Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-14585

FIRST HAWAIIAN, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**99-0156159**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
999 Bishop Street, 29th Floor Honolulu, HI	**96813**
(Address of Principal Executive Offices)	(Zip Code)

(808) 525-7000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Trading Symbol(s)**	**Name of each exchange on which registered:**
Common Stock, par value $0.01 per share	FHB	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 121,681,352 shares of Common Stock, par value $0.01 per share, were outstanding as of October 23, 2026.

TABLE OF CONTENTS

FIRST HAWAIIAN, INC.
FORM 10-Q
INDEX

		Page No.
Part I Financial Information		
Item 1.	Financial Statements (unaudited)	2
	Consolidated Statements of Income for the three and nine months ended September 30, 2026 and 2025	2
	Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2026 and 2025	3
	Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025	4
	Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2026 and 2025	5
	Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and 2025	7
	Notes to Consolidated Financial Statements (unaudited)	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	53
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	93
Item 4.	Controls and Procedures	93
Part II Other Information		93
Item 1.	Legal Proceedings	93
Item 1A.	Risk Factors	93
Item 5.	Other Information	93
Item 6.	Exhibits	94
Exhibit Index		94
Signatures		96

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

FIRST HAWAIIAN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(dollars in thousands, except per share amounts)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Interest income				
Loans and lease financing	**$ 192,373**	$ 196,441	**$ 569,489**	$ 581,936
Available-for-sale investment securities	**16,200**	13,470	**46,951**	39,089
Held-to-maturity investment securities	**14,856**	15,920	**45,040**	48,866
Other	**11,114**	16,744	**35,128**	44,573
Total interest income	**234,543**	242,575	**696,608**	714,464
Interest expense				
Deposits	**60,211**	70,851	**183,495**	212,849
Short-term borrowings	**1**	2,195	**1**	7,421
Other	**227**	198	**485**	754
Total interest expense	**60,439**	73,244	**183,981**	221,024
Net interest income	**174,104**	169,331	**512,627**	493,440
Provision for credit losses	**20,308**	4,500	**30,908**	19,500
Net interest income after provision for credit losses	**153,796**	164,831	**481,719**	473,940
Noninterest income				
Service charges on deposit accounts	**8,693**	8,096	**25,165**	23,461
Credit and debit card fees	**15,718**	15,850	**46,203**	46,237
Other service charges and fees	**15,386**	13,807	**43,579**	39,324
Trust and investment services income	**9,146**	9,212	**27,366**	27,736
Bank-owned life insurance	**4,748**	6,314	**15,908**	15,409
Investment securities gains, net	**—**	—	**—**	37
Other	**2,432**	3,781	**11,002**	9,291
Total noninterest income	**56,123**	57,060	**169,223**	161,495
Noninterest expense				
Salaries and employee benefits	**63,159**	61,533	**189,625**	181,138
Contracted services and professional fees	**13,803**	15,785	**41,987**	46,621
Occupancy	**7,333**	7,098	**23,051**	23,132
Equipment	**15,308**	13,834	**44,652**	41,742
Regulatory assessment and fees	**3,112**	3,294	**9,777**	10,876
Advertising and marketing	**2,157**	2,033	**6,587**	6,247
Card rewards program	**9,125**	8,694	**25,932**	25,019
Merger-related costs	**6,672**	—	**10,854**	—
Other	**39,378**	13,473	**65,912**	39,468
Total noninterest expense	**160,047**	125,744	**418,377**	374,243
Income before provision for income taxes	**49,872**	96,147	**232,565**	261,192
(Benefit) provision for income taxes	**(13,858)**	22,307	**27,676**	54,857
Net income	**$ 63,730**	$ 73,840	**$ 204,889**	$ 206,335
Basic earnings per share	**$ 0.52**	$ 0.59	**$ 1.68**	$ 1.65
Diluted earnings per share	**$ 0.52**	$ 0.59	**$ 1.67**	$ 1.64
Basic weighted-average outstanding shares	**121,681,309**	124,267,090	**121,933,207**	125,282,792
Diluted weighted-average outstanding shares	**122,478,489**	124,970,898	**122,716,742**	125,977,271

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

FIRST HAWAIIAN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income	**$ 63,730**	$ 73,840	**$ 204,889**	$ 206,335
Other comprehensive (loss) income, net of tax:				
Net change in investment securities	**(37,743)**	19,315	**(28,238)**	76,010
Net change in cash flow derivative hedges	**(6,290)**	(456)	**(7,448)**	(165)
Other comprehensive (loss) income	**(44,033)**	18,859	**(35,686)**	75,845
Total comprehensive income	**$ 19,697**	$ 92,699	**$ 169,203**	$ 282,180

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

FIRST HAWAIIAN, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(dollars in thousands, except share amount)	September 30, 2026	December 31, 2025
Assets		
Cash and due from banks	**$ 258,228**	$ 228,734
Interest-bearing deposits in other banks	**1,071,703**	1,249,018
Investment securities:		
Available-for-sale, at fair value (amortized cost: $2,259,070 as of September 30, 2026 and $2,246,716 as of December 31, 2025)	**2,016,945**	2,076,233
Held-to-maturity, at amortized cost (fair value: $2,819,282 as of September 30, 2026 and $3,188,775 as of December 31, 2025)	**3,346,994**	3,533,082
Loans held for sale	**—**	1,370
Loans and leases	**14,462,228**	14,312,529
Less: allowance for credit losses	**164,437**	168,468
Net loans and leases	**14,297,791**	14,144,061
Premises and equipment, net	**304,848**	303,496
Accrued interest receivable	**75,204**	77,641
Bank-owned life insurance	**525,898**	513,182
Goodwill	**995,492**	995,492
Mortgage servicing rights	**4,164**	4,638
Other assets	**866,748**	828,305
Total assets	**$ 23,764,015**	$ 23,955,252
Liabilities and Stockholders' Equity		
Deposits:		
Interest-bearing	**$ 13,803,664**	$ 13,968,376
Noninterest-bearing	**6,400,906**	6,547,292
Total deposits	**20,204,570**	20,515,668
Retirement benefits payable	**96,570**	99,052
Other liabilities	**645,331**	571,167
Total liabilities	**20,946,471**	21,185,887
Commitments and contingent liabilities (Note 12)		
Stockholders' equity		
Common stock ($0.01 par value; authorized 300,000,000 shares; issued/outstanding: 142,662,115 / 121,681,352 as of September 30, 2026; issued/outstanding: 142,184,584 / 122,689,256 as of December 31, 2025)	**1,427**	1,422
Additional paid-in capital	**2,588,530**	2,576,540
Retained earnings	**1,187,636**	1,078,885
Accumulated other comprehensive loss, net	**(403,826)**	(368,140)
Treasury stock (20,980,763 shares as of September 30, 2026 and 19,495,328 shares as of December 31, 2025)	**(556,223)**	(519,342)
Total stockholders' equity	**2,817,544**	2,769,365
Total liabilities and stockholders' equity	**$ 23,764,015**	$ 23,955,252

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

FIRST HAWAIIAN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Three Months Ended September 30, 2026						
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	
(dollars in thousands, except share amounts)	Shares	Amount	Capital	Earnings	Loss	Stock	Total
Balance as of June 30, 2026	121,680,634	$ 1,427	$ 2,584,578	$ 1,156,028	$ (359,793)	$ (556,212)	$ 2,826,028
Net income	—	—	—	**63,730**	—	—	**63,730**
Cash dividends declared ($0.26 per share)	—	—	—	**(31,638)**	—	—	**(31,638)**
Equity-based awards	**718**	—	**3,952**	**(484)**	—	**(11)**	**3,457**
Other comprehensive loss, net of tax	—	—	—	—	**(44,033)**	—	**(44,033)**
Balance as of September 30, 2026	**121,681,352**	**$ 1,427**	**$ 2,588,530**	**$ 1,187,636**	**$ (403,826)**	**$ (556,223)**	**$ 2,817,544**

	Nine Months Ended September 30, 2026						
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	
(dollars in thousands, except share amounts)	Shares	Amount	Capital	Earnings	Loss	Stock	Total
Balance as of December 31, 2025	122,689,256	$ 1,422	$ 2,576,540	$ 1,078,885	$ (368,140)	$ (519,342)	$ 2,769,365
Net income	—	—	—	**204,889**	—	—	**204,889**
Cash dividends declared ($0.78 per share)	—	—	—	**(95,172)**	—	—	**(95,172)**
Common stock issued under Employee Stock Purchase Plan	**4,385**	—	**122**	—	—	—	**122**
Equity-based awards	**295,449**	**5**	**11,868**	**(966)**	—	**(4,640)**	**6,267**
Common stock repurchased	**(1,307,738)**	—	—	—	—	**(32,000)**	**(32,000)**
Stock repurchase excise tax	—	—	—	—	—	**(241)**	**(241)**
Other comprehensive loss, net of tax	—	—	—	—	**(35,686)**	—	**(35,686)**
Balance as of September 30, 2026	**121,681,352**	**$ 1,427**	**$ 2,588,530**	**$ 1,187,636**	**$ (403,826)**	**$ (556,223)**	**$ 2,817,544**

FIRST HAWAIIAN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (continued)
(Unaudited)

	Three Months Ended September 30, 2025						
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	
(dollars in thousands, except share amounts)	Shares	Amount	Capital	Earnings	Income (Loss)	Stock	Total
Balance as of June 30, 2025	124,683,544	$ 1,422	$ 2,567,936	$ 1,000,997	$ (407,008)	$ (468,802)	$ 2,694,545
Net income	—	—	—	73,840	—	—	73,840
Cash dividends declared ($0.26 per share)	—	—	—	(32,308)	—	—	(32,308)
Common stock issued under Employee Stock Purchase Plan	—	—	130	—	—	—	130
Equity-based awards	—	—	4,090	(956)	—	—	3,134
Common stock repurchased	(963,959)	—	—	—	—	(24,041)	(24,041)
Stock repurchase excise tax	—	—	—	—	—	(238)	(238)
Other comprehensive income, net of tax	—	—	—	—	18,859	—	18,859
Balance as of September 30, 2025	123,719,585	$ 1,422	$ 2,572,156	$ 1,041,573	$ (388,149)	$ (493,081)	$ 2,733,921

	Nine Months Ended September 30, 2025						
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	
(dollars in thousands, except share amounts)	Shares	Amount	Capital	Earnings	Income (Loss)	Stock	Total
Balance as of December 31, 2024	126,422,898	$ 1,417	$ 2,560,380	$ 934,048	$ (463,994)	$ (414,365)	$ 2,617,486
Net income	—	—	—	206,335	—	—	206,335
Cash dividends declared ($0.78 per share)	—	—	—	(97,763)	—	—	(97,763)
Common stock issued under Employee Stock Purchase Plan	5,496	—	130	—	—	—	130
Equity-based awards	271,671	5	11,646	(1,047)	—	(4,011)	6,593
Common stock repurchased	(2,980,480)	—	—	—	—	(74,041)	(74,041)
Stock repurchase excise tax	—	—	—	—	—	(664)	(664)
Other comprehensive income, net of tax	—	—	—	—	75,845	—	75,845
Balance as of September 30, 2025	123,719,585	$ 1,422	$ 2,572,156	$ 1,041,573	$ (388,149)	$ (493,081)	$ 2,733,921

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

FIRST HAWAIIAN, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(dollars in thousands)	Nine Months Ended September 30, 2026	2025
Cash flows from operating activities		
Net income	**$ 204,889**	$ 206,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**30,908**	19,500
Depreciation, amortization and accretion, net	**23,066**	25,625
Deferred income tax provision	**2,990**	2,153
Stock-based compensation	**11,873**	11,651
Other gains	**(161)**	(44)
Originations of loans held for sale	**(13,602)**	(13,589)
Proceeds from sales of loans held for sale	**13,628**	13,029
Net gains on investment securities	**—**	(37)
Premiums paid on cash flow hedges	**(3,784)**	(2,914)
Amortization of premiums on cash flow hedges	**1,393**	200
Change in assets and liabilities:		
Net decrease in other assets	**24,904**	2,566
Net decrease in other liabilities	**(16,406)**	(34,300)
Net cash provided by operating activities	**279,698**	230,175
Cash flows from investing activities		
Available-for-sale securities:		
Proceeds from maturities and principal repayments	**220,469**	210,983
Proceeds from calls and sales	**49,800**	67,434
Purchases	**(281,104)**	(266,554)
Held-to-maturity securities:		
Proceeds from maturities and principal repayments	**210,688**	218,516
Proceeds from calls	**3,620**	4,223
Other investments:		
Proceeds from sales	**6,889**	14,684
Purchases	**(33,040)**	(19,833)
Loans:		
Net (increase) decrease in loans and leases resulting from originations and principal repayments	**(86,333)**	306,744
Purchases of loans	**(62,043)**	(33,797)
Proceeds from bank-owned life insurance	**3,245**	1,475
Purchases of bank-owned life insurance	**(53)**	(2,000)
Purchases of premises, equipment and software	**(14,730)**	(26,879)
Net cash provided by investing activities	**17,408**	474,996
Cash flows from financing activities		
Net (decrease) increase in deposits	**(311,098)**	407,341
Repayment of short-term borrowings	**—**	(250,000)
Dividends paid	**(96,389)**	(98,796)
Stock tendered for payment of withholding taxes	**(4,640)**	(4,011)
Proceeds from employee stock purchase plan	**122**	130
Common stock repurchased	**(32,000)**	(74,041)
Stock repurchase excise tax paid in current period	**(922)**	(341)
Net cash used in financing activities	**(444,927)**	(19,718)
Net (decrease) increase in cash and cash equivalents	**(147,821)**	685,453
Cash and cash equivalents at beginning of period	**1,477,752**	1,170,190
Cash and cash equivalents at end of period	**$ 1,329,931**	$ 1,855,643
Supplemental disclosures		
Interest paid	**$ 189,670**	$ 229,460
Noncash investing and financing activities:		
Operating lease right-of-use assets obtained in exchange for new lease obligations	**1,931**	2,988
Transfers to loans and leases from loans held for sale	**1,336**	—
Obligation to fund low-income housing partnerships	**36,698**	46,953
Stock repurchase excise tax settled in subsequent period	**241**	664

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

FIRST HAWAIIAN, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Basis of Presentation

First Hawaiian, Inc. ("FHI" or the "Parent"), a bank holding company, owns 100% of the outstanding common stock of First Hawaiian Bank ("FHB" or the "Bank"), its only direct, wholly owned subsidiary. FHB offers a comprehensive suite of banking services to consumer and commercial customers, including loans, deposit products, wealth management, insurance, trust, retirement planning, credit card and merchant processing services.

The accompanying unaudited interim consolidated financial statements of First Hawaiian, Inc. and Subsidiary (the "Company") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

The accompanying unaudited interim consolidated financial statements and notes thereto should be read in conjunction with the Company's audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair presentation of the interim period consolidated financial information, have been made. Results of operations for interim periods are not necessarily indicative of results to be expected for the entire year. Intercompany account balances and transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's best knowledge of current events, actual results may differ from these estimates.

Recent Accounting Pronouncements

The following Accounting Standards Updates ("ASUs") have been issued by the Financial Accounting Standards Board ("FASB") and are applicable to the Company in future reporting periods.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period which include, for example, employee compensation, depreciation, and intangible asset amortization. In addition, certain expense amounts already required to be disclosed under current GAAP will need to be presented within the same disclosure as the other disaggregation requirements prescribed by this ASU. Public entities will also be required to disclose: (1) a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively and (2) the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. The FASB also issued ASU No. 2025-01 in January 2025 to clarify that the effective date of ASU No. 2024-03 for public entities is for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Further, ASU No. 2024-03 is applied prospectively to financial statements issued for reporting periods beginning after the effective date, meaning that the disclosures required under ASU No. 2024-03 do not need to be included in the financial statements for reporting periods beginning before the effective date that are presented for comparative purposes. Early adoption is permitted. The Company is in the process of evaluating the impact that this new guidance may have on the Company's consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. This ASU intends to improve the operability of internal-use software accounting guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods. Under current accounting principles, entities are required to capitalize development costs incurred for internal-use software depending on the nature of the costs and the project stage during which they occur. With the removal of software development project stages, the amendments in this ASU require that an entity start capitalizing software costs when both of these conditions are met: (1) management has authorized and committed to funding the software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold," which also takes into consideration whether there is significant uncertainty associated with the development activities of the software (referred to as "significant development uncertainty")). This ASU is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period and application of the new guidance can be done prospectively, retrospectively, or through a modified prospective transition approach. The Company is in the process of evaluating the impact that this new guidance may have on the Company's consolidated financial statements.

In November 2025, the FASB issued ASU No. 2025-08, *Financial Instruments – Credit Losses (Topic 326): Purchased Loans*, which amends the guidance in Accounting Standards Codification ("ASC") Topic 326 on the accounting for certain purchased loans. Under this ASU, entities must account for acquired loans (excluding credit cards and leases) that meet certain criteria at acquisition ("purchased seasoned loans") by recognizing them at their purchase price plus an allowance for expected credit losses (known as the "gross-up approach"). Purchased seasoned loans are defined as either: (1) non-PCD loans (loans that were not purchased with credit deterioration) that are obtained in a business combination, or (2) non-PCD loans that (a) are obtained in an asset acquisition or upon consolidation of a variable interest entity that is not a business and (b) are acquired more than 90 days after their origination date by a transferee that was not involved in their origination. This ASU also introduces an accounting policy election related to the subsequent measurement of expected credit losses for entities that use a method other than a discounted cash flow analysis to estimate credit losses on purchased seasoned loans. If this accounting policy is elected, entities can use the amortized cost basis of the asset to subsequently measure their allowance for credit losses. This election can be made on an acquisition-by-acquisition basis. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company plans to early adopt the provisions of ASU No. 2025-08 as of October 1, 2026 in conjunction with the Company's proposed merger with TriCo Bancshares. The Company is not currently able to estimate the impact that the adoption of this new guidance will have on the Company's consolidated financial statements. See "Note 18. Proposed Merger with TriCo Bancshares" for more information.

In November 2025, the FASB issued ASU No. 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*. This ASU amends certain aspects of the existing hedge accounting guidance in ASC Topic 815 by enabling entities to apply hedge accounting to a greater number of highly effective economic hedges in the following five areas: (1) similar risk assessment for cash flow hedges, (2) hedging forecasted interest payments on choose-your-rate debt instruments, (3) cash flow hedges of nonfinancial forecasted transactions, (4) net written options as hedging instruments, and (5) foreign-currency-denominated debt instrument as hedging instrument and hedged item (dual hedge). This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is in the process of evaluating the impact that this new guidance may have on the Company's consolidated financial statements.

2. Investment Securities

As of September 30, 2026 and December 31, 2025, investment securities consisted predominantly of the following investment categories:

Debt securities – includes debt securities issued by U.S. government agencies.

Mortgage-backed securities – includes securities backed by notes or receivables secured by mortgage assets with cash flows based on actual or scheduled payments.

Collateralized mortgage obligations – includes securities backed by a pool of mortgages with cash flows distributed based on certain rules rather than pass through payments.

Collateralized loan obligations – includes structured debt securities backed by a pool of loans, consisting of primarily non-investment grade broadly syndicated corporate loans with additional credit enhancement. These are floating rate securities that have an investment grade rating of AA or better.

Debt securities issued by states and political subdivisions – includes general obligation bonds issued by state and local governments.

