

## Risk Factors Comparison 2025-02-28 to 2024-02-29 Form: 10-K

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We are exposed to a variety of, **like other financial institutions, face** risks, some of which are inherent to the **our business, results of operations, and** financial **condition** services industry and others of which are more specific to our business. **The** Our enterprise risk management (“ERM”) program incorporates risk management throughout the organization in identifying, managing, monitoring, and reporting risks. Our ERM program identifies the major risk categories in our business as: capital; market; liquidity; credit; operational; compliance; legal; strategic; technology; and reputational. The discussion below addresses -- **address material** factors, of which we are currently aware, that could **have a impact us material** **materially by causing actual** adverse effect on our business, results **to differ from our historical results or** of operations, and financial condition. These risk factors and other -- **the results contemplated by the** forward- looking statements included **contained** in this Form 10- K relate to future events, expectations, trends, and operating periods, and 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, but are intended to highlight risks that we believe are important factors to consider when evaluating our business and an investment in our securities. Although these risks are organized by headings and each risk is discussed separately, many are interrelated. In addition, there may be additional risks and uncertainties that **may impact us materially** adversely affect our business, results of operations, and financial **condition** that are not presently known, that are not currently believed to be significant, or that are common to all businesses.

Risks Related to Geopolitical Uncertainties Unfavorable general economic, market, political or industry conditions, either domestically or internationally, may adversely affect our business, results of operations, and financial condition. Our business and results of operations are affected by the financial markets and general economic conditions globally, particularly in the U. S. and Asia, including factors such as the level and volatility of short- and long- term interest rates, inflation, deflation, residential and commercial property prices, collateral asset prices, unemployment and under- employment levels, rental rates and occupancy levels, market or supply chain disruption, labor shortages, bankruptcies, household income, consumer behavior, fluctuations in both debt and equity capital markets and currencies, liquidity of the global financial markets, the availability and cost of capital and credit, government spending and the federal debt ceiling, investor sentiment and confidence in the financial markets, and sustainability of economic growth in the U. S. and Asia. The deterioration of any of these conditions could adversely affect our consumer and commercial business, securities and derivatives portfolios, the level of charge- offs and provision for credit losses, the carrying value of deferred tax assets, capital levels, liquidity, and results of operations. In addition, because our operations and the collateral securing our real estate lending portfolio are primarily concentrated in California, we may be particularly susceptible to adverse economic conditions in California. Any unfavorable economic, market, political, or industry conditions in California and other regions where we operate could lead to the following outcomes, among others: • greater than expected losses in our credit exposure due to unforeseen economic conditions, which may, in turn, adversely impact our results of operations and financial condition; • failure of our borrowers to make timely repayments of their loans, or a decrease in the value of real estate **or other** collateral securing the payment of such loans, which could result in credit losses, delinquencies, foreclosures and customer bankruptcies, and in turn have a material adverse effect on our results of operations and financial condition; • a decrease in deposit balances and in the demand for loans and other products and services; • disruptions in the capital markets or other events, including adverse actions by rating agencies and deteriorating investor expectations, which may result in an inability to borrow on favorable terms or at all from other financial institutions; • an adverse effect on the value of the debt securities portfolio as a result of debt defaults; and • a loss of confidence in the financial services industry, our market sector and the equity markets by investors, placing pressure on our stock price. **Changes in the economic and political relations..... most sensitive to the trade restrictions.** We face risks associated with international operations. A substantial number of our customers have economic and cultural ties to Asia. The Bank’s international presence includes locations in Hong Kong, China and Singapore. Our presence in Asia carries certain risks, including risks **relating to** **arising from the uncertainty regarding** our ability to generate revenues from foreign operations and **to risks associated with** leveraging **leverage** and conducting **conduct** business on an international basis, **due to**. These risks include: legal, regulatory, and tax requirements and restrictions; tariffs, trade barriers, or other trade restrictions; uncertainties regarding liability; difficulties in staffing and managing foreign operations; political and economic risks; and financial risks including currency and payment risks **Changes in the economic and political relations between the U.S. and China, including trade disputes and the imposition of tariffs and other trade restrictions, may adversely impact our business, results of operations, and financial condition. Economic** trade and political tensions, including tariffs and other punitive trade policies and disputes, between the U.S. and China pose a risk to our business and customers. **On February 1, 2025, the Trump administration announced the imposition of a 10 % tariff on imports from China and a 25 % tariff on imports from Mexico and Canada. However, the tariffs on Mexico and Canada have been temporarily paused for 30 days following agreements from both countries. The timing and extent of these trade policy changes remain subject to further developments.** The imposition of tariffs, retaliatory tariffs, export controls or other trade restrictions on products, **and** materials **or other goods** that our customers import or export could **impact cause the** prices **of their products to increase**, **possibly** reduce demand, **or otherwise and hence may** negatively impact our customers’ **businesses margins** and their ability to service debt. We may also experience a decrease in the demand for loans and other financial products or a deterioration in the credit **quality of the loans extended to customers in industry sectors that are most sensitive to the trade restrictions.** Further, a downturn in economic growth and

real estate markets in China and volatility in the Shanghai and Hong Kong stock exchanges, among other things, may negatively impact asset values and the profitability and liquidity of our customers operating in this region. These risks could adversely affect the success of our international operations and could have a material adverse effect on our overall business, results of operations, and financial condition. In addition, we face risks that our employees and affiliates may fail to comply with applicable **U. S. and foreign** laws and regulations governing our international operations, including the U. S. Foreign Corrupt Practices Act, **and other** anti-corruption laws, ~~and other U. S. and foreign laws and regulations~~. Failure to comply with such laws and regulations could, among other things, result in enforcement actions and fines against us, limitations on our conduct and reputational harm, any of which could have a material adverse effect on our business, results of operations and financial condition. Natural disasters, **the effects of climate change** and geopolitical events beyond our control could adversely affect our business, results of operations, and financial condition. Natural disasters such as wildfires, earthquakes, extreme weather conditions, hurricanes, floods, droughts, widespread health emergencies or pandemics, ~~and other acts of nature~~, and geopolitical events involving political unrest, terrorism, or military conflicts **have in** ~~could adversely affect our business operations and those~~ **the past, of our customers and may in the future,** cause substantial damage and loss to real and personal property. ~~These~~ Natural disasters and geopolitical events ~~could~~ **can seriously harm our customers and adversely affect our business operations, including by** ~~impair~~ **impairing** borrowers' ability to service their loans, ~~decrease~~ **decreasing** the level and duration of deposits by customers, ~~erode~~ **eroding** the value of loan collateral, ~~or result~~ **resulting** in an increase in the amount of nonperforming