Risk Factors Comparison 2024-03-21 to 2023-03-24 Form: 10-K

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Our business is subject to certain risks, including those described below. The following discussion addresses the most significant risks that could affect our business, financial condition, liquidity, results of operations, and capital position. If any of the events described in the following risk factors actually occurs then our business, results of operations and financial condition could be materially adversely affected. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs, our business, financial condition and results of operations may be materially and **- 20-** adversely effected. In that event, the market price for our common stock would likely decline. More detailed information concerning these risks is contained in other sections of this report, including " Business " and " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " **Risks Related to our Proposed Merger with Southern California Bancorp We are subject to business uncertainties and contractual restrictions while the merger is pending. Uncertainty about the effect of the proposed merger with SCB on our employees, customers and vendors may have an adverse effect on our business, financial condition and results of operations. These uncertainties may impair our ability to attract, retain and motivate key personnel and customers pending the consummation of the merger, because such personnel and customers may experience uncertainty about their future roles and relationships following the consummation of the merger. Additionally, these uncertainties could cause customers and others who deal with us to seek to change or terminate their business relationships with us. Competitors may target our existing employees or customers by highlighting potential uncertainties and integration difficulties that may result from the merger. Our pursuit of the merger and the preparation for the integration may distract or burden management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could have a material adverse effect on our and ultimately the combined company' s business, financial condition and results of operations. In addition, the merger agreement restricts us and SCB from taking certain actions without the other party' s consent while the merger is pending. These restrictions could have a material adverse effect on the Company' s business, financial condition and results of operations. It may take longer than expected to complete the merger or the merger may not be completed at all. Before we may complete the merger, we and SCB must obtain the approvals of our shareholders, SCB must obtain approvals from bank regulatory authorities, and we and SCB must satisfy other conditions described in the merger agreement. It may take longer than expected to obtain the required approvals for and to satisfy all the conditions to the merger, and it is possible that the merger many not be completed in a timely basis or at all. In determining whether to grant the required approvals, bank regulatory authorities consider a variety of factors, including the financial, managerial and other supervisory considerations of each party; the convenience and needs of the communities to be served and the record of the insured depository institution subsidiaries under the Community Reinvestment Act of 1977; the effectiveness of the parties in combating money laundering activities; and any significant outstanding supervisory matters. Regulatory authorities may impose conditions on the granting of such approvals. The regulatory approvals may not be received at all, may not be received in a timely fashion, or may contain conditions on the completion of the merger that are not anticipated or cannot be met. If the merger is not completed by January 30, 2025, either we or SCB may choose to terminate the merger agreement at any time after that date, unless the party electing to terminate the merger agreement has caused the delay by breaching the merger agreement. If the merger is not completed, our ongoing business, financial condition and results of operations may be materially adversely affected. If the merger agreement is terminated, the market price of our common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the merger will be consummated. In addition, we have incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement. If the merger is not completed, we will have incurred these expenses without realizing the expected benefits of the merger.** - ~~20~~ **21** - Risks Related to the Banking Business and our Strategy We may suffer losses in our loan portfolio. Loan defaults and losses on the loans we make are an inherent risk of the banking business. As a lender, we are exposed to the risk that our borrowers will not repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting, risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers. Although we believe that our underwriting criteria are, and historically have been, appropriate for the various kinds of loans we make, we have incurred losses on loans that have met these criteria, and may experience higher than expected losses depending on economic factors and our borrowers' behavior. The risks of loan losses are exacerbated by adverse changes in economic, operating and other conditions, which are beyond our control, and may cause our actual loan losses to exceed our current allowance estimates. We may be required to increase our allowance for ~~loan~~ **credit** losses, which would adversely affect our financial performance in the future. We maintain an allowance for ~~loan~~ **credit** losses to provide a reserve for loan defaults and non- performance. There is no precise method of predicting ~~loans~~ **credit** losses. We regularly evaluate and conduct an analysis to determine the probable and estimable losses inherent in our loan **and securities** ~~portfolio~~ **portfolios** and the adequacy of our allowance for ~~loan~~ **credit** losses. This evaluation requires us to make ~~a number of~~ estimates and judgments regarding the financial condition and creditworthiness of a significant number of our borrowers **, the creditworthiness of the issuers of our securities** , the value and sufficiency of the collateral securing our loans, economic conditions and other factors, all of which are difficult to assess and may change over time. **On January 1** ~~If our estimates or judgments prove to be incorrect due to circumstances outside our control~~ , **2023, in accordance with GAAP** ~~the ineffectiveness of our credit administration or for other reasons or the Bank' s regulators come to a different conclusion regarding the adequacy of our allowance for loan losses~~ , we **adopted** ~~could be required to increase the provisions we make for loan losses, which could reduce our income or could cause us to incur operating losses in the future. Moreover, additions to the allowance may be necessary based on changes in economic and real estate market conditions, new information regarding existing loans, identification of additional problem loans and other factors, or unanticipated loan losses results from other circumstances, both within and outside of our control. These additions may require increased provision expense, which could negatively impact our results of operations. In addition, the FASB has issued~~ a new accounting standard for establishing allowances for loan and lease losses referred to as the Current Expected Credit Loss (" CECL "). CECL ~~will replace~~ **replaces** the ~~current~~ **legacy** approach under GAAP, which generally ~~considers~~ **considered** only past events and current conditions, with a forward- looking methodology that reflects the expected credit losses over the lives of financial assets, starting when such assets are first originated or acquired. **In contrast** ~~We adopted the CECL standard on January 1~~ , **the** ~~2023. The~~ CECL standard requires us to record, at the time of origination, credit losses expected throughout the life of the asset portfolio on loans and held- to- maturity securities **rather than** ~~, as opposed to the current practice of~~ recording losses when it is probable that a loss event has occurred. ~~We are currently evaluating the impact the CECL standard will have on our accounting and regulatory capital position.