As of September 30, 2026 and December 31, 2025, the Company's investment securities were classified as either available-for-sale or held-to-maturity. Amortized cost, gross unrealized holding gains and losses and fair value of available-for-sale and held-to-maturity investment securities as of September 30, 2026 and December 31, 2025 were as follows:

	September 30, 2026				December 31, 2025			
(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mortgage-backed securities:								
Residential - Government agency	**$ 24,541**	**$ 85**	**$ (1,635)**	**$ 22,991**	$ 30,948	$ 498	$ (1,079)	$ 30,367
Residential - Government-sponsored enterprises	**959,580**	**311**	**(92,443)**	**867,448**	933,206	3,115	(58,106)	878,215
Commercial - Government agency	**227,673**	**—**	**(54,749)**	**172,924**	237,192	—	(46,015)	191,177
Commercial - Government-sponsored enterprises	**38,877**	**—**	**(574)**	**38,303**	42,798	—	(1,199)	41,599
Commercial - Non-agency	**258,822**	**959**	**(47)**	**259,734**	128,464	589	(39)	129,014
Collateralized mortgage obligations:								
Government agency	**418,968**	**—**	**(51,352)**	**367,616**	461,160	1,756	(36,640)	426,276
Government-sponsored enterprises	**322,706**	**—**	**(42,685)**	**280,021**	336,451	847	(34,302)	302,996
Collateralized loan obligations	**7,903**	**5**	**—**	**7,908**	76,497	92	—	76,589
Total available-for-sale securities	**$ 2,259,070**	**$ 1,360**	**$ (243,485)**	**$ 2,016,945**	$ 2,246,716	$ 6,897	$ (177,380)	$ 2,076,233
Government agency debt securities	**$ 44,288**	**$ —**	**$ (4,885)**	**$ 39,403**	$ 46,182	$ —	$ (3,235)	$ 42,947
Mortgage-backed securities:								
Residential - Government agency	**34,621**	**—**	**(6,307)**	**28,314**	37,081	—	(4,462)	32,619
Residential - Government-sponsored enterprises	**81,783**	**—**	**(15,283)**	**66,500**	86,681	—	(10,661)	76,020
Commercial - Government agency	**30,160**	**—**	**(9,381)**	**20,779**	30,796	—	(7,537)	23,259
Commercial - Government-sponsored enterprises	**1,065,523**	**—**	**(164,772)**	**900,751**	1,088,838	227	(95,314)	993,751
Collateralized mortgage obligations:								
Government agency	**767,292**	**—**	**(124,622)**	**642,670**	823,423	—	(84,609)	738,814
Government-sponsored enterprises	**1,268,014**	**—**	**(194,637)**	**1,073,377**	1,365,087	—	(135,145)	1,229,942
Debt securities issued by states and political subdivisions	**55,313**	**—**	**(7,825)**	**47,488**	54,994	—	(3,571)	51,423
Total held-to-maturity securities	**$ 3,346,994**	**$ —**	**$ (527,712)**	**$ 2,819,282**	$ 3,533,082	$ 227	$ (344,534)	$ 3,188,775

Accrued interest receivable related to available-for-sale investment securities was $4.7 million and $5.5 million as of September 30, 2026 and December 31, 2025, respectively. Accrued interest receivable related to held-to-maturity investment securities was $6.1 million as of both September 30, 2026 and December 31, 2025. Accrued interest receivable is recorded separately from the amortized cost basis of investment securities on the Company's unaudited interim consolidated balance sheets.

Proceeds from calls of investment securities were $25.5 million and $30.7 million for the three months ended September 30, 2026 and 2025, respectively. Proceeds from calls of investment securities were $53.4 million and $71.6 million for the nine months ended September 30, 2026 and 2025, respectively. There were no sales of investment securities for both the three and nine months ended September 30, 2026 and 2025.

Interest income from taxable investment securities was $28.0 million and $26.3 million for the three months ended September 30, 2026 and 2025, respectively, and $82.8 million and $78.7 million for the nine months ended September 30, 2026 and 2025 respectively. Interest income from non-taxable investment securities was $3.1 million for both the three months ended September 30, 2026 and 2025, and $9.2 million and $9.3 million for the nine months ended September 30, 2026 and 2025, respectively.

The amortized cost and fair value of debt securities issued by government agencies and states and political subdivisions, non-agency mortgage-backed securities and collateralized loan obligations as of September 30, 2026, by contractual maturity, are shown below. Mortgage-backed securities and collateralized mortgage obligations issued by government agencies and government-sponsored enterprises are disclosed separately in the table below as remaining expected maturities will differ from contractual maturities as borrowers have the right to prepay obligations.

	September 30, 2026	
(dollars in thousands)	Amortized Cost	Fair Value
Available-for-sale securities		
Due in one year or less	$ —	$ —
Due after one year through five years	78,144	78,612
Due after five years through ten years	4,571	4,576
Due after ten years	184,010	184,454
	266,725	267,642
Mortgage-backed securities:		
Residential - Government agency	24,541	22,991
Residential - Government-sponsored enterprises	959,580	867,448
Commercial - Government agency	227,673	172,924
Commercial - Government-sponsored enterprises	38,877	38,303
Total mortgage-backed securities	1,250,671	1,101,666
Collateralized mortgage obligations:		
Government agency	418,968	367,616
Government-sponsored enterprises	322,706	280,021
Total collateralized mortgage obligations	741,674	647,637
Total available-for-sale securities	$ 2,259,070	$ 2,016,945
Held-to-maturity securities		
Due in one year or less	$ —	$ —
Due after one year through five years	—	—
Due after five years through ten years	61,523	54,434
Due after ten years	38,078	32,457
	99,601	86,891
Mortgage-backed securities:		
Residential - Government agency	34,621	28,314
Residential - Government-sponsored enterprises	81,783	66,500
Commercial - Government agency	30,160	20,779
Commercial - Government-sponsored enterprises	1,065,523	900,751
Total mortgage-backed securities	1,212,087	1,016,344
Collateralized mortgage obligations:		
Government agency	767,292	642,670
Government-sponsored enterprises	1,268,014	1,073,377
Total collateralized mortgage obligations	2,035,306	1,716,047
Total held-to-maturity securities	$ 3,346,994	$ 2,819,282

At September 30, 2026, pledged securities totaled $3.9 billion, of which $2.2 billion was pledged to secure borrowing capacity, $1.6 billion was pledged to secure public deposits and $40.3 million was pledged to secure other financial transactions. At December 31, 2025, pledged securities totaled $4.2 billion, of which $2.4 billion was pledged to secure borrowing capacity, $1.8 billion was pledged to secure public deposits and $52.6 million was pledged to secure other financial transactions.

The Company held no securities of any single issuer, other than debt securities issued by government agencies and government-sponsored enterprises, which were in excess of 10% of stockholders' equity as of September 30, 2026 and December 31, 2025.

The following tables present the unrealized gross losses and fair values of securities in the available-for-sale portfolio by length of time that the 172 and 137 individual securities in each category have been in a continuous loss position as of September 30, 2026 and December 31, 2025, respectively. The unrealized losses on available-for-sale investment securities were attributable to changes in interest rates, relative to when the investment securities were purchased, and not due to the credit quality of the investment securities.

	Time in Continuous Loss as of September 30, 2026					
	Less Than 12 Months		12 Months or More		Total	
(dollars in thousands)	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Mortgage-backed securities:						
Residential - Government agency	**$ (68)**	**$ 6,734**	**$ (1,567)**	**$ 7,134**	**$ (1,635)**	**$ 13,868**
Residential - Government-sponsored enterprises	**(18,842)**	**396,275**	**(73,601)**	**457,919**	**(92,443)**	**854,194**
Commercial - Government agency	**—**	**—**	**(54,749)**	**172,924**	**(54,749)**	**172,924**
Commercial - Government-sponsored enterprises	**—**	**—**	**(574)**	**38,303**	**(574)**	**38,303**
Commercial - Non-agency	**(25)**	**14,477**	**(22)**	**7,022**	**(47)**	**21,499**
Collateralized mortgage obligations:						
Government agency	**(4,426)**	**118,477**	**(46,926)**	**249,139**	**(51,352)**	**367,616**
Government-sponsored enterprises	**(2,956)**	**76,961**	**(39,729)**	**203,060**	**(42,685)**	**280,021**
Total available-for-sale securities with unrealized losses	**$ (26,317)**	**$ 612,924**	**$ (217,168)**	**$ 1,135,501**	**$ (243,485)**	**$ 1,748,425**

	Time in Continuous Loss as of December 31, 2025					
	Less Than 12 Months		12 Months or More		Total	
(dollars in thousands)	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Mortgage-backed securities:						
Residential - Government agency	$ —	$ —	$ (1,079)	$ 8,304	$ (1,079)	$ 8,304
Residential - Government-sponsored enterprises	(509)	70,705	(57,597)	545,262	(58,106)	615,967
Commercial - Government agency	—	—	(46,015)	191,177	(46,015)	191,177
Commercial - Government-sponsored enterprises	—	—	(1,199)	41,599	(1,199)	41,599
Commercial - Non-agency	(39)	14,475	—	—	(39)	14,475
Collateralized mortgage obligations:						
Government agency	—	—	(36,640)	287,275	(36,640)	287,275
Government-sponsored enterprises	(183)	18,296	(34,119)	232,210	(34,302)	250,506
Total available-for-sale securities with unrealized losses	$ (731)	$ 103,476	$ (176,649)	$ 1,305,827	$ (177,380)	$ 1,409,303

At September 30, 2026 and December 31, 2025, the Company did not have any available-for-sale securities with the intent to sell and determined it was more likely than not that the Company would not be required to sell the securities prior to recovery of the amortized cost basis. As the Company had the intent and ability to hold the remaining available-for-sale securities in an unrealized loss position as of September 30, 2026 and December 31, 2025, each security with an unrealized loss position in the above tables has been further assessed to determine if a credit loss exists. As of September 30, 2026 and December 31, 2025, the Company did not expect any credit losses in its available-for-sale debt securities and no credit losses were recognized on available-for-sale securities during the three and nine months ended September 30, 2026 and for the year ended December 31, 2025.

As of September 30, 2026 and December 31, 2025, the Company's investment securities were comprised primarily of debt securities, mortgage-backed securities and collateralized mortgage obligations issued by U.S. government agencies and government-sponsored enterprises, with under 7% of the investment securities comprised of collateralized loan obligations rated AA or better, obligations issued by local state and political subdivisions rated AA or better and non-agency commercial mortgage-backed securities rated AAA. For investment securities issued by the U.S. government, its agencies and government-sponsored enterprises, management has concluded that the long history with no credit losses from these issuers indicates an expectation that nonpayment of the amortized cost basis is zero, and these securities are explicitly or implicitly fully guaranteed by the U.S. government. The U.S. government can print its own currency and its currency is routinely held by central banks and other major financial institutions. The dollar is used in international commerce, and commonly is viewed as a reserve currency, all of which qualitatively indicates that historical credit loss information should be minimally affected by current conditions and reasonable and supportable forecasts. For collateralized loan obligations, debt securities issued by local state and political subdivisions and non-agency commercial mortgage-backed securities, these securities are investment grade and highly rated and carry either sufficient credit enhancement or days cash on hand to support timely payments of principal and interest. As a result, the Company does not expect any future payment defaults and has not recorded an allowance for credit losses for its available-for-sale and held-to-maturity debt securities as of September 30, 2026 or December 31, 2025.

3. Loans and Leases

As of September 30, 2026 and December 31, 2025, loans and leases were comprised of the following:

(dollars in thousands)	September 30, 2026	December 31, 2025
Commercial and industrial	**$ 2,304,567**	$ 2,171,333
Commercial real estate	**4,714,502**	4,590,326
Construction	**739,531**	808,275
Residential:		
Residential mortgage	**3,996,717**	4,096,300
Home equity line	**1,177,610**	1,178,527
Total residential	**5,174,327**	5,274,827
Consumer	**1,067,697**	1,025,838
Lease financing	**461,604**	441,930
Total loans and leases	**$ 14,462,228**	$ 14,312,529

Outstanding loan balances are reported net of deferred loan costs and fees of $55.7 million and $53.9 million at September 30, 2026 and December 31, 2025, respectively.

Accrued interest receivable related to loans and leases was $64.3 million and $65.9 million as of September 30, 2026 and December 31, 2025, respectively, and is recorded separately from the amortized cost basis of loans and leases on the Company's unaudited interim consolidated balance sheets.

As of September 30, 2026, residential real estate loans and commercial real estate loans totaling $5.1 billion were pledged to collateralize the Company's borrowing capacity at the Federal Home Loan Bank of Des Moines ("FHLB"), and consumer, commercial and industrial, commercial real estate, residential real estate loans and pledged securities totaling $3.8 billion were pledged to collateralize the borrowing capacity at the Federal Reserve Bank of San Francisco ("FRB"). As of December 31, 2025, residential real estate loans and commercial real estate loans totaling $4.9 billion were pledged to collateralize the Company's borrowing capacity at the FHLB, and consumer, commercial and industrial, commercial real estate, residential real estate loans and pledged securities totaling $4.0 billion were pledged to collateralize the borrowing capacity at the FRB. Residential real estate loans collateralized by properties that were in the process of foreclosure totaled $9.5 million and $5.2 million as of September 30, 2026 and December 31, 2025, respectively.

In the course of evaluating the credit risk presented by a customer and the pricing that will adequately compensate the Company for assuming that risk, management may require a certain amount of collateral support. The type of collateral held varies, but may include accounts receivable, inventory, land, buildings, equipment, income-producing commercial properties and residential real estate. The Company applies the same collateral policy for loans whether they are funded immediately or on a delayed basis. The loan and lease portfolio is principally located in Hawaii and, to a lesser extent, on the U.S. Mainland, Guam and Saipan. The risk inherent in the portfolio depends upon both the economic stability of the state or territories, which affects property values, and the financial strength and creditworthiness of the borrowers.

4. Allowance for Credit Losses

The Company maintains the allowance for credit losses for loans and leases (the "ACL") that is deducted from the amortized cost basis of loans and leases to present the net carrying value of loans and leases expected to be collected. At September 30, 2026, the ACL was $164.4 million, a decrease of $4.1 million from the December 31, 2025 balance of $168.5 million. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amount of loans and leases. While the economic outlook used to calculate the ACL as of September 30, 2026 improved slightly from December 31, 2025, the provision for credit losses during the nine months ended September 30, 2026, was primarily driven by a $12.5 million partial charge-off of a single commercial real estate loan and several other commercial lending downgrades during the third quarter of 2026. Management utilizes its best judgment and information available. However, the ultimate appropriateness of the ACL is dependent upon a variety of factors beyond the Company's control, including the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

The Company also maintains an estimated reserve for unfunded commitments included in other liabilities on the unaudited interim consolidated balance sheets. The reserve for unfunded commitments is reduced in the period in which the off-balance sheet financial instruments expire, loan funding occurs, or is otherwise settled.

The Company's methodology is more fully described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, which should be read in conjunction with these unaudited interim consolidated financial statements as of and for the three and nine months ended September 30, 2026.

Rollforward of the Allowance for Credit Losses

The following presents the activity in the ACL by class of loans and leases for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30, 2026							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Allowance for credit losses:								
Balance at beginning of period	$ 18,788	$ 38,949	$ 7,950	$ 2,464	$ 36,446	$ 15,302	$ 48,157	$ 168,056
Charge-offs	(6,918)	(12,465)	—	(6)	—	—	(6,281)	(25,670)
Recoveries	1,444	—	—	—	11	69	2,198	3,722
Provision (benefit)	1,884	12,380	5,060	(220)	(1,274)	(959)	1,458	18,329
Balance at end of period	$ 15,198	$ 38,864	$ 13,010	$ 2,238	$ 35,183	$ 14,412	$ 45,532	$ 164,437

	Nine Months Ended September 30, 2026							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Allowance for credit losses:								
Balance at beginning of period	$ 20,833	$ 38,757	$ 7,605	$ 2,778	$ 36,384	$ 15,192	$ 46,919	$ 168,468
Charge-offs	(10,312)	(12,465)	—	(6)	—	(23)	(16,615)	(39,421)
Recoveries	1,991	—	—	3	40	136	6,266	8,436
Provision (benefit)	2,686	12,572	5,405	(537)	(1,241)	(893)	8,962	26,954
Balance at end of period	$ 15,198	$ 38,864	$ 13,010	$ 2,238	$ 35,183	$ 14,412	$ 45,532	$ 164,437

	Three Months Ended September 30, 2025							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Allowance for credit losses:								
Balance at beginning of period	$ 20,061	$ 39,264	$ 8,945	$ 2,343	$ 37,965	$ 11,190	$ 48,057	$ 167,825
Charge-offs	(1,106)	—	—	(580)	—	—	(4,719)	(6,405)
Recoveries	410	—	—	—	14	26	1,749	2,199
Provision (benefit)	(281)	(424)	(557)	752	(248)	168	2,240	1,650
Balance at end of period	$ 19,084	$ 38,840	$ 8,388	$ 2,515	$ 37,731	$ 11,384	$ 47,327	$ 165,269

	Nine Months Ended September 30, 2025							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Allowance for credit losses:								
Balance at beginning of period	$ 16,332	$ 40,624	$ 8,570	$ 2,269	$ 39,230	$ 10,205	$ 43,163	$ 160,393
Charge-offs	(3,253)	—	—	(662)	—	(30)	(14,287)	(18,232)
Recoveries	1,009	251	—	—	143	122	5,433	6,958
Provision (benefit)	4,996	(2,035)	(182)	908	(1,642)	1,087	13,018	16,150
Balance at end of period	$ 19,084	$ 38,840	$ 8,388	$ 2,515	$ 37,731	$ 11,384	$ 47,327	$ 165,269

Rollforward of the Reserve for Unfunded Commitments

The following presents the activity in the Reserve for Unfunded Commitments for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30, 2026							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Reserve for unfunded commitments:								
Balance at beginning of period	**$ 7,890**	**$ 1,364**	**$ 12,055**	**$ —**	**$ 13**	**$ 16,329**	**$ 21**	**$ 37,672**
Provision (benefit)	**1,021**	**(91)**	**451**	**—**	**—**	**590**	**8**	**1,979**
Balance at end of period	**$ 8,911**	**$ 1,273**	**$ 12,506**	**$ —**	**$ 13**	**$ 16,919**	**$ 29**	**$ 39,651**

	Nine Months Ended September 30, 2026							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Reserve for unfunded commitments:								
Balance at beginning of period	**$ 7,859**	**$ 1,220**	**$ 9,772**	**$ —**	**$ 44**	**$ 16,771**	**$ 31**	**$ 35,697**
Provision (benefit)	**1,052**	**53**	**2,734**	**—**	**(31)**	**148**	**(2)**	**3,954**
Balance at end of period	**$ 8,911**	**$ 1,273**	**$ 12,506**	**$ —**	**$ 13**	**$ 16,919**	**$ 29**	**$ 39,651**

	Three Months Ended September 30, 2025							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Reserve for unfunded commitments:								
Balance at beginning of period	$ 8,492	$ 1,003	$ 7,403	$ —	$ 21	$ 16,405	$ 23	$ 33,347
Provision (benefit)	(383)	106	2,474	—	16	624	13	2,850
Balance at end of period	$ 8,109	$ 1,109	$ 9,877	$ —	$ 37	$ 17,029	$ 36	$ 36,197

	Nine Months Ended September 30, 2025							
	Commercial Lending				Residential Lending			
(dollars in thousands)	Commercial and Industrial	Commercial Real Estate	Construction	Lease Financing	Residential Mortgage	Home Equity Line	Consumer	Total
Reserve for unfunded commitments:								
Balance at beginning of period	$ 8,112	$ 1,003	$ 7,818	$ —	$ 3	$ 15,893	$ 18	$ 32,847
Provision (benefit)	(3)	106	2,059	—	34	1,136	18	3,350
Balance at end of period	$ 8,109	$ 1,109	$ 9,877	$ —	$ 37	$ 17,029	$ 36	$ 36,197

Credit Quality Information

The Company performs an internal loan review and grading or scoring procedures on an ongoing basis. The review provides management with periodic information as to the quality of the loan portfolio and effectiveness of the Company's lending policies and procedures. The objective of the loan review and grading or scoring procedures is to identify, in a timely manner, existing or emerging credit quality issues so that appropriate steps can be initiated to avoid or minimize future losses.

Loans and leases subject to grading primarily include: commercial and industrial loans, commercial real estate loans, construction loans and lease financing. Other loans subject to grading include installment loans to businesses or individuals for business and commercial purposes, overdraft lines of credit, commercial credit cards, and other credits as may be determined. Credit quality indicators for internally graded loans and leases are generally updated on an annual basis or on a quarterly basis for those loans and leases deemed to be of potentially higher risk.

An internal credit risk rating system is used to determine loan grade and is based on borrower credit risk and transactional risk. The loan grading process is a mechanism used to determine the risk of a particular borrower and is based on the following factors of a borrower: character, earnings and operating cash flow, asset and liability structure, debt capacity, management and controls, borrowing entity, and industry and operating environment.

Pass – "Pass" (uncriticized) loans and leases, are not considered to carry greater than normal risk. The borrower has the apparent ability to satisfy obligations to the Company, and therefore no loss in ultimate collection is anticipated.

