Risk Factors Comparison 2024-02-28 to 2023-02-28 Form: 10-K

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Our business is subject to a number of risks and uncertainties that could prevent us from achieving our business objectives and could hurt our future financial performance and the price performance of our common stock. Such risks and uncertainties also could cause our future financial condition and future financial performance to differ significantly from our current expectations. ~~Those~~ -- **The** risks **identified below** ~~and uncertainties, many of which~~ are **not intended** ~~outside of our ability~~ to ~~control~~ **be a comprehensive list of all risks we face, and additional risks that we may currently view as not material may also impair** ~~or~~ **our** ~~prevent, include the following:~~ **financial condition and price performance of our common stock. General Economic Conditions** Risks ~~Related to the COVID- 19 Pandemic Over the past three years, the COVID- 19 pandemic and related government actions taken to reduce the spread of the virus have created significant economic uncertainty, reduced economic activity and changes in customer preferences and behaviors, including within our market areas.~~ Our business ~~depends on the willingness~~ and ~~ability~~ **operations may be adversely affected in numerous and complex ways by economic conditions. Our banking business and operations, which primarily consist** of ~~our~~ **lending money to** customers **in** ~~and employees to conduct banking and other~~ -- **the form of loans, borrowing money from customers in the form of deposits, investing in securities and investment management, are sensitive to general business and economic conditions in the United States. If the United States economy weakens or does not improve, our growth and profitability from our lending, deposit and investment operations could be constrained. Uncertainty about the federal fiscal policymaking process, the fiscal outlook of the federal government, and future tax rates is a concern for businesses, consumers and investors in the United States. Our** financial ~~transactions. Disruptions to our customers caused~~ **advisory business may also be adversely affected** by **economic conditions. A decline** ~~the COVID- 19 pandemic could result in increased risk of delinquencies, defaults, foreclosures and losses on our~~ - **or a lack** ~~loans, as well as reductions in loan demand, the liquidity~~ of **sustained growth** ~~loan guarantors, loan collateral values (particularly~~ in ~~real estate), loan originations, interest and noninterest income and deposit availability. In addition to restrictions on travel and business operations, other governmental and regulatory actions in response to COVID- 19 could affect us in substantial and unpredictable ways, such as the potential adverse impact on state and local moratoriums on evictions and our implementation of loan modifications and deferral programs consistent with recent regulatory guidance. While some of these measures have expired or been lifted, they~~ - **the financial markets** ~~could be implemented again. The risk and impacts of the pandemic~~ may ~~remain prevalent for a significant period of time and may continue to~~ adversely affect **the market value and performance of the investment securities that we manage, which could lead to reductions in** our **investment management and advisory fees and, therefore, may result in a decline in the performance of our investment advisory and wealth management** business ~~, results of operations and financial condition even as COVID- 19 pandemic subsides~~ . ~~Given~~ **Additionally, if FFA' s performance were to decline, that could lead some of our clients to reduce** ~~the~~ **their** ~~ongoing~~ **assets under management by us** and **make** ~~dynamic nature of the COVID- 19 pandemic, we cannot predict the full extent of its~~ - **it** ~~continuing impacts on~~ **more difficult for us to retain existing clients and attract new clients. All of these factors are detrimental to** our business, ~~our operations or the economy as a whole. However, its effects could have a material impact on our results of operations~~ and ~~heighten many of the other~~ -- **the** ~~risk~~ **interplay between these** factors ~~described in this report~~ **can be complex and unpredictable** . **Adverse economic conditions and government policy** ~~Our participation in the Payroll Protection Program (" PPP ") exposes~~ **responses** ~~us~~ to **such conditions** ~~risks related to noncompliance with the PPP, which~~ could have a material adverse **effect on our business, financial condition, results of operations and prospects. Our business and operations may be adversely affected by the impacts of inflation on us and our customers. The strong demand for goods and services in recent years, supply chain constraints, and the impact of fiscal and monetary policy have contributed to higher levels of inflation throughout the U. S. economy, including within the Company' s market area. Inflation has resulted in higher prices for food, energy, housing, and various supply chain inputs, among others. These inflationary pressures have persisted throughout 2023, resulting in higher costs for consumers and businesses. To address the persistent levels of inflation, the Federal Reserve' s Federal Open Market Committee (" FOMC ") took steps to tighten monetary policy through increases to the federal funds rate beginning in March 2022 and continuing into 2023. The FOMC has stated that it remains committed to monetary policy measures that are designed to bring inflation down. The impact of these measures on the Company' s business, including future actions taken by the FOMC, are uncertain. Recent economic data indicates that the pace of inflation has moderated in recent months. However, the inflation rate remains above the FOMC' s 2 % target. Should the impacts of inflation persist, we anticipate it could have an** impact on **some** ~~our~~ - **or all of the following: Loan growth and interest income – If economic activity begins to wane, it may have an impact on our borrowers, the** ~~business~~ **businesses they operate** , **and their** financial condition **. Our borrowers may have less demand for credit needed to invest in** and ~~results~~ **expand their businesses, as well as demand for real estate and consumer loans. Such factors would place pressure on the level** of **interest- earning assets, which may negatively impact our interest income. Credit quality – Should there be a decline in economic activity, the markets we serve could experience increases in unemployment, declines in consumer confidence, and a reluctance on the part of businesses to invest in and expand their** operations **, among other things. Such factors may result in weakened economic conditions, place strain on borrowers, and ultimately impact the credit quality of our loan portfolio** . We ~~are~~ **expect this could result in increases in the level of past due, nonaccrual, and classified loans, as well as higher net charge- offs. While economic conditions have generally been favorable thus far, notwithstanding higher levels of inflation, there can be no**

assurance favorable economic conditions will continue. In addition, a ~~participating lender in~~ **higher interest rate environment impacts the ability of borrowers with adjustable- rate loans to meet** ~~the~~ **their** ~~PPP~~ **debt service obligations. As such** , ~~a~~ **should we experience future deterioration in the credit quality of our** loan ~~program administered~~ **portfolio, it may contribute to the need for additional provisions for credit losses. Higher interest rates may also lower the rate of return on commercial real estate values that could result in higher charge- offs and provision for credit losses. Deposits and deposit costs – Given the expectation in the near- term for interest rates to remain elevated** through **restrictive monetary policy by** the ~~SBA~~ **FOMC** , **it is likely** that ~~was created~~ **deposit costs will continue** to **increase. In connection with high** ~~help eligible businesses, organizations and self~~ - ~~employed persons fund~~ **profile bank failures in** ~~their~~ -- **the** ~~operational costs during~~ **first half of 2023, if adverse developments and significant market volatility continue in** the ~~COVID~~ **banking sector, it may become more challenging for the Company to retain and attract deposit relationships. Liquidity – Consistent with our prudent, proactive approach to liquidity management, we may take certain actions to further enhance our liquidity, including but not limited to, increasing our borrowings, increasing our brokered deposits, or liquidating loans and available** - ~~19 pandemic~~ **for- sale securities** . ~~Under this program~~ **In the event that we liquidate available- for- sale securities in an unrealized loss position** , ~~the~~ **those losses would become realized** ~~SBA guarantees 100 % of the amounts loaned under the PPP~~ . ~~We~~ **While the Company does not currently intend to sell held- to- maturity securities, if the Company were required to sell such securities to meet liquidity needs, it** may **realize the unrecognized losses** ~~, however, be exposed to credit risk~~ on ~~PPP loans if a determination is made by the SBA that there~~ **these securities** ~~was a deficiency in the manner in which the loan was