assets, net charge-offs, and provision for credit losses. **In addition, natural disasters and geopolitical events could also create macroeconomic challenges such as supply-chain shortages, volatile energy prices, tightened monetary policy and inflation, and economic instability**, and otherwise cause a material adverse effect on our **business,** results of operations and financial condition. Macroeconomic challenges caused by the COVID-19 pandemic and geopolitical events have been persistent and are difficult to predict, including supply-chain shortages, volatile energy prices, tightening monetary policy and inflation, and heightened cybersecurity risks. The extent of the continuing impact of these events on our business, results of operations and financial condition will depend on future developments, which are highly uncertain and difficult to predict. Additionally, political unrest, wars and acts of terrorism have heightened geopolitical tensions, which continue to disrupt the global supply chain and increase economic uncertainty and inflationary pressures. Instability in global economic conditions and geopolitical matters could have a material adverse effect on our results of operations and financial condition. The effects of climate **Climate** change **also presents** could adversely impact our operations, business and customers. The risks of climate change can be divided into physical and transition risks. The physical risks of climate change **to us and our customers,** include **including from** discrete weather events, changing climate patterns and other disruptions caused by climate change affecting the regions, **as well as** countries and locations in which we or our customers have operations or other interests. Climate change concerns could result in transition risk, which are risks that arise from the process of adjusting **a shift** to a low-carbon economy, including changes in **policies, regulations, technologies, consumer sentiment and preferences. Regulatory changes regarding** climate policy or **risk management and practices may result** in the **higher** regulation- **regulatory and compliance** of financial institutions with respect to risks posed by **and costs. Our reputation and client relationships may be damaged as a result of our practices related to** climate change, **including our direct** . Transition risks could also negatively affect our- **or** ~~customers~~ **indirect involvement** in, **or decision not to participate in,** certain industries, which may increase our- **or** credit risk and reduce the demand from these customers for our products **projects associated with causing** and services. These climate-related physical and transition risks could have a direct financial impact on our business and operations. Material adverse impacts to our customers, including declines in asset values, reduced availability of insurance, significant interruptions to business operations, and negative consequences to business models and the need to make changes in responses to those consequences could also affect us. The risks of regulatory changes and additional compliance and disclosure requirements related to climate change may impose operational burdens and increased compliance costs, **as well as any decisions to conduct** capital requirements, or the risk of litigation, which could adversely affect our- **or** business, results of operations and financial condition. Climate change also presents reputational risk from stakeholder concerns about our practices related **activities in response** to climate change **considerations** . Our ~~business, reputation, and~~ ability to attract and retain employees may also be harmed if our response to climate change is perceived to be ineffective or insufficient . **These climate-driven changes could materially and negatively impact our and our customers' business, results of operations, financial condition and reputation** .

**Risks Related to Financial Matters** A significant portion of our loan portfolio is secured by real estate and at a higher degree of risk from a downturn in real estate markets. Since many of our loans are secured by real estate, a decline in the real estate markets could impact our business and financial condition. Real estate values and real estate markets are generally affected by changes in general economic conditions and employment levels, fluctuations in interest rates, the availability of loans to potential purchasers and the availability and demand for types of real property investments, changes in tax laws and other governmental statutes, regulations and policies, and natural disasters, such as wildfires and earthquakes, which are particularly prevalent in California, where a significant portion of our real estate collateral is located. **For example** ~~if~~ real estate values decline, **during 2024** the value of real estate collateral securing our loans could be significantly reduced. Our ability to recover on defaulted loans by foreclosing and selling the real estate collateral would be further diminished, ~~the~~ and we would be more likely to suffer losses on defaulted loans. Furthermore, commercial real estate ("CRE") **market remained under pressure, primarily from decreased demand for office space, which affected the demand for CRE loans and loan performance. If real estate values decline, the value of real estate collateral securing our loans could be significantly reduced. Our ability to recover on defaulted loans by foreclosing and selling the real estate collateral would be further diminished, and we would be more likely to suffer losses on defaulted loans. Furthermore, CRE** and multifamily residential loans typically involve larger balances to single borrowers or groups of related borrowers. Since payments on these loans are often dependent on the successful operation or management of the properties, as well as the business and financial

condition of the borrowers, repayment of such loans may be subject to adverse conditions in the real estate market, adverse economic conditions, shifts in demand for different types of properties, or changes in applicable government regulations. Borrowers' inability to repay such loans may have an adverse effect on our business, results of operations and financial condition. Our business is subject to interest rate risk and variations in interest rates may have a material adverse effect on our financial performance. Our financial results depend substantially on net interest income, which is the difference between the interest income we earn on interest-earning assets and the interest expense we pay on interest-bearing liabilities. Interest-earning assets primarily include loans extended, securities held in our investment portfolio, and excess cash held to manage short-term liquidity. We fund our assets using deposits and borrowings. We offer interest-bearing deposit products, and a portion of our deposit balances are from noninterest-bearing products. We also enter into interest rate derivatives to manage interest rate risk exposure. The interest rates we receive on our interest-earning assets and pay on our interest-bearing liabilities could be affected by various factors, including macroeconomic challenges, Federal Reserve policies, market interest rate changes in response to inflation, competition, regulatory requirements or a change in our product mix. Changes in key variable market interest rates, such as the federal funds, national prime, or U. S. Treasury rates generally impact our interest rate spread. Because of the differences in maturities and repricing characteristics of our interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest-earning assets and interest expense paid on interest-bearing liabilities. Rising interest rates may cause our funding costs to increase at a faster pace than the yield we earn from our assets, ultimately causing our net interest margin to decrease. Higher interest rates may also result in lower loan production and increased charge-offs in certain segments of the loan portfolio. Declining interest rates could lead to higher loan refinancing activity, which, in turn, would increase the likelihood of prepayments of loans and mortgage related securities. Changes in interest rates also impact the value of our investments in debt securities, particularly debt securities with longer maturities. Accordingly, changes in levels of interest rates could materially and adversely affect our net interest income, net interest margin, cost of deposits, loan origination volume, average loan portfolio balance, asset quality, liquidity, and overall profitability. Inflation can have an adverse impact on our business and on our customers. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. **In 2023 Recent data has indicated the pace of inflation persisted in the U. S. is slowing and was slow the Federal Reserve has begun to cut decrease despite multiple increases to the federal funds rate by. However, the future rate of inflation and other economic factors remain uncertain, and the Federal Reserve may decrease or increase interest rates slower or faster than anticipated.