Special Mention – Loans and leases that have potential weaknesses deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for assets or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

Substandard – Loans and leases that are inadequately protected by the current financial condition and paying capacity of the obligor or by any collateral pledged. Loans and leases so classified must have a well-defined weakness or weaknesses that jeopardize the collection of the debt. They are characterized by the distinct possibility that the bank may sustain some loss if the deficiencies are not corrected.

Doubtful – Loans and leases that have weaknesses found in substandard borrowers with the added provision that the weaknesses make collection of debt in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss – Loans and leases classified as loss are considered uncollectible and of such little value that their continuance as an asset is not warranted. This classification does not mean that the loan or lease has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be effected in the future.

Loans that are primarily monitored for credit quality using FICO scores include: residential mortgage loans, home equity lines and consumer loans. FICO scores are calculated primarily based on a consideration of payment history, the current amount of debt, the length of credit history available, a recent history of new sources of credit and the mix of credit type. FICO scores are updated on a monthly, quarterly or bi-annual basis, depending on the product type.

The amortized cost basis by year of origination and credit quality indicator of the Company's loans and leases as of September 30, 2026 was as follows:

(dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year 2026	2025	2024	2023	2022	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Commercial Lending									
Commercial and Industrial									
Risk rating:									
Pass	$ 202,063	$ 241,039	$ 149,553	$ 57,135	$ 51,359	$ 289,563	$ 1,146,313	$ 28,352	$ 2,165,377
Special Mention	417	3,541	549	1,523	1,899	746	6,318	—	14,993
Substandard	139	184	500	429	2,908	18,158	5,300	—	27,618
Other [1]	17,281	13,451	6,347	2,954	2,249	2,043	52,254	—	96,579
Total Commercial and Industrial	219,900	258,215	156,949	62,041	58,415	310,510	1,210,185	28,352	2,304,567
Current period gross charge-offs	—	129	1,864	259	2,180	3,214	2,666	—	10,312
Commercial Real Estate									
Risk rating:									
Pass	538,756	723,291	364,311	391,394	585,898	1,643,436	114,656	6,267	4,368,009
Special Mention	419	—	3,608	1,644	171,581	48,290	964	—	226,506
Substandard	889	—	5,287	689	37,464	61,603	13,940	—	119,872
Other [1]	—	—	—	—	—	115	—	—	115
Total Commercial Real Estate	540,064	723,291	373,206	393,727	794,943	1,753,444	129,560	6,267	4,714,502
Current period gross charge-offs	—	—	—	—	—	12,465	—	—	12,465
Construction									
Risk rating:									
Pass	64,419	174,295	235,743	53,119	148,418	11,369	3,579	—	690,942
Special Mention	—	—	—	—	22,591	—	—	—	22,591
Substandard	—	—	—	—	—	904	—	—	904
Other [1]	4,740	8,669	4,719	2,805	1,719	1,767	675	—	25,094
Total Construction	69,159	182,964	240,462	55,924	172,728	14,040	4,254	—	739,531
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Lease Financing									
Risk rating:									
Pass	118,981	61,372	75,171	82,562	32,936	89,720	—	—	460,742
Special Mention	—	—	68	382	57	—	—	—	507
Substandard	—	132	172	51	—	—	—	—	355
Total Lease Financing	118,981	61,504	75,411	82,995	32,993	89,720	—	—	461,604
Current period gross charge-offs	—	—	6	—	—	—	—	—	6
Total Commercial Lending	$ 948,104	$ 1,225,974	$ 846,028	$ 594,687	$ 1,059,079	$ 2,167,714	$ 1,343,999	$ 34,619	$ 8,220,204
Current period gross charge-offs	$ —	$ 129	$ 1,870	$ 259	$ 2,180	$ 15,679	$ 2,666	$ —	$ 22,783

(continued)

(continued) (dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year 2026	2025	2024	2023	2022	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Residential Lending									
Residential Mortgage									
FICO:									
740 and greater	$ 157,553	$ 187,527	$ 127,156	$ 155,856	$ 413,991	$ 2,176,053	$ —	$ —	$ 3,218,136
680 - 739	22,002	18,668	15,661	24,033	67,424	275,860	—	—	423,648
620 - 679	2,635	8,008	8,553	5,716	18,661	69,081	—	—	112,654
550 - 619	—	1,060	—	1,945	5,375	16,974	—	—	25,354
Less than 550	—	—	—	441	3,802	17,872	—	—	22,115
No Score [3]	7,850	5,511	2,887	4,728	15,250	47,394	—	—	83,620
Other [2]	4,764	22,123	6,499	17,778	12,991	38,541	8,494	—	111,190
Total Residential Mortgage	194,804	242,897	160,756	210,497	537,494	2,641,775	8,494	—	3,996,717
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Home Equity Line									
FICO:									
740 and greater	—	—	—	—	—	—	924,498	332	924,830
680 - 739	—	—	—	—	—	—	179,779	1,604	181,383
620 - 679	—	—	—	—	—	—	47,607	633	48,240
550 - 619	—	—	—	—	—	—	13,382	375	13,757
Less than 550	—	—	—	—	—	—	8,612	30	8,642
No Score [3]	—	—	—	—	—	—	758	—	758
Total Home Equity Line	—	—	—	—	—	—	1,174,636	2,974	1,177,610
Current period gross charge-offs	—	—	—	—	—	—	23	—	23
Total Residential Lending	$ 194,804	$ 242,897	$ 160,756	$ 210,497	$ 537,494	$ 2,641,775	$ 1,183,130	$ 2,974	$ 5,174,327
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 23	$ —	$ 23
Consumer Lending									
FICO:									
740 and greater	$ 95,688	$ 85,965	$ 48,787	$ 29,752	$ 28,841	$ 9,062	$ 98,607	$ 61	$ 396,763
680 - 739	76,834	67,554	33,419	17,684	14,466	5,241	86,795	581	302,574
620 - 679	46,475	34,123	14,524	8,382	7,706	3,947	50,763	900	166,820
550 - 619	8,343	13,276	7,917	5,138	4,675	2,581	17,429	809	60,168
Less than 550	2,360	5,503	4,270	2,208	2,523	1,334	5,572	573	24,343
No Score [3]	4,376	274	3	17	—	10	37,409	201	42,290
Other [2]	201	3,389	—	—	—	1,472	69,677	—	74,739
Total Consumer Lending	$ 234,277	$ 210,084	$ 108,920	$ 63,181	$ 58,211	$ 23,647	$ 366,252	$ 3,125	$ 1,067,697
Current period gross charge-offs	$ 525	$ 2,613	$ 1,778	$ 1,435	$ 786	$ 1,772	$ 7,162	$ 544	$ 16,615
Total Loans and Leases	$ 1,377,185	$ 1,678,955	$ 1,115,704	$ 868,365	$ 1,654,784	$ 4,833,136	$ 2,893,381	$ 40,718	$ 14,462,228
Current period gross charge-offs	$ 525	$ 2,742	$ 3,648	$ 1,694	$ 2,966	$ 17,451	$ 9,851	$ 544	$ 39,421

(1) Other credit quality indicators used for monitoring purposes are primarily FICO scores. The majority of the loans in this population were originated to borrowers with a prime FICO score (680 and above). As of September 30, 2026, the majority of the loans in this population were current.

(2) Other credit quality indicators used for monitoring purposes are primarily internal risk ratings. The majority of the loans in this population were graded with a "Pass" rating. As of September 30, 2026, the majority of the loans in this population were current.

(3) No FICO scores are primarily related to loans and leases extended to non-residents. Loans and leases of this nature are primarily secured by collateral and/or are closely monitored for performance.

The amortized cost basis by year of origination and credit quality indicator of the Company's loans and leases as of December 31, 2025 was as follows:

(dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year 2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Commercial Lending									
Commercial and Industrial									
Risk rating:									
Pass	$ 321,132	$ 120,082	$ 61,358	$ 99,174	$ 150,013	$ 228,890	$ 1,007,162	$ 14,182	$ 2,001,993
Special Mention	3,790	825	1,900	1,940	341	841	3,819	—	13,456
Substandard	746	—	368	7,827	19	20,435	38,466	—	67,861
Other [1]	19,067	9,027	5,046	3,560	1,081	1,164	49,078	—	88,023
Total Commercial and Industrial	344,735	129,934	68,672	112,501	151,454	251,330	1,098,525	14,182	2,171,333
Current period gross charge-offs	1	170	775	547	407	2,800	31	—	4,731
Commercial Real Estate									
Risk rating:									
Pass	732,672	288,924	389,773	735,412	566,285	1,525,374	115,640	6,881	4,360,961
Special Mention	—	681	37,667	43,819	41,393	21,317	1,314	—	146,191
Substandard	—	5,547	529	59,126	989	16,109	751	—	83,051
Other [1]	—	—	—	—	—	123	—	—	123
Total Commercial Real Estate	732,672	295,152	427,969	838,357	608,667	1,562,923	117,705	6,881	4,590,326
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Construction									
Risk rating:									
Pass	82,330	218,505	106,890	192,608	77,380	47,078	26,917	—	751,708
Special Mention	—	—	—	27,972	—	121	—	—	28,093
Substandard	—	—	—	—	—	904	—	—	904
Other [1]	7,773	8,300	4,760	4,019	160	1,872	686	—	27,570
Total Construction	90,103	226,805	111,650	224,599	77,540	49,975	27,603	—	808,275
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Lease Financing									
Risk rating:									
Pass	122,978	80,669	89,475	43,015	9,087	91,109	—	—	436,333
Special Mention	—	—	556	42	—	—	—	—	598
Substandard	—	4,379	408	212	—	—	—	—	4,999
Total Lease Financing	122,978	85,048	90,439	43,269	9,087	91,109	—	—	441,930
Current period gross charge-offs	—	662	—	—	—	—	—	—	662
Total Commercial Lending	$ 1,290,488	$ 736,939	$ 698,730	$ 1,218,726	$ 846,748	$ 1,955,337	$ 1,243,833	$ 21,063	$ 8,011,864
Current period gross charge-offs	$ 1	$ 832	$ 775	$ 547	$ 407	$ 2,800	$ 31	$ —	$ 5,393

(continued)

(continued) (dollars in thousands)	Term Loans Amortized Cost Basis by Origination Year 2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans Amortized Cost Basis	Total
Residential Lending									
Residential Mortgage									
FICO:									
740 and greater	$ 196,591	$ 146,779	$ 188,885	$ 455,130	$ 881,320	$ 1,479,533	$ —	$ —	$ 3,348,238
680 - 739	21,211	19,044	26,493	57,219	94,557	171,825	—	—	390,349
620 - 679	7,054	2,100	5,535	24,857	23,888	51,817	—	—	115,251
550 - 619	—	721	1,188	3,126	6,334	14,464	—	—	25,833
Less than 550	—	1,968	887	3,000	4,653	9,415	—	—	19,923
No Score [3]	8,082	5,093	5,384	15,829	9,523	44,549	—	—	88,460
Other [2]	20,152	7,771	11,625	13,530	13,640	32,144	9,384	—	108,246
Total Residential Mortgage	253,090	183,476	239,997	572,691	1,033,915	1,803,747	9,384	—	4,096,300
Current period gross charge-offs	—	—	—	—	—	—	—	—	—
Home Equity Line									
FICO:									
740 and greater	—	—	—	—	—	—	939,884	1,068	940,952
680 - 739	—	—	—	—	—	—	171,306	1,520	172,826
620 - 679	—	—	—	—	—	—	40,928	637	41,565
550 - 619	—	—	—	—	—	—	13,464	843	14,307
Less than 550	—	—	—	—	—	—	8,069	71	8,140
No Score [3]	—	—	—	—	—	—	737	—	737
Total Home Equity Line	—	—	—	—	—	—	1,174,388	4,139	1,178,527
Current period gross charge-offs	—	—	—	—	—	—	30	—	30
Total Residential Lending	$ 253,090	$ 183,476	$ 239,997	$ 572,691	$ 1,033,915	$ 1,803,747	$ 1,183,772	$ 4,139	$ 5,274,827
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 30	$ —	$ 30
Consumer Lending									
FICO:									
740 and greater	$ 113,519	$ 65,981	$ 42,560	$ 49,118	$ 20,240	$ 4,462	$ 102,761	$ 110	$ 398,751
680 - 739	86,088	47,861	28,552	24,684	10,429	2,974	87,662	529	288,779
620 - 679	44,816	20,455	11,809	11,804	5,695	2,379	50,406	963	148,327
550 - 619	9,253	8,439	6,414	7,503	3,497	2,004	16,764	832	54,706
Less than 550	2,491	4,263	3,213	3,809	1,948	1,287	5,745	498	23,254
No Score [3]	1,775	5	40	5	—	22	36,868	156	38,871
Other [2]	4,536	—	—	—	547	1,009	67,058	—	73,150
Total Consumer Lending	$ 262,478	$ 147,004	$ 92,588	$ 96,923	$ 42,356	$ 14,137	$ 367,264	$ 3,088	$ 1,025,838
Current period gross charge-offs	$ 802	$ 2,494	$ 1,693	$ 1,873	$ 947	$ 2,425	$ 8,367	$ 872	$ 19,473
Total Loans and Leases	$ 1,806,056	$ 1,067,419	$ 1,031,315	$ 1,888,340	$ 1,923,019	$ 3,773,221	$ 2,794,869	$ 28,290	$ 14,312,529
Current period gross charge-offs	$ 803	$ 3,326	$ 2,468	$ 2,420	$ 1,354	$ 5,225	$ 8,428	$ 872	$ 24,896

(1) Other credit quality indicators used for monitoring purposes are primarily FICO scores. The majority of the loans in this population were originated to borrowers with a prime FICO score (680 and above). As of December 31, 2025, the majority of the loans in this population were current.

(2) Other credit quality indicators used for monitoring purposes are primarily internal risk ratings. The majority of the loans in this population were graded with a "Pass" rating. As of December 31, 2025, the majority of the loans in this population were current.

(3) No FICO scores are primarily related to loans and leases extended to non-residents. Loans and leases of this nature are primarily secured by collateral and/or are closely monitored for performance.

There were no loans and leases graded as Doubtful or Loss as of both September 30, 2026 and December 31, 2025.

Past-Due Status

The Company continually updates its aging analysis for loans and leases to monitor the migration of loans and leases into past due categories. The Company considers loans and leases that are delinquent for 30 days or more to be past due. As of September 30, 2026 and December 31, 2025, the aging analysis of the amortized cost basis of the Company's past due loans and leases was as follows:

	September 30, 2026						
	Past Due						
(dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater Than or Equal to 90 Days Past Due	Total Past Due	Current	Total Loans and Leases	Loans and Leases Past Due 90 Days or More and Still Accruing Interest
Commercial and industrial	$ 2,588	$ 398	$ 1,201	$ 4,187	$ 2,300,380	$ 2,304,567	$ 403
Commercial real estate	32,492	2,827	2,259	37,578	4,676,924	4,714,502	1,690
Construction	770	2,121	1,065	3,956	735,575	739,531	—
Lease financing	—	—	—	—	461,604	461,604	—
Residential mortgage	29,349	8,830	27,081	65,260	3,931,457	3,996,717	14,963
Home equity line	7,648	1,505	5,812	14,965	1,162,645	1,177,610	—
Consumer	12,904	3,585	2,170	18,659	1,049,038	1,067,697	2,171
Total	$ 85,751	$ 19,266	$ 39,588	$ 144,605	$ 14,317,623	$ 14,462,228	$ 19,227

	December 31, 2025						
	Past Due						
(dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater Than or Equal to 90 Days Past Due	Total Past Due	Current	Total Loans and Leases	Loans and Leases Past Due 90 Days or More and Still Accruing Interest
Commercial and industrial	$ 3,009	$ 7,756	$ 685	$ 11,450	$ 2,159,883	$ 2,171,333	$ 318
Commercial real estate	798	18	436	1,252	4,589,074	4,590,326	—
Construction	2,420	—	1,065	3,485	804,790	808,275	—
Lease financing	135	30	570	735	441,195	441,930	—
Residential mortgage	18,387	6,522	8,133	33,042	4,063,258	4,096,300	55
Home equity line	5,928	1,642	4,878	12,448	1,166,079	1,178,527	—
Consumer	13,935	3,995	2,984	20,914	1,004,924	1,025,838	2,984
Total	$ 44,612	$ 19,963	$ 18,751	$ 83,326	$ 14,229,203	$ 14,312,529	$ 3,357

Nonaccrual Loans and Leases

The Company generally places a loan or lease on nonaccrual status when management believes that collection of principal or interest has become doubtful or when a loan or lease becomes 90 days past due as to principal or interest, unless it is well secured and in the process of collection. The Company charges off a loan or lease when facts indicate that the loan or lease is considered uncollectible.

The amortized cost basis of loans and leases on nonaccrual status as of September 30, 2026 and December 31, 2025 and the amortized cost basis of loans and leases on nonaccrual status with no ACL as of September 30, 2026 and December 31, 2025 were as follows:

	September 30, 2026	
(dollars in thousands)	Nonaccrual Loans and Leases With No Allowance for Credit Losses	Nonaccrual Loans and Leases
Commercial and industrial	$ —	$ 1,688
Commercial real estate	13,263	13,833
Construction	905	1,064
Lease financing	—	115
Residential mortgage	10,234	19,244
Home equity line	1,338	10,030
Total Nonaccrual Loans and Leases	$ 25,740	$ 45,974

(dollars in thousands)	December 31, 2025 Nonaccrual Loans and Leases With No Allowance for Credit Losses	Nonaccrual Loans and Leases
Commercial and industrial	$ —	$ 8,805
Commercial real estate	2,397	3,007
Construction	1,627	1,788
Lease financing	—	734
Residential mortgage	5,703	16,423
Home equity line	856	10,271
Total Nonaccrual Loans and Leases	$ 10,583	$ 41,028

For the three and nine months ended September 30, 2026, the Company recognized interest income of $0.5 million and $0.8 million, respectively, on nonaccrual loans and leases. For the three and nine months ended September 30, 2025, the Company recognized interest income of $0.6 million and $1.3 million, respectively, on nonaccrual loans and leases. Furthermore, for the three and nine months ended September 30, 2026, the amount of accrued interest receivables written off by reversing interest income was $0.7 million and $1.4 million, respectively, and for the three and nine months ended September 30, 2025, the amount of accrued interest receivables written off by reversing interest income was $0.3 million and $1.0 million, respectively.

Collateral-Dependent Loans and Leases

Collateral-dependent loans and leases are those for which repayment (on the basis of the Company's assessment as of the reporting date) is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. As of September 30, 2026 and December 31, 2025, the amortized cost basis of collateral-dependent loans were $81.2 million and $37.7 million, respectively. As of September 30, 2026, these loans were primarily collateralized by residential real estate property and commercial real estate property. Of the $81.2 million collateral-dependent loans as of September 30, 2026, $24.7 million were secured by collateral whose fair values were below the amortized cost basis of the loan, and the fair value of collateral on the remaining collateral-dependent loans were significantly in excess of their amortized cost basis. As of December 31, 2025, these loans were primarily collateralized by residential real estate property, commercial real estate property and borrower assets and the fair value of collateral on substantially all collateral-dependent loans were significantly in excess of their amortized cost basis.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Commercial and industrial loans with a borrower experiencing financial difficulty may be modified through interest rate reductions, term extensions, and converting revolving credit lines to term loans. Modifications of commercial real estate and construction loans with a borrower experiencing financial difficulty may involve reducing the interest rate for the remaining term of the loan or extending the maturity date at an interest rate lower than the current market rate for new debt with similar risk. Modifications of construction loans with a borrower experiencing financial difficulty may also involve extending the interest-only payment period. Interest continues to accrue on the missed payments and as a result, the effective yield on the loan remains unchanged. Modifications of residential real estate loans with a borrower experiencing financial difficulty may be comprised of loans where monthly payments are lowered to accommodate the borrowers' financial needs for a period of time, including extended interest-only periods and reamortization of the balance. Modifications of consumer loans with a borrower experiencing financial difficulty may involve interest rate reductions and term extensions.