originated, funded, or serviced~~ . **The Company continues to focus on serving** ~~If a deficiency is identified, the SBA may deny~~ its **customers and communities** ~~liability under the guaranty~~ , ~~reduce~~ **maintaining** the ~~amount~~ **well- being** of ~~the guaranty, or, if it~~ **its employees, and executing its strategic initiatives. The Company continues to monitor the inflation and overall economic environment and industry conditions and will make changes** ~~has~~ - **as appropriate** ~~already paid under the guaranty, seek recovery of any loss related to the deficiency from us~~ . **Credit** ~~Risks~~ **RisksWe** ~~Related to Our Financial Services BusinessWe~~ could incur losses on the loans we make. Loan defaults and the incurrence of losses on loans are inherent risks in our business. Loan losses necessitate loan ~~chargeoffs~~ ---- **charge- offs** and write- downs in the carrying values of our loans and, therefore, can reduce our net income and adversely affect our results of operations and financial condition. Accordingly, our results of operations will be directly affected by the volume and timing of loan losses, which for a number of reasons can vary from period to period. The risks of loan losses are exacerbated by economic recessions and downturns, or by other events that can lead to local or regional business downturns. If business and economic conditions weaken generally or specifically in the principal markets in which we do business, more of our borrowers may fail to perform in accordance with the terms of their loans, in which event loan ~~chargeoffs~~ ---- **charge- offs** and asset write- downs could increase, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Our allowance for credit losses may not be adequate to cover actual losses. In accordance with regulatory requirements and generally accepted accounting principles (" GAAP ") in the United States, we maintain an allowance for credit losses (" ACL ") to provide for loan ~~and lease~~ defaults and non- performance, and an ACL on securities. Our ACL may not be adequate to absorb our actual or expected credit losses and future provisions for ACL could reduce our net income and materially and adversely affect our operating results. ~~The~~ **21The** amount of future losses may also vary depending on changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and these losses may exceed current estimates. We determine the amount of our ACL in accordance with the Current Expected Credit Loss (" CECL ") model under the Financial Accounting Standards Board' s (" FASB ") ASU No. 2016- 13, Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which became effective for our fiscal year beginning January 1, 2020. CECL requires, among other things, that we determine periodic estimates of lifetime expected future credit losses on loans in the provision for credit losses in the period when the loans are booked, which considers reasonable and supportable forecasts of future economic conditions in addition to information about past events and current conditions. The standard provides significant flexibility and requires a high degree of judgment. CECL' s impact on our business will be significantly influenced by the composition, characteristics and quality of our loan portfolio and other assets impacted by CECL, as well as the prevailing economic conditions and forecasts utilized. As these factors change, CECL may require us to increase or decrease our ACL in future periods, decreasing or increasing our reported income, and introducing additional volatility into our reported earnings, possibly significantly. Federal and state regulators, as an integral part of their examination process, review our loans and leases and ACL. In addition, regulators may impose additional capital buffers to absorb this volatility. While we believe our ACL is appropriate for the risk identified in our loan ~~and lease~~ portfolio, we cannot provide assurance that we will not further increase the ACL, that it will be sufficient to address losses, or that regulators will not ~~20require~~ -- **require** us to increase this allowance. Any of these occurrences could have a material adverse effect on our business, financial condition, results of operations and prospects. Our ~~business and operations may be adversely affected in numerous and complex ways by economic conditions. Our banking business and operations, which primarily consist of lending money to customers in the form of loans, borrowing money from customers in the form of deposits, investing in securities and investment management, are sensitive to general business and economic conditions in the United States. The COVID- 19 pandemic has caused and may continue to cause disruptions in the U. S. economy at large, and for small businesses in particular, and has resulted and may continue to result in disruptions to our customers' businesses, and a decrease in consumer confidence and business generally. If the United States economy weakens or does not improve, our growth and profitability from our lending, deposit and investment operations could be constrained. Uncertainty about the federal fiscal policymaking process, the fiscal outlook of the federal government, and future tax rates is a concern for businesses, consumers and investors in the United States. Our financial advisory business may also be adversely affected by economic conditions. A decline or a lack of sustained growth in the financial markets may adversely affect the market value and performance of the investment securities that we manage, which~~

~~could lead to reductions in our investment management and advisory fees and, therefore, may result in a decline in the performance of our investment advisory and wealth management business. Additionally, if FFA' s performance were to decline, that could lead some of our clients to reduce their assets under management by us and make it more difficult for us to retain existing clients and attract new clients. All of these factors are detrimental to our business, and the interplay between these factors can be complex and unpredictable. Adverse economic conditions and government policy responses to such conditions could have a material adverse effect on our business, financial condition, results of operations and prospects. Our~~ banking, investment advisory and wealth management operations are geographically concentrated in California, Florida, Nevada, Texas, and Hawaii, leading to significant exposure to those markets. Our business activities and credit exposure, including real estate collateral for many of our loans, are concentrated in California, Florida, Nevada, Texas, and Hawaii. As of December 31, ~~2022~~ **2023** , approximately ~~88~~ **87** % of the loans in our loan portfolio were made to borrowers who live and / or conduct business in California (73 %), Florida (~~10~~ **9** %), Texas (4 %), and Nevada (1 %). This geographic concentration imposes risks from lack of geographic diversification. Difficult economic conditions in any of the markets where we operate could, among other things, 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, adversely affecting our business, financial condition, results of operations and future prospects. Any regional or local economic downturn in the markets where we have geographic concentration or existing or prospective borrowers or property values in such markets may affect us and our profitability more significantly and more adversely than our competitors whose operations are less geographically concentrated. Changes in interest rates could reduce our...... there were no outstanding hedge instruments. Loans secured by multifamily and commercial real estate represent a high percentage of the loans we make, making our results of operations vulnerable to downturns in the real estate market. At December 31, ~~2022~~ **2023** , loans secured by multifamily and commercial real estate represented approximately 61 % of our outstanding loans. The repayment of such loans is highly dependent on the ability of the borrowers to meet their loan repayment obligations to us, which can be adversely affected by economic downturns that can lead to (i) declines in the rents and, therefore, in the cash flows generated by those real properties on which the borrowers depend to fund their loan payments to us, and (ii) decreases in the values of those real properties, which make it more difficult for the borrowers to sell those real properties for amounts sufficient to repay their loans in full. As a result, our operating results are more vulnerable to adverse changes in the real estate market than other financial institutions with more diversified loan portfolios and we could incur losses in the event of changes in economic conditions that disproportionately affect the real estate markets. ~~Liquidity risk~~ **Market RisksChanges in interest rates** could **reduce** ~~adversely affect~~ our ~~ability to fund~~ **net interest margins and net interest income. Income and cash flows from our banking** operations ~~and hurt~~ **depend to a great extent on the difference** ~~our~~ **or** ~~financial condition. Liquidity is essential to our banking business~~ **“ spread ” between the interest we earn on interest- earning assets** , **such** as ~~we use cash to make~~ loans and ~~purchase~~ investment securities ~~investment securities~~ ,and the rates at which we ~~pay~~ **22pay** interest on interest- bearing liabilities,such