** As **If** inflation increases and interest rates rise, the value of our investment securities, particularly those with longer maturities, **will decrease decrease**, although this effect is less pronounced for floating rate instruments. Prolonged periods of inflation also may impact our profitability by negatively impacting our costs and expenses, including increasing funding costs and **expense expenses** related to talent acquisition and retention, and negatively impacting the demand for our products and services. Moreover, our customers are also affected by inflation and the rising costs of goods and services used in their households and businesses, which could have a negative impact on their ability to repay their loans. **Further adverse Adverse** changes in inflation and interest rates could negatively impact consumer and business confidence, and adversely affect the economy as well as our business, results of operations and financial condition. The monetary policies of the federal government and its agencies could have a material adverse effect on our earnings. The Federal Reserve Board regulates the supply of money and credit in the U. S. Its policies determine in large part the cost of funds for lending and investing and affect the return earned on those loans and investments, both of which in turn affect our net interest margin. They can also materially decrease the value of financial assets we hold. Federal Reserve policies may also adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans, or could adversely create asset bubbles resulting from prolonged periods of accommodative policy. This, in turn, may result in volatile markets and rapidly declining collateral values. Changes in Federal Reserve policies are beyond our control. Consequently, the impact of these changes on our business **and**, results of operations **and financial condition** is difficult to predict. Further downgrades of the U. S. credit rating, potential automatic spending cuts or a government shutdown could negatively impact our business, results of operation and financial condition. Over the past few years, U. S. debt ceiling and budget deficit concerns have increased the possibility of **U. S. government shutdowns, automatic spending cuts**, additional **U. S.** credit rating downgrades and economic slowdowns, or a recession in the U. S. **As** **Although U. S. lawmakers passed legislation to raise the federal debt ceiling in 2023 level rises and interest rates remain elevated**, there **is** **the cost** is risk of **servicing** continuing political disagreement over the federal debt limit **may increase** and budget. **In August 2023, Fitch Ratings Inc. downgraded the perceived creditworthiness long-term sovereign credit rating of the U. S. government may decrease to "AA" from "AAA" and in November 2023 Moody's Investor Service changed its outlook on U. S. credit to negative.** The impact of **this or** any further downgrades to the U. S. government's sovereign credit rating or its perceived creditworthiness could adversely affect the U. S. and global financial markets and economic conditions. **In addition, disagreement over the federal budget may cause a full or partial U. S. federal government shutdown. Continued adverse Adverse** political and economic conditions could have an adverse effect on our business, results of operation and financial condition. We are subject to fluctuations in foreign currency exchange rates. Our foreign currency translation exposure derives, in part, from our China subsidiary that has its functional currency denominated in Chinese Renminbi ("RMB"). In addition, as we continue to expand our cross-border business, we have a higher volume of customer transactions in foreign currencies. We have entered into derivative instruments to offset some of the impact of foreign exchange fluctuations. However, given the volatility of exchange rates, there is no assurance that we will be able to effectively manage foreign currency translation risk. Fluctuations in foreign currency exchange rates could have a material unfavorable impact on our net income, therefore adversely affecting our business, results of operations, and financial condition. Risks Related to Our Capital Resources and Liquidity As a regulated entity, we are subject to capital requirements, and a failure to meet these standards could adversely affect our financial condition. We and the Bank are subject to certain capital and liquidity

rules, including the Basel III Capital Rules, which establish the minimum capital adequacy requirements and may require us to increase our regulatory capital or liquidity targets, increase regulatory capital ratios, or change how we calculate regulatory capital. We may be required to increase our capital levels, even in the absence of actual adverse economic conditions or forecasts, and enhance capital planning based on hypothetical future adverse economic scenarios. As of December 31, 2023, we met the requirements of the Basel III Capital Rules, including the capital conservation buffer. Compliance with capital requirements may limit capital-intensive operations and increase operational costs, and we may be limited or prohibited from distributing dividends or repurchasing our stock. This could adversely affect our ability to expand or maintain present business levels, which may adversely affect our business, results of operations and financial condition. Additional information on the regulatory capital requirements applicable to us and the Bank is set forth in Item 1. Business — Supervision and Regulation — Regulatory Capital Requirements in this Form 10-K. ~~Our~~ **As a holding company, we** ~~dependence~~ **depend** on dividends **and distributions** from the Bank ~~for~~ **could affect** our liquidity ~~and ability to~~. **We derive most of our cash flow from dividends paid by the Bank. These dividends are the primary source from which we** pay dividends. ~~East West is dependent on the Bank for dividends, distributions, and other payments. Our principal source of cash flows, including cash flows to pay dividends to our stockholders~~ **common stock** and principal and interest on our ~~outstanding debt~~ **obligations. Various federal and California laws and regulations, is as well as regulatory expectations, limit the amount of** dividends that received from the Bank **may pay to us**. ~~However, federal~~ **See Item 1. Business — Supervision and California law limit Regulation — Dividends and Other Transfers of Funds in this Form 10-K for a discussion of regulatory requirements applicable to dividends by us and** the Bank's ability to pay dividends to East West. Subject to the Bank meeting or exceeding regulatory capital requirements, regulatory approval is required under federal law if the total of all dividends declared by the Bank in any calendar year would exceed the sum of the Bank's net income for that year and its retained earnings for the preceding two years. Although we have historically declared cash dividends on our common stock, we are not required to do so and there may be circumstances under which we would reduce or eliminate our common stock dividend in the future. This could adversely affect the market price of our common stock. Federal law also prohibits the Bank from paying dividends that would be greater than its undivided profits unless the Bank has received prior approval from the Federal Reserve and of at least two-thirds of the stockholders of each class of stock. California law imposes its own limitations on capital distributions by California-chartered banks that could require the Bank to obtain the approval of the DFPI prior to making a distribution to East West. In addition, Federal Reserve guidance sets forth the supervisory expectation that bank holding companies will inform and consult with the Federal Reserve in advance of issuing a dividend that exceeds earnings for the quarter and should not pay dividends in a rolling four quarter period in an amount that exceeds net income, net of distributions, for the period. Further description of regulatory requirements applicable to dividends by us and the Bank is set forth in Item 1. Business — Supervision and Regulation — Dividends and Other Transfers of Funds in this Form 10-K. We are subject to liquidity risk, which could negatively affect **the level or cost of** our funding ~~levels~~. Market conditions or other events could negatively affect the level or cost of funding, which in turn could affect our ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations, or fund asset growth and new business initiatives at a reasonable cost, in a timely manner and without adverse consequences. Although we have implemented strategies to maintain sufficient and diverse sources of funding to accommodate planned, as well as unanticipated changes in assets, liabilities, and off-balance sheet commitments under various economic conditions, a substantial, unexpected or prolonged change in the level or cost of liquidity could have a material adverse effect on our business, results of operations, and financial condition. If the cost effectiveness or the availability of supply in the credit **or wholesale funding** markets is reduced for a prolonged period of time, our funding needs may require us to access funding and manage liquidity by other means. These alternatives may include generating client deposits, securitizing or selling loans, and further managing loan growth and investment opportunities. These alternative means of funding may not be available under stressed market conditions or realized in a timely fashion. Any downgrades in our credit ratings could have a material adverse effect on our liquidity, cost of funding, cash flows, **business**, results of operations and financial condition. Credit rating agencies evaluate us regularly, and their ratings are based on several factors, including our financial strength, capital adequacy, liquidity, asset quality and ability to generate earnings. Some of these factors are not entirely within our control, including conditions affecting the financial services industry as a whole. ~~Several banks were subject to a credit rating downgrade during 2023 following the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank, and in response to economic conditions, and others have been placed on a negative credit outlook by the rating agencies.