Loans modified with a borrower experiencing financial difficulty, whether in default or not, may already be on nonaccrual status and in some cases, partial charge-offs may have already been taken against the outstanding loan balance. Loans modified with a borrower experiencing financial difficulty are evaluated for impairment. As a result, this may have a financial effect of impacting the specific ACL associated with the loan. An ACL for impaired commercial loans, including commercial real estate and construction loans, is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or if the loan is collateral-dependent, the estimated fair value of the collateral, less any selling costs. An ACL for impaired residential real estate loans is measured based on the estimated fair value of the collateral, less any selling costs. Management exercises significant judgment in developing these estimates.

The following tables present, by class of financing receivable and type of modification granted, the amortized cost basis as of September 30, 2026 and 2025, related to loans modified to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2026 and 2025, respectively:

	Interest Rate Reduction			
	Three Months Ended September 30, 2026		Nine Months Ended September 30, 2026	
(dollars in thousands)	Amortized Cost Basis[1]	% of Total Class of Financing Receivable	Amortized Cost Basis[1]	% of Total Class of Financing Receivable
Consumer	$ 440	0.04 %	$ 1,128	0.11 %
Total	$ 440	n/m %	$ 1,128	n/m %

n/m – Represents less than 0.01% of total class of financing receivable.
(1) The amortized cost basis reflects all partial paydowns and charge-offs since the modification date and do not include loans modified to borrowers experiencing financial difficulty that have been fully paid off, charged off, or foreclosed upon by the end of the period.

	Interest Rate Reduction			
	Three Months Ended September 30, 2025		Nine Months Ended September 30, 2025	
(dollars in thousands)	Amortized Cost Basis[1]	% of Total Class of Financing Receivable	Amortized Cost Basis[1]	% of Total Class of Financing Receivable
Consumer	$ 293	0.03 %	$ 1,213	0.12 %
Total	$ 293	n/m %	$ 1,213	n/m %

n/m – Represents less than 0.01% of total class of financing receivable.
(1) The amortized cost basis reflects all partial paydowns and charge-offs since the modification date and do not include loans modified to borrowers experiencing financial difficulty that have been fully paid off, charged off, or foreclosed upon by the end of the period.

	Term Extension			
	Three Months Ended September 30, 2026		Nine Months Ended September 30, 2026	
(dollars in thousands)	Amortized Cost Basis[1]	% of Total Class of Financing Receivable	Amortized Cost Basis[1]	% of Total Class of Financing Receivable
Commercial and industrial	$ 99	n/m %	$ 328	0.01 %
Residential mortgage	—	—	243	n/m
Consumer	6	n/m	142	0.01
Total	$ 105	n/m %	$ 713	n/m %

n/m – Represents less than 0.01% of total class of financing receivable.
(1) The amortized cost basis reflects all partial paydowns and charge-offs since the modification date and do not include loans modified to borrowers experiencing financial difficulty that have been fully paid off, charged off, or foreclosed upon by the end of the period.

	Term Extension			
	Three Months Ended September 30, 2025		Nine Months Ended September 30, 2025	
(dollars in thousands)	Amortized Cost Basis[1]	% of Total Class of Financing Receivable	Amortized Cost Basis[1]	% of Total Class of Financing Receivable
Commercial and industrial	$ 86	n/m %	$ 8,380	0.41 %
Commercial real estate	—	—	716	0.02
Construction	—	—	904	0.10
Residential mortgage	—	—	1,049	0.03
Consumer	541	0.05	601	0.06
Total	$ 627	n/m %	$ 11,650	0.08 %

n/m – Represents less than 0.01% of total class of financing receivable.
(1) The amortized cost basis reflects all partial paydowns and charge-offs since the modification date and do not include loans modified to borrowers experiencing financial difficulty that have been fully paid off, charged off, or foreclosed upon by the end of the period.

	Other-Than-Insignificant Payment Delay			
	Three Months Ended September 30, 2025		Nine Months Ended September 30, 2025	
(dollars in thousands)	Amortized Cost Basis[1]	% of Total Class of Financing Receivable	Amortized Cost Basis[1]	% of Total Class of Financing Receivable
Commercial real estate	$ —	— %	$ 999	0.02 %
Residential mortgage	475	0.01	1,673	0.04
Total	$ 475	n/m %	$ 2,672	0.02 %

n/m – Represents less than 0.01% of total class of financing receivable.
(1) The amortized cost basis reflects all partial paydowns and charge-offs since the modification date and do not include loans modified to borrowers experiencing financial difficulty that have been fully paid off, charged off, or foreclosed upon by the end of the period.

There were no loan modifications to borrowers experiencing financial difficulty for which the Company had modified the terms of the loans in the form of an other-than-insignificant payment delay during both the three and nine months ended September 30, 2026.

The following tables describe, by class of financing receivable and type of modification granted, the financial effect of the modifications made to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2026 and 2025, respectively:

	Interest Rate Reduction Financial Effect	
	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Consumer	**Reduced weighted-average contractual interest rate by 13.16%.**	**Reduced weighted-average contractual interest rate by 13.50%.**

	Interest Rate Reduction Financial Effect	
	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Consumer	Reduced weighted-average contractual interest rate by 13.44%.	Reduced weighted-average contractual interest rate by 13.10%.

	Term Extension Financial Effect	
	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Commercial and industrial	**Added a weighted-average 5.0 years to the life of loans.**	**Added a weighted-average 4.9 years to the life of loans.**
Residential mortgage	—	**Added a weighted-average 2.0 years to the life of loans.**
Consumer	**Added a weighted-average 4.0 years to the life of loans.**	**Added a weighted-average 4.9 years to the life of loans.**

	Term Extension Financial Effect	
	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Commercial and industrial	Added a weighted-average 4.8 years to the life of loans.	Added a weighted-average 0.7 years to the life of loans.
Commercial real estate	—	Added a weighted-average 0.4 years to the life of loans.
Construction	—	Added a weighted-average 0.3 years to the life of loans.
Residential mortgage	—	Added a weighted-average 0.3 years to the life of loans.
Consumer	Added a weighted-average 0.5 years to the life of loans.	Added a weighted-average 0.9 years to the life of loans.

	Other-Than-Insignificant Payment Delay Financial Effect	
	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Commercial real estate	—	Deferred a weighted-average of $209 thousand in loan payments.
Residential mortgage	Deferred a weighted-average of $26 thousand in loan payments.	Deferred a weighted-average of $54 thousand in loan payments.

The following tables present, by class of financing receivable and type of modification granted, the amortized cost basis, as of September 30, 2026 and 2025, of loans that had a payment default during the three and nine months ended September 30, 2026 and 2025, respectively, and were modified in the 12 months before default to borrowers experiencing financial difficulty. The Company is reporting these defaulted loans based on a payment default definition of 30 days past due:

	Amortized Cost Basis of Modified Loans That Subsequently Defaulted[1]					
	Three Months Ended September 30, 2026			Nine Months Ended September 30, 2026		
(dollars in thousands)	Interest Rate Reduction	Term Extension	Other-Than-Insignificant Payment Delay	Interest Rate Reduction	Term Extension	Other-Than-Insignificant Payment Delay
Commercial and industrial	$ —	$ 24	$ —	$ —	$ 104	$ —
Residential mortgage	—	506	—	—	1,221	—
Consumer	213	—	—	427	—	—
Total	$ 213	$ 530	$ —	$ 427	$ 1,325	$ —

(1) The amortized cost basis reflects all partial paydowns and charge-offs since the modification date and do not include loans modified to borrowers experiencing financial difficulty that have been fully paid off, charged off, or foreclosed upon by the end of the period.

	Amortized Cost Basis of Modified Loans That Subsequently Defaulted[1]					
	Three Months Ended September 30, 2025			Nine Months Ended September 30, 2025		
(dollars in thousands)	Interest Rate Reduction	Term Extension	Other-Than-Insignificant Payment Delay	Interest Rate Reduction	Term Extension	Other-Than-Insignificant Payment Delay
Commercial and industrial	$ —	$ 522	$ —	$ —	$ 630	$ —
Construction	—	—	—	—	904	—
Residential mortgage	—	—	—	—	299	557
Consumer	258	16	—	445	22	—
Total	$ 258	$ 538	$ —	$ 445	$ 1,855	$ 557

(1) The amortized cost basis reflects all partial paydowns and charge-offs since the modification date and do not include loans modified to borrowers experiencing financial difficulty that have been fully paid off, charged off, or foreclosed upon by the end of the period.

Performance of the loans that are modified to borrowers experiencing financial difficulty is monitored to understand the effectiveness of the Company's modification efforts. As of September 30, 2026 and 2025, the aging analysis of the amortized cost basis of the performance of loans that have been modified in the last 12 months related to borrowers experiencing financial difficulty was as follows:

	September 30, 2026					
	Past Due					
(dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater Than or Equal to 90 Days Past Due	Total Past Due	Current	Total
Commercial and industrial	$ —	$ —	$ 24	$ 24	$ 503	$ 527
Residential mortgage	—	—	—	—	749	749
Consumer	89	56	109	254	1,391	1,645
Total	$ 89	$ 56	$ 133	$ 278	$ 2,643	$ 2,921

	September 30, 2025					
	Past Due					
(dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater Than or Equal to 90 Days Past Due	Total Past Due	Current	Total
Commercial and industrial	$ —	$ —	$ —	$ —	$ 8,465	$ 8,465
Commercial real estate	—	—	—	—	1,715	1,715
Construction	—	—	904	904	—	904
Residential mortgage	—	—	299	299	3,450	3,749
Consumer	143	71	64	278	1,701	1,979
Total	$ 143	$ 71	$ 1,267	$ 1,481	$ 15,331	$ 16,812

The Company had commitments to extend credit, standby letters of credit, and commercial letters of credit totaling $6.9 billion as of both September 30, 2026 and December 31, 2025. Of the $6.9 billion at September 30, 2026 and December 31, 2025, there were no commitments to lend additional funds to borrowers experiencing financial difficulty for which the Company had modified the terms of the loans in the form of an interest rate reduction, term extension, or other-than-insignificant payment delay during the nine months ended September 30, 2026 and during the year ended December 31, 2025.

Foreclosed Property

As of both September 30, 2026 and December 31, 2025, there were no residential real estate properties held from foreclosed residential mortgage loans.

5. Other Assets

Bank-Owned Life Insurance

During 2026 and 2025, the Company entered into noncash exchanges of certain bank-owned life insurance ("BOLI") policies in accordance with Internal Revenue Code ("IRC") Section 1035. Cash surrender value of nil and $2.2 million were transferred into new policies during the three and nine months ended September 30, 2026, respectively. Cash surrender value of nil and $81.7 million were transferred into new policies during the three and nine months ended September 30, 2025, respectively. No gain or loss was recognized as part of these exchanges.

Mortgage Servicing Rights

Mortgage servicing activities include collecting principal, interest, tax and insurance payments from borrowers while accounting for and remitting payments to investors, taxing authorities and insurance companies. The Company also monitors delinquencies and administers foreclosure proceedings.

Mortgage loan servicing income is recorded in noninterest income as a part of other service charges and fees and amortization of the servicing assets is recorded in noninterest income as part of other income. The Company's maximum potential exposure to repurchases is limited to the unpaid principal amount of residential real estate loans serviced for others, which were $1.0 billion and $1.1 billion as of September 30, 2026 and December 31, 2025, respectively. Servicing fees include contractually specified fees, late charges and ancillary fees and were $0.4 million and $0.7 million for the three months ended September 30, 2026 and 2025, respectively, and $1.8 million and $2.2 million for the nine months ended September 30, 2026 and 2025, respectively.

Amortization of mortgage servicing rights ("MSRs") were $0.2 million and $0.1 million for the three months ended September 30, 2026 and 2025, respectively, and $0.6 million and $0.5 million for the nine months ended September 30, 2026 and 2025, respectively. The estimated future amortization expenses for MSRs over the next five years are as follows:

(dollars in thousands)	Estimated Amortization
Under one year	**$ 573**
One to two years	**510**
Two to three years	**455**
Three to four years	**405**
Four to five years	**360**

The details of the Company's MSRs are presented below:

(dollars in thousands)	September 30, 2026	December 31, 2025
Gross carrying amount	**$ 70,261**	$ 70,096
Less: accumulated amortization	**66,097**	65,458
Net carrying value	**$ 4,164**	$ 4,638

The following table presents changes in amortized MSRs for the three and nine months ended September 30, 2026 and 2025:

(dollars in thousands)	Three Months Ended September 30, 2026	2025	Nine Months Ended September 30, 2026	2025
Balance at beginning of period	**$ 4,302**	$ 4,828	**$ 4,638**	$ 5,078
Originations	**59**	44	**165**	147
Amortization	**(197)**	(144)	**(639)**	(497)
Balance at end of period	**$ 4,164**	$ 4,728	**$ 4,164**	$ 4,728
Fair value of amortized MSRs at beginning of period	**$ 12,216**	$ 13,042	**$ 12,364**	$ 13,404
Fair value of amortized MSRs at end of period	**$ 12,176**	$ 12,554	**$ 12,176**	$ 12,554

MSRs are evaluated for impairment if events and circumstances indicate a possible impairment. No impairment of MSRs was recorded for the three and nine months ended September 30, 2026 and 2025.

The quantitative assumptions used in determining the lower of cost or fair value of the Company's MSRs as of September 30, 2026 and December 31, 2025 were as follows:

	September 30, 2026 Range	Weighted Average	December 31, 2025 Range	Weighted Average
Conditional prepayment rate	**5.97% - 16.77%**	**6.45%**	6.31% - 7.00%	6.83%
Life in years (of the MSR)	**5.00 - 7.06**	**7.01**	6.18 - 7.09	6.93
Weighted-average coupon rate	**3.10% - 5.68%**	**3.85%**	3.77% - 4.10%	3.84%
Discount rate	**10.27% - 10.54%**	**10.44%**	10.37% - 10.45%	10.40%

The sensitivities surrounding MSRs are expected to have an immaterial impact on fair value.

Low-Income Housing Tax Credit Investments

The Company has a limited partnership interest or is a member in a limited liability company ("LLC") in several low-income housing partnerships. These partnerships or LLCs provide funds for the construction and operation of apartment complexes that provide affordable housing to that segment of the population with lower family income. If these developments successfully attract a specified percentage of residents falling in that lower income range, state and/or federal income tax credits are made available to the partners or members. The tax credits are generally recognized over 5 or 10 years. In order to continue receiving the tax credits each year over the life of the partnership or LLC, the low-income residency targets must be maintained.

The Company generally accounts for its interests in these low-income housing partnerships using the proportional amortization method. The Company had $312.2 million and $302.3 million in affordable housing and other tax credit investment partnership interests as of September 30, 2026 and December 31, 2025, respectively, included in other assets on the unaudited interim consolidated balance sheets. The amount of amortization of such investments reported in the provision for income taxes was $8.9 million and $7.6 million during the three months ended September 30, 2026 and 2025, respectively, and $26.8 million and $22.8 million during the nine months ended September 30, 2026 and 2025, respectively. The affordable housing tax credits and other benefits recognized were $12.0 million and $9.6 million during the three months ended September 30, 2026 and 2025, respectively, and $35.9 million and $28.9 million during the nine months ended September 30, 2026 and 2025, respectively, and were included in the provision for income taxes on the unaudited interim consolidated statements of income and net income on the unaudited interim consolidated statements of cash flows.

Unfunded commitments to fund these investments were $163.7 million and $153.3 million as of September 30, 2026 and December 31, 2025, respectively. These unfunded commitments are unconditional and legally binding and are recorded in other liabilities in the unaudited interim consolidated balance sheets.

6. Transfers of Financial Assets

The Company's transfers of financial assets with continuing interest may include pledges of collateral to secure public deposits and repurchase agreements, FHLB and FRB borrowing capacity and interest rate derivatives.

For public deposits and repurchase agreements, the Company enters into bilateral agreements with the entity to pledge investment securities as collateral in the event of default. The right of setoff for a repurchase agreement resembles a secured borrowing, whereby the collateral pledged by the Company would be used to settle the fair value of the repurchase agreement should the Company be in default. The counterparty has the right to sell or repledge the investment securities. The Company is required by the counterparty to maintain adequate collateral levels. In the event the collateral fair value falls below stipulated levels, the Company will pledge additional investment securities. For transfers of assets with the FHLB and the FRB, the Company enters into bilateral agreements to pledge loans and/or securities as collateral to secure borrowing capacity. For interest rate derivatives, the Company enters into bilateral agreements to pledge collateral when either party is in a negative fair value position to mitigate counterparty credit risk. Counterparties to certain interest rate derivatives, the FHLB and the FRB do not have the right to sell or repledge the collateral.

The carrying amounts of the assets pledged as collateral to secure public deposits and borrowing capacity as of September 30, 2026 and December 31, 2025 were as follows:

(dollars in thousands)	September 30, 2026	December 31, 2025
Public deposits	**$ 1,580,039**	$ 1,791,182
Federal Home Loan Bank	**5,128,821**	4,891,682
Federal Reserve Bank	**3,798,636**	3,970,029
Total	**$ 10,507,496**	$ 10,652,893

As of September 30, 2026 and December 31, 2025, the borrowing capacity with the FHLB was $3.6 billion and $3.3 billion, respectively. The FHLB borrowing capacity was secured by commercial real estate and residential real estate loan collateral as of both September 30, 2026 and December 31, 2025. As of September 30, 2026 and December 31, 2025, the Company had an undrawn line of credit of $3.1 billion and $3.3 billion, respectively, available from the FRB. The borrowing capacity with the FRB was secured by consumer, commercial and industrial, commercial real estate, residential real estate loans and pledged securities as of both September 30, 2026 and December 31, 2025.

As the Company did not enter into reverse repurchase agreements or repurchase agreements, no collateral was accepted as of September 30, 2026 and December 31, 2025. In addition, no debt was extinguished by in-substance defeasance.

7. Deposits

As of September 30, 2026 and December 31, 2025, deposits were categorized as interest-bearing or noninterest-bearing as follows:

(dollars in thousands)	September 30, 2026	December 31, 2025
U.S.:		
Interest-bearing	**$ 12,220,002**	$ 12,502,417
Noninterest-bearing	**5,606,481**	5,794,973
Foreign:		
Interest-bearing	**1,583,662**	1,465,959
Noninterest-bearing	**794,425**	752,319
Total deposits	**$ 20,204,570**	$ 20,515,668

The following table presents the maturity distribution of time certificates of deposit as of September 30, 2026:

(dollars in thousands)	Under $250,000	$250,000 or More	Total
Three months or less	$ 725,680	$ 554,847	$ 1,280,527
Over three through six months	809,484	610,712	1,420,196
Over six through twelve months	304,179	177,527	481,706
One to two years	16,981	4,483	21,464
Two to three years	13,408	6,464	19,872
Three to four years	8,058	1,113	9,171
Four to five years	6,938	1,315	8,253
Thereafter	4	—	4
Total	$ 1,884,732	$ 1,356,461	$ 3,241,193

Time certificates of deposit in denominations of $250,000 or more, in the aggregate, were $1.4 billion and $1.5 billion as of September 30, 2026 and December 31, 2025, respectively. Overdrawn deposit accounts are classified as loans and totaled $4.0 million and $3.2 million as of September 30, 2026 and December 31, 2025, respectively.

8. Accumulated Other Comprehensive Loss

Accumulated other comprehensive income (loss) is defined as the revenues, expenses, gains and losses that are included in comprehensive income (loss), but excluded from net income. The Company's significant items of accumulated other comprehensive income (loss) are pension and other benefits, net unrealized gains or losses on investment securities and net unrealized gains or losses on cash flow derivative hedges. The Company utilizes a security-by-security approach to releasing income tax effects from accumulated other comprehensive loss.