as deposits and borrowings.Interest rates are highly sensitive to many factors that are beyond our control,including economic conditions,the monetary policies of the Federal Reserve Board,bank regulatory requirements,competition from other banks and financial institutions and a change over time in the mix of our loans,investment securities,on the one hand,and on our deposits and other liabilities,on the other hand.Changes in monetary policy will,in particular,influence the origination and market value of and the yields we can realize on loans and investment securities and the interest we pay on deposits **and borrowings** .Our net interest margins and earnings also could be adversely affected if we are unable to adjust our interest rates on loans and deposits on a timely basis in response to changes in economic conditions or monetary policies.For example,if the rates of interest we pay on deposits,borrowings and other interest-bearing liabilities increase faster than we are able to increase the rates of interest we charge on loans or the yields we realize on investments and other interest- earning assets **, our net interest income and, therefore, our earnings will decrease. In particular, the rates of interest we charge on loans may be subject to longer fixed interest periods compared to the interest we must pay on deposits. On the other hand, increasing interest rates generally lead to longer term increases in net interest income; however, such increases also may result in a reduction in loan originations, declines in loan prepayment rates and reductions in the ability of borrowers to repay their current loan obligations, which could result in increased loan defaults and charge- offs and could require increases to our ACL, thereby offsetting either partially or totally the increases in net interest income resulting from the increase in interest rates. Additionally, we could be prevented from increasing the interest rates we charge on loans or from reducing the interest rates we offer on deposits due to “ price ” competition from other banks and financial institutions with which we compete. Conversely, in a declining interest rate environment, our earnings could be adversely affected if the interest rates we are able to charge on loans or other investments decline more quickly than those we pay on deposits and borrowings. Changes in interest rates could increase our operating expenses. Customer service costs, which are reimbursements of costs incurred by our clients and are related primarily to our noninterest bearing demand deposits, are impacted by changes in interest rates. In a rising interest rate environment, the amounts we make available for reimbursement to our clients increases, resulting in higher costs to us. The amount of the reimbursement and the impact of interest rate increases may vary by client. We may incur significant losses as a result of ineffective hedging of interest rate risk. From time to time, we may utilize financial derivative instruments to limit our exposure to interest rate risk. No hedging strategy can completely protect us, and the derivative financial instruments we elect to use may not have the effect of reducing our interest rate risk. Poorly designed strategies, inaccurate assumptions, improperly executed transactions, or the failure of the counterparty to fulfill its obligations could serve to increase our risks and losses. Our hedging strategies and the derivatives that we use may not adequately offset the risks of interest rate volatility and could result in or magnify losses, which could have an adverse effect on our financial condition and result of operations. At December 31, 2023, there were no outstanding derivative instruments. Changes in the fair value of our investment securities may reduce our**

stockholders' equity and net income. We increase or decrease stockholders' equity by the amount of change from the unrealized gain or loss (the difference between the estimated fair value and the amortized cost) of our available- for- sale securities portfolio, net of the related tax, under the category of accumulated other comprehensive income (loss). Therefore, a decline in the estimated fair value of this portfolio will result in a decline in reported stockholders' equity, book value per common share, and tangible book value per common share. The decrease will occur even though the securities are not sold. At December 31, 2023, $ 711 million of our securities portfolio was classified as available- for- sale with an aggregate net unrealized loss of $ 14. 2 million. Liquidity and Capital RisksLiquidity risk could adversely affect our ability to fund operations and hurt our financial condition. Liquidity is essential to our banking business, as we use cash to make loans and purchase investment securities and other interest- earning assets and to fund deposit withdrawals that occur in the ordinary course of our business. Our ~~principal~~ **23principal** sources of liquidity include earnings, deposits, ~~FHLB~~ borrowings, sales of loans or investment securities held for sale, repayments by clients of loans we have made to them, and the proceeds from sales by us of our equity securities or from borrowings that we may obtain. If our ability to obtain funds from these sources becomes limited or the costs of those funds increase, whether due to factors that affect us specifically, including our financial performance, or due to factors that affect the financial services industry in general, including weakening economic conditions or negative views and expectations about the prospects for the financial services industry as a whole, then our ability to grow our banking and investment advisory and wealth management businesses would be harmed, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We may not be able to maintain a strong core deposit base or other low- cost funding sources. We depend on checking, savings and money market deposit account balances and other forms of customer deposits as our primary source of funding for our lending activities. Future growth in our banking business will largely depend on our ability to maintain and grow a strong deposit base. There is no assurance that we will be able to grow and maintain our deposit base. The account and deposit balances can decrease when customers perceive alternative investments, such as the stock market or real estate, as providing a better risk / return tradeoff. If customers move money out of bank deposits and into investments (or similar deposit products at other institutions that may provide a higher rate of return), we could lose a relatively low **-** cost source of funds, increasing our funding costs and reducing our net interest income and net income. Additionally, any such loss of funds could result in lower loan originations, which could materially negatively impact our growth strategy. Our high concentration of large depositors may increase our liquidity risk, and the loss of any large depositor may negatively impact our net interest margin. As of December 31, ~~2022~~ **2023** , ~~our five largest -~~ - **large** ~~bank depositors~~ - **depositor relationships, consisting of deposit relationships which exceed 2 % of total deposits,** accounted for, in the aggregate, ~~20~~ **approximately 12. 5** % of our total deposits. As a result, a material decrease in the volume of those deposits by a relatively small number of our depositors could reduce our liquidity, in which event it could become necessary for us to replace those deposits with higher- cost ~~23deposits -~~ - **deposits** , the sale of securities or ~~FHLB~~ borrowings, which would adversely affect our net interest income and, therefore, our results of operations. ~~Although~~ **We are subject to capital adequacy standards, and a failure to meet these standards could adversely affect our financial condition. The Company and the Bank are each subject to capital adequacy and liquidity rules and other regulatory requirements specifying minimum amounts and types of capital that must be maintained. From time to time, the regulators implement changes to these regulatory capital adequacy and liquidity guidelines. If** we ~~plan~~ **fail** to ~~grow by acquiring~~ **meet these minimum capital and liquidity guidelines and** other ~~banks, there is no assurance that we will succeed in doing so. One of the key elements of our business plan is to grow our banking franchise and increase our market share, and for that reason, we intend to take advantage of opportunities to acquire other banks or branches. However, there is no assurance that we will succeed in doing so. Our ability to execute on our strategy to acquire other banks may require us to raise additional capital and to increase FFB' s capital position to support the growth of our banking franchise, and will also depend on market conditions, over which we have no control. Moreover, any bank acquisitions will require the approval of our bank regulators~~ **regulatory requirements** ~~and there can be no assurance that we will be able to obtain such approvals on acceptable terms~~ , ~~if at all. Our acquisition strategy subjects us to risks. Acquisitions are and have been a key element of our growth strategy. Certain events may arise after our acquisition of a financial institution or business, or~~ we may ~~learn of certain facts, events or circumstances after the completion of an acquisition, that may affect our financial condition or