~~ Severe downgrades in our credit ratings could impact our business and reduce our profitability in different ways, including a reduction in our access to capital markets, triggering additional collateral or funding obligations which could negatively affect our liquidity. In addition, our counterparties, as well as our clients, rely on our financial strength and stability and evaluate the risks of doing business with us on a regular basis. If we experience a decline in our credit ratings, this could result in a decrease in the number of counterparties and clients who may be willing to transact with us. Our borrowing costs may also be affected by various external factors, including market volatility and concerns or perceptions about the financial services industry. There can be no assurance that we can maintain our credit ratings nor that they will not be changed in the future. The proportion of our deposit account balances that exceed FDIC insurance limits may expose us to enhanced liquidity risk. A significant factor in the **2023** bank failures **may in early 2023** appear to have been the proportion of the deposits held by ~~each institution~~ **institutions** that exceeded applicable FDIC insurance limits, and the withdrawal of such deposits over a short period of time. The ease and speed of the electronic withdrawals may accelerate this process. If a significant portion of our deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet withdrawal demands, we may be unable to obtain funding at favorable terms, which may have an adverse effect on our net interest margin. Moreover, obtaining adequate funding to meet our deposit obligations may be more challenging during periods of elevated interest rates and financial industry instability. Our ability to attract depositors during a time of actual or perceived distress or instability in the marketplace

may be limited. Further, interest rates paid for borrowing generally exceed the interest rates paid on deposits. This spread may be exacerbated by higher prevailing interest rates. In addition, because our available-for-sale (“AFS”) debt securities lose value when interest rates rise, our ability to cover liquidity needs from sale or pledging of these securities may be negatively impacted during periods of elevated interest rates. Under these circumstances, we may be required to access additional funding from other sources in order to manage our liquidity risk. Risks Related to Credit Matters Our allowance for credit losses level may not be adequate to cover actual losses. **In-We establish an allowance for credit losses in** accordance with the U. S. Generally Accepted Accounting Principles (“GAAP”), **we establish an allowance for credit losses**, which includes the allowance for loan losses and the reserve for unfunded credit commitments. Our allowance for loan losses is based on our evaluation of risks associated with our loans held-for-investment portfolio, including historical loss experience, current borrower characteristics, current economic conditions, reasonable and supportable forecasts of future economic conditions, delinquencies, performing status, the size and composition of the loan portfolio, and concentrations within the portfolio. The allowance estimation process requires subjective and complex judgments, including analysis of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans. **Current-Unexpected changes in** economic, **, market, operating and other** conditions in the U. S. and in the international markets **could further deteriorate,** **which** could result in, among other things, greater than expected deterioration in credit quality of our loan portfolio or in the value of collateral securing these loans. Due to the inherent risk associated with accounting estimates, our allowance for **credit loan** losses **may not be adequate to absorb actual credit losses,** and future provisions for credit losses could materially and adversely affect our operating results. The amount of future losses is influenced by changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and such losses may exceed current estimates. **In addition, we establish a reserve for losses associated with our unfunded credit commitments, which** - The level of the allowance for unfunded credit commitments is determined **using by following a similar methodology as similar to** that used to establish our allowance for loan losses, **, may in our loans held-for-investment portfolio. There can be no not assurance that our allowance for unfunded credit commitments will be adequate to absorb provide for the actual losses, and future provisions associated with our unfunded credit commitments. An increase in the allowance for such losses unfunded credit commitments in any period may result in a charge to earnings and** could have a material adverse effect on our business, results of operations, and financial condition. We may be subject to increased credit risk and higher credit losses to the extent our loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. Our credit risk and credit losses can increase if our loans are concentrated in borrowers engaged in the same or similar activities, industries, or geographies or to borrowers who as a group may be uniquely or disproportionately affected by economic or market conditions, which could result in materially higher credit losses. For example, the Bank has a concentration of real estate loans in California. Potential deterioration in the California commercial or residential real estate markets or economic conditions could result in additional loan charge-offs and provision for loan losses, which could have a material adverse effect on our business, results of operations, and financial condition. If any industry or, market sector, **, or collateral type** were to experience economic difficulties, loan collectability from customers operating in those industries or sectors **or holding such collateral types** may deteriorate, which could have a material adverse impact on our business, results of operations, and financial condition. Risks Related to Our Operations A **cyber- attack, information or security breach, or failure in or breach** of our operational or security systems or infrastructure, or those of third-party vendors, could disrupt our business, and adversely impact our results of operations, financial condition, cash flows, and liquidity, as well as damage our reputation. **Our business is highly dependent on the security and efficacy of our infrastructure, computer, network and data management systems, as well as those of third parties with which we interact.** We face risks of loss resulting from, but not limited to, errors relating to transaction processing and technology, breaches of the **our internal control system and or external compliance requirement requirements**, the risk of fraud **by employees or third parties, the execution of unauthorized transactions by employees or third parties**, cybersecurity incidents, business continuation and disaster recovery. **In the event of such operational failures, we could suffer financial loss, face regulatory action, and suffer damage to our reputation.** The potential for operational loss exposure exists throughout our organization and among our interactions with third parties, **and are expected to increase as we expand our interconnectivity with our customers and other third parties. Any of these operational risk exposures, if realized, could adversely impact our results of operations, financial condition, cash flows, and liquidity, and result in regulatory action, significant litigation exposure and harm to our reputation**. Our operational, security systems, and infrastructure, as well as those of third-party vendors, are integral to our performance. We have taken measures to implement backup systems and safeguards to support our operations, but our ability to **process transactions, provide service and** conduct **our** business may be adversely affected by any significant disruptions to us or our vendors, **which can** - Such disruptions could be caused by a number of factors including events that are wholly or partially beyond our control **which could adversely affect our ability to process transactions or provide certain services.