~~ The ~~adoption of the CECL standard will affect how we determine the allowance for loan losses and could require us to significantly adjust the allowance during the quarterly period ending March 31, 2023 and possibly on an on- going basis. Moreover, the~~ CECL standard may create more volatility in the level of allowance for loan losses. If we are required to materially adjust the level of our allowance for loan losses for any reason, such an adjustment could have an adverse effect on our business, financial condition, and results of operations. **If our estimates or judgments prove to be incorrect due to circumstances outside our control, the ineffectiveness of our credit administration or for other reasons, if the assumptions and inputs underlying our CECL model change, or if the Bank' s regulators come to a different conclusion regarding the adequacy of our allowance for credit losses, we could be required to increase the provisions we make for credit losses, which could reduce our income or could cause us to incur operating losses in the future. Moreover, additions to the allowance may be necessary based on changes in economic and real estate market conditions, new information regarding existing loans or the issuers of securities, identification of additional problem loans and other factors, or unanticipated credit losses results from other circumstances, both within and outside of our control. These additions may require increased provision expense, which could negatively impact our results of operations.** Our focus on lending to small to medium- sized businesses may increase our credit risk. Most of our commercial business and commercial real estate loans are made to small to medium- sized businesses. These businesses generally have fewer financial resources in terms of capital or borrowing capacity ~~- 21-~~ than larger entities, and may have a heightened vulnerability to economic conditions and greater customer **- 22-** concentration risk. If general economic conditions in the markets in which we operate negatively impact this customer segment, our results of operations and financial condition and the value of our common stock may be adversely affected. Moreover, a portion of these loans have been made by us in recent years and the borrowers may not have experienced a complete business or economic cycle. The deterioration of our borrowers' businesses may hinder their ability to repay their loans with us, which could have a material adverse effect on our financial condition and results of operations. Our business concentration in Northern California imposes risks resulting from any regional or local economic downturn affecting Northern California. We conduct our banking operations primarily in the greater San Francisco Bay Area of Northern California and we recently expanded to Sacramento, California. As a result, a significant majority of the loans in our loan portfolios as of December 31, ~~2022~~ **2023** were secured by properties and collateral located in California. As of such date, approximately ~~67~~ **65** % of the loans in our loan portfolio were made to borrowers who primarily conduct business or live in Northern California. The balance of our other loans were made primarily to borrowers located in other areas of California and were secured by properties located in the state. This geographic concentration imposes risks from lack of geographic diversification, as adverse economic developments in Northern California, among other things, could affect the volume of loan originations, increase the level of nonperforming assets, increase the rate of foreclosure losses on loans and reduce the value of our loans and loan servicing portfolio. Any regional or local economic downturn that affects California or existing or prospective borrowers or property values in such areas may affect us and our profitability more significantly and more adversely than our competitors whose operations are less geographically concentrated. Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing our real estate loans and result in loan and other losses. As of December 31, ~~2022~~ **2023** , approximately 57 % of our loan portfolio was comprised of commercial real estate and other loans with real estate as a primary or secondary component of collateral. This includes collateral consisting of income producing and residential construction properties, which properties tend to be more sensitive to general economic conditions and downturns in real estate markets. As a result, adverse developments affecting real estate values in our market areas could increase the credit risk associated with our real estate loan portfolio. The market value of real estate can fluctuate significantly in a short period of time as a result of market conditions in the area in which the real estate is located. Adverse changes affecting real estate values and the liquidity of real estate in our markets could increase the credit risk associated with our loan portfolio, and could result in losses that would adversely affect credit quality, financial condition, and results of operation. Negative changes in the economy affecting real estate values and liquidity in our market areas could significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses. Collateral may have to be sold for less than the outstanding balance of the loan, which could result in losses on such loans. Such declines and losses could have a material adverse impact on our business, results of operations and growth prospects. If real estate values decline, it is also more likely that we would be required to increase our allowance for loan losses, which could adversely affect our financial condition, results of operations and cash flows. We are exposed to higher credit risk by commercial real estate, commercial and industrial and construction and development- based lending as well as relationship exposure with a number of large borrowers. Commercial real estate, commercial and industrial and construction and land development based lending usually involve higher credit risks than 1- 4 family residential real estate lending. **At** ~~As of~~ December 31, ~~2022~~ **2023** the following loan types accounted for the stated percentages of our loan portfolio: commercial real estate (both owner- occupied and non- owner occupied) ~~53~~ **54** %; commercial and industrial 40 %; and construction and land ~~4~~ **3** %. These ~~- 22-~~ types of loans also involve larger loan balances to a single borrower or groups of related borrowers. These higher **- 23-** credit risks are further heightened when the loans are concentrated in a small number of larger borrowers leading to relationship exposure. As of December 31, ~~2022~~ **2023** , we had ~~20~~ **22** relationships with over $ 15 million of outstanding borrowings with us. While we are not dependent on any of these relationships and while none of these large relationships have directly impacted our allowance for loan losses, a deterioration of any of these large credits could require us to increase our allowance for loan losses or result in significant losses to us. Non- owner occupied commercial real estate loans may be affected to a greater extent than residential loans by adverse conditions in real estate markets or the economy because commercial real estate borrowers' ability to repay their loans depends on successful development of their properties, in addition to the factors affecting residential real estate borrowers. These loans also involve greater risk because they generally are not fully amortizing over the loan period, but have a balloon payment due at maturity. A borrower' s ability to make a balloon payment typically will depend on being able to either refinance the loan or sell the underlying property in a timely manner. Commercial and industrial loans and owner- occupied commercial real estate loans are typically based on the borrowers' ability to repay the loans from the cash flow of their businesses. These loans may involve greater risk because the availability of funds to repay each loan depends substantially on