performance or subject us to risk of loss. These events include, but are not limited to: our success in integrating the operations, retaining key employees and customers, achieving anticipated synergies, meeting expectations and otherwise realizing the anticipated benefits of the acquisition; 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; 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. In addition, if we determine that the value of an acquired business had decreased and that the related goodwill was impaired, an impairment of goodwill charge to earnings would~~ be **restricted** ~~recognized. Acquisitions involve inherent uncertainty and we cannot determine all potential events, facts and circumstances that could result~~ in ~~loss or increased costs or give assurances that our due diligence or mitigation efforts will be sufficient to protect against any such loss or increased costs. Acquiring other~~ -- **the types** ~~banks, businesses, or branches involves various other risks commonly associated with acquisitions, including, among other things, potential disruptions to our business, potential diversion~~ of **activities** ~~our management' s time and attention, difficulty in estimating the value of the target company and potential changes in banking or tax laws or regulations that may affect the target company. Acquisitions typically involve the payment of a premium over book and market values, and, therefore, some dilution of our tangible book value and net income per common share may occur in connection with any future transaction. Furthermore, failure to realize the expected revenue increases, cost savings, increases in geographic or product presence, and / or other projected benefits from an acquisition could have a material adverse effect on our business, financial condition and results of operations. Growing our~~

~~banking business may not increase our profitability and may adversely affect our future operating results. Since we commenced our banking business in October 2007, we have grown our banking franchise and now have 29 branch offices and 2 loan production offices in California, Florida, Nevada, Texas, and Hawaii. We plan to continue to grow our banking business both organically and through acquisitions of other banks or branches. However, the implementation of our growth strategy poses a number of risks for us, including: ● the risk that any bank or branch acquisitions we might consummate in the future will prove not to be accretive to or may reduce our earnings if we do not realize anticipated cost savings or if we incur unanticipated costs in integrating the acquired banks into our operations or if a substantial number of the clients of any of the acquired banks move their banking business to our competitors; 24 ● the risk that any newly established offices will not generate revenues in amounts sufficient to cover the start- up costs of those offices, which would reduce our earnings; ● the risk that such expansion efforts will divert management time and effort from our existing banking operations, which could adversely affect our future financial performance; and ● the risk that the additional capital which~~ we may **conduct and may** ~~need to support our growth or the issuance of shares in any bank acquisitions will~~ be ~~dilutive of~~ **prohibited from taking certain capital actions, such as paying dividends, making payments on** ~~the~~ **other capital** ~~investments~~ -- **instruments , paying executive bonuses, and repurchasing** ~~that our existing stockholders have in the shares of our~~ common stock ~~that they own and in their respective percentage ownership interests they have in the Company~~ . We may not have the ability to attract capital necessary to maintain regulatory ratios and fund growth. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, particularly if our asset quality or earnings were to deteriorate. Our ability to raise additional capital, if needed, will depend on several things, especially conditions in the capital markets at that time, that are outside of our control, as well as our own financial performance. Economic conditions and the loss of confidence in financial institutions may increase our cost of funds and limit our access to some customary sources of capital. We cannot provide assurances that such capital will be available on acceptable terms or at all. Any occurrence that may limit our access to the capital markets, such as a decline in the confidence of debt purchasers, our depositors, or counterparties participating in the capital markets may adversely affect our capital costs, ability to raise capital, and liquidity. Moreover, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital which, in turn, would require that we compete with those other institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a materially adverse effect on our financial condition, results of operations and liquidity. **24The actions and commercial soundness of other financial institutions could affect our ability to engage in routine funding transactions. Adverse developments in the financial services industry generally such as bank failures and any related impact on depositor behavior or investment sentiment or even rumors or questions about one or more financial institution or the financial services industry in general, could lead to market- wide liquidity problems and further, could lead to losses or defaults by the Company or other institutions. In addition, our credit risk may increase when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the asset or financial instrument due to us. Any such losses could materially and adversely affect our financial condition, results of operations and liquidity. Strategic and External RisksAdverse developments affecting the banking industry have eroded customer confidence in the banking system and could have a material effect on our operations and / or stock price. The recent high- profile failures of several depository institutions have generated significant market volatility among publicly traded bank holding companies. These developments have negatively impacted customer confidence in the safety and soundness of some regional and community banks. As a result, we face the risk that customers may choose to maintain deposits or trust assets with larger financial institutions or invest in short- term fixed- income securities instead of bank deposits, any of which could materially and adversely impact our liquidity, cost of funding, capital, and results of operations. Media reports about other depository institutions, the financial services industry generally or us could exacerbate liquidity concerns. In addition, concerns about the banking industry' s operating environment and the public trading prices of bank holding companies are often correlated, particularly during times of financial stress, which could adversely impact the trading price of our stock.** New lines of business or new products and services may subject us to additional risks. 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. We may invest significant time and resources in developing and marketing new lines of business and / or new products and services. 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 feasible or may be dependent on identifying and hiring a qualified person to lead the division. In addition, existing management personnel may not have the experience or capacity to provide effective oversight of new lines of business and / or new products and services. External factors, such as compliance with regulations, competitive 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 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, financial condition and prospects. A reduction in demand for our products and our failure to adapt to such a reduction could adversely affect our business, results of operations and financial condition. The demand for the products that we offer may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products, or the availability of competing products. Should we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease significantly and our operations could be harmed. Even if we do make changes to existing products or introduce new products to fulfill customer demand, customers may resist such changes or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and, by that time, it may be too ~~25late~~ -- **late** to make further modifications to such product without causing further harm to our business, results of operations, and financial condition. ~~We~~ **25We** face intense competition from other banks and financial institutions and other wealth and investment management firms that could hurt our business. We conduct our business operations in markets where the banking business is highly competitive and is dominated by large multi- state and in- state banks with operations and offices covering wide geographic areas. We also compete with other financial service businesses, including investment advisory and wealth management firms, mutual fund companies, financial technology companies, and securities brokerage and investment banking firms that offer competitive banking and financial products and services as well as products and services that we do not offer. Larger banks and many of those other financial service organizations have greater financial and marketing resources than we do that enable them to make significant investments in