** These factors **events** include, and are not limited to, electrical, telecommunications, **networking** or other major physical infrastructure outages, cybersecurity incidents, **disease-pandemics, natural disasters such as wildfires, earthquakes, tornadoes, hurricanes and floods, and political or social events arising from local or larger scale political or social matters**, including terrorist acts. **Furthermore, we wars and civil disturbances. We have taken measures to implement backup systems and safeguards and** frequently update these **our** systems to support our operations and growth, requiring significant costs and creating risks associated with implementing **and integrating** new systems **and integrating them with existing ones.** **To date, we have not experienced any known cybersecurity incidents resulting in a material impact on our business, financial condition, or operating results. However, we can provide no assurance that all of our security measures will be effective**. Third parties that facilitate our business activities could also be sources of operational and security risks to us. Our ability to implement backup systems or other safeguards with respect to third-party systems is limited. Furthermore, an attack on or failure of a third-party system may not be revealed to us in a timely manner, which could

compromise our ability to respond effectively. Some of these third parties may engage vendors of their own, which introduces the risk that these “fourth parties” could be the source of operational and security failures. **If** In addition, if a third party or fourth party obtains with access to the customer account data on our systems, and that party experiences a breach or misappropriates such data, we and our customers could suffer material harm, including heightened risk of fraudulent transactions, losses from fraudulent transactions, increased operational costs to remediate any security breach, and reputational harm. Our business and many of our customers may have experienced, and may experience again in the future, losses incurred due to fraud or theft related to customers, employees, or third parties. These losses may negatively affect our business, results of operations, financial condition, reputation or prospects. Furthermore, increased use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and operations, coupled with the increased sophistication and activities of threat actors, will subject us to increased security **Cybersecurity** risks. These operational risk exposures, if realized, could adversely impact our results of operations, financial condition, cash flows, and liquidity, and may result in loss of confidence, significant litigation exposure and harm to our reputation. These risks are expected to continue to increase as we expand our interconnectivity with our customers and other third parties. A cyber-attack, information or security breach, or a technology failure of our systems or of a third party’s systems could adversely affect our ability to conduct business, manage our exposure to risk or expand our business, and could also result in the misuse of confidential information, increase our costs to maintain and update our operational and security systems and infrastructure, and adversely impact our results of operations, financial condition, cash flows and liquidity, as well as cause reputational harm. Our business is highly dependent on the security and efficacy of our infrastructure, computer and data management systems, as well as those of third parties with which we interact. Cyber security risks, including ransomware and, malware, **social engineering, and phishing** attacks, for financial institutions have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunication technologies to conduct financial transactions, the significant increased use of remote workstations by employees in recent years, and the increased sophistication and activities of organized crime, hackers, terrorists, nation- states, and other threat actors. Our business relies on the secure processing, transmission, storage and retrieval **many** of confidential **our customers may have experienced**, proprietary, and **may experience again in other** -- **the information in future, losses incurred due to fraud** our **or theft related to customers** computer email and data management systems and networks, **employees** including those of our **or third parties** – party vendors. **These losses may negatively affect** We employ a combination of preventative and detective controls to safeguard against cybersecurity incidents. To date, we have not experienced any known cybersecurity incidents resulting in a material impact on our business, **results of operations**, financial condition, **reputation** or operating results. However, we can provide no assurance that all of our **or prospects** security measures will be effective. The industry has seen an increase in ransomware attacks, data breaches, social engineering, phishing attacks, and fraud and other scams that have placed the Bank, employees, our customers, and third-party vendors at heightened risk levels. These risks may increase in the future as we continue to increase our digital product offerings and expand our internal usage of cloud-based products and applications. In addition, our customers often use their own devices to make payments and manage their accounts, and are subject to cyberattacks including data breaches, social engineering, phishing attacks, fraud and other scams, that threaten the safety and security of their banking transactions with us. We have limited ability to assure the safety and security of our customers’ transactions with us to the extent **they our customers** are using their own devices or are a victim of cyberattacks, fraud or other scams by threat actors. Failure to mitigate breaches of security, or to comply with frequent imposition of increasingly demanding new and changing industry standards and regulatory requirements, could **also** result in violation of applicable privacy laws, reputational damage, regulatory fines, litigation exposure, increased security compliance costs, **adversely affect our ability to offer and grow the online services**, and could have an adverse effect on our business, results of operations and financial condition. Failure to keep pace with technological change could adversely affect our business. We may face risks associated with the utilization of information technology systems to support our operations effectively. The financial services industry is continuously undergoing rapid technological change with frequent introductions of new technology- driven products and services, including financial technology and non- banking entities. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Our future success depends, in part, **upon on** our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological solutions. We may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on our business and, in turn, our results of operations and financial condition. In addition, if we do not implement systems effectively or if our outsourcing business partners do not perform their functions properly, there could be an adverse effect on us. There can be no assurance that we will be able to effectively maintain or improve our systems and processes, or utilize outsourced talent, to meet our business needs successfully. Any such failure could adversely affect our business, results of operations, financial condition and reputation. We **could face material legal and reputational harm....., penalties or other sanctions.** We may be impacted by the actions, soundness or creditworthiness of other financial institutions, which can cause disruption within the industry and increase expenses. Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We execute transactions with various counterparties in the financial industry, including broker- dealers, commercial banks, and investment banks. Defaults or failures of financial services institutions and instability in the financial services industry in general can lead to market- wide liquidity problems, increased credit risk and withdrawals of uninsured deposits. **Such** The failures of Silicon Valley Bank, Signature Bank, and First Republic Bank in 2023 resulted in significant disruption in the financial services industry and negative media attention, which has also adversely impacted the volatility and market prices of the securities of financial institutions and resulted in outflows of deposits