the success of the business itself. In addition, the assets securing the loans have the following characteristics: (i) they depreciate over time, (ii) they are difficult to appraise and liquidate, and (iii) they fluctuate in value based on the success of the business. A subset of our commercial and industrial loans are structured as Asset Based Lending (" ABL ") loans. Generally, our ABL loans are structured as callable and cancelable transactions. Generally the borrowing base has a maximum advance rate of 80 % against eligible receivables and may include a lower advance rate against inventory. Repayment of ABL loans depends substantially on the ability of the borrower to monetize the assets in a defined borrowing base. Therefore, the quality and collectability of accounts receivable, concentrations among account debtors, financial strength of the account debtors, and quality and transferability of inventory can impact repayment. At December 31, ~~2022~~ **2023** , ABL loans totaled approximately $ ~~50~~ **35** . **8 million, or** 2 ~~million, or 3~~ % of our loan portfolio. Risk of loss on a construction and development loan depends largely upon whether our initial estimate of the property' s value at completion of construction or development equals or exceeds the cost of the property construction or development (including interest), the availability of permanent take- out financing and the builder' s ability to ultimately sell the property. During the construction or development phase, a number of factors can result in delays and cost overruns. If estimates of value are inaccurate or if actual construction costs exceed estimates, the value of the property securing the loan may be insufficient to ensure full repayment when completed through a permanent loan or by seizure of collateral. Additionally, commercial real estate loans, commercial and industrial loans and construction and development loans are more susceptible to a risk of loss during a downturn in the business cycle. Our underwriting, review and monitoring cannot eliminate all of the risks related to these loans. Banking regulators are giving commercial real estate lending greater scrutiny, and may require banks with higher levels of commercial real estate loans to implement improved underwriting, internal controls, risk management policies and portfolio stress testing, as well as possibly higher levels of allowances for losses and capital levels as a result of commercial real estate lending growth and exposures. ~~Therefore~~ **In recent years, commercial real estate markets have been particularly impacted by the economic disruption resulting from the COVID- 19 pandemic, which has been a catalyst for the evolution of various remote work options which could impact the long- term performance of some types of office properties within our commercial real estate portfolio. The federal banking regulatory agencies have expressed concerns about weaknesses in the current commercial real estate market. Given conditions in the commercial real estate market** , we ~~could be required to raise additional capital~~ **face a heightened risk that some of** ~~or~~ **our** ~~restrict our future growth as a result of our higher level of~~ commercial real estate loans **may be susceptible to a risk of loss** . **Therefore, we could experience losses or be required to raise additional capital or restrict our future growth as a result of our higher level of commercial real estate loans.- 24-** A significant percentage of our loans are attributable to a relatively small number of borrowers. Our 10 largest borrowing relationships accounted for approximately 13 % of our loans at December 31, ~~2022~~ **2023** . Our largest single borrowing relationship accounted for approximately 2 % of our loans at December 31, ~~2022~~ **2023** . The loss of any combination of these borrowers, or a significant decline in their borrowings due to fluctuations related ~~- 23-~~ to their business needs, could adversely affect our results of operations if we are unable to replace their borrowings with similarly priced new loans or investments. In addition, with this concentration of credit risk among a limited number of borrowers, we may face a greater risk of material credits losses if any one or several of these borrowers fail to perform in accordance with their loans, compared to a bank with a more diversified loan portfolio . We depend on our executive officers...... business, financial condition or operating results . We face strong competition from other companies that offer banking and financial services. We conduct our banking operations primarily in Northern California. Many of our competitors offer the same, or a wider variety of, banking services within our market areas. These competitors include banks with nationwide operations, regional banks and community banks. In many instances these national and regional banks have greater resources than we do and some community banks may have stronger ties in local markets than we do, which may put us at a competitive disadvantage. We also face competition from many other types of financial institutions, including savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In addition, a number of out- of- state financial institutions have opened production offices, or otherwise solicit deposits and loans, in our market areas. Increased competition in our markets may result in reduced loans and deposits, as well as reduced net interest margin and profitability. Ultimately, we may not be able to compete successfully against current and future competitors. If we are unable to attract and retain banking clients, we may be unable to continue to grow our loan and deposit portfolios, and our business, financial condition and results of operations may be adversely affected. We follow a relationship- based operating model and our ability to maintain our reputation is critical to the success of our business and the failure to do so may materially adversely affect our performance. We are a community bank, and our reputation is one of the most valuable components of our business. As such, we strive to conduct our business in a manner that enhances our reputation. This is done, in part, by recruiting, hiring and retaining bankers and other associates who share our core values of being an integral part of the communities we serve, delivering superior service to our customers and caring about our customers and associates. Furthermore, maintaining our reputation also depends on our ability to protect our brand name and associated trademarks. However, reputation risk, or the risk to our business, earnings and capital from negative public opinion surrounding our Company and the financial institutions industry generally, is inherent in our business. Negative public opinion can result from our actual or alleged conduct in any number of activities, including business and lending practices, corporate governance and acquisitions, and from actions taken by government regulators and community organizations in response to those activities. Negative public opinion can adversely affect our ability ~~- 24-~~ to keep and attract customers and employees and can expose us to litigation and regulatory action. Although we take steps to minimize reputation risk in dealing with our customers and communities, this risk will always be present given the nature of our business. If our reputation is negatively affected by the actions of our employees or otherwise, our business and operating results may be materially adversely affected. Interest rate shifts may reduce net interest income and otherwise negatively impact our financial condition and results of operations. The majority of our banking assets are monetary in nature and subject to risk from changes in interest rates. Like most financial institutions, our earnings are significantly dependent on our net interest income, the principal **- 25-** component of our earnings, which is the difference between interest earned by us from our interest- earning assets, such as loans and investment securities, and interest paid by us on our interest- bearing liabilities, such as deposits and borrowings. We expect that we will periodically experience " gaps " in the interest