technology, to conduct extensive marketing campaigns and to shift resources to regions or activities of greater potential profitability. They also have substantially more capital and higher lending limits than we do, which enable them to attract larger clients and offer financial products and services that we are unable to offer, putting us at a disadvantage in competing with them for loans and deposits and investment management clients. If we are unable to compete effectively with those banking or other financial services businesses, we could find it more difficult to attract new and retain existing clients and our net interest margins, net interest income and investment management advisory fees could decline, which would materially adversely affect our business, results of operations and prospects, and could cause us to incur losses in the future. In addition, our ability to successfully attract and retain investment advisory and wealth management clients is dependent on our ability to compete with competitors' investment products, level of investment performance, client services and marketing and distribution capabilities. If we are not successful in retaining existing and attracting new investment management clients, our business, financial condition, results of operations and prospects may be materially and adversely affected. Our loss of key personnel or inability to attract additional personnel could hurt our future financial performance. We seek to retain proven, experienced key management personnel, augmented from time to time with external hires, in order to provide continuity of succession of our executive management team. Our future success also will depend, in part, on our ability to retain our existing, and attract additional, qualified bankers, relationship managers and investment advisory personnel. Competition for such personnel is intense. If we are not successful in retaining and attracting key personnel, our ability to retain existing clients or attract new clients could be adversely affected and our business, financial condition, results of operations or prospects could be significantly harmed. We are required to make significant estimates and assumptions in the preparation of our financial statements and our estimates and assumptions may not be accurate. The preparation of our consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. Critical estimates are made by management in determining, among other things, the allowance for credit losses, amounts of impairment of assets, and valuation of income taxes. Additionally, the adoption of CECL methodology for determining our allowance for credit losses in 2020 has increased the complexity, and associated risk, of the analysis and processes relying on management judgment. If our underlying estimates and assumptions prove to be incorrect, our financial condition and results of operations may be materially adversely affected. The fair value of our investment securities can fluctuate due to factors outside of our control. Factors beyond our control can significantly influence and cause adverse changes to occur in the fair values of securities in our investment securities portfolio. These factors include, but are not limited to, rating agency actions in ~~26respect~~ -- **respect** of the investment securities in our portfolio, defaults by the issuers of such securities, concerns with respect to the enforceability of the payment or other key terms of such securities, changes in market interest rates and continued instability in the capital markets. Any of these factors, as well as others, could cause other- than- temporary impairments ~~and~~ **26and** realized and / or unrealized losses in future periods and declines in other comprehensive income, which could materially and adversely affect our business, results of operations, financial condition and prospects. In addition, the process for determining whether an impairment of a security is other- than- temporary usually requires complex, subjective judgments, which could subsequently prove to have been wrong, regarding the future financial performance and liquidity of the issuer of the security, the fair value of any collateral underlying the security and whether and the extent to which the principal of and interest on the security will ultimately be paid in accordance with its payment terms. A loss or material reduction of access to securitization markets for multifamily loans may adversely impact our business model, profitability and growth. We have sold multifamily loans through the securitization market from time to time and may seek to do so in the future. The securitization market, along with credit markets in general, experienced unprecedented disruptions during the economic downturn from 2008 to 2010. Although market conditions have since improved for a number of years following the economic downturn, certain issuers experienced increased risk premiums while there was a relatively lower level of investor demand for certain asset- backed securities (particularly those securities backed by nonprime collateral). In addition, the risk of volatility surrounding the global economic system and uncertainty surrounding regulatory reforms such as the Dodd- Frank Act continue to create uncertainty around access to the capital markets. As a result, there can be no assurance that we will continue to be successful in selling multifamily loans through the securitization market. Adverse changes in the securitization market generally could materially adversely affect our ability to securitize loans on a timely basis or upon terms acceptable to us. This could increase our cost of funding, reduce our margins or cause us to hold assets until investor demand improves. Technology and marketing costs may negatively impact our future operating results. The financial services industry is constantly undergoing technological changes in the types of products and services provided to clients to enhance client convenience. Our future success will depend upon our ability to address the changing technological needs of our clients and to compete with other financial services organizations which have successfully implemented new technologies. The costs of implementing technological changes, new product development and marketing costs may increase our operating expenses without a commensurate increase in our business or revenues, in which event our business, financial condition, results of operations and prospects could be materially and adversely affected. Fraudulent activity, breaches of our information security systems, and cybersecurity attacks could have a material adverse effect on our business, financial condition, results of operations or future prospects. As a financial institution, we are susceptible to fraudulent activity, information security breaches and cybersecurity- related incidents that may be committed against us or our clients and that may result in financial losses or increased costs to us or our clients, disclosure or misuse of confidential information belonging to us or personal or confidential information belonging to our clients, misappropriation of assets, litigation, or damage to our reputation. Fraudulent activity may take many forms, including check " kiting " or fraud, electronic fraud, wire fraud, " phishing " and other dishonest acts. Information security breaches and cybersecurity- related incidents may include fraudulent or unauthorized access to data processing or data storage systems used by us or by our clients, denial or degradation of service attacks, ransomware attacks, malware or other cyber- attacks. In addition to exposing our own confidential and proprietary corporate information, a security breach may expose sensitive financial and other personal information of our customers and their employees or other third parties. Security breaches and cyber- attacks can cause significant increases in operating costs, including the costs of compensating customers for any resulting losses they may incur and the costs and capital expenditures required to correct the deficiencies in and strengthen the security of data processing and storage systems. Although we invest in systems and processes that are designed to detect and prevent security breaches and cyber- attacks and we conduct periodic tests of our security systems and processes, there is no assurance that we will succeed in anticipating or adequately protecting against or preventing all security breaches and cyber- attacks from occurring. If we ~~27are~~ -- **are** unable to detect or prevent a security breach or cyber- attack from occurring, then we and our clients could incur losses or damages; and we could sustain damage to our reputation, lose clients and business, suffer disruptions to our business and incur increased operating costs, and be exposed to additional regulatory scrutiny or penalties and to civil litigation and ~~possible~~ **27possible** financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. We rely on communications, information, operating and financial control systems technology and related services from third- party service providers and there can be no assurance that we will not suffer an interruption in those systems. We rely heavily on third- party service providers for much of our communications, information, operating and financial control systems technology, including our internet banking services and data processing systems. Any failure or interruption