Changes in accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2026 and 2025 are presented below:

(dollars in thousands)	Pre-tax Amount	Income Tax Benefit (Expense)	Net of Tax
Accumulated other comprehensive loss at June 30, 2026	$ (490,733)	$ 130,940	$ (359,793)
Three months ended September 30, 2026			
Investment securities:			
Unrealized net losses arising during the period	**(60,987)**	**16,269**	**(44,718)**
Reclassification of net losses to net income:			
Amortization of unrealized holding losses on held-to-maturity securities	**9,513**	**(2,538)**	**6,975**
Net change in investment securities	**(51,474)**	**13,731**	**(37,743)**
Cash flow derivative hedges:			
Unrealized net losses arising during the period	**(7,733)**	**2,111**	**(5,622)**
Reclassification of net gains included in net income	**(196)**	**54**	**(142)**
Amounts excluded from the assessment of hedge effectiveness	**(724)**	**198**	**(526)**
Net change in cash flow derivative hedges	**(8,653)**	**2,363**	**(6,290)**
Other comprehensive loss	**(60,127)**	**16,094**	**(44,033)**
Accumulated other comprehensive loss at September 30, 2026	**$ (550,860)**	**$ 147,034**	**$ (403,826)**

(dollars in thousands)	Pre-tax Amount	Income Tax Benefit (Expense)	Net of Tax
Accumulated other comprehensive loss at December 31, 2025	$ (502,104)	$ 133,964	$ (368,140)
Nine months ended September 30, 2026			
Investment securities:			
Unrealized net losses arising during the period	**(71,642)**	**19,111**	**(52,531)**
Reclassification of net losses to net income:			
Amortization of unrealized holding losses on held-to-maturity securities	**33,131**	**(8,838)**	**24,293**
Net change in investment securities	**(38,511)**	**10,273**	**(28,238)**
Cash flow derivative hedges:			
Unrealized net losses arising during the period	**(7,808)**	**2,131**	**(5,677)**
Reclassification of net gains included in net income	**(196)**	**54**	**(142)**
Amounts excluded from the assessment of hedge effectiveness	**(2,241)**	**612**	**(1,629)**
Net change in cash flow derivative hedges	**(10,245)**	**2,797**	**(7,448)**
Other comprehensive loss	**(48,756)**	**13,070**	**(35,686)**
Accumulated other comprehensive loss at September 30, 2026	**$ (550,860)**	**$ 147,034**	**$ (403,826)**

(dollars in thousands)	Pre-tax Amount	Income Tax Benefit (Expense)	Net of Tax
Accumulated other comprehensive loss at June 30, 2025	$ (555,078)	$ 148,070	$ (407,008)
Three months ended September 30, 2025			
Investment securities:			
Unrealized net gains arising during the period	14,877	(3,969)	10,908
Reclassification of net losses to net income:			
Amortization of unrealized holding losses on held-to-maturity securities	11,464	(3,057)	8,407
Net change in investment securities	26,341	(7,026)	19,315
Cash flow derivative hedges:			
Unrealized net gains arising during the period	(156)	40	(116)
Amounts excluded from the assessment of hedge effectiveness	(467)	127	(340)
Net change in cash flow derivative hedges	(623)	167	(456)
Other comprehensive income	25,718	(6,859)	18,859
Accumulated other comprehensive loss at September 30, 2025	$ (529,360)	$ 141,211	$ (388,149)

(dollars in thousands)	Pre-tax Amount	Income Tax Benefit (Expense)	Net of Tax
Accumulated other comprehensive loss at December 31, 2024	$ (632,793)	$ 168,799	$ (463,994)
Nine months ended September 30, 2025			
Investment securities:			
Unrealized net gains arising during the period	72,594	(19,364)	53,230
Reclassification of net losses to net income:			
Amortization of unrealized holding losses on held-to-maturity securities	31,103	(8,296)	22,807
Reclassification of net gains to net income:			
Investment securities gains, net	(37)	10	(27)
Net change in investment securities	103,660	(27,650)	76,010
Cash flow derivative hedges:			
Unrealized net gains arising during the period	193	(53)	140
Amounts excluded from the assessment of hedge effectiveness	(420)	115	(305)
Net change in cash flow derivative hedges	(227)	62	(165)
Other comprehensive income	103,433	(27,588)	75,845
Accumulated other comprehensive loss at September 30, 2025	$ (529,360)	$ 141,211	$ (388,149)

The following table summarizes changes in accumulated other comprehensive income (loss), net of tax, for the periods indicated:

(dollars in thousands)	Pensions and Other Benefits	Available-for-Sale Investment Securities	Held-to-Maturity Investment Securities	Cash Flow Derivative Hedges	Accumulated Other Comprehensive Loss
Three Months Ended September 30, 2026					
Balance at beginning of period	**$ (4,290)**	**$ (132,820)**	**$ (220,982)**	**$ (1,701)**	**$ (359,793)**
Other comprehensive (loss) income	**—**	**(44,718)**	**6,975**	**(6,290)**	**(44,033)**
Balance at end of period	**$ (4,290)**	**$ (177,538)**	**$ (214,007)**	**$ (7,991)**	**$ (403,826)**
Nine Months Ended September 30, 2026					
Balance at beginning of period	**$ (4,290)**	**$ (125,007)**	**$ (238,300)**	**$ (543)**	**$ (368,140)**
Other comprehensive (loss) income	**—**	**(52,531)**	**24,293**	**(7,448)**	**(35,686)**
Balance at end of period	**$ (4,290)**	**$ (177,538)**	**$ (214,007)**	**$ (7,991)**	**$ (403,826)**
Three Months Ended September 30, 2025					
Balance at beginning of period	$ (1,879)	$ (151,234)	$ (254,101)	$ 206	$ (407,008)
Other comprehensive income (loss)	—	10,908	8,407	(456)	18,859
Balance at end of period	$ (1,879)	$ (140,326)	$ (245,694)	$ (250)	$ (388,149)
Nine Months Ended September 30, 2025					
Balance at beginning of period	$ (1,879)	$ (193,529)	$ (268,501)	$ (85)	$ (463,994)
Other comprehensive income (loss)	—	53,203	22,807	(165)	75,845
Balance at end of period	$ (1,879)	$ (140,326)	$ (245,694)	$ (250)	$ (388,149)

9. Regulatory Capital Requirements

Federal and state laws and regulations limit the amount of dividends the Company may declare or pay. The Company depends primarily on dividends from FHB as the source of funds for the Company's payment of dividends.

The Company and the Bank are subject to various regulatory capital requirements imposed by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's operating activities and financial condition. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and Bank must meet specific capital guidelines that involve quantitative measures of its assets and certain off-balance sheet items. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Bank to maintain minimum amounts and ratios of Common Equity Tier 1 ("CET1") capital, Tier 1 capital and total capital to risk-weighted assets, as well as a minimum leverage ratio.

The table below sets forth those ratios at September 30, 2026 and December 31, 2025:

(dollars in thousands)	First Hawaiian, Inc.		First Hawaiian Bank		Minimum Capital Ratio[1]	Well-Capitalized Ratio[1]
	Amount	Ratio	Amount	Ratio		
September 30, 2026:						
Common equity tier 1 capital to risk-weighted assets	**$ 2,224,060**	**13.50 %**	**$ 2,218,746**	**13.47 %**	**4.50 %**	**6.50 %**
Tier 1 capital to risk-weighted assets	**2,224,060**	**13.50 %**	**2,218,746**	**13.47 %**	**6.00 %**	**8.00 %**
Total capital to risk-weighted assets	**2,428,148**	**14.74 %**	**2,422,834**	**14.71 %**	**8.00 %**	**10.00 %**
Tier 1 capital to average assets (leverage ratio)	**2,224,060**	**9.61 %**	**2,218,746**	**9.59 %**	**4.00 %**	**5.00 %**
December 31, 2025:						
Common equity tier 1 capital to risk-weighted assets	$ 2,142,013	13.17 %	$ 2,129,855	13.10 %	4.50 %	6.50 %
Tier 1 capital to risk-weighted assets	2,142,013	13.17 %	2,129,855	13.10 %	6.00 %	8.00 %
Total capital to risk-weighted assets	2,345,269	14.42 %	2,333,149	14.35 %	8.00 %	10.00 %
Tier 1 capital to average assets (leverage ratio)	2,142,013	9.27 %	2,129,855	9.22 %	4.00 %	5.00 %

(1) As defined by the regulations issued by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation ("FDIC").

Federal regulations require a 2.5% capital conservation buffer designed to absorb losses during periods of economic stress. The capital conservation buffer is composed entirely of CET1, on top of these minimum risk weighted asset ratios, effectively resulting in minimum ratios of (i) 7% CET1 to risk-weighted assets, (ii) 8.5% Tier 1 capital to risk-weighted assets, and (iii) 10.5% total capital to risk-weighted assets. As of September 30, 2026, under the bank regulatory capital guidelines, the Company and Bank were both classified as well-capitalized. Management is not aware of any conditions or events that have occurred since September 30, 2026, to change the capital adequacy category of the Company or the Bank.

In January 2026, the Company announced a stock repurchase program for up to $250.0 million of its outstanding common stock during 2026. Under this plan, the Company repurchased 1,307,738 shares at a total cost of $32.0 million during the nine months ended September 30, 2026. The timing and exact amount of stock repurchases, if any, will be subject to management's discretion and various factors, including the Company's capital position and financial performance, as well as market conditions. The stock repurchase program may be suspended, terminated or modified at any time for any reason.

In October 2026, the Company's Board of Directors declared a quarterly cash dividend of $0.26 per share on our outstanding shares. The dividend is to be paid on November 27, 2026 to shareholders of record at the close of business on November 16, 2026.

10. Income Taxes

On April 1, 2016, a series of reorganization transactions were undertaken to facilitate FHI's initial public offering ("Reorganization Transactions"). FHI distributed its interest in BancWest Holding Inc. ("BWHI"), including Bank of the West ("BOW"), to BNP Paribas ("BNPP") so that BWHI was held directly by BNPP. As a result, various tax or other contingent liabilities could arise related to the business of BOW, or related to the Company's operations prior to the Reorganization Transactions when it was known as BancWest Corporation, including its then wholly owned subsidiary, BOW.

In connection with the Reorganization Transactions discussed above, the Company recorded unrecognized tax benefits and interest and penalties of $121.4 million and $7.0 million, respectively. Included in the balance of the unrecognized tax benefits as of December 31, 2025, was $141.2 million attributable to tax refund claims with respect to tax years 2005 through 2013 and 2015 in the State of California. Such refund claims were filed by the Company in 2015, 2019 and 2021, on behalf of the Company and its affiliates, including BOW, concerning the determination of taxes for which no benefit is currently recognized.

During the three months ended September 30, 2026, a settlement agreement related to tax years 2005-2013 was approved by the California Franchise Tax Board in the amount of $90.3 million. The Company, as agent for BNPP, fully remitted the $90.3 million tax settlement to BNPP pursuant to a tax sharing agreement. The Company also concluded that it had no control over the funds and that BNPP is the owner of such funds. As such, the settlement amount was excluded from the consolidated statements of cash flows for the nine months ended September 30, 2026. However, the settlement resolved certain unrecognized tax benefits of $31.2 million and indemnified tax receivables of $24.3 million for the Company. As a result, the Company recorded $24.3 million to other noninterest expense and an income tax benefit of $31.2 million during the three and nine months ended September 30, 2026, which is reflected in the Company's unaudited interim consolidated financial statements as of and for the three and nine months ended September 30, 2026. The tax refund claim with respect to the 2015 tax year is $20.4 million and was still included in the balance of the unrecognized tax benefits as of September 30, 2026.

Due to the significant tax settlement described above, the Company updated the following reconciliation of the Federal statutory income tax rate to the effective income tax rate for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,			
	2026		2025	
(dollars in thousands)	Amount	Percent	Amount	Percent
Federal statutory income tax expense and rate	**$ 48,839**	**21.00 %**	$ 54,850	21.00 %
Federal reconciling items				
Tax credits:				
Low-income housing tax credits	**(5,690)**	**(2.45)**	(3,828)	(1.47)
Energy credits	**(3,636)**	**(1.56)**	(2,498)	(0.96)
Other credits	**51**	**0.02**	57	0.02
Nontaxable or nondeductible items:				
Changes in indemnification tax receivable	**4,828**	**2.08**	(334)	(0.13)
Tax-exempt BOLI income	**(3,339)**	**(1.44)**	(3,245)	(1.24)
Nondeductible transaction costs	**2,230**	**0.96**	—	—
Other nontaxable or nondeductible items	**866**	**0.37**	171	0.07
Cross-border tax laws	**(321)**	**(0.14)**	(120)	(0.05)
Other adjustments	**1,209**	**0.52**	1,752	0.67
State and local taxes, net of federal income tax benefit[(1)]	**5,869**	**2.52**	6,776	2.60
Foreign tax effects	**60**	**0.03**	26	0.01
Changes in unrecognized tax benefits	**(23,290)**	**(10.01)**	1,250	0.48
Income tax expense and effective income tax rate	**$ 27,676**	**11.90 %**	$ 54,857	21.00 %

(1) State taxes in Hawaii and California made up the majority (greater than 50 percent) of the tax effect in this category.

In addition, the Company also updated the following reconciliation of the amount of unrecognized tax benefits for the nine months ended September 30, 2026:

	Nine Months Ended September 30, 2026		
(dollars in thousands)	Tax	Interest and Penalties	Total
Balance at January 1,	**$ 180,112**	**$ 31,052**	**$ 211,164**
Additions for current year tax positions	**382**	**—**	**382**
Additions for Reorganization Transactions	**—**	**1,293**	**1,293**
Additions for prior years' tax positions:			
Accrual of interest and penalties	**—**	**676**	**676**
Reductions for prior years' tax positions:			
Expiration of statute of limitations	**(997)**	**—**	**(997)**
Resolutions with tax authorities	**(137,832)**	**(20,896)**	**(158,728)**
Balance at September 30,	**$ 41,665**	**$ 12,125**	**$ 53,790**

Included in the balance of unrecognized tax benefits for the nine months ended September 30, 2026 and the year ended December 31, 2025 was $26.0 million and $55.7 million, respectively, of unrecognized tax benefits that, if recognized, would impact the effective tax rate.

11. Derivative Financial Instruments

The Company enters into derivative contracts primarily to manage its interest rate risk, as well as for customer accommodation purposes. Derivatives used for risk management purposes consist of interest rate floors, swaps, and collars that are designated as either a fair value hedge or a cash flow hedge. The derivatives are recognized on the unaudited interim consolidated balance sheets as either assets or liabilities at fair value. Derivatives entered into for customer accommodation purposes consist of various free-standing interest rate derivative products and foreign exchange contracts. The Company is party to master netting arrangements with its financial institution counterparties; however, the Company does not offset assets and liabilities under these arrangements for financial statement presentation purposes.

The following table summarizes the notional amounts and fair values of derivatives held by the Company as of September 30, 2026 and December 31, 2025:

	September 30, 2026			December 31, 2025		
		Fair Value			Fair Value	
(dollars in thousands)	Notional Amount	Asset Derivatives[1]	Liability Derivatives[2]	Notional Amount	Asset Derivatives[1]	Liability Derivatives[2]
Derivatives designated as hedging instruments:						
Interest rate swaps	**$ 457,188**	**$ 9,272**	**$ (7,895)**	$ 60,000	$ 7,470	$ —
Interest rate collars	**100,000**	**—**	**(51)**	100,000	59	—
Interest rate floors	**900,000**	**1,816**	**—**	300,000	1,665	—
Derivatives not designated as hedging instruments:						
Interest rate swaps	**2,901,820**	**29,482**	**(29,482)**	3,018,578	12,328	(12,328)
Visa derivative	**38,770**	**—**	**(2,300)**	69,748	—	(2,300)
Foreign exchange contracts	**25,062**	**—**	**—**	807	—	—

(2) The positive fair values of derivative assets are included in other assets.
(3) The negative fair values of derivative liabilities are included in other liabilities.

Certain interest rate derivatives noted above, are cleared through clearinghouses, rather than directly with counterparties. Those transactions cleared through a clearinghouse require initial margin collateral and variation margin payments depending on the contracts being in a net asset or liability position. As of both September 30, 2026 and December 31, 2025, the amount of initial margin cash collateral posted by the Company was nil. As of both September 30, 2026 and December 31, 2025, the variation margin was nil.

As of September 30, 2026, the Company pledged nil in cash and received $37.0 million in cash as collateral for interest rate derivatives. As of December 31, 2025, the Company pledged nil in cash and received $10.5 million in cash as collateral for interest rate derivatives. As of September 30, 2026 and December 31, 2025, the cash collateral includes the excess initial margin for interest rate derivatives cleared through clearinghouses and cash collateral for interest rate derivatives with financial institution counterparties.

As of September 30, 2026 and December 31, 2025, the Company received $39.0 million and $22.5 million, respectively, in securities collateral for interest rate derivatives, which is held in a custodial account and is not recorded on the Company's unaudited interim consolidated balance sheets.

Fair Value Hedges

To manage the risk related to the Company's net interest margin, interest rate swaps are utilized to hedge certain fixed-rate loans. These swaps have maturity, amortization and prepayment features that correspond to the loans hedged and are designated and qualify as fair value hedges. Any gain or loss on the swaps, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, is recognized in current period earnings.

At September 30, 2026 and December 31, 2025, the Company carried one interest rate swap with a notional amount of $57.2 million and $60.0 million, respectively, which was designated and qualified as a fair value hedge for a commercial and industrial loan. As of September 30, 2026 and December 31, 2025, the interest rate swap had a positive fair value of $9.3 million and $7.5 million, respectively. The swap matures in 2041. The Company received a USD Federal Funds floating rate and paid a fixed rate of 2.07%.

The following table shows the gains and losses recognized in income related to derivatives in fair value hedging relationships for the three and nine months ended September 30, 2026 and 2025:

(dollars in thousands)	Gains (losses) recognized in the consolidated statements of income line item	Three Months Ended September 30,		Nine Months Ended September 30,	
		2026	2025	2026	2025
Gains (losses) on fair value hedging relationships recognized in interest income:					
Recognized on interest rate swap	Loans and lease financing	**$ 744**	$ (901)	**$ 1,803**	$ (769)
Recognized on hedged item	Loans and lease financing	**(745)**	903	**(1,806)**	773

As of September 30, 2026 and December 31, 2025, the following amounts were recorded in the unaudited interim consolidated balance sheets related to the cumulative basis adjustments for fair value hedges:

(dollars in thousands)	Carrying Amount of the Hedged Asset		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Asset	
	September 30, 2026	December 31, 2025	September 30, 2026	December 31, 2025
Line item in the consolidated balance sheets in which the hedged item is included				
Loans and leases	**$ 47,873**	$ 52,491	**$ (9,314)**	$ (7,509)

Cash Flow Hedges

The Company utilized interest rate collars to manage interest rate risk and protect against downside risk in yields associated with interest payments received on a pool of floating-rate assets. The floating-rate index of the collars (Secured Overnight Financing Rate, or "SOFR") corresponds to the floating-rate nature of the interest receipts being hedged (based on SOFR). Interest rate collars involve the payments of variable-rate amounts if the collar index exceeds the cap strike rate on the contract and receipts of variable-rate amounts if the collar index falls below the floor strike rate on the contract. No payments are required if the collar index falls between the cap and floor rates. By hedging with interest rate collars, the Company mitigates the adverse impact on interest income associated with possible future decreases in interest rates.

As of September 30, 2026 and December 31, 2025, the Company carried one interest rate collar with a notional amount of $100.0 million. As of September 30, 2026, the interest rate collar had a negative fair value of $0.1 million. As of December 31, 2025, the interest rate collar had a positive fair value of $0.1 million. The collar matures in 2027. The interest rate collar had a floor strike rate of 2.00% and a cap strike rate of 5.64%.

The Company also utilized interest rate floors to manage interest rate risk and protect against downside risk in yields associated with interest payments received on a pool of floating-rate assets. The floating-rate index of the floors (SOFR) correspond to the floating-rate nature of the interest receipts being hedged (based on SOFR). An interest rate floor involves the receipt of variable-rate amounts if the floor index falls below the floor strike rate on the contract. No payments are received if the floor index is above the floor strike rate. By hedging with interest rate floors, the Company mitigates the adverse impact on interest income associated with possible future decreases in interest rates.

As of December 31, 2025, the Company carried three interest rate floors with notional amounts totaling $300.0 million and a positive fair value of $1.7 million. These interest rate floors were executed between April and September 2025 and will mature in 2028. The Company paid premiums totaling $2.9 million. These interest rate floors have floor strike rates ranging from 2.95% to 3.00%.

During the nine months ended September 30, 2026, the Company executed six additional interest rate floors with notional amounts totaling $600.0 million and paid premiums totaling $3.8 million. These interest rate floors each have a floor strike rate of 3.00% and will mature in 2029. As such, as of September 30, 2026, the Company carried nine interest rate floors with notional amounts totaling $900.0 million and a positive fair value of $1.8 million.