rate sensitivities of our assets and liabilities, meaning that either our interest- bearing liabilities will be more sensitive to changes in market interest rates than our interest- earning assets, or vice versa. In either event, if market interest rates should move contrary to our position, this " gap " will negatively impact our earnings. Many factors impact interest rates, including governmental monetary policies, inflation, recession, changes in unemployment, the money supply, and international disorder and instability in domestic and foreign financial markets. Interest rate increases often result in larger payment requirements for our borrowers, which increase the potential for default. At the same time, the marketability of the property securing a loan may be adversely affected by any reduced demand resulting from higher interest rates. In a declining interest rate environment, there may be an increase in prepayments on loans as borrowers refinance their loans at lower rates. Changes in interest rates also can affect the value of loans, securities and other assets. An increase in interest rates that adversely affects the ability of borrowers to pay the principal or interest on loans may lead to an increase in nonperforming assets and a reduction of income recognized, which could have a material adverse effect on our results of operations and cash flows. If short- term interest rates remain at their historically low levels for a prolonged period, and assuming longer term interest rates fall further, we could experience net interest margin compression as our interest earning assets would continue to re- price downward while our interest- bearing liability rates could fail to decline in tandem. Such an occurrence would have a material adverse effect on our net interest income and our results of operations. Although we believe that we have implemented effective asset and liability management strategies to mitigate the potential adverse effects of changes in interest rates on our results of operations, any substantial or unexpected change in, or prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations. We could recognize losses on securities held in our securities portfolio, particularly if interest rates increase or economic and market conditions deteriorate. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. For example, fixed- rate securities in our portfolio are generally subject to decreases in market value when interest rates rise, as they did in **2023 and** 2022. Other factors that may influence the value of securities we hold include but are not limited to rating agency downgrades of the securities or our own analysis of the value of the security, defaults by the issuer or individual mortgagors with respect to the underlying securities and instability in the credit markets. ~~Any of the foregoing factors could cause an other- than- temporary impairment in future periods and result in realized losses. The process for determining whether impairment is other- than- temporary usually requires difficult, subjective judgments about the future- 25- financial performance of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security.~~ Because of changing economic and market conditions affecting interest rates, the financial condition of issuers of the securities and the performance of the underlying collateral, we may recognize realized and / or unrealized losses in future periods, which could have an adverse effect on our financial condition and results of operations **. As a result of increases in interest rates over the last two years, the market values of previously issued government and other debt securities have declined significantly, resulting in unrealized losses in our securities portfolio. While we do not expect or intend to sell these securities, if we were required to sell these securities to meet liquidity needs, we may realize and incur significant losses** . Our deposit portfolio includes significant concentrations and a large percentage of our deposits are attributable to a relatively small number of customers. As a commercial bank, we provide services to a number of customers whose deposit levels vary considerably. Our 10 largest depositor relationships accounted for approximately ~~17~~ **18** % of our deposits at December 31, ~~2022~~ **2023** . **- 26-** Our largest depositor relationship accounted for approximately 3 % of our deposits at December 31, ~~2022~~ **2023** . These deposits can and do fluctuate substantially. The loss of any combination of these depositors, or a significant decline in the deposit balances due to ordinary course fluctuations related to these customers' businesses, could adversely affect our liquidity and require us to raise deposit rates to attract new deposits, purchase federal funds or borrow funds on a short- term basis to replace such deposits. Depending on the interest rate environment and competitive factors, low cost deposits may need to be replaced with higher cost funding, resulting in a decrease in net interest income and net income. A lack of liquidity could adversely affect our operations and jeopardize our business, financial condition, and results of operations. Liquidity is essential to our business. We rely on our ability to generate deposits and effectively manage the repayment and maturity schedules of our loans and investment securities, respectively, to ensure that we have adequate liquidity to fund our operations. An inability to raise funds through deposits, borrowings, the sale of our investment securities, Federal Home Loan Bank (~~‘~~“ FHLB ”) advances, the sale of loans, and other sources could have a substantial negative effect on our liquidity. Our most important source of funds consists of deposits. Deposit balances can decrease when customers perceive alternative investments as providing a better risk / return tradeoff. If our customers move money out of bank deposits and into other investments, we would lose a relatively low- cost source of funds, increasing our funding costs and reducing our net interest income and net income. Any decline in available liquidity could adversely impact our ability to originate loans, invest in securities, meet our expenses, pay dividends to our shareholders, or to fulfill obligations such as repaying our borrowings or meeting deposit withdrawal demands, any of which could have a material adverse impact on our liquidity, business, financial condition and results of operations. We may need to raise additional capital in the future, and if we fail to maintain sufficient capital, whether due to losses, an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our ability to maintain compliance with regulatory capital requirements, would be adversely affected. We face significant capital and other regulatory requirements as a financial institution. In addition, the Company, on a consolidated basis, and the Bank, on a stand- alone basis, must meet certain regulatory capital requirements and maintain sufficient liquidity. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to support our growth, absorb any losses and to meet our commitments and business needs. Our ability to raise additional capital depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the banking industry, market conditions and governmental activities, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to maintain capital to meet regulatory requirements, our financial condition, liquidity and results of operations would be materially and adversely affected. ~~- 26-~~ We may pursue acquisitions in the future, which would expose us to financial, execution and operational risks that could have a material adverse effect on our business, financial condition, results of operations and growth prospects. We may pursue acquisitions of other financial institutions, bank branches and or financial services businesses in target markets. Such an acquisition strategy would involve significant risks, including our success in integrating the acquired operations, retaining key employees and customers, achieving anticipated synergies, meeting expectations and otherwise realizing the undertaking' s anticipated benefits; litigation resulting from circumstances occurring at the acquired entity prior to the date of acquisition; loan downgrades and credit loss provisions resulting from underwriting of certain acquired loans determined not to meet our credit standards; **- 27-** personnel changes that cause instability within a department; delays in implementing new policies or procedures or the failure to apply new policies or procedures; and other events relating to the performance of our business. Failure to successfully integrate the entities we acquire into our existing operations may increase our operating costs significantly and adversely affect our business and earnings. Risks Related to Technology System failure or breaches of our network security, including as a result of cyber- attacks or data security breaches, could subject us to increased operating costs as well as litigation and other liabilities. The computer systems and network infrastructure we use may be vulnerable to physical theft, fire, power loss, telecommunications failure or a similar catastrophic event, as well as security breaches, denial of service attacks, viruses, worms and other disruptive problems caused by hackers. Any damage or failure that causes breakdowns or disruptions in our customer relationship management, general ledger, deposit, loan and other systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny for failure to comply with required information security standards, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on us. Computer break- ins, phishing and other disruptions could also jeopardize the security of information stored in and transmitted through our computer systems and network infrastructure. Information security risks have generally increased in recent years in part because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, activists, and other external parties. Our operations rely on the secure processing, transmission and storage of confidential information in our computer systems and networks. In addition, to access our products and services, our customers may use devices that are beyond our control systems. Although we believe we have robust information security procedures and controls, our technologies, systems, networks, and our customers' devices may become the target of cyber- attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of the Bank' s or our customers' confidential, proprietary and other information, or otherwise disrupt the Bank' s or our customers' or other third parties' business operations. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. The Bank is under continuous threat of loss due to hacking and cyber- attacks especially as we continue to expand customer capabilities to utilize internet and other remote channels to transact business. Two of the most significant cyber- attack risks that we face are e- fraud and loss of sensitive customer data. Loss from e- fraud occurs when cybercriminals breach and extract funds directly from customer or our accounts. Attempts to breach sensitive customer data, such as account numbers and social security numbers, are less frequent but would present significant reputational, legal and / or regulatory costs to us if successful. Our risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers, our plans to continue to provide internet banking and mobile banking channels, and our plans to develop additional remote connectivity solutions to serve our customers. We cannot assure that we will not be the victim of successful hacking or cyberattacks in the future that could cause us to suffer material losses. The ~~- 27-~~ occurrence of any cyber- attack or information security breach could result in potential liability to customers, reputational damage and the disruption of our operations, and regulatory concerns, all of which could adversely affect our business, financial condition or results of operations. We have a continuing need to stay current with technological changes to compete effectively and increase our efficiencies. We may not have the resources to implement new technology to stay current with these changes. The financial services industry is undergoing rapid technological changes with frequent introductions of new technology- driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon **- 28-** 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 to provide secure electronic environments and create additional efficiencies in our operations as we continue to grow and expand our market area. In connection with implementing new technology enhancements or products in the future, we may experience certain operational challenges (e. g. human error, system error, incompatibility, etc.) which could result in us not fully realizing the anticipated benefits from such new technology or require us to incur 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 and have invested significantly more than us in technological improvements. As a result, they may be able to offer additional or more convenient products compared to those that we will be able to provide, which would put us at a competitive disadvantage. Accordingly, we may not be able to effectively implement new technology- driven products and services or be successful in marketing such products and services to our customers, which could impair our growth and profitability. We rely on third parties to provide key components of our business infrastructure. We rely on third parties to provide key components for our business operations, such as data processing and storage, recording and monitoring transactions, online banking interfaces and services, internet connections, and network access. While we select these third- party vendors carefully, we do not control their actions. Any problems caused by these third parties, including those resulting from breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyber- attacks and security breaches at a vendor, failure of a vendor to provide services for any reason, or poor performance of services by a vendor, could adversely affect our ability to deliver products and services to our customers and otherwise conduct our business. Financial or operational difficulties of a third- party vendor could also hurt our operations if those difficulties interfere with the vendor' s ability to serve us. Replacing these third- party vendors could create significant delays and expense that adversely affect our business and performance. Other Risks Related to Our Operations We are subject to certain operational risks, including, but not limited to, customer or employee fraud and data processing system failures and errors. Employee errors and employee and customer misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. Misconduct by our employees could include hiding unauthorized activities from us, improper or unauthorized activities on behalf of our customers or improper use of confidential information. It is not always possible to prevent employee errors and misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee errors could also subject us to financial claims for negligence. We maintain a system of internal controls and insurance coverage to mitigate against operational risks, including data processing system failures and errors and customer or employee fraud. If our internal controls fail to prevent or detect an occurrence, or if any resulting loss is not insured or exceeds applicable insurance limits, it could have a material adverse effect on our business, financial condition and results of operations. ~~- 28-~~ In addition, we rely heavily upon information supplied by third parties, including the information contained in credit applications, property appraisals, title information, equipment pricing and valuation and employment and income documentation, in deciding which loans we will originate, as well as the terms of those loans. If any of the information upon which we rely is misrepresented, either fraudulently or inadvertently, and the misrepresentation is not detected prior to asset funding, the value of the asset may be significantly lower than expected, or we may fund a loan that we would not have funded or on terms we would not have extended. Whether a misrepresentation is made by the applicant or another third party, we generally bear the