of, or security breaches in, these systems could result in failures or interruptions in our operations or in the client services we provide. Additionally, interruptions in service and security breaches could damage our reputation, lead existing clients to terminate their business relationships with us, make it more difficult for us to attract new clients and subject us to additional regulatory scrutiny and possibly financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. We could be subject to tax audits, challenges to our tax positions, or adverse changes or interpretations of tax laws. We are subject to federal and applicable state income tax laws and regulations. Income tax laws and regulations are often complex and require significant judgment in determining our effective tax rate and in evaluating our tax positions. Our determination of our tax liability is subject to review by applicable tax authorities. Any audits or challenges of such determinations may adversely affect our effective tax rate, tax payments or financial condition. Given the current economic and political environment, and ongoing budgetary pressures, the enactment of new federal or state tax legislation or new interpretation of existing tax laws could occur. The implementation and evaluation of these changes may require significant judgment and substantial planning by us. These judgments and plans may require that we take new and different tax positions that if challenged could adversely affect our effective tax rate, tax payments or financial condition. In addition, we may consider the impact of tax laws and regulations when we make decisions about our business and we engage in certain strategies to minimize the impact of taxes. Consequently, any change in tax laws or regulations, or new interpretation of existing laws or regulations, could significantly alter the effectiveness of these decisions and strategies. Our ability to attract and retain clients and key employees could be adversely affected if our reputation is harmed. Our ability ~~(and the ability of FFB and FFA)~~ to attract and retain clients and key employees could be adversely affected if our reputation is harmed. Any actual or perceived failure to address various issues could cause reputational harm, including a failure to address any of the following types of issues: legal and regulatory requirements; cybersecurity and the proper maintenance or protection of the privacy of client and employee financial or other personal information; record keeping deficiencies or errors; money- laundering; and potential conflicts of interest and ethical issues. Moreover, any failure to appropriately address any issues of this nature could give rise to additional regulatory restrictions, and legal risks, which could lead to costly litigation or subject us to enforcement actions, fines, or penalties and cause us to incur related costs and expenses. In addition, our banking, investment advisory and wealth management businesses are dependent on the integrity of our banking personnel and our investment advisory and wealth managers. Lapses in integrity could cause reputational harm to our businesses that could lead to the loss of existing clients and make it more difficult for us to attract new clients and, therefore, could have a material adverse effect on our business, financial condition, results of operations and prospects. We may incur significant losses due to ineffective risk management processes and strategies. We seek to monitor and control our risk exposures through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational and compliance systems, and internal control and management review processes. However, those systems and review processes and the judgments that accompany their application may ~~28not~~ -- **not** be effective and, as a result, we may not anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes, particularly in the event of the kinds of dislocations in market conditions experienced in recent years, which highlight the limitations inherent in using historical data to manage risk. If those systems and review processes prove to be ineffective in identifying and managing risks, we could be subjected to increased ~~regulatory~~ **28regulatory** scrutiny and regulatory restrictions could be imposed on our business, including on our potential future business lines, as a result of which our business and operating results could be adversely affected. A natural disaster could harm our business. Historically, California, in which a substantial portion of our business is located, has been susceptible to natural disasters, such as earthquakes, drought, floods and **wildfires** ~~wild fires~~ . In addition to these risks, Florida and Hawaii experience tropical storms and hurricanes. Tornadoes also occasionally strike the area of Texas where our business is located. The nature and level of natural disasters cannot be predicted. These natural disasters could harm our operations through interference with communications, including the interruption or loss of our computer systems, which could prevent or impede us from gathering deposits, originating loans and processing and controlling our flow of business, as well as through the destruction of facilities and our operational, financial and management information systems. Additionally, natural disasters could negatively impact the values of collateral securing our borrowers' loans and interrupt our borrowers' abilities to conduct their business in a manner to support their debt obligations, either of which could result in losses and increased provisions for loan losses for us. We are exposed to the risk of environmental liabilities with respect to real properties that we may acquire. From time to time, in the ordinary course of our business, we acquire, by or in lieu of foreclosure, real properties which collateralize nonperforming loans. As an owner of such properties, we could become subject to environmental liabilities and incur substantial costs for any property damage, personal injury, investigation and clean- up that may be required due to any environmental contamination that may be found to exist at any of those properties, even if we did not engage in the activities that led to such contamination and those activities took place prior to our ownership of the properties. 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 seeking damages for environmental contamination emanating from the site. If we were to become subject to significant environmental liabilities or costs, our business, financial condition, results of operations and prospects could be materially and adversely affected. Our investment management clients are able to terminate their agreements with us without cause and on relatively short notice, making us vulnerable to short term declines in the performance of the securities under our management. Like most investment advisory and wealth management businesses, the investment advisory contracts we have with our clients are typically terminable by the client without cause upon less than 30 days' notice. As a result, even short term declines in the performance of the securities we manage, which can result from factors outside our control, such as adverse changes in market or economic condition or the poor performance of some of the investments we have recommended to our clients, could lead some of our clients to move assets under our management to other asset classes such as broad index funds or treasury securities, or to investment advisors which have investment product offerings or investment strategies different than ours. Therefore, our operating results are heavily dependent on the financial performance of our investment portfolios and the investment strategies we employ in our investment advisory businesses and even short- term declines in the performance of the investment portfolios we manage for our clients, whatever the cause, could result in a decline in assets under management and a corresponding decline in investment management fees, which would adversely affect our results of operations. The market for investment managers is extremely competitive and the loss of a key investment manager to a competitor could adversely affect our investment advisory and wealth management business. We believe that investment performance is one of the most important factors that affect the amount of assets under our management and, for that reason, the success of FFA' s business is heavily dependent on the quality and experience of our investment managers and their track records in terms of making investment decisions that result in ~~29attractive~~ -- **attractive** investment returns for our clients. However, the market for such investment managers is extremely competitive and is increasingly characterized by frequent movement of investment managers among different firms. In addition, our individual investment managers often have direct contact with particular clients, which can lead to a strong client relationship based on the client' s trust in that individual manager. As a result, the loss of a key investment manager to a ~~competitor~~ **29competitor** could jeopardize our relationships with some of our clients and lead to the loss of client accounts, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We may be adversely affected by the soundness of certain securities brokerage firms. FFA does not provide custodial services for its