which we operate. The value of real estate or other collateral that secures our loans could be materially and adversely affected by a disaster, resulting in decreased revenue and loan losses that could have a material adverse effect on our business, financial condition or results of operations. If the economies in our primary markets experience an overall decline as a result of a natural disaster, adverse weather, or other catastrophic event, demand for loans and our other products and services could be reduced. In addition, the rates of delinquencies, foreclosures, bankruptcies, and loan losses may increase substantially, as uninsured property losses or sustained job interruption or loss may materially impair the ability of borrowers to repay their loans. Risks Relating to the Company Being a Public Benefit ~~CorporationWe~~ -- **Corporation We** cannot provide any assurance that we will achieve our public benefit purposes. As a public benefit corporation, we are required to seek to produce a public benefit or benefits and to operate in a responsible and sustainable manner, balancing our stockholders' pecuniary interests, the best interests of those materially affected by our conduct, and the public benefit or benefits identified by our certificate of incorporation. There is no assurance that we will achieve our public benefit purposes or that the expected positive impact from being a public benefit corporation will be realized, which could have a material adverse effect on our reputation, which in turn may have a material adverse effect on our financial condition, results of operations, assets, or business. As a public benefit corporation, we are required to report publicly at least biennially on the overall public benefit performance and on the assessment of our success in achieving our specific public benefit purpose. If we are not timely in providing this report or are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or who are regulators or others reviewing its credentials, our reputation and status as a public benefit corporation may be harmed. As a Delaware public benefit corporation, our focus on specific public benefit purposes and producing a positive effect for society ~~may~~ **can** negatively impact our financial performance. Unlike traditional corporations, which have a fiduciary duty to focus primarily on maximizing stockholder value, directors of the Company (as a public benefit corporation) have a fiduciary duty to consider not only our stockholders' interests, but also the Company' s specific public benefit purposes and the interests of other stakeholder constituencies and to balance those interests in making business decisions. As a result, we ~~may~~ take actions that we believe to be in the best interests of those stakeholders materially affected by our specific benefit purposes, even if those actions do not further our stockholder' s pecuniary interests. While we intend our status a public benefit corporation to provide an overall net benefit to the Company, our customers, employees, community, and stockholders, it could instead cause us to make decisions and take actions that may not maximize the income generated from our business. Our pursuit of longer- term or non- pecuniary benefits may not materialize within the timeframe we expect or at all. Accordingly, being a public benefit corporation and complying with the related obligations ~~may~~ **can** have an adverse effect on our financial condition, results of operations, assets or business. Furthermore, as a public benefit corporation, we may be less attractive as a takeover target than a traditional company would be and, therefore, our stockholders' ability to realize their investment through an acquisition may be reduced. Public benefit corporations may also not be attractive targets for activists or hedge fund investors because directors **are** ~~would be~~ required to balance our stockholders' pecuniary interests, the best interests of those materially affected by our conduct, and the public benefit or benefits identified by the Company' s certificate of incorporation, and stockholders committed to the public benefit can bring a suit to enforce this balancing requirement. Further, because the board of directors of a public benefit corporation considers additional constituencies rather than just maximizing stockholder value, Delaware public benefit corporation law could make it easier for a board to reject a hostile bid, even if the takeover would provide the greatest short- term financial gain to stockholders. As a Delaware public benefit corporation, the Company' s directors have a fiduciary duty to consider not only our stockholders' interests, but also the specific public benefit purposes we have committed to promote and the interests of other stakeholder constituencies. If a conflict between such interests arises, there is no guarantee such conflict would be resolved in favor of the interests of our stockholders. While directors of traditional corporations are required to make decisions they believe to be in the best interests of their stockholders, directors of a public benefit corporation have a fiduciary duty to consider not only the stockholders' interests, but also the company' s specific public benefit purposes and the interests of other stakeholder constituencies. Under Delaware law, directors are shielded from liability for breach of their fiduciary duties if they make informed and disinterested decisions that serve a rational purpose. Unlike traditional corporations which must focus exclusively on stockholder value, as a public benefit corporation, our directors are not merely permitted, but obligated, to consider, in addition to the interests of stockholders, the Company' s specific public benefit purposes and the interests of other stakeholder constituencies in making business decisions. In the event of a conflict between the interests of our stockholders and the specific public benefit purposes we have committed to promote and the interests of other stakeholder constituencies, our directors are obligated to balance those interests, and are deemed to have satisfied their fiduciary duties as long as their decisions are informed and disinterested and are not decisions that no person of ordinary, sound judgment would approve. As a result, there is no certainty that a conflict would be resolved in favor of our stockholders, which could have a material adverse effect on our financial condition, results of operations, assets or business. As a Delaware public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on its financial condition