risk of loss **- 29-** associated with the misrepresentation. A loan subject to a material misrepresentation is typically unsellable or subject to repurchase if it is sold prior to detection of the misrepresentation. The sources of the misrepresentations are often difficult to locate, and it is often difficult to recover any of the monetary losses we may suffer. We are exposed to risk of environmental liabilities with respect to properties to which we obtain title. A significant portion of our loan portfolio is secured by real estate. In the course of our business, we may foreclose and take title to real estate and could be subject to environmental liabilities with respect to these properties. We may be held liable to a government entity or to third parties for property damage, personal injury, investigation and clean- up costs incurred by these parties in connection with environmental contamination, or may be required to clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation and remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. These costs and claims could adversely affect our business, results of operations and prospects. We may be adversely affected by the lack of soundness of other financial institutions or market utilities. Our ability to engage in routine funding and other transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial institutions are interrelated as a result of trading, clearing, counterparty or other relationships. Defaults by, or even rumors or questions about, one or more financial institutions or market utilities, or the financial services industry generally, may lead to market- wide liquidity problems and losses of depositor, creditor and counterparty confidence and could lead to losses or defaults by us or by other institutions. **During 2023, the high- profile failures of several depository institutions negatively impacted customer confidence in the safety and soundness of some regional and community banks. As a result, we faced and may face that risk that some customers may prefer to maintain deposits with larger financial institutions or invest in short- term fixed income securities instead of deposits**

with the Bank, either of which could materially adversely impact our liquidity, cost of funding, capital, and results of operations. We face risks related to severe weather, natural disasters and other external events that could adversely affect our business. Our operations and our customers are primarily located in the Northern California where natural and other disasters may occur. The region is vulnerable to natural disasters, such as earthquakes, fires, droughts and floods. These types of natural catastrophic events may disrupt the local economies, our business and customers in these regions. These events could affect the stability of the Bank' s deposit base; impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans and cause significant property damage, any of which could materially adversely affect our business and operating results. There are substantial risks and uncertainties associated with the introduction or expansion of lines of business or new products and services within existing lines of business. From time to time, we may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and / or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and / or new products or services may not be achieved and price and profitability targets may not prove attainable. External factors, such as compliance with regulations, competitive ~~- 29-~~ alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business and / or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage **- 30-** these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our business, results of operations, and financial condition ~~.~~ ~~The COVID- 19 pandemic may adversely affect our business activities, financial condition and results of operations. The ongoing COVID- 19 pandemic has caused significant disruptions in the United States economy and may continue to disrupt the business, activities and operations of our customers, as well as our business and operations. COVID- 19 outbreaks may result in a significant decrease in business and / or cause our customers to be unable to meet existing payment or other obligations to us. The pandemic has also changed consumer and business behaviors and preferences. There continue to be broad concerns and uncertainty related to the COVID- 19 pandemic. If the pandemic has an adverse effect on (i) the preferences and behaviors of our customers, (ii) customer deposits, (iii) the ability of our borrowers to satisfy their obligations to us, (iv) the demand for our loans or our other products and services, (v) other aspects of our business operations, or (vi) on financial markets, real estate markets, or economic growth, any of which could materially and adversely affect our business, liquidity, financial condition and the results of operations. We continue to monitor the COVID- 19 pandemic, its economic effects, its effects on customer behaviors and related risks. However, the rapid development and fluidity of the situation precludes any specific prediction as to its ultimate impact on the Company. The potential continued impact of COVID- 19 and its impact on the economy heightens the risk associated with many of the following risk factors described in this report, such as those related to loan losses and our reliance on our executives and third- party service providers, for example~~ . Climate change could have a material negative impact on us and our clients. Concerns over the long- term impacts of climate change have led to governmental efforts to mitigate those impacts. Consumers and businesses also may change their behavior 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. As a result, we and our customers may face cost increases, asset value reductions and operating process changes. 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 mitigating the negative impacts of new laws, changes in consumer or business behavior or other result of climate change. Climate change presents multi- faceted risks, including operational risk from the physical effects of climate events on us, our customers and other assets; credit risk from borrowers with significant exposure to climate risk; risks associated with the transition to a less carbon- dependent economy; and reputational risk from stakeholder concerns about our practices related to climate change, our carbon footprint, and our business relationships with clients who operate in carbon- intensive industries. The risks associated with climate change are constantly evolving and difficult to assess, but a could have a material negative impact on our business, financial condition and results of operations. Risks Related To Our Common Stock Laws and regulations restrict our ability to pay dividends. Both the Company and the Bank are subject to various regulatory restrictions relating to the payment of dividends. These restrictions are described in greater detail in " **Item 1 –** Business — Supervision and Regulation — Regulation of the Company " and " **Item 1 –** Business — Supervision and Regulation — Regulation of the Bank. **"** ~~- 30-~~ For the foreseeable future, the majority, if not all, of the Company' s revenue will be from any dividends paid to the Company by the Bank. Accordingly, our ability to pay dividends also depends on the ability of the Bank to pay dividends to the Company. Furthermore, our present and future dividend policy is subject to the discretion of our board of directors. We cannot guarantee that the Company or the Bank will be permitted by financial condition or applicable regulatory restrictions to pay dividends or, that our board of directors will ever decide that we should pay dividends. We have the ability to incur debt and pledge our assets, including our stock in the Bank, to secure that debt. We have the ability to incur debt and pledge our assets to secure that debt. Absent special and unusual circumstances, a holder of indebtedness for borrowed money has rights that are superior to those of holders of common stock. For example, interest must be paid to the lender before dividends can be paid to the shareholders, and