for us and many other financial institutions. These events have adversely impacted and could continue to adversely affect our business, results of operations, and financial condition, as well as the market price and volatility of our common stock. Bank failures may increase the risk of a recession or lead to regulatory changes and initiatives, such as enhanced capital, liquidity, or risk management requirements, **that which** could adversely impact **us the Company**. Changes to laws or regulations, or the ~~impositions~~ **imposition** of additional restrictions through supervisory or enforcement activities, could have a material impact on our business. Regulatory changes could also adversely impact our ability to access funding, increase the cost of funding, limit our access to capital markets, and negatively impact our overall financial condition. The ~~recent~~ **2023** bank failures also ~~have~~ resulted in a special assessment by the FDIC to replenish the DIF. Our controls and procedures could fail or be circumvented. Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance and **enterprise risk management (“ERM”)** policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, but not absolute, assurances of the effectiveness of these systems and controls, and that the objectives of these controls have been met. Any failure or circumvention of our controls and procedures, and any failure to comply with regulations or supervisory expectations related to controls and procedures could adversely affect our business, results of operations, and financial condition. Our enterprise risk management program may not be effective at mitigating the risks to which we are subject, based upon our size, scope, and complexity. We have established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which we are subject, including capital, market, liquidity, credit, operational, compliance, legal, strategic, technology and reputational risks. Although we seek to manage our exposure to such risks, and employ a broad and diverse set of risk monitoring and mitigation techniques in the process, those techniques are inherently limited because they cannot anticipate the existence or development of risks that are currently unknown or unanticipated. ~~Any~~ **Further, any** system of control and any system to reduce risk exposure, however well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, in some cases we use analytical or forecasting models in our management of risks. If the models are inadequate, or are subject to ineffective governance, our risk management program may also prove ineffective. Actions taken to mitigate identified risks may prove less effective than anticipated. If our risk management program proves ineffective, we could suffer unexpected losses and reputational damage. We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect our prospects. Competition for qualified personnel in the banking industry is intense and there ~~are~~ **is** a limited number of qualified ~~persons~~ **people** with knowledge of, and experience in, the regional banking industry, especially in the West Coast markets, and in international banking operations, especially in Asia. The process of recruiting personnel with the combination of skills and attributes required to carry out our strategies is often lengthy. **The labor market is currently challenging, with high employee turnover and increased wage pressure. In addition, the proliferation of hybrid work environments may exacerbate the challenges of attracting and retaining talented employees as job markets may be less constrained by physical geography.** Our success depends, to a significant degree, on our ability to attract and retain **highly- skilled and** qualified ~~management, loan origination, finance, administrative, marketing, and technical~~ personnel, as well as the continued contributions of those individuals. In particular, our success has been and continues to be highly dependent upon the abilities of certain key executives. Accordingly, we believe that our future success is dependent upon the development and, when needed, implementation of adequate succession plans. Although both the Board of Directors and management monitor our succession planning for our senior management team, ~~unexpected departures~~ **the loss** of key personnel, ~~or disruptions~~ **the inability to recruit and retain qualified personnel in the future, leadership transitions** could ~~negatively impact~~ **have an adverse effect on** our business and prospects, **financial condition, or operating results**. We face strong competition in the financial services industry, and we could lose business or suffer margin declines as a result. We operate in a highly competitive environment. Our competitors include, but are not limited to, commercial banks, savings and loan associations, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks, nonbank financial institutions, and other regional, national, and global financial institutions. Some of our major competitors include multinational financial service companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous locations and mount extensive promotional and advertising campaigns. Areas of competition include interest rates on loans and deposits, customer services, and range of price and quality of products and services, including new technology- driven products and services. Ongoing or increased competition may put pressure on the pricing for our products and services or may cause us to lose market share, particularly with respect to traditional banking products such as loans and deposits. Failure to attract and retain banking customers may adversely impact our loan and deposit growth and in turn, our revenues. We have engaged in and may continue to engage in further expansion through acquisitions, which could cause disruption to our business and may dilute existing stockholders’ interests. There are risks associated with expanding through **mergers and** acquisitions. These risks include, among others, incorrectly assessing the asset quality of a bank acquired in a particular transaction, incurring greater than anticipated costs in integrating acquired business, failing to retain customers or employees, and the inability to profitably deploy assets acquired or realize synergies from a transaction. Additional country or region- specific risks are associated with transactions outside the U. S., including in China. To the extent we issue capital stock in connection with ~~additional~~ **acquisition** transactions, these transactions and related stock issuances may have a dilutive effect on **our** earnings per share (“EPS”) and share ownership. New products and services may subject us to additional risks. From time to time, we may seek to implement new business arrangements or 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~~ **We may invest significant time and resources in** developing and marketing new business arrangements, 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 business initiatives, new lines of business and / or new products or services may not be achieved, and price and profitability targets may not prove feasible, which

could in turn have a material negative effect on our operating results. New business arrangements, new lines of business and / or new products or services also could subject us to additional regulatory requirements, increased scrutiny by our regulators and other legal risks. For example, we and other regional banks are increasingly partnering with fintech and other providers to distribute or market our products and services. Bank regulators have, and may in the future, hold banks responsible for the activities of these fintech companies, including in respect of BSA / AML and consumer compliance matters, or may take the view that these relationships present safety and soundness issues. Our investments in certain tax- advantaged projects may not generate returns as anticipated ~~and may have~~, **which could result in** an adverse impact on our results of operations. We invest in certain tax- advantaged investments that support qualified affordable housing projects, community development, and renewable energy resources. Our investments in these projects are designed to generate a return in part through the realization of federal and state income tax credits, and other tax benefits, over specified time periods. We are subject to the risk that previously recorded tax credits, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, may fail to meet certain government compliance requirements and may not be able to be realized. The risk of not being able to realize, or of subsequently incurring a recapture of, the tax credits and other tax benefits depends on various factors, some of which are outside of our control, including changes in the applicable tax code, as well as the continued economic viability of the project and project operator. **In addition, the Trump administration has announced an intent to repeal green energy tax credits, although the timing and extent of changes in tax credits remains uncertain.** The possible inability to realize these tax credits and other tax benefits would have a negative impact on our financial results. Risks Related to Regulatory, Compliance and Legal Matters Changes in regulation may require us to change our business practices, increase **our** costs, limit our ability to make investments and generate revenue, or otherwise adversely affect **our** business operations and / or competitiveness. We are subject to extensive regulation under federal and state laws, as well as supervision and examination by the DFPI, FDIC, Federal Reserve, SEC, CFPB in the U. S. and foreign regulators and other government authorities. We are also subject to enforcement oversight by the ~~DOJ U. S. Department of Justice~~ and state attorneys general. In addition, we face certain legal, reputational, and financial risks as a result of serving customers in new or evolving industries that are subject to changing, and at times conflicting laws. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations, or policies could affect the manner in which we conduct business. Such changes could also subject us to additional costs and may limit the types of financial services and products we offer, and the investments we make. **For example, as we approach the \$ 100 billion total asset threshold, we anticipate becoming subject to enhanced regulatory and supervisory requirements, which may include but are not limited to, increased capital and liquidity requirements, resolution planning obligations, stress testing, long- term debt requirements, and heightened supervisory scrutiny under existing or proposed federal banking regulations. Compliance with these requirements will require substantial investment in systems, processes, and personnel. The enhanced regulatory framework could also impact our ability to compete with financial institutions that are not subject to similar requirements. Failure to adequately prepare for and address these challenges could materially and adversely affect our business, financial condition, and results of operation.** Given that banks operate in an extensively regulated environment under federal and state law, good standing with our regulators is of fundamental importance to the continuation and growth of our business. In the performance of their supervisory and enforcement duties, the U. S. federal and state regulators, and non- U. S. regulators, have significant discretion and power to initiate enforcement actions for violations of laws and regulations, and unsafe and unsound practices. Further, regulators and bank supervisors continue to exercise qualitative supervision of our industry and specific business operations and related matters. Violations of laws and regulations or deemed deficiencies in risk management or other qualitative practices also may be incorporated into our confidential bank supervisory ratings. A downgrade in these ratings, or other regulatory settlements, enforcement actions or supervisory criticisms, could impose additional risk management and other regulatory oversight requirements, limit our ability to pursue acquisitions or conduct other expansionary activities, require new or additional regulatory approvals before engaging in certain other business activities, and result in civil monetary penalties, other sanctions, and damage to our reputation, all of which could adversely affect our business, financial condition, results of operations and future prospects. Failure to comply with laws, regulations, or policies could result in civil or criminal sanctions by U. S. federal and state, and non- U. S. agencies, the loss of FDIC insurance, the revocation of our banking charter, civil or criminal monetary penalties, and / or reputational damage, which could have a material adverse impact on our business, results of operations, and financial condition. We continue to adjust our business and operations, capital, policies, procedures, and controls to comply with these laws and regulations, final rulemaking, supervisory requirements and interpretations from the regulatory authorities. See Item 1. Business — Supervision and Regulation in this Form 10- K for more information about the regulations to which we are subject. Changes to fiscal policies and tax legislation may adversely affect our business. From time to time, the U. S. government may introduce new fiscal policies and tax laws or make substantial changes to existing tax legislation. These changes could have a material impact on our business and our customers' business, results of operations, and financial condition. Our positions or our actions taken prior to such changes may be compromised by such changes. In addition, our actions taken in response to, or in reliance upon, such changes in the tax laws may impact our tax position in a manner that may result in an adverse financial condition. We also provide for current and deferred taxes in our financial statements, based on our results of operations and financial condition. We may take tax return filing positions for which the final determination of tax is uncertain, and our income tax expense could be increased if a federal, state, or local authority were to assess additional taxes that have not been provided for in our consolidated financial statements. There can be no assurance that we will achieve our anticipated effective tax rate. The U. S. government could further introduce new tax legislation or amend current tax laws in a manner that would adversely affect us. ~~In addition, continued political disagreements over the federal budget and the risk of a full or partial government shutdown could create uncertainty about the U. S. economy, ultimately having an adverse effect on our business, results of operations, and financial condition.~~ Complying

with the Bank Secrecy Act and other anti- money laundering and sanctions statutes and regulations can increase our compliance costs and risks. The BSA, the PATRIOT Act, and other laws and regulations require us and other financial institutions to institute and maintain an effective AML program and file suspicious activity reports and currency transaction reports when appropriate. We may provide banking services to customers considered to be higher risk customers, which subjects us to greater enforcement risk under the BSA and requires us to ensure our third- party vendors adhere to the BSA and related regulations. The Financial Crimes Enforcement Network may impose significant civil monetary penalties for violations of those requirements and has been engaging in coordinated enforcement efforts with the federal and state banking regulators, as well as the **DOJ U. S. Department of Justice**, Drug Enforcement Administration, and the Internal Revenue Service. We are also required to comply with the U. S. economic and trade sanctions administered by the OFAC regarding, among other things, the prohibition of transacting business with, and the need to freeze assets of, certain persons and organizations identified as a threat to the national security, foreign policy, or economy of the U. S. A violation of any AML or OFAC- related law or regulation could subject us to significant civil and criminal penalties as well as regulatory enforcement actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including any acquisition plans. Any of these violations could have a material adverse effect on our business, results of operations, financial condition, reputation, and future prospects. We could face material legal and reputational harm if we fail to safeguard personal information. We are subject to complex and evolving laws and regulations, both inside and outside the U.S., governing the privacy and protection of personal information. Individuals whose personal information may be protected by law can include our customers (and in some cases our customers' customers), prospective customers, job applicants, employees, and the employees of our suppliers, and third parties. Complying with laws and regulations applicable to our collection, use, transfer, and storage of personal information can increase operating costs, impact the development and marketing of new products or services, and reduce operational efficiency. Any mishandling or misuse of personal information by us or a third party affiliated with us could expose us to litigation or regulatory fines, penalties or other sanctions. We are subject to significant financial and reputational risk arising from lawsuits and other legal proceedings. We operate in a heavily regulated industry and face significant **risk risks** from lawsuits and proceedings brought by customers, borrowers, bank regulators and counterparties. These actions include claims for monetary damages, penalties, fines, and demands for injunctive relief. If these lawsuits or proceedings, whether founded or unfounded, are not resolved in a favorable manner to us, they could lead to significant financial obligations for us, as well as restrictions or changes to how we conduct our business. Although we establish accruals for legal matters when and as required by U. S. GAAP and certain expenses and liabilities in connection with such matters may or may not be covered by insurance, the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued and / or insured. As a participant in the financial services industry, we expect to continue to incur significant risks arising from litigation and government scrutiny related to our businesses and operations. Substantial legal liability and government scrutiny could adversely affect our business, results of operations, and financial condition. In addition, we may suffer significant reputational harm as a result of lawsuits and proceedings, adversely impacting our ability to attract and retain customers, **employees**, and investors. Moreover, it may be difficult to predict the outcome of certain legal proceedings, which