clients. Instead, client investment accounts are maintained under custodial arrangements with large, well- established securities brokerage firms, either directly or through arrangements made by FFA with those firms. The performance of, or even rumors or questions about the integrity or performance of, any of those brokerage firms could adversely affect the confidence of FFA' s clients in the services provided by those firms or otherwise adversely impact their custodial holdings. Such an occurrence could negatively impact the ability of FFA to retain existing or attract new clients and, as a result, could have a material adverse effect on our business, financial condition, results of operations and prospects. ~~Risks Related to Our~~ Regulatory ~~EnvironmentThe~~ **and Compliance RisksThe** banking industry is highly regulated, and legislative or regulatory actions taken now or in the future may have a significant adverse effect on our operations. The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily to protect customers, depositors, the FDIC' s Deposit Insurance Fund, and the banking system as a whole, not our stockholders. We are subject to the regulation and supervision of the Federal Reserve Board, the FDIC, the DFPI and the CFPB. The banking laws, regulations and policies applicable to us govern matters ranging from the maintenance of adequate capital, safety and soundness, mergers and changes in control to the general business operations conducted by us, including permissible types, amounts and terms of loans and investments, the amount of reserves held against deposits, restrictions on dividends, imposition of specific accounting requirements, establishment of new offices and the maximum interest rate that may be charged on loans. Any changes in any federal or state banking statute, regulation or governmental policy, or the interpretation or implementation of any of them, could affect us in substantial and unpredictable ways, including ways that may adversely affect our business, results of operations, financial condition or prospects. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional compliance costs. In addition, federal and state banking regulators have broad authority to supervise our banking business and that of our subsidiaries, including the authority to prohibit activities that represent unsafe or unsound banking practices or constitute violations of statute, rule, regulation, or administrative order. Our failure to comply with any such laws, regulations or regulatory policies could result in sanctions by regulatory agencies, restrictions on our business activities, civil money penalties or damage to our reputation, all of which could adversely affect our business, results of operations, financial condition or prospects. Federal and state banking agencies periodically conduct examinations of our business, including compliance with laws and regulations **.** Such examinations may subject us to supervisory actions and our failure to comply with such actions may adversely affect us. The Federal Reserve Board, the FDIC, the DFPI, and the CFPB conduct examinations of our business, including for compliance with applicable laws and regulations. As a result of an examination, regulatory agencies may determine that the financial condition, capital resources, asset quality, asset concentrations, earnings prospects, management, liquidity, sensitivity to market risk, or other aspects of any of our operations are unsatisfactory, or that we or our management are in violation of any law, regulation or guideline in effect from time to time. Regulatory agencies may take a number of different remedial actions, including 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, to direct an increase in our capital, to restrict our growth, to change the composition of our concentrations in portfolio or balance sheet assets, to assess civil monetary penalties against officers or directors, to remove ~~30officers~~ -- **officers** and directors and, if such conditions cannot be corrected or there is an imminent risk of loss to depositors, the FDIC may terminate our deposit insurance. A regulatory action against us could have a material adverse effect on our business, results of operations, financial condition and prospects. **30We** ~~We are subject to stringent capital requirements. The federal banking agencies require that we meet minimum leverage and risk-based capital requirements applicable to bank holding companies and insured depository institutions. Our satisfaction of these requirements is subject to qualitative judgments by regulators that may differ materially from our management' s and that are subject to being determined retroactively for prior periods. Our failure to satisfy regulatory capital requirements could have a material adverse effect on our business, including damaging the confidence of customers in us, adversely impacting our reputation and competitive position and retention of key personnel. Our failure to meet regulatory capital requirements could also limit or suspend our ability to grow or expand our business, pay dividends, accept brokered deposits, access the Federal Reserve' s discount window, and obtain advances from the FHLB. A failure to meet regulatory capital standards may also result in higher FDIC assessments. Maintaining adequate capital levels could require that we raise additional capital, which could reduce our earnings and / or dilute our existing stockholders. We~~ are subject to increased regulation because we have more than $ 10 billion in total consolidated assets. Federal law imposes heightened requirements on bank holding companies and depository institutions that exceed $ 10 billion in total consolidated assets. An insured depository institution with $ 10 billion or more in total assets is subject to supervision, examination, and enforcement with respect to consumer protection laws by the CFPB. Under its current policies, the CFPB will assert jurisdiction in the first quarter after the insured depository institution' s call reports show total consolidated assets of $ 10 billion or more for four consecutive quarters. ~~FFB~~ **The Bank** ' s total consolidated assets exceeded this amount for the first time at December 31, 2021, and met the four consecutive quarter threshold for the quarter ended September 30, 2022. As an independent bureau within the Federal Reserve Board focused solely on consumer financial protection, the CFPB may impose requirements more strictly or severely than the FDIC. Additionally, other regulatory requirements apply to insured depository institution holding companies and insured depository institutions with $ 10 billion or more in total consolidated assets, including the restrictions on proprietary trading and investment and sponsorship in hedge funds and private equity funds known as the Volcker Rule. Further, deposit insurance assessment rates are calculated differently, and may be higher, for insured depository institutions with $ 10 billion or more in total consolidated assets. We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions. The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The Department of Justice, the CFPB and other federal agencies are responsible for enforcing these laws and regulations. Federal banking regulators consider our performance under the Community Reinvestment Act when considering our applications to acquire other depository institutions, to establish branches or other expansionary activities and our failure to meet our obligations under the Community Reinvestment Act could adversely affect our expansionary activities. Our failure to comply with fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution' s performance under fair lending laws in private class action litigation. Any such actions could have a material adverse effect on our business, financial condition, results of operations and prospects. ~~31We~~ **We** face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti- money laundering statutes and regulations. The federal Bank Secrecy Act, the USA PATRIOT Act of 2001 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 anti- money laundering policies, procedures and systems are deemed deficient or the policies, procedures and systems of any financial institutions that we may acquire in the future are deemed deficient, we could be subject to liability, including fines, civil money penalties and regulatory actions such as restrictions on our ability to pay dividends, the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan or restrictions on our expansionary activities. Our failure to maintain and implement adequate anti- money laundering programs could also have serious reputational consequences for us. Any of these results could materially and adversely affect our business, financial condition, results of operations and prospects. Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities. We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively impacted by these laws. Moreover, legislators and regulators in the United States and other countries are increasingly adopting or revising privacy, information security and data protection laws that potentially could have a significant impact on our current and planned privacy, data protection and information security- related practices, our collection, use, sharing, retention and safeguarding of consumer or employee information, and some of our current or planned business activities.