loans must be paid off before any assets can be distributed to shareholders if we were to liquidate. Furthermore, we would have to make principal and interest payments on our indebtedness, which could reduce our profitability or result in net losses on a consolidated basis even if the Bank were profitable. **- 31-** Our board of directors may issue shares of preferred stock that could adversely affect the rights of our common shareholders. Our authorized capital stock includes 10, 000, 000 shares of preferred stock, none of which are issued and outstanding. Our board of directors, in its sole discretion, may designate and issue one or more series of preferred stock from the authorized and unissued shares of preferred stock. Subject to limitations imposed by law or our Articles of Incorporation, our board of directors is empowered to determine: • the designation of, and the number of, shares constituting each series of preferred stock; • the dividend rate for each series; • the terms and conditions of any voting, conversion and exchange rights for each series; • the amounts payable on each series on redemption or our liquidation, dissolution or winding- up; • the provisions of any sinking fund for the redemption or purchase of shares of any series; and • the preferences and the relative rights among the series of preferred stock. We could issue preferred stock with voting and conversion rights that could adversely affect the voting power of the shares of our common stock and with preferences over the common stock with respect to dividends and in liquidation. The Company’ s internal controls and procedures may fail or be circumvented and the accuracy of our management’ s judgments and estimates about financial and accounting matters may impact operating results and financial condition. The Company’ s management regularly reviews and updates its internal controls over financial reporting, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls and procedures, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the Company’ s controls and procedures, or failure to comply with regulations related to controls and procedures, could result in materially inaccurate reported financial statements and / or have a material adverse effect on the Company’ s business, results of operations, and financial condition. Similarly, the Company’ s management makes certain estimates and judgments in preparing the Company’ s financial statements. The quality and accuracy of those estimates and judgments will impact the Company’ s operating results and financial condition. ~~- 31 -~~ We are an emerging growth company and the reduced disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors. We are an emerging growth company. Under the JOBS Act, emerging growth companies can take advantage of certain exemptions from various reporting requirements that are applicable to other public companies including, without limitation, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, exemptions from the requirements of holding a non- binding advisory shareholder vote on executive compensation and golden parachute payments, exemption from the requirement of auditor attestation in the assessment of our internal control over financial reporting and exemption from any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit partner rotation or a supplement to the auditor’ s report providing additional information about our audit and the financial statements (auditor discussion and analysis). As a result of the foregoing, the information that we provide shareholders may be different than what is available with respect to other public companies. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7 (a) (2) (B) of the Securities Act for complying with new or revised accounting standards. We plan to elect to use the extended period for compliance and, as a result, our financial statements may not be comparable to companies that comply with public company effective dates. **- 32-** Our securities are not FDIC insured. Our securities, including our common stock, are not savings or deposit accounts or other obligations of the Bank, are not insured by the Deposit Insurance Fund, the FDIC or any other governmental agency and are subject to investment risk, including the possible loss of your entire investment in our stock. Risks Related to Regulations, the ~~E-~~ Business Environment, and Our Industry We are subject to extensive government regulation and supervision, which may interfere with our ability to conduct our business and may negatively impact our financial results. The Company and the Bank are subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect consumers, depositors’ funds and the safety and soundness of the banking system as a whole, not our shareholders. These regulations affect the Bank’ s lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect the Company and / or the Bank in substantial and unpredictable ways. Such changes could subject the Company and / or the Bank to additional costs, limit the types of financial services and products the Company and / or the Bank may offer, and / or limit the pricing the Company and / or the Bank may charge on certain banking services, among other things. Compliance personnel and resources may increase our costs of operations and adversely impact our earnings. Our failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and / or reputation damage, which could have a material adverse effect on our business, financial condition and results of operations. While we have policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur. See “ **Item 1 –** Business — Supervision and Regulation **.** ” ~~–~~ Bank regulatory agencies, including the Federal Reserve, FDIC and the DFPI, periodically conduct examinations of our business, including for compliance with laws and regulations, and could subject us to regulatory enforcement actions or other negative consequences. Bank regulatory agencies, including the Federal Reserve, the FDIC and the DFPI, periodically conduct examinations of our business, including our compliance with laws and regulations. If, as a result of an ~~- 32 -~~ examination, an agency were to determine that the financial, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of any of our operations had become unsatisfactory, or violates any law or regulation, such agency may take certain remedial or enforcement actions it deems appropriate to correct any deficiency. Remedial or enforcement actions include the power to enjoin “ unsafe or unsound ” practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced against a bank, to direct an increase in the bank’ s capital, to restrict the bank’ s growth, to assess civil monetary penalties against a bank’ s officers or directors, and to remove officers and directors. The CFPB also has authority to take enforcement actions, including cease- and desist orders or civil monetary penalties, if it finds that we offer consumer financial products and services in violation of federal consumer financial protection laws. If a bank regulatory agency determines that we have violated a law or engaged in an unsafe or unsound practice, we could become subject to a variety of supervisory actions and orders, including cease and desist orders, prompt corrective actions, memoranda of understanding and other regulatory enforcement actions. Such supervisory actions could, among other things, impose greater restrictions on our business, as well as our ability to develop any new business. The Company could also be required to raise additional capital, or dispose of certain assets and liabilities within a prescribed time period, or both. Failure to implement remedial measures as required by financial regulatory agencies could result in additional orders or penalties from federal and state regulators, **- 33-** which could trigger one or more of the remedial actions described above. The terms of any supervisory action and associated consequences with any failure to comply with any supervisory action could have a material negative effect on our business, operating flexibility and overall financial condition. Monetary policies and regulations of the Federal Reserve could adversely affect our