Further, the Company also utilized an interest rate swap to manage interest rate risk and protect against downside risk in yields associated with interest payments received on a pool of floating-rate assets. The floating-rate index of the swap (SOFR) corresponds to the floating-rate nature of the interest receipts being hedged (based on SOFR). An interest rate swap involves exchanging or swapping interest rate cash flows, usually between floating and fixed interest rate payments. By hedging with an interest rate swap, the Company mitigates the adverse impact on interest income associated with possible future decreases in interest rates.

During the three months ended September 30, 2026, the Company executed one interest rate swap with a notional amount of $400.0 million. As of September 30, 2026, the interest rate swap had a negative fair value of $7.9 million. The swap will mature in 2029. The Company received a fixed rate of 3.93% and paid 1-month CME Term SOFR.

The interest rate collars, floors, and swap are designated and qualify as cash flow hedges. To the extent that the hedge is considered highly effective, the gain or loss on the interest rate collars, floors, and swap is reported as a component of other comprehensive income (“OCI”) and reclassified out of accumulated other comprehensive income (“AOCI”) into earnings in the same period that the hedged transaction affects earnings.

The assessment of hedge effectiveness excludes the initial time value of the interest rate floors at inception and on an ongoing basis. This initial time value is recognized as an adjustment to OCI, with an offset to interest income, over the life of the floors through an amortization approach.

The following table summarizes the effect of cash flow hedging relationships for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2026	2025	2026	2025
Pretax net (losses) gains recognized in OCI - included component	**$ (7,733)**	$ (156)	**$ (7,808)**	$ 193
Pretax net losses recognized in OCI - excluded component	**(1,284)**	(593)	**(3,634)**	(620)
Total pretax net losses recognized in OCI on cash flow derivative hedges	**$ (9,017)**	$ (749)	**$ (11,442)**	$ (427)
Pretax net gains reclassified from AOCI into income - included component[1]	**$ (196)**	$ —	**$ (196)**	$ —
Pretax net losses reclassified from AOCI into income - excluded component[1]	**560**	126	**1,393**	200
Total pretax net losses reclassified from AOCI into income[1]	**$ 364**	$ 126	**$ 1,197**	$ 200

(1) Losses (gains) are reclassified from AOCI into interest income from loans and lease financing.

The estimated net amount to be reclassified within the next 12 months out of AOCI into earnings is $4.2 million as a decrease to interest income from loans and lease financing. As of September 30, 2026, the maximum length of time over which forecasted transactions are hedged is approximately three years.

Free-Standing Derivative Instruments

For the derivatives that are not designated as hedges, changes in fair value are reported in current period earnings. The following table summarizes the impact on pretax earnings of derivatives not designated as hedges, as reported on the unaudited interim consolidated statements of income for the three and nine months ended September 30, 2026 and 2025:

(dollars in thousands)	Net losses recognized in the consolidated statements of income line item	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Derivatives Not Designated As Hedging Instruments:					
Interest rate swaps	Other noninterest income	**$ —**	$ —	**$ —**	$ (21)
Visa derivative	Other noninterest income	**(1,028)**	(1,500)	**(3,033)**	(3,695)

As of September 30, 2026, the Company carried multiple interest rate swaps with notional amounts totaling $2.9 billion, all of which were related to the Company's customer swap program, with a positive fair value of $29.5 million and a negative fair value of $29.5 million. The Company received floating rates ranging from 3.68% to 6.68% and paid fixed rates ranging from 2.39% to 6.67%. The swaps mature between November 2026 and August 2046. As of December 31, 2025, the Company carried multiple interest rate swaps with notional amounts totaling $3.0 billion, all of which were related to the Company's customer swap program, with a positive fair value of $12.3 million and a negative fair value of $12.3 million. The Company received floating rates ranging from 3.87% to 6.87% and paid fixed rates ranging from 2.39% to 6.67%. These swaps resulted in net interest expense of nil during both the three and nine months ended September 30, 2026 and 2025.

The Company's customer swap program is designed by offering customers a variable-rate loan that is swapped to fixed-rate through an interest rate swap. The Company simultaneously executes an offsetting interest rate swap with a swap dealer. Upfront fees on the dealer swap are recorded in other noninterest income and totaled $0.2 million and $1.3 million for the three months ended September 30, 2026 and 2025, respectively and $1.2 million and $1.8 million for the nine months ended September 30, 2026 and 2025, respectively.

Visa Class B Restricted Shares

In 2016, the Company recorded a $22.7 million net realized gain related to the sale of 274,000 Visa Class B restricted shares. Concurrent with the sale of the Visa Class B restricted shares, the Company entered into a funding swap agreement with the buyer that requires payment to the buyer in the event Visa reduces each member bank's Class B conversion rate to unrestricted Class A common shares. During 2018 through 2023, Visa funded its litigation escrow account, thereby reducing each member bank's Class B conversion rate to unrestricted Class A common shares from 1.6483 to 1.5875. Under the terms of the funding swap agreement, the Company will make monthly payments to the buyer based on Visa's Class A stock price and the number of Visa Class B restricted shares that were sold until the date on which the covered litigation is settled. In April 2024, Visa, Inc. commenced an initial exchange offer ("Visa Exchange Offer") for all of its outstanding Class B shares (subsequently renamed as "Class B-1 shares"), of which the buyer elected and Visa, Inc. accepted. The buyer received a combination of Visa Class B-2 shares and Visa Class C shares in exchange for the 274,000 Class B-1 shares previously owned by the Company. In April 2026, a similar Exchange Offer was initiated that allowed Visa Class B shareholders to exchange their Visa Class B-1 and/or Visa Class B-2 stock for Visa Class B-3 and Visa Class C stock, which the buyer also elected and Visa, Inc. accepted. The buyer received a combination of Visa Class B-3 and Visa Class C shares in exchange for the 137,000 Class B-2 shares remaining after the initial exchange offer. Visa Class B-3 shares and Visa Class C shares have a current conversion rate to Class A common shares of 1.4773 and 4.0000, respectively. The Company took these exchanges into consideration when valuing the derivative liability ("Visa derivative") at September 30, 2026 and December 31, 2025. The Visa derivative of $2.3 million was included in the unaudited interim consolidated balance sheets at both September 30, 2026 and December 31, 2025, to provide for the fair value of this liability. There were no sales of these shares prior to 2016. See "Note 16. Fair Value" for more information.

Counterparty Credit Risk

By using derivatives, the Company is exposed to counterparty credit risk if counterparties to the derivative contracts do not perform as expected. If a counterparty fails to perform, the Company's counterparty credit risk is equal to the amount reported as a derivative asset, net of cash or other collateral received, and net of derivatives in a loss position with the same counterparty to the extent master netting arrangements exist. The Company minimizes counterparty credit risk through credit approvals, limits, monitoring procedures, executing master netting arrangements and obtaining collateral, where appropriate. Counterparty credit risk related to derivatives is considered in determining fair value.

The Company's interest rate derivative agreements include bilateral collateral agreements with collateral requirements, which begin with exposures in excess of $0.3 million. For each counterparty, the Company reviews the interest rate derivative collateral daily. Collateral for customer interest rate derivative agreements, calculated as the pledged asset less loan balance, requires valuation of the pledged asset. Counterparty credit risk adjustments of nil were recognized during both the three and nine months ended September 30, 2026 and 2025.

Credit-Risk Related Contingent Features

Certain of the Company's derivative contracts contain provisions whereby if the Company's credit rating were to be downgraded by certain major credit rating agencies as a result of a merger or material adverse change in the Company's financial condition, the counterparty could require an early termination of derivative instruments. The aggregate fair value of all derivative instruments with such credit-risk related contingent features that are in a net liability position was nil at both September 30, 2026 and December 31, 2025, for which the Company posted nil in collateral in the normal course of business. If the Company's credit rating had been downgraded as of September 30, 2026 and December 31, 2025, the Company may have been required to settle the contracts in an amount equal to their fair value.

12. Commitments and Contingent Liabilities

Contingencies

Various legal proceedings are pending or threatened against the Company. After consultation with legal counsel, management does not expect that the aggregate liability, if any, resulting from these proceedings would have a material effect on the Company's unaudited interim consolidated financial position, results of operations or cash flows.

Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby and commercial letters of credit which are not reflected in the unaudited interim consolidated financial statements.

Unfunded Commitments to Extend Credit

A commitment to extend credit is a legally binding agreement to lend funds to a customer, usually at a stated interest rate and for a specified purpose. Commitments are reported net of participations sold to other institutions. Such commitments have fixed expiration dates and generally require a fee. The extension of a commitment gives rise to credit risk. The actual liquidity requirements or credit risk that the Company will experience is expected to be lower than the contractual amount of commitments to extend credit because a significant portion of those commitments are expected to expire without being drawn upon. Certain commitments are subject to loan agreements containing covenants regarding the financial performance of the customer that must be met before the Company is required to fund the commitment. The Company uses the same credit policies in making commitments to extend credit as it does in making loans. In addition, the Company manages the potential credit risk in commitments to extend credit by limiting the total amount of arrangements, both by individual customer and in the aggregate, by monitoring the size and expiration structure of these portfolios and by applying the same credit standards maintained for all of its related credit activities. Commitments to extend credit are reported net of participations sold to other institutions of $35.7 million and $86.4 million at September 30, 2026 and December 31, 2025, respectively.

Standby and Commercial Letters of Credit

Standby letters of credit are issued on behalf of customers in connection with contracts between the customers and third parties. Under standby letters of credit, the Company assures that the third parties will receive specified funds if customers fail to meet their contractual obligations. The credit risk to the Company arises from its obligation to make payment in the event of a customer's contractual default. Standby letters of credit are reported net of participations sold to other institutions of $6.3 million at both September 30, 2026 and December 31, 2025. The Company also had commitments for commercial and similar letters of credit. Commercial letters of credit are issued specifically to facilitate commerce whereby the commitment is typically drawn upon when the underlying transaction between the customer and a third-party is consummated. The maximum amount of potential future payments guaranteed by the Company is limited to the contractual amount of these letters. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held supports those commitments for which collateral is deemed necessary. The commitments outstanding as of September 30, 2026 have maturities ranging from October 2026 to September 2031. Substantially all fees received from the issuance of such commitments are deferred and amortized on a straight-line basis over the term of the commitment.

Financial instruments with off-balance sheet risk at September 30, 2026 and December 31, 2025 were as follows:

(dollars in thousands)	September 30, 2026	December 31, 2025
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	**$ 6,675,022**	$ 6,635,946
Standby letters of credit	**231,789**	252,166
Commercial letters of credit	**3,291**	2,040

Guarantees

The Company sells residential mortgage loans in the secondary market primarily to the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation that may potentially require repurchase under certain conditions. This risk is managed through the Company's underwriting practices. The Company services loans sold to investors and loans originated by other originators under agreements that may include repurchase remedies if certain servicing requirements are not met. This risk is managed through the Company's quality assurance and monitoring procedures. Management does not anticipate any material losses as a result of these transactions.

Foreign Exchange Contracts

The Company has forward foreign exchange contracts that represent commitments to purchase or sell foreign currencies at a future date at a specified price. The Company's utilization of forward foreign exchange contracts is subject to the primary underlying risk of movements in foreign currency exchange rates and to additional counterparty risk should its counterparties fail to meet the terms of their contracts. Forward foreign exchange contracts are utilized to mitigate the Company's risk to satisfy customer demand for foreign currencies and are not used for trading purposes. See "Note 11. Derivative Financial Instruments" for more information.

13. Revenue from Contracts with Customers

Revenue Recognition

In accordance with Topic 606, *Revenue from Contracts with Customers*, revenues are recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of Topic 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of Topic 606, the Company assesses the goods or services that are promised within each contract and identifies those that contain performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Disaggregation of Revenue

During the quarter ended December 31, 2025, the Company realigned its internal organizational and management reporting structure. As a result of this change, the Company reduced its reportable operating segments from three to two. The Company's reportable segments are now Retail Banking and Commercial Banking. Activities previously reported within the Treasury and Other segment are now included in Corporate/Other, as Treasury exists to support the Company's operating segments. The change in reportable segments reflects how the Company's chief operating decision maker currently evaluates performance and allocates resources. The Company has reported its selected financial information using two reportable operating segments for the three and nine months ended September 30, 2026 and 2025. See "Note 17. Reportable Operating Segments" for more information.

The following table summarizes the Company's revenues, which includes net interest income on financial instruments and noninterest income, disaggregated by type of service and business segments and Corporate/Other, for the periods indicated:

	Three Months Ended September 30, 2026			
(dollars in thousands)	Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total
Net interest income (expense)[1]	**$ 136,707**	**$ 45,355**	**$ (7,958)**	**$ 174,104**
Service charges on deposit accounts	**7,433**	**1,179**	**81**	**8,693**
Credit and debit card fees	**—**	**14,195**	**966**	**15,161**
Other service charges and fees	**12,077**	**565**	**590**	**13,232**
Trust and investment services income	**9,146**	**—**	**—**	**9,146**
Other	**202**	**1,287**	**1,169**	**2,658**
Not in scope of Topic 606[1]	**1,630**	**1,713**	**3,890**	**7,233**
Total noninterest income	**30,488**	**18,939**	**6,696**	**56,123**
Total revenue	**$ 167,195**	**$ 64,294**	**$ (1,262)**	**$ 230,227**

(dollars in thousands)	Nine Months Ended September 30, 2026 Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total
Net interest income (expense)[1]	**$ 399,624**	**$ 134,424**	**$ (21,421)**	**$ 512,627**
Service charges on deposit accounts	**21,124**	**3,697**	**344**	**25,165**
Credit and debit card fees	**—**	**41,563**	**2,941**	**44,504**
Other service charges and fees	**33,310**	**1,952**	**1,702**	**36,964**
Trust and investment services income	**27,366**	**—**	**—**	**27,366**
Other	**757**	**6,513**	**3,721**	**10,991**
Not in scope of Topic 606[1]	**5,181**	**5,271**	**13,781**	**24,233**
Total noninterest income	**87,738**	**58,996**	**22,489**	**169,223**
Total revenue	**$ 487,362**	**$ 193,420**	**$ 1,068**	**$ 681,850**

(1) Most of the Company's revenue is not within the scope of Topic 606. The guidance explicitly excludes net interest income from financial assets and liabilities as well as other noninterest income from loans, leases, investment securities, derivative financial instruments and bank-owned life insurance.

(dollars in thousands)	Three Months Ended September 30, 2025 Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total
Net interest income (expense)[1]	$ 131,790	$ 44,254	$ (6,713)	$ 169,331
Service charges on deposit accounts	6,780	1,252	64	8,096
Credit and debit card fees	—	14,283	984	15,267
Other service charges and fees	10,268	621	564	11,453
Trust and investment services income	9,212	—	—	9,212
Other	213	2,204	805	3,222
Not in scope of Topic 606[1]	2,039	2,714	5,057	9,810
Total noninterest income	28,512	21,074	7,474	57,060
Total revenue	$ 160,302	$ 65,328	$ 761	$ 226,391

(dollars in thousands)	Nine Months Ended September 30, 2025 Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total
Net interest income (expense)[1]	$ 385,294	$ 132,819	$ (24,673)	$ 493,440
Service charges on deposit accounts	19,776	3,405	280	23,461
Credit and debit card fees	—	41,588	2,923	44,511
Other service charges and fees	28,927	1,847	1,676	32,450
Trust and investment services income	27,736	—	—	27,736
Other	683	5,157	3,217	9,057
Not in scope of Topic 606[1]	5,795	5,871	12,614	24,280
Total noninterest income	82,917	57,868	20,710	161,495
Total revenue	$ 468,211	$ 190,687	$ (3,963)	$ 654,935

(1) Most of the Company's revenue is not within the scope of Topic 606. The guidance explicitly excludes net interest income from financial assets and liabilities as well as other noninterest income from loans, leases, investment securities, derivative financial instruments and bank-owned life insurance.

For the three and nine months ended September 30, 2026 and 2025, substantially all of the Company's revenues under the scope of Topic 606 were related to performance obligations satisfied at a point in time.

The following is a discussion of revenues within the scope of Topic 606.

Service Charges on Deposit Accounts

Service charges on deposit accounts relate to fees generated from a variety of deposit products and services rendered to customers. Charges include, but are not limited to, overdraft fees, non-sufficient fund fees, dormant fees and monthly service charges. Such fees are recognized concurrent with the event on a daily basis or on a monthly basis depending upon the customer's cycle date.

Credit and Debit Card Fees

Credit and debit card fees primarily represent revenues earned from interchange fees, ATM fees and merchant processing fees. Interchange and network revenues are earned on credit and debit card transactions conducted with payment networks. ATM fees are primarily earned as a result of surcharges assessed to non-FHB customers who use an FHB ATM. Merchant processing fees are primarily earned on transactions in which FHB is the acquiring bank. Such fees are generally recognized concurrently with the delivery of services on a daily basis.

Trust and Investment Services Fees

Trust and investment services fees represent revenue earned by directing, holding and managing customers' assets. Fees are generally computed based on a percentage of the previous period's value of assets under management. The transaction price (i.e., percentage of assets under management) is established at the inception of each contract. Trust and investment services fees also include fees collected when the Company acts as agent or personal representative and executes security transactions, performs collection and disbursement of income, and completes investment management and other administrative tasks.

Other Fees

Other fees primarily include revenues generated from wire transfers, lockboxes, bank issuance of checks and insurance commissions. Such fees are recognized concurrent with the event or on a monthly basis.

Contract Balances

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. The Company received signing bonuses from three vendors in prior years, which are being amortized over the term of the respective contracts. As of September 30, 2026 and December 31, 2025, the Company had contract liabilities of $0.7 million and $1.3 million, respectively, which it expects to recognize over the remaining term of the respective contracts with the vendors. For the three and nine months ended September 30, 2026, the Company's recognized revenues increased and contract liabilities decreased by approximately $0.2 million and $0.7 million, respectively, due to the passage of time. For the three and nine months ended September 30, 2025, the Company's recognized revenues increased and contract liabilities decreased by approximately $0.2 million and $0.8 million, respectively, due to the passage of time. There were no changes in contract liabilities due to changes in transaction price estimates.

A contract asset is the right to consideration for transferred goods or services when the amount is conditioned on something other than the passage of time. As of September 30, 2026 and December 31, 2025, there were no material receivables from contracts with customers or contract assets recorded on the Company's unaudited interim consolidated balance sheets.

Other

Except for the contract liabilities noted above, the Company did not have any significant performance obligations as of September 30, 2026 and December 31, 2025. The Company also did not have any material contract acquisition costs or use any significant judgments or estimates in recognizing revenue for financial reporting purposes.

14. Earnings per Share

For the three and nine months ended September 30, 2026, the Company made no adjustments to net income for the purpose of computing earnings per share and there were 1,000 antidilutive securities. For both the three and nine months ended September 30, 2025, the Company made no adjustments to net income for the purpose of computing earnings per share and there were nil and 1,000 antidilutive securities, respectively. For the three and nine months ended September 30, 2026 and 2025, the computations of basic and diluted earnings per share were as follows:

(dollars in thousands, except shares and per share amounts)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Numerator:				
Net income	**$ 63,730**	$ 73,840	**$ 204,889**	$ 206,335
Denominator:				
Basic: weighted-average shares outstanding	**121,681,309**	124,267,090	**121,933,207**	125,282,792
Add: weighted-average equity-based awards	**797,180**	703,808	**783,535**	694,479
Diluted: weighted-average shares outstanding	**122,478,489**	124,970,898	**122,716,742**	125,977,271
Basic earnings per share	**$ 0.52**	$ 0.59	**$ 1.68**	$ 1.65
Diluted earnings per share	**$ 0.52**	$ 0.59	**$ 1.67**	$ 1.64

15. Noninterest Income and Noninterest Expense

Benefit Plans

The following table sets forth the components of net periodic benefit cost for the Company's pension and postretirement benefit plans for the three and nine months ended September 30, 2026 and 2025:

(dollars in thousands)	Income line item where recognized in the consolidated statements of income	Pension Benefits 2026	Pension Benefits 2025	Other Benefits 2026	Other Benefits 2025
Three Months Ended September 30,					
Service cost	Salaries and employee benefits	**$ —**	$ —	**$ 196**	$ 162
Interest cost	Other noninterest expense	**1,757**	1,886	**208**	203
Expected return on plan assets	Other noninterest expense	**(831)**	(876)	**—**	—
Recognized net actuarial loss (gain)	Other noninterest expense	**278**	382	**(218)**	(300)
Total net periodic benefit cost		**$ 1,204**	$ 1,392	**$ 186**	$ 65
Nine Months Ended September 30,					
Service cost	Salaries and employee benefits	**$ —**	$ —	**$ 602**	$ 500
Interest cost	Other noninterest expense	**5,182**	5,645	**657**	653
Expected return on plan assets	Other noninterest expense	**(2,493)**	(2,628)	**—**	—
Recognized net actuarial loss (gain)	Other noninterest expense	**834**	1,148	**(654)**	(902)
Total net periodic benefit cost		**$ 3,523**	$ 4,165	**$ 605**	$ 251

Leases

The Company recognized operating lease income related to lease payments of $1.7 million and $1.6 million for the three months ended September 30, 2026 and 2025, respectively, and $5.0 million and $4.9 million for the nine months ended September 30, 2026 and 2025, respectively. In addition, the Company recognized $1.5 million and $1.4 million of lease income related to variable lease payments for the three months ended September 30, 2026 and 2025, respectively, and $4.4 million and $4.3 million for the nine months ended September 30, 2026 and 2025, respectively.