may present additional uncertainty to our business prospects. General Risk Factors Changes in accounting standards or changes in how the accounting standards are interpreted or applied could materially impact our financial statements. The preparation of our financial statements is based on accounting standards established by the **Financial Accounting Standards Board ("FASB")** and the SEC. From time to time, these accounting standards may change, and such changes may have a material impact on our financial statements. In addition, the FASB, SEC, banking regulators, and our independent registered public accounting firm may amend or reverse their previous interpretations or positions on how various standards should be applied. These changes may be difficult to predict and could impact how we prepare and report our financial statements. In some cases, we could be required to adopt a new or revised standard retrospectively, potentially resulting in restatements to a prior period' s financial statements. Our consolidated financial statements are based in part on assumptions and estimates which, if incorrect, could cause unexpected losses in the future. Pursuant to U. S. GAAP, we are required to use certain assumptions and estimates in preparing our financial statements, including in determining the allowance for credit loss, accrued liability for litigation, and the fair value of certain financial assets and liabilities, among other items. Our assumptions and estimates may be inaccurate or subjective, particularly in times of market stress or under unforeseen circumstances. Inaccurate assumptions or inadequate design of our forecasting models could result in incorrect or misleading information, and in turn could lead to inappropriate business decisions, such as an inadequate reserve for credit losses, and adversely impact our business, results of operations, and financial condition. Our significant accounting policies and use of estimates are fundamental to understanding our results of operations and financial condition. Some accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In addition, some significant accounting policies require significant judgments in applying complex accounting principles to individual transactions and determining the most appropriate treatment. We have procedures and processes in place to facilitate making these judgments. For a description of these policies, refer to Note 1 — Summary of Significant Accounting Policies to the consolidated financial statements and Item 7. MD & A – Critical Accounting Estimates in this Form 10- K. Impairment of goodwill could result in a charge against earnings and thus a reduction in stockholders' equity. We test goodwill for impairment on an annual basis, or more frequently, if necessary. A significant decline in our expected future cash flows, a material change in interest rates, a significant adverse change in the business climate, slower growth rates, or a significant or sustained decline in the price of our common stock may necessitate taking future charges related to the impairment of goodwill. If we determine that a future write- down of goodwill is necessary, the amount of such an impairment charge could be significant and could adversely affect earnings as well as capital. Anti- takeover provisions could negatively impact our stockholders. Provisions of Delaware and California law and of our certificate of incorporation, as amended, and bylaws, as amended and restated, could

make it more difficult for a third party to acquire control of us or could have the effect of discouraging a third party from attempting to acquire control of us. For example, our certificate of incorporation, as amended, requires the approval of the holders of at least two-thirds of the outstanding shares of voting stock to approve certain business combinations. We are also subject to Section 203 of the Delaware General Corporation Law, which would make it more difficult for another party to acquire us without the approval of the Board of Directors. Additionally, our certificate of incorporation, as amended, authorizes the Board of Directors to issue preferred stock which could be issued as a defensive measure in response to a takeover proposal. Additionally, prior approval of the Federal Reserve and the DFPI is required for any person to acquire control of us, and control for these purposes may be presumed to exist when a person owns 10 % or more of our outstanding common stock. Federal Reserve approval is also required for a bank holding company to acquire more than 5 % of our outstanding common stock. These and other provisions could make it more difficult for a third party to acquire us, even if an acquisition might be in the best interest of the stockholders. Managing reputational risk is important to attracting and maintaining customers, investors, and employees. Threats to our reputation can come from many sources, including unethical practices, employee misconduct, failure to deliver minimum standards of service or quality, compliance deficiencies, and questionable or fraudulent activities of our customers or other threat actors. We have policies and procedures, including our Code of Conduct, in place to govern the personal conduct, action and work relationship of our employees with customers, fellow employees, competitors, governmental officials, and suppliers under both official and unofficial situations, in which employees may reasonably be perceived by others as acting as representatives of us. In addition, employees who fail to comply with the Code of Conduct may be subject to disciplinary action, termination of employment, and / or prosecution. However, these policies and procedures may not be fully effective. Negative publicity regarding our business, employees or customers, with or without merit, may result in the loss of customers, investors and employees, costly litigation, a decline in revenues and increased governmental scrutiny. **Increasing scrutiny and evolving** **Evolving** expectations relating to environmental, social and governance considerations may expose us to additional costs, reputational harm, and other adverse effects on our business. Regulators, investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance (“ ESG ”) practices relating to business, including climate change, human rights, health and safety, diversity, and labor conditions. **A-While some authorities and stakeholders have acted to promote ESG practices and disclosures, others have discouraged or prohibited consideration of ESG factors by investment advisors, and the Trump administration has announced an intent to repeal some ESG-related regulations.** **failure-Failure** to comply with **changing** regulatory requirements, or to meet evolving investor or stakeholder expectations and standards, could result in legal or regulatory proceedings and negatively impact our business, reputation, results of operations, financial conditions, and stock price. California has passed legislation that would impact the amount of required reporting of ESG practices ~~refer to Item 1. Business — Supervision and~~ **other state legislatures have** **Regulation in this Form 10-K for more information.** The SEC has proposed **similar laws** **climate disclosure rules to require public issuers to include enhanced disclosure regarding corporate climate-related information in their periodic reports and registration statements.** The **Such** enacted and proposed ~~new~~ government regulations could also cause new or more stringent forms of ESG oversight and ~~expanding~~ **expand** mandatory and voluntary reporting, diligence, and disclosures. The price of our common stock may be volatile or may decline. The price of our common stock may fluctuate in response to various factors, some of which are outside our control. These factors include the risk factors discussed herein, as well as: • actual or anticipated quarterly fluctuations in our results of operations and financial condition; • changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts and rating agencies; • speculation or changes in perception in the press or investment community; • strategic actions and announcements by us or our competitors, such as acquisitions or restructurings; • actions by institutional stockholders; • addition or departure of key personnel; • fluctuations in the stock price and operating results of our competitors; • general market conditions and, in particular, market conditions in the financial services industry; • anticipated, proposed or adopted regulatory changes or developments; • cyclical fluctuations; • trading volume of our common stock; and • anticipated or pending investigations, proceedings or litigation that involve or affect us. Industry factors, general economic and political conditions and events, such as ~~cyber~~ **cybersecurity incidents** or terrorist attacks, economic downturn or recessions, interest rate changes, credit default trends, currency fluctuations, changes to fiscal, monetary or trade policies, or public health issues could also cause our stock price to decline regardless of our operating results. A significant decline in our stock price could result in substantial losses for stockholders.