Generally, these laws increase our costs of compliance and business operations and could reduce income from certain business initiatives as well as the risk that we ~~could~~ **31could** face enforcement actions from state or agencies agency or litigation brought by private parties. This includes increased risks of privacy- related enforcement activity at the federal level, by the Federal Trade Commission, as well as at the state level, such as with regard to mobile applications. Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification) affecting customer or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could have a material adverse effect on our business, financial conditions or results of operations. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory or governmental investigations or actions, litigation, fines, sanctions and damage to our reputation, which could have a material adverse effect on our business, financial condition or results of operations. FFA' s business is highly regulated, and regulators have the ability to limit or restrict, and impose fines or other sanctions on, FFA' s business. FFA is registered as an investment adviser with the SEC under the Investment Advisers Act and its business is highly regulated. The Investment Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary, record keeping, operational and disclosure obligations. Moreover, the Investment Advisers Act grants broad administrative powers to regulatory agencies such as the SEC to regulate investment advisory businesses. If the SEC or other government agencies believe that FFA has failed to comply with applicable laws or regulations, these agencies have the power to impose fines, suspensions of individual employees or other sanctions, which could include revocation of FFA' s registration under the Investment Advisers Act. We are also subject to the provisions and regulations of ERISA to the extent that we act as a " fiduciary " under ERISA with respect to certain of our clients. ERISA and the applicable provisions of the federal tax laws, impose a number of duties on persons who are fiduciaries under ERISA and prohibit certain transactions involving the assets of each ERISA plan which is a client, as well as certain transactions by the fiduciaries (and certain other related parties) to such plans. Additionally, like other investment advisory and wealth management companies, FFA also faces the risks of lawsuits by clients. The outcome of regulatory proceedings and lawsuits is uncertain and difficult to predict. An adverse resolution of any regulatory proceeding or lawsuit against FFA could result in substantial costs or reputational harm to FFA and, therefore, could have an adverse effect on the ability of FFA to retain key relationship and wealth managers, and to retain existing clients or attract new clients, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects. **Future legislation, regulatory reform or policy changes could have a material effect on our business and results of operations. New legislation, regulatory reform or policy changes, including financial services regulatory reform, enforcement priorities, and antitrust and merger review policies could adversely impact our business. At this time, we cannot predict the scope or nature of these changes or assess what the overall effect of such potential changes could be on our results of operations.** ~~32Risks~~ -- **Risks** Related to Ownership of Our Common StockWe may reduce or discontinue the payment of dividends on common stock. ~~Although we have declared and paid cash~~ **Our stockholders are only entitled to receive such** dividends ~~on~~ **as** our **Board** ~~common stock since the first quarter of 2019, we~~ may ~~reduce~~ **declare out of funds legally available** ~~or~~ **for such payments** ~~eliminate our common stock dividend in the future~~. Our ability to pay dividends to our stockholders is restricted by Delaware and federal law and the policies and regulations of the Federal Reserve Board, which is our federal banking regulator. **In this regard, we have agreed not to pay dividends to our stockholders without the Federal Reserve Board' s prior written consent.** Our ability to pay dividends to stockholders is also dependent on the payment to us of cash dividends by our subsidiaries, FFA and ~~FFB~~ **the Bank**, which are the primary sources of cash for our payment of dividends. FFA and ~~FFB~~ **the Bank** are subject to separate statutory or regulatory dividend restrictions that can affect their ability to pay cash dividends to us. FFA' s ability to pay cash dividends to us is restricted under California corporate law. ~~FFB~~ **The Bank** ' s ability to pay dividends to us is limited by various banking statutes and regulations and California law. Moreover, based on their assessment of the financial condition of ~~FFB~~ **the Bank** or other factors, the FDIC or the DFPI could find that payment of cash dividends by ~~FFB~~ **the Bank** to us ~~would~~ **32would** constitute an unsafe or unsound banking practice, in which event they could restrict ~~FFB~~ **the Bank** from paying cash dividends, even if ~~FFB~~ **the Bank** meets the statutory requirements to do so. See the section entitled " Dividend Policy and Restrictions on the Payment of Dividends " in Item 5 of this report below for additional information about our dividend policy and the dividend restrictions that apply to us and to ~~FFB~~ **the Bank** and FFA **. We have agreed that the Bank will not pay any dividends to the Company without the FDIC and DFPI' s prior written approval**. A reduction or discontinuance of dividends on our common stock could have a material adverse effect on our business, including the market price of our common stock. An investment in our common stock is not an insured deposit and is not guaranteed by the FDIC, so you could lose some or all of your investment. An investment in our common stock is not a bank deposit and is not insured against loss or guaranteed by the FDIC, any other deposit insurance fund or by any other public or private entity. An investment in our common stock is inherently risky for the reasons described herein. As a result, if you acquire our common stock, you could lose some or all of your investment. We are subject to risks associated with proxy contests and other actions of activist shareholders that may cause us to incur significant expense, cause disruption to our business, and impact our stock price. Publicly traded companies have increasingly become subject to campaigns by activist investors advocating corporate actions such as governance changes, financial restructurings, increased borrowings, special dividends, stock repurchases or even sales of assets or entire companies to third parties or the activists themselves. Shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with our employees, customers, or service providers, and make it more difficult to attract and retain qualified personnel, business partners, customers, and others important to our success, any of which could negatively impact our business and our results of operations and financial condition. Also, we may be required to incur significant fees and other expenses related to activist shareholder matters, including for third- party advisors. Our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks, and uncertainties of any shareholder activism. ~~A proxy contest~~ **The market prices and trading volume of** ~~or~~ **our** ~~related activities on~~ **common stock**

may be volatile. The market prices and trading volumes of our common stock may fluctuate or decline significantly. Many of the factors that could negatively affect the prices of our shares or result in fluctuations in are outside of our control, including actual or anticipated changes in interest rates, the strength of the economy, the operating and securities price performance of ~~the~~ **other companies that investors believe are comparable to us, changes in global financial markets and general market conditions, and research and reports that securities or industry analysts may publish about us or our company or our industry. These broad market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. The stock market in general has from time to time experienced extreme price and volume fluctuations, including in recent months. In addition, in the** ~~part~~ **past , following periods** of ~~activist stockholders~~ **volatility in the overall market and the market price of a company' s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us,** could result in substantial costs and ~~divert~~ **a diversion of our** management' s ~~and our Board' s~~ attention and resources ~~from our business~~ . **Our failure** ~~If nominees advanced by activist stockholders are elected or appointed~~ to ~~our Board with~~ **maintain effective internal controls over financial reporting could have** a **material** ~~specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plans or to realize long- term value from our assets, and this could in turn have an~~ adverse effect on our business and **stock prices. If we are unable to maintain the effectiveness of our internal controls over financial reporting, we may be unable to report our financial results accurately and** on ~~our results of operations~~ **a timely basis. In such** ~~and~~ - **an event, investors and clients may lose confidence in the accuracy and completeness of our** financial **statements** ~~condition. On December 30~~ , ~~2022~~ **as a result of which our liquidity, access to capital markets, and perceptions of our creditworthiness could be adversely affected and the market prices of our common stock could decline. In addition** , we ~~received a notice from Driver Opportunity Partners I LP~~ **could become subject to investigations by New York Stock Exchange** (~~together with the participants in its solicitation,~~ " ~~Driver~~ **NYSE** "), **the SEC, the Federal Reserve,** ~~purporting to nominate two candidates to election as directors at our~~ - **or** ~~2023 annual meeting of stockholders. Driver has since withdrawn one candidate. After thorough review and communication with Driver, the~~ **other regulatory authorities** ~~Company has determined that Driver' s purported nomination is materially deficient and non- compliant with the Company' s Bylaws~~ , **which** ~~and is therefore invalid. However, Driver may pursue litigation that~~ could ~~ultimately lead~~ **require us** to **expend additional financial and management** ~~a contested election at the Company' s 2023 annual meeting of stockholders.~~ 33