16. Fair Value

The Company determines the fair values of its financial instruments based on the requirements established in Accounting Standards Codification Topic 820 ("Topic 820"), *Fair Value Measurements*, which provides a framework for measuring fair value under GAAP and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Topic 820 defines fair value as the exit price, the price that would be received for an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date under current market conditions.

Fair Value Hierarchy

Topic 820 establishes three levels of fair values based on the markets in which the assets or liabilities are traded and the reliability of the assumptions used to determine fair value. The levels are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect the Company's own estimates of assumptions that market participants would use in pricing the asset or liability ("Company-level data"). Level 3 assets and liabilities include financial instruments whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Topic 820 requires that the Company disclose estimated fair values for certain financial instruments. Financial instruments include such items as investment securities, loans, deposits, interest rate and foreign exchange contracts, swaps and other instruments as defined by the standard. The Company has an organized and established process for determining and reviewing the fair value of financial instruments reported in the Company's financial statements. The fair value measurements are reviewed to ensure they are reasonable and in line with market experience in similar asset and liability classes.

Additionally, the Company may be required to record at fair value other assets on a nonrecurring basis, such as collateral-dependent loans, other real estate owned, other customer relationships, and other intangible assets. These nonrecurring fair value adjustments typically involve the application of lower-of-cost-or-fair-value accounting or write-downs of individual assets.

Disclosure of fair values is not required for certain items such as lease financing, obligations for pension and other postretirement benefits, premises and equipment, prepaid expenses, deposit liabilities with no defined or contractual maturity, and income tax assets and liabilities.

Reasonable comparisons of fair value information with that of other financial institutions cannot necessarily be made because the standard permits many alternative calculation techniques, and numerous assumptions have been used to estimate the Company's fair values.

Valuation Techniques Used in the Fair Value Measurement of Assets and Liabilities Carried at Fair Value

For the assets and liabilities measured at fair value on a recurring basis (categorized in the valuation hierarchy table below), the Company applies the following valuation techniques:

Available-for-sale securities

Available-for-sale debt securities are recorded at fair value on a recurring basis. Fair value measurement is based on quoted prices, including estimates by third-party pricing services, if available. If quoted prices are not available, fair values are measured using proprietary valuation models that utilize market observable parameters from active market makers and inter-dealer brokers whereby securities are valued based upon available market data for securities with similar characteristics. Management reviews the pricing information received from the Company's third-party pricing service to evaluate the inputs and valuation methodologies used to place securities into the appropriate level of the fair value hierarchy and transfers of securities within the fair value hierarchy are made if necessary. On a monthly basis, management reviews the pricing information received from the third-party pricing service which includes a comparison to non-binding third-party broker quotes, as well as a review of market-related conditions impacting the information provided by the third-party pricing service. Management also identifies investment securities which may have traded in illiquid or inactive markets by identifying instances of a significant decrease in the volume or frequency of trades, relative to historical levels, as well as instances of a significant widening of the bid-ask spread in the brokered markets. The Company's third-party pricing service has also established processes for the Company to submit inquiries regarding quoted prices. Periodically, the Company will challenge the quoted prices provided by the third-party pricing service. The Company's third-party pricing service will review the inputs to the evaluation in light of the new market data presented by the Company. The Company's third-party pricing service may then affirm the original quoted price or may update the evaluation on a going forward basis. The Company classifies all available-for-sale securities as Level 2.

Derivatives

Most of the Company's derivatives are traded in over-the-counter markets where quoted market prices are not readily available. For those derivatives, the Company measures fair value on a recurring basis using proprietary valuation models that primarily use market observable inputs, such as yield curves, and option volatilities. The fair value of derivatives includes values associated with counterparty credit risk and the Company's own credit standing. The Company classifies these derivatives, included in other assets and other liabilities, as Level 2.

Concurrent with the sale of the Visa Class B restricted shares, the Company entered into an agreement with the buyer that requires payment to the buyer in the event Visa reduces each member bank's Class B conversion rate to unrestricted Class A common shares. During 2018 through 2023, Visa funded its litigation escrow account, thereby reducing each member bank's Class B conversion rate to unrestricted Class A common shares from 1.6483 to 1.5875. As a result of the Visa Exchange Offer, the buyer held a combination of Visa Class B-2 shares and Visa Class C shares that were subsequently exchanged in a similar Exchange Offer. As of September 30, 2026, the buyer holds Visa Class B-3 shares, of which the Visa derivative's notional is based on. Visa Class B-3 shares have a current conversion rate to Class A common shares of 1.4773. The Visa derivative of $2.3 million was included in the unaudited interim consolidated balance sheets at both September 30, 2026 and December 31, 2025, to provide for the fair value of this liability. The potential liability related to this funding swap agreement was determined based on management's estimate of the timing and the amount of Visa's litigation settlement and the resulting payments due to the counterparty under the terms of the contract. As such, the funding swap agreement is classified as Level 3 in the fair value hierarchy. The significant unobservable inputs used in the fair value measurement of the Company's funding swap agreement are the potential future changes in the Class B-3 conversion rate, expected term and growth rate of the market price of Visa Class A common shares. Material increases (or decreases) in any of those inputs may result in a significantly higher (or lower) fair value measurement.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2026 and December 31, 2025 are summarized below:

	Fair Value Measurements as of September 30, 2026			
(dollars in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Mortgage-backed securities:				
Residential - Government agency[1]	**$ —**	**$ 22,991**	**$ —**	**$ 22,991**
Residential - Government-sponsored enterprises[1]	**—**	**867,448**	**—**	**867,448**
Commercial - Government agency	**—**	**172,924**	**—**	**172,924**
Commercial - Government-sponsored enterprises	**—**	**38,303**	**—**	**38,303**
Commercial - Non-agency	**—**	**259,734**	**—**	**259,734**
Collateralized mortgage obligations:				
Government agency	**—**	**367,616**	**—**	**367,616**
Government-sponsored enterprises	**—**	**280,021**	**—**	**280,021**
Collateralized loan obligations	**—**	**7,908**	**—**	**7,908**
Total available-for-sale securities	**—**	**2,016,945**	**—**	**2,016,945**
Other assets[2]	**534**	**40,570**	**—**	**41,104**
Liabilities				
Other liabilities[3]	**—**	**(37,428)**	**(2,300)**	**(39,728)**
Total	**$ 534**	**$ 2,020,087**	**$ (2,300)**	**$ 2,018,321**

	Fair Value Measurements as of December 31, 2025			
(dollars in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Mortgage-backed securities:				
Residential - Government agency[1]	$ —	$ 30,367	$ —	$ 30,367
Residential - Government-sponsored enterprises[1]	—	878,215	—	878,215
Commercial - Government agency	—	191,177	—	191,177
Commercial - Government-sponsored enterprises	—	41,599	—	41,599
Commercial - Non-agency	—	129,014	—	129,014
Collateralized mortgage obligations:				
Government agency	—	426,276	—	426,276
Government-sponsored enterprises	—	302,996	—	302,996
Collateralized loan obligations	—	76,589	—	76,589
Total available-for-sale securities	—	2,076,233	—	2,076,233
Other assets[2]	595	21,522	—	22,117
Liabilities				
Other liabilities[3]	—	(12,328)	(2,300)	(14,628)
Total	$ 595	$ 2,085,427	$ (2,300)	$ 2,083,722

(1) Backed by residential real estate.

(2) Other assets classified as Level 1 include money market funds that have quoted prices in active markets and are related to the Company's deferred compensation plans. Other assets classified as Level 2 include derivative assets.

(3) Other liabilities include derivative liabilities.

For Level 3 assets and liabilities measured at fair value on a recurring or nonrecurring basis as of September 30, 2026 and December 31, 2025, the significant unobservable inputs used in the fair value measurements were as follows:

	Quantitative Information about Level 3 Fair Value Measurements at September 30, 2026			
(dollars in thousands)	Fair value	Valuation Technique	Significant Unobservable Input	Range
Collateral-dependent loans	**$ 29,543**	**Appraisal Value[1]**	**Discounts to reflect estimated selling costs**	**3% - 7%**
Visa derivative	**(2,300)**	**Discounted Cash Flow**	**Expected Conversion Rate - 1.4773[2]**	**1.3240-1.4773**
			Expected Term - 12 months[3]	**n/m[3]**
			Growth Rate - 17%[4]	**-8% - 32%**

	Quantitative Information about Level 3 Fair Value Measurements at December 31, 2025			
(dollars in thousands)	Fair value	Valuation Technique	Significant Unobservable Input	Range
Collateral-dependent loans	$ 13,608	Financial Statement Values	Discounts to reflect estimated selling costs	0% - 50%
Visa derivative	(2,300)	Discounted Cash Flow	Expected Conversion Rate - 1.5108[2]	1.3848-1.5108
			Expected Term - 6 months[3]	n/m[3]
			Growth Rate - 13%[4]	-11% - 28%

(1) Fair value is generally determined through appraisals of the underlying collateral. The Company may also use another available source of collateral assessment, such as purchase offers, letters of intent, broker price opinions or real property tax assessment values, to determine a reasonable estimate of the fair value of the collateral.

(2) Due to the uncertainty in the movement of the conversion rate, the current conversion rate as of the respective consolidated balance sheet dates was utilized in the fair value calculation.

(3) The expected term was based on a claim filing deadline and subsequent period for claims to be processed. As such, a range is not meaningful to disclose.

(4) The growth rate was based on the arithmetic average of analyst price targets.

Changes in Fair Value Levels

For the three and nine months ended September 30, 2026 and 2025, there were no transfers between fair value hierarchy levels.

The changes in Level 3 liabilities measured at fair value on a recurring basis for the three and nine months ended September 30, 2026 and 2025 are summarized below:

	Visa Derivative	
(dollars in thousands)	2026	2025
Three Months Ended September 30,		
Balance as of July 1,	**$ (2,300)**	$ (2,300)
Total net losses included in other noninterest income	**(1,028)**	(1,500)
Settlements	**1,028**	1,500
Balance as of September 30,	**$ (2,300)**	$ (2,300)
Total net losses included in net income attributable to the change in unrealized losses related to liabilities still held as of September 30,	**$ (1,028)**	$ (1,500)
Nine Months Ended September 30,		
Balance as of January 1,	**$ (2,300)**	$ (2,300)
Total net losses included in other noninterest income	**(3,033)**	(3,695)
Settlements	**3,033**	3,695
Balance as of September 30,	**$ (2,300)**	$ (2,300)
Total net losses included in net income attributable to the change in unrealized losses related to liabilities still held as of September 30,	**$ (3,033)**	$ (3,695)

Assets and Liabilities Carried at Other Than Fair Value

The following tables summarize for the periods indicated the estimated fair value of the Company's financial instruments that are not required to be carried at fair value on a recurring basis, excluding leases and deposit liabilities with no defined or contractual maturity.

	September 30, 2026				
		Fair Value Measurements			
(dollars in thousands)	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets:					
Cash and cash equivalents	**$ 1,329,931**	**$ 258,228**	**$ 1,071,703**	**$ —**	**$ 1,329,931**
Investment securities held-to-maturity	**3,346,994**	**—**	**2,819,282**	**—**	**2,819,282**
Loans[1]	**14,000,624**	**—**	**—**	**13,269,933**	**13,269,933**
Financial liabilities:					
Time deposits[2]	**$ 3,241,193**	**$ —**	**$ 3,219,916**	**$ —**	**$ 3,219,916**

	December 31, 2025				
		Fair Value Measurements			
(dollars in thousands)	Book Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets:					
Cash and cash equivalents	$ 1,477,752	$ 228,734	$ 1,249,018	$ —	$ 1,477,752
Investment securities held-to-maturity	3,533,082	—	3,188,775	—	3,188,775
Loans held for sale	1,370	—	1,376	—	1,376
Loans[1]	13,870,599	—	—	13,356,550	13,356,550
Financial liabilities:					
Time deposits[2]	$ 3,370,133	$ —	$ 3,356,533	$ —	$ 3,356,533

(1) Excludes financing leases of $461.6 million at September 30, 2026 and $441.9 million at December 31, 2025.

(2) Excludes deposit liabilities with no defined or contractual maturity of $17.0 billion as of September 30, 2026 and $17.1 billion as of December 31, 2025.

Unfunded loan and lease commitments and letters of credit are not included in the tables above. As of both September 30, 2026 and December 31, 2025, the Company had $6.9 billion of unfunded loan and lease commitments and letters of credit. The Company believes that a reasonable estimate of the fair value of these instruments is the carrying value of deferred fees plus the related reserve for unfunded commitments, which totaled $54.7 million and $49.7 million at September 30, 2026 and December 31, 2025, respectively. No active trading market exists for these instruments, and the estimated fair value does not include value associated with the borrower relationship. The Company does not estimate the fair values of certain unfunded loan and lease commitments that can be canceled by providing notice to the borrower. As Company-level data is incorporated into the fair value measurement, unfunded loan and lease commitments and letters of credit are classified as Level 3.

Valuation Techniques Used in the Fair Value Measurement of Assets and Liabilities Carried at the Lower of Cost or Fair Value

The Company applies the following valuation techniques to assets measured at the lower of cost or fair value:

Mortgage servicing rights

MSRs are carried at the lower of cost or fair value and are therefore subject to fair value measurements on a nonrecurring basis. The fair value of MSRs is determined using models which use significant unobservable inputs, such as estimates of prepayment rates, the resultant weighted average lives of the MSRs and the option-adjusted spread levels. Accordingly, the Company classifies MSRs as Level 3.

Collateral-dependent loans

Collateral-dependent loans are those for which repayment is expected to be provided substantially through the operation or sale of the collateral. These loans are measured at fair value on a nonrecurring basis using collateral values as a practical expedient. The fair values of collateral are primarily based on real estate appraisal reports prepared by third-party appraisers less estimated selling costs. The Company may also use another available source of collateral assessment, such as purchase offers, letters of intent, broker price opinions or real property tax assessment values, to determine a reasonable estimate of the fair value of the collateral. The fair value of other collateral such as business assets is typically ascertained by assessing inventory listings and borrower's financial statements less estimated selling costs. The Company measures the estimated credit losses on collateral-dependent loans by performing a lower of cost or fair value analysis. If the estimated credit losses are determined by the value of the collateral, the net carrying amount is adjusted to fair value on a nonrecurring basis as Level 3 by recognizing an ACL.

Other real estate owned

The Company values these properties at fair value at the time the Company acquires them, which establishes their new cost basis. After acquisition, the Company carries such properties at the lower of cost or fair value less estimated selling costs on a nonrecurring basis. Fair value is measured on a nonrecurring basis using collateral values as a practical expedient. The fair values of collateral for other real estate owned are primarily based on real estate appraisal reports prepared by third-party appraisers less disposition costs and are classified as Level 3.

Assets and Liabilities Recorded at Fair Value on a Nonrecurring Basis

The Company may be required to record certain assets at fair value on a nonrecurring basis in accordance with GAAP. These assets are subject to fair value adjustments that result from the application of lower of cost or fair value accounting or write-downs of individual assets to fair value.

The following table provides the level of valuation inputs used to determine each fair value adjustment and the fair value of the related individual assets or portfolio of assets with fair value adjustments on a nonrecurring basis as of September 30, 2026 and December 31, 2025:

(dollars in thousands)	Level 1	Level 2	Level 3
September 30, 2026			
Collateral-dependent loans	**$ —**	**$ —**	**$ 29,543**
December 31, 2025			
Collateral-dependent loans	$ —	$ —	$ 13,608

Total expected credit losses recognized on collateral-dependent loans were $18.4 million and $14.3 million for the three and nine months ended September 30, 2026, respectively, and $1.9 million and $2.2 million for the three and nine months ended September 30, 2025, respectively.

17. Reportable Operating Segments

The Company's reportable segments are based on the manner in which management organizes the business for making operating decisions and assessing performance. These segments reflect how discrete financial information is currently evaluated by the chief operating decision maker and how performance is assessed and resources are allocated. The Company's internal management process measures the performance of these business segments. This process, which is not necessarily comparable with similar information for any other financial institution, uses various techniques to assign balance sheet and income statement amounts to the business segments, including allocations of income, expense, the provision for credit losses and capital. This process is dynamic and requires certain allocations based on judgment and other subjective factors. Unlike financial accounting, there is no comprehensive authoritative guidance for management accounting that is equivalent to GAAP.

During the quarter ended December 31, 2025, the Company realigned its internal organizational and management reporting structure. As a result of this change, the Company reduced its reportable operating segments from three to two. The Company's reportable segments are now Retail Banking and Commercial Banking. Activities previously reported within the Treasury and Other segment are now included in Corporate/Other, as Treasury exists to support the Company's operating segments. The change in reportable segments reflects how the Company's chief operating decision maker currently evaluates performance and allocates resources. The Company has reported its selected financial information using two reportable operating segments for the three and nine months ended September 30, 2026 and 2025.

The net interest income of the business segments reflects the results of a funds transfer pricing process that matches assets and liabilities with similar interest rate sensitivity and maturity characteristics and reflects the allocation of net interest income related to the Company's overall asset and liability management activities on a proportionate basis. The basis for the allocation of net interest income is a function of the Company's assumptions that are subject to change based on changes in current interest rates and market conditions. Funds transfer pricing also serves to transfer interest rate risk to Corporate/Other.

The Company allocates the provision for credit losses from Corporate/Other (which includes activity within the Company's support units) to the Retail Banking and Commercial Banking business segments. These allocations are based on direct costs incurred by the Retail Banking and Commercial Banking business segments.

Noninterest income and expense includes allocations from support units to the business segments. These allocations are based on actual usage where practicably calculated or by management's estimate of such usage. Income tax expense is allocated to each business segment as well as Corporate/Other based on the consolidated effective income tax rate for the period shown.

Business Segments

Retail Banking

Retail Banking offers a broad range of financial products and services to consumers and small businesses. Loan and lease products offered include residential and commercial mortgage loans, home equity lines of credit and loans, automobile loans and leases, secured and unsecured lines of credit, installment loans and small business loans and leases. Deposit products offered include checking, savings, and time deposit accounts. Retail Banking also offers wealth management services. Products and services from Retail Banking are delivered to customers through 49 banking locations throughout the State of Hawaii, Guam and Saipan.

Commercial Banking

Commercial Banking offers products that include corporate banking related products, commercial real estate loans, commercial lease financing, secured and unsecured lines of credit, automobile loans and auto dealer financing, business deposit products and credit cards. Commercial lending and deposit products are offered primarily to middle-market and large companies locally, nationally and internationally.

Corporate/Other

Corporate/Other includes activity within the support units of the Company and not associated with a segment. One such area is Treasury, which includes activities surrounding the management of interest-bearing deposits, investment securities, federal funds sold and purchased, government deposits, short- and long-term borrowings and bank-owned properties (and these assets' and liabilities' related interest income and expense). The primary sources of noninterest income are from bank-owned life insurance, net gains from the sale of investment securities, foreign exchange income related to customer driven cross-border wires for business and personal reasons and management of bank-owned properties. The net residual effect of the transfer pricing of assets and liabilities is included in Corporate/Other, along with the elimination of intercompany transactions.