and results of operations. Stockholders of a Delaware public benefit corporation (if they, individually or collectively, own at least two percent of the company' s outstanding shares or, in the case of a corporation with shares listed on a national securities exchange, the lesser of such percentage or shares with a market value of at least $ 2 million as of the date the action is filed) are entitled to file a lawsuit (individual, derivative, or any other type of action) claiming the directors failed to balance stockholder and public benefit interests. This potential claim does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention of our management, and, as a result, may adversely impact management' s ability to effectively execute our strategy. Additionally, such derivative litigation may be costly, which may have an adverse impact on our financial condition, results of operations, assets, or business. General Risk ~~FactorsThe~~ --- **Factors The** market price of our common stock is volatile. Stockholders may not be able to resell shares of our common stock at times or at prices they find attractive. The trading price of our common stock has historically and ~~may~~ **will likely** in the future fluctuate significantly as a result of a number of factors, including the following: ~~•~~ ● actual or anticipated changes in our operating results and financial condition; ~~•~~ ● actions by our stockholders, including sales of common stock by substantial stockholders and / or directors and executive officers, or perceptions that such actions may occur; ~~•~~ ● the limited number of shares of our common stock that are held by the general public, commonly called the " public float, " and our small market capitalization; ~~•~~ ● failure to meet stockholder or market expectations regarding loan and deposit volume, revenue, asset quality or earnings; ~~•~~ **● failure to meet Nasdaq listing requirements, including failure to satisfy the $ 1. 00 minimum closing bid price requirement; ●** speculation in the press or the investment community relating to the Company or the financial services industry generally; ~~•~~ ● fluctuations in the stock price and operating results of our competitors; ~~•~~ ● proposed or adopted regulatory changes or developments; ~~•~~ ● investigations, proceedings, or litigation that involve or affect us; ~~•~~ ● the performance of the national, California and Washington, D. C. economies and the real estate markets in Southern California and Washington, D. C.; ~~•~~ ● general market conditions and, in particular, developments related to market conditions for the financial services industry; ~~•~~ ● additions or departures of key personnel; ~~•~~ ● changes in financial estimates or publication of research reports and recommendations by financial analysts with respect to our common stock or those of other financial institutions; and ~~•~~ ● actions taken by bank regulatory authorities, including required additions to our loan loss reserves or the issuance of cease and desist orders, based on adverse evaluations of our loans and other assets, operating results, or management practices and procedures or other aspects of our business. We have not paid cash dividends on our common stock since 2010 and we may not pay any cash dividends on our common stock for the foreseeable future. We have not declared or paid cash dividends on our common stock since June 2010, initially due, in part, to regulatory restrictions and the operating losses we have previously experienced. We have not determined to pay cash dividends on our common stock at any time in the near future. Stock sales by us or other dilution of our equity may adversely affect the market price of our common stock. The issuance of additional shares of our common stock, or securities that are convertible into our common stock, may be determined to be necessary or advisable at times when our stock price is below book value, which could be substantially dilutive to existing holders of our common stock. The market value of our common stock could also decline as a result of sales by us of a large number of shares of our common stock or any future class or series of stock or the perception that such sales could occur. Anti- takeover provisions of our certificate of incorporation and bylaws, federal and state law and our stockholder rights plan may limit the ability of another party to acquire the Company, which could depress our stock price. Various provisions of our certificate of incorporation and bylaws and certain other actions that we have taken could delay or prevent a third- party from acquiring control of the Company even if such a transaction might be considered beneficial by our stockholders. These include, among others, our classified board of directors, the fact that directors may only be removed for cause, advance notice requirements for stockholder nominations of director candidates or presenting proposals at our annual stockholder meetings, super- majority stockholder voting requirements for amendments to our certificate of incorporation and bylaws, and for certain business combination transactions, and the authorization to issue " blank check " preferred stock by action of our board of directors, without obtaining stockholder approval. In addition, we approved a stockholder rights plan in September 2019, the purpose of which was to protect our stockholders against the possibility of attempts to acquire control of or influence over the Company through open market or privately negotiated purchases of our common stock without payment of a fair price to all of our stockholders or through other tactics that do not provide fair treatment to all stockholders. These provisions and the stockholder rights plan could be used by our board of directors to prevent a merger or acquisition that would be attractive to stockholders and could limit the price investors would be willing to pay in the future for our common stock. Our common stock is not insured and stockholders could lose the value of their entire investment. An investment in shares of our common stock is not a deposit and is not insured against loss or guaranteed by the Federal Deposit Insurance Corporation (the " FDIC ") or any other government agency or authority. ITEM 1B. UNRESOLVED STAFF COMMENTS ~~None.~~