business, financial condition and results of operations. In addition to being affected by general economic conditions, our earnings and growth are affected by the policies of the Federal Reserve. An important function of the Federal Reserve is to regulate the money supply and credit conditions. Among the instruments used by the Federal Reserve to implement these objectives are open market operations in U. S. government securities, adjustments of the discount rate and changes in reserve requirements against bank deposits. These instruments are used in varying combinations to influence overall economic growth and the distribution of credit, bank loans, investments and deposits. Their use also affects interest rates charged on loans or paid on deposits. The monetary policies and regulations of the Federal Reserve have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. The effects of such policies upon our business, financial condition and results of operations cannot be predicted. Our deposit insurance premiums could be substantially higher in the future, which could have a material adverse effect on our future earnings. The FDIC insures deposits at FDIC- insured depository institutions, such as the Bank, up to applicable limits. The amount of a particular institution' s deposit insurance assessment is based on that institution' s risk classification under an FDIC risk- based assessment system. An institution' s risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to its regulators. Past market developments and bank failures significantly depleted the FDIC' s Deposit Insurance Fund and reduced the ratio of reserves to insured deposits. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures, we may be required to pay higher FDIC premiums. Any future additional assessments, increases or required prepayments in FDIC insurance premiums could reduce our profitability, may limit our ability to pursue certain business opportunities or otherwise negatively impact our operations. ~~- 33-~~ We are subject to federal and state fair lending laws, and failure to comply with these laws could lead to material penalties. Federal and state fair lending laws and regulations, such as the Equal Credit Opportunity Act and the Fair Housing Act, impose nondiscriminatory lending requirements on financial institutions. The Department of Justice, CFPB, the federal banking agencies and other federal and state agencies are responsible for enforcing these laws and regulations. Private parties may also have the ability to challenge an institution' s performance under fair lending laws in private class action litigation. A successful challenge to our performance under the fair lending laws and regulations could adversely impact our rating under the Community Reinvestment Act and result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on merger and acquisition activity and restrictions on expansion activity, which could negatively impact our reputation, 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 Bank Secrecy Act of 1970, the USA 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. If our policies, procedures and systems are deemed deficient we could be subject to liability, including fines, regulatory actions and regulatory restrictions **- 34-** on our ability to proceed with certain aspects of our business plan or expansionary activities, which would negatively impact our business, financial condition and results of operations. Failure to maintain and implement adequate programs to combat money laundering could also have serious reputational consequences for us. See " **Item 1 – Business — Supervision and Regulation — Regulation of the Company " and " Item 1 –** Business — Supervision and Regulation — Regulation of the Bank. " General Risk Factors **.** We depend on our executive officers and other key individuals to continue the implementation of our long- term business strategy and could be harmed by the loss of their services and our inability to make up for such loss with qualified replacements.We believe that our continued growth and future success will depend in large part on the skills of our management team and our ability to motivate and retain these individuals and other key individuals.The loss of any of their service 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 that their knowledge and relationships would be very difficult to replicate.Our success also depends on the experience of our bankers and lending officers and on their relationships with the customers and communities they serve.The loss of key personnel,or the inability to recruit and retain qualified and talented personnel in the future,could have an adverse effect on our business,financial condition or operating results ~~.~~ Changes in accounting standards could materially impact our financial statements. From time to time, the Financial Accounting Standards Board (" FASB ") or the SEC may change the financial accounting and reporting standards that govern the preparation of our financial statements. Such changes may result in us being subject to new or changing accounting and reporting standards. In addition, the bodies that interpret the accounting standards (such as banking regulators or outside auditors) may change their interpretations or positions on how these standards should be applied. These changes may be beyond our control, are difficult to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retrospectively, or apply an existing standard differently, also retrospectively, in each case resulting in our needing to revise or restate prior period financial statements. Our stock price may be volatile, which could result in losses to our investors and litigation against us. Many factors could cause our stock price to fluctuate substantially in the future. These factors include but are not limited to: actual or anticipated variations in earnings, changes in analysts' recommendations or projections, our announcement of developments related to our businesses, operations and stock performance of other companies deemed to be peers, new technology used or services offered by traditional and non- traditional competitors, news reports of trends, irrational exuberance on the part of investors, new or expected changes to federal banking regulations, our limited number of shares and shareholders, and other issues related to the financial services industry. Our stock price may fluctuate significantly in the future, and these fluctuations may be unrelated to our performance. General market declines or market volatility in the future, especially in the financial institutions sector, could adversely affect the price of our common stock, and the current market price may not be indicative of future market prices. Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. Moreover, in the past, securities class action lawsuits have been ~~- 34-~~ instituted against some companies following periods of volatility in the market price of its securities. We could in the future be the target of similar litigation. Securities litigation could result in substantial costs and divert management' s attention and resources from our normal business. ~~If equity research analysts do not publish research or reports about our business, or if they do publish such reports but issue unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline. The trading market for our common stock could be affected by whether and to what extent equity research analysts publish research or reports about us and our business. We cannot predict at this time how many research analysts will cover us and our common stock or how many will publish research and reports on us. If one or more equity analysts cover us and publish research reports about our common stock, the price of our stock could decline if one or more securities analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us. If any of the analysts who elect to cover us downgrade their recommendation with respect to our common stock, our stock price could decline rapidly. If any of these analysts ceases coverage of us, we could lose visibility in the market, which in turn could cause our common stock price or trading volume to decline and our common stock to be less liquid.~~