Other organizational units within Corporate/Other (such as Technology, Operations, Credit and Risk Management, Human Resources, Finance, Administration, Marketing and Corporate and Regulatory Administration) provide a wide range of support to the Company's reportable segments. Expenses incurred by these support units are charged to the business segments through an internal cost allocation process.

The following tables present selected business segment and Corporate/Other financial information for the periods indicated.

(dollars in thousands)	Three Months Ended September 30, 2026				Nine Months Ended September 30, 2026			
	Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total	Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total
Interest income	$ 85,789	$ 106,670	$ 42,084	$ 234,543	$ 254,651	$ 315,181	$ 126,776	$ 696,608
Intersegment interest allocations [1]	(63,590)	(75,390)	138,980	—	(188,991)	(222,416)	411,407	—
Total interest income	22,199	31,280	181,064	234,543	65,660	92,765	538,183	696,608
Interest expense	(44,438)	(14,615)	(1,386)	(60,439)	(132,677)	(44,036)	(7,268)	(183,981)
Intersegment interest allocations [1]	158,946	28,690	(187,636)	—	466,641	85,695	(552,336)	—
Total interest expense	114,508	14,075	(189,022)	(60,439)	333,964	41,659	(559,604)	(183,981)
Net interest income (expense)	136,707	45,355	(7,958)	174,104	399,624	134,424	(21,421)	512,627
Provision for credit losses	(7,874)	(10,455)	(1,979)	(20,308)	(11,580)	(15,374)	(3,954)	(30,908)
Net interest income (expense) after provision for credit losses	128,833	34,900	(9,937)	153,796	388,044	119,050	(25,375)	481,719
Noninterest income	30,488	18,939	6,696	56,123	87,738	58,996	22,489	169,223
Salaries and employee benefits	(25,462)	(5,063)	(32,634)	(63,159)	(78,245)	(14,968)	(96,412)	(189,625)
Contracted services and professional fees	(2,727)	(4,662)	(6,414)	(13,803)	(8,139)	(12,776)	(21,072)	(41,987)
Occupancy	(8,480)	(507)	1,654	(7,333)	(24,730)	(1,516)	3,195	(23,051)
Equipment	(1,411)	(511)	(13,386)	(15,308)	(4,263)	(1,485)	(38,904)	(44,652)
Card rewards program	—	(9,125)	—	(9,125)	—	(25,932)	—	(25,932)
Other segment items [2]	(38,099)	(1,226)	(11,994)	(51,319)	(108,781)	(3,829)	19,480	(93,130)
Noninterest expense	(76,179)	(21,094)	(62,774)	(160,047)	(224,158)	(60,506)	(133,713)	(418,377)
Income (loss) before (provision) benefit for income taxes	83,142	32,745	(66,015)	49,872	251,624	117,540	(136,599)	232,565
(Provision) benefit for income taxes	(12,897)	(2,780)	29,535	13,858	(53,062)	(19,370)	44,756	(27,676)
Net income (loss)	$ 70,245	$ 29,965	$ (36,480)	$ 63,730	$ 198,562	$ 98,170	$ (91,843)	$ 204,889
Other Segment Disclosures:								
Depreciation and amortization [3]	$ 1,425	$ 37	$ 3,758	$ 5,220	$ 4,464	$ 122	$ 11,658	$ 16,244
Segment earning assets[4]	7,120,616	7,346,363	6,443,734	20,910,713	7,120,616	7,346,363	6,443,734	20,910,713

(dollars in thousands)	Three Months Ended September 30, 2025				Nine Months Ended September 30, 2025			
	Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total	Retail Banking	Commercial Banking	Corporate/ Other	Consolidated Total
Interest income	$ 83,715	$ 112,442	$ 46,418	$ 242,575	$ 246,065	$ 334,822	$ 133,577	$ 714,464
Intersegment interest allocations [1]	(61,737)	(82,678)	144,415	—	(183,186)	(245,681)	428,867	—
Total interest income	21,978	29,764	190,833	242,575	62,879	89,141	562,444	714,464
Interest expense	(49,893)	(17,812)	(5,539)	(73,244)	(152,773)	(51,138)	(17,113)	(221,024)
Intersegment interest allocations [1]	159,705	32,302	(192,007)	—	475,188	94,816	(570,004)	—
Total interest expense	109,812	14,490	(197,546)	(73,244)	322,415	43,678	(587,117)	(221,024)
Net interest income (expense)	131,790	44,254	(6,713)	169,331	385,294	132,819	(24,673)	493,440
Provision for credit losses	(774)	(876)	(2,850)	(4,500)	(7,576)	(8,574)	(3,350)	(19,500)
Net interest income (expense) after provision for credit losses	131,016	43,378	(9,563)	164,831	377,718	124,245	(28,023)	473,940
Noninterest income	28,512	21,074	7,474	57,060	82,917	57,868	20,710	161,495
Salaries and employee benefits	(24,150)	(4,482)	(32,901)	(61,533)	(74,505)	(14,237)	(92,396)	(181,138)
Contracted services and professional fees	(2,763)	(4,517)	(8,505)	(15,785)	(8,735)	(12,725)	(25,161)	(46,621)
Occupancy	(7,725)	(486)	1,113	(7,098)	(22,434)	(1,459)	761	(23,132)
Equipment	(1,305)	(466)	(12,063)	(13,834)	(4,150)	(1,387)	(36,205)	(41,742)
Card rewards program	—	(8,694)	—	(8,694)	—	(25,019)	—	(25,019)
Other segment items [2]	(35,621)	(2,006)	18,827	(18,800)	(107,241)	(5,613)	56,263	(56,591)
Noninterest expense	(71,564)	(20,651)	(33,529)	(125,744)	(217,065)	(60,440)	(96,738)	(374,243)
Income (loss) before (provision) benefit for income taxes	87,964	43,801	(35,618)	96,147	243,570	121,673	(104,051)	261,192
(Provision) benefit for income taxes	(21,381)	(9,237)	8,311	(22,307)	(54,132)	(23,296)	22,571	(54,857)
Net income (loss)	$ 66,583	$ 34,564	$ (27,307)	$ 73,840	$ 189,438	$ 98,377	$ (81,480)	$ 206,335
Other Segment Disclosures:								
Depreciation and amortization [3]	$ 1,003	$ 66	$ 3,872	$ 4,941	$ 3,044	$ 202	$ 12,954	$ 16,200
Segment earning assets[4]	7,098,572	7,036,472	7,207,503	21,342,547	7,098,572	7,036,472	7,207,503	21,342,547

(1) Intersegment interest allocations are the result of funds transfer-pricing methodologies that are utilized to allocate a cost for the funding of assets and a credit for the collection of deposits from Corporate/Other to the business segment assets and liabilities.

(2) Other segment items included in segment net income includes advertising and marketing, regulatory assessment and fees, merger-related costs, allocations and transfer pricing on non-earning assets, liabilities and equity, and other miscellaneous and administrative fees. Amounts included in the Corporate/Other column are not related to the segments but include the effect of certain expense allocations or transfer pricing to the segments.

(3) The amounts of depreciation and amortization disclosed by the reportable segments and Corporate/Other are included within equipment, occupancy, other segment items, and noninterest income.

(4) Segment earning assets only apply to the Retail Banking and Commercial Banking segments. The Corporate/Other column includes earning assets not associated with a segment (such as investment securities, interest-bearing deposits and federal funds).

18. Proposed Merger with TriCo Bancshares

On July 12, 2026, First Hawaiian, Inc. and TriCo Bancshares ("TriCo") entered into a definitive agreement (the "Merger Agreement") under which, on the terms and conditions set forth therein, the Company will acquire TriCo in an all-stock transaction. Under the terms of the agreement, common shareholders of TriCo will receive 2.095 shares of First Hawaiian, Inc. common stock for each share of TriCo common stock, resulting in a transaction value of approximately $2 billion based on the closing price for First Hawaiian, Inc. common stock on July 10, 2026, the business day preceding the public announcement of the transaction, as reported on the Nasdaq Global Select Market.

TriCo is headquartered in Chico, California with reported assets of approximately $10 billion as of June 30, 2026, and is the holding company of Tri Counties Bank. In conjunction with the closing of the Merger Agreement, four members of TriCo's Board of Directors are expected to join the First Hawaiian, Inc. and First Hawaiian Bank Boards of Directors.

On October 29, 2026, First Hawaiian, Inc. and TriCo jointly announced that all required approvals have been received from their respective stockholders and shareholders related to First Hawaiian's acquisition of TriCo. The final voting results from each special meeting are reported in separate Current Reports on Form 8-K filed by First Hawaiian and TriCo with the U.S. Securities and Exchange Commission.

Completion of the transaction remains subject to the satisfaction or waiver of the remaining customary closing conditions set forth in the Merger Agreement. First Hawaiian and TriCo expect the transaction to close later in 2026, subject to these conditions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including the documents incorporated by reference herein, contains, and from time to time our management may make, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would," "annualized" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. Statements regarding the expected timing, completion and effects of the proposed business combination between First Hawaiian, Inc. ("FHI") and TriCo Bancshares ("TriCo") and the plans, objectives and expectations of FHI are forward-looking statements. Statements that are not historical or current facts, are forward-looking statements, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

A number of important factors could cause our actual results to differ materially from those indicated in these forward-looking statements, including the following: the geographic concentration of our business, current and future market and economic conditions generally or in Hawaii, Guam and Saipan in particular, including inflationary pressures and interest rate environment; our dependence on the real estate markets in which we operate; concentrated exposures to certain asset classes and individual obligors; the effect of changes in interest rates on our business, including our net interest income, net interest margin, the fair value of our investment securities, and our mortgage loan originations, mortgage servicing rights and mortgage loans held for sale; the future value of the investment securities that we own; the possibility of a deterioration in credit quality in our portfolio; the possibility we might underestimate the credit losses inherent in our loan and lease portfolio; our ability to attract and retain customer deposits; our inability to receive dividends from our bank, pay dividends to our common stockholders and satisfy obligations as they become due; our access to sources of liquidity and capital to address our liquidity needs; our ability to attract and retain skilled employees or changes in our management personnel; our ability to maintain our Bank's reputation; the failure to properly use and protect our customer and employee information and data; the possibility of employee misconduct or mistakes; the actual or perceived soundness of other financial institutions; the effectiveness of our risk management and internal disclosure controls and procedures; our ability to keep pace with technological changes; any failure or interruption of our information and communications systems; our ability to effectively compete with other financial services companies and the effects of competition in the financial services industry on our business; our ability to identify and address cybersecurity risks; the occurrence of fraudulent activity or effect of a material breach of, or disruption to, the security of any of our or our vendors' systems; the development and use of AI; our ability to successfully develop and commercialize new or enhanced products and services; changes in the demand for our products and services; risks associated with the sale of loans and with our use of appraisals in valuing and monitoring loans; the possibility that actual results may differ from estimates and forecasts; fluctuations in the fair value of our assets and liabilities and off-balance sheet exposures; the effects of the failure of any component of our business infrastructure provided by a third party; the potential for environmental liability; the risk of being subject to litigation and the outcome thereof; the impact of, and changes in, applicable laws, regulations and accounting standards and policies; possible changes in trade, monetary and fiscal policies of, and other activities undertaken by, governments, agencies, central banks and similar organizations, including trade and other geopolitical tensions resulting from conflicts in the Middle East, the imposition of tariffs and tightening of export control regulations; the effects of severe weather, geopolitical instability, including war, terrorist attacks, pandemics or other severe health emergencies and natural disasters and other external events; the potential impact of climate change; our ability to maintain consistent growth, earnings and profitability; our likelihood of success in, and the impact of, litigation or regulatory actions; our ability to continue to pay dividends on our common stock; contingent liabilities and unexpected tax liabilities that may be applicable to us as a result of the Reorganization Transactions; the failure to close our previously announced merger with TriCo when expected or at all because required regulatory, First Hawaiian stockholder, TriCo shareholder or other approvals, or other conditions to closing, are not received or satisfied on a timely basis or at all, and the risk that any regulatory approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the proposed merger; the occurrence of any event, change or other circumstances that

could give rise to the right of one or both of the parties to terminate the Merger Agreement; the proposed merger being more expensive or taking longer to complete than anticipated, including as a result of unexpected factors or events; the diversion of management's attention from ongoing business operations and opportunities due to the proposed merger; the dilutive effect of shares of our common stock to be issued in connection with the proposed merger; changes in our or TriCo's share price before closing; the possibility that the anticipated benefits of the proposed merger with TriCo, including anticipated cost savings and strategic gains, are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the companies or as a result of the strength of the economy, competitive factors in the areas where we do business, or as a result of other unexpected factors or events; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the proposed merger with TriCo; any change in the purchase accounting assumptions used regarding the TriCo assets acquired and liabilities assumed to determine the fair value and credit marks; and the outcome of any legal proceedings that may be instituted against FHI or TriCo related to the proposed merger; and damage to our reputation from any of the factors described above.

The foregoing factors should not be considered an exhaustive list and should be read together with the risk factors and other cautionary statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, as well as the risk factors related to the proposed merger with TriCo set forth in Part II, Item 1A of this Quarterly Report. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Company Overview

FHI is a bank holding company, which owns 100% of the outstanding common stock of FHB, its only direct, wholly owned subsidiary. FHB was founded in 1858 under the name Bishop & Company and was the first successful banking partnership in the Kingdom of Hawaii and the second oldest bank formed west of the Mississippi River. The Bank operates its business through two operating segments: Retail Banking and Commercial Banking. All other activities, including Treasury, are reported in Corporate/Other.

References to "we," "our," "us," or the "Company" refer to the Parent and its subsidiary that are consolidated for financial reporting purposes.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements of the Company reflect the results of operations, financial position and cash flows of FHI and its wholly owned subsidiary, FHB. All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with GAAP for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and accompanying notes required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect normal recurring adjustments necessary for a fair presentation of the results for the interim periods.

The accompanying unaudited interim consolidated financial statements of the Company should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 and filed with the U.S. Securities and Exchange Commission (the "SEC").

Pending Acquisition

On July 12, 2026, FHI and TriCo entered into a definitive agreement (the "Merger Agreement"), pursuant to which, on the terms and subject to the conditions set forth therein, Horizon Merger Sub, Inc., a direct, wholly owned subsidiary of FHI, will merge with and into TriCo, with TriCo surviving the merger. Immediately following the merger, TriCo will merge with and into FHI, with FHI continuing as the surviving entity. Promptly following that second-step merger, Tri Counties Bank will merge with and into First Hawaiian Bank, with First Hawaiian Bank continuing as the surviving bank. Under the terms of the Merger Agreement, each share of TriCo common stock outstanding immediately prior to the effective time of the merger, subject to certain exceptions, will be converted into the right to receive 2.095 shares of First Hawaiian common stock, with cash paid in lieu of fractional shares. The exchange ratio is fixed, subject to adjustment as provided in the Merger Agreement.

See "Note 18. Proposed Merger with TriCo Bancshares" contained in our unaudited interim consolidated financial statements for more information.

Voting and Support Agreements

On July 12, 2026, concurrently with the execution of the Merger Agreement, FHI entered into voting and support agreements with each member of the TriCo board of directors (the "Voting and Support Agreements"), on identical terms except for the identity of the TriCo director signing the relevant agreement.

The Voting and Support Agreements require, among other things, that each of the directors party thereto (in such directors' capacity as shareholders only) (a) vote all of the shares of TriCo common stock owned by them: (i) in favor of the adoption of the Merger Agreement and (ii) against alternative transactions or other proposals that could prevent or materially delay the Merger, (b) grant a corresponding proxy with respect to their shares under certain circumstances and (c) not, directly or indirectly, sell, assign, transfer or otherwise dispose of their shares of TriCo common stock, subject to certain exceptions.

Each of the Voting and Support Agreements will terminate at the earliest of (a) the effective time of the merger, (b) the termination of the Merger Agreement in accordance with its terms, and (c) any amendment to the Merger Agreement without the prior written consent of the relevant director if such amendment diminishes the Merger Consideration, changes the form of Merger Consideration or extends the termination date of the Merger Agreement other than pursuant to any extension right expressly provided in the Merger Agreement.

Hawaii Economy

Hawaii's economy continues to remain resilient in an environment facing challenges, including from: high consumer prices and housing affordability, both of which are expected to continue with the gradual pass-through of tariffs and the ongoing conflict with Iran; a steady out-migration of its population; adverse weather events alongside rising insurance costs; and slower economic growth with a 1.3% forecasted increase in the real gross domestic product for Hawaii in 2026 according to the State of Hawaii Department of Business, Economic Development & Tourism ("DBEDT") as compared to a 2.2% forecasted increase for the United States overall in 2026 according to the Congressional Budget Office's Budget and Economic Outlook. Recent geopolitical developments, including the conflicts in the Middle East, elevate uncertainty.

Despite these challenges, according to the State of Hawaii DBEDT, the statewide seasonally adjusted unemployment rate was 2.8% at September 30, 2026, which is lower than the national seasonally adjusted unemployment rate of 4.2%.

Tourism also remains stable, with the average daily domestic passenger counts for the nine months ended September 30, 2026 being 3.2 percent higher than the average daily domestic passenger counts during the nine months ended September 30, 2025, according to the Hawaii Tourism Authority. Hawaii's economy depends significantly on conditions of the U.S. economy and key international economies, particularly Japan, and the broader demand for travel of these key markets. International visitor arrivals have not yet recovered to pre-pandemic arrival levels and demand for tourism could be negatively impacted by increasing fuel prices.

The local Oahu housing market, particularly condominiums, continues to experience some softening as compared to previous years primarily due to continued high interest rates and prices. According to the Honolulu Board of Realtors, the volume of single-family home sales increased by 5.9%, while condominium sales decreased by 2.4%, in each case when comparing the nine months ended September 30, 2026 with the same period in 2025. The median price of a single-family home sold on Oahu during the first nine months of 2026 was $1,180,000, an increase of 3.1% compared to the same period in 2025. The median price of a condominium sold on Oahu during the first nine months of 2026 was $515,000, an increase of 2.0% compared to the median price during the same period in 2025. As of September 30, 2026, months of inventory of single-family homes and condominiums on Oahu were approximately 3.2 and 7.0 months, respectively, as compared to 3.4 and 6.4 months, respectively, as of September 30, 2025.

Selected Financial Data

Our financial highlights for the periods indicated are presented in Table 1:

Financial Highlights **Table 1**

(dollars in thousands, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Income Statement Data:				
Interest income	**$ 234,543**	$ 242,575	**$ 696,608**	$ 714,464
Interest expense	**60,439**	73,244	**183,981**	221,024
Net interest income	**174,104**	169,331	**512,627**	493,440
Provision for credit losses	**20,308**	4,500	**30,908**	19,500
Net interest income after provision for credit losses	**153,796**	164,831	**481,719**	473,940
Noninterest income	**56,123**	57,060	**169,223**	161,495
Noninterest expense	**160,047**	125,744	**418,377**	374,243
Income before provision for income taxes	**49,872**	96,147	**232,565**	261,192
(Benefit) provision for income taxes	**(13,858)**	22,307	**27,676**	54,857
Net income	**$ 63,730**	$ 73,840	**$ 204,889**	$ 206,335
Basic earnings per share	**$ 0.52**	$ 0.59	**$ 1.68**	$ 1.65
Diluted earnings per share	**$ 0.52**	$ 0.59	**$ 1.67**	$ 1.64
Basic weighted-average outstanding shares	**121,681,309**	124,267,090	**121,933,207**	125,282,792
Diluted weighted-average outstanding shares	**122,478,489**	124,970,898	**122,716,742**	125,977,271
Dividends declared per share	**$ 0.26**	$ 0.26	**$ 0.78**	$ 0.78
Dividend payout ratio	**50.00 %**	44.07 %	**46.71 %**	47.56 %
Other Financial Information / Performance Ratios[(1)]:				
Net interest margin	**3.30 %**	3.19 %	**3.25 %**	3.13 %
Efficiency ratio	**69.18 %**	55.29 %	**61.08 %**	56.88 %
Return on average total assets	**1.06 %**	1.22 %	**1.14 %**	1.15 %
Return on average tangible assets (non-GAAP)[(2)]	**1.10 %**	1.27 %	**1.19 %**	1.20 %
Return on average total stockholders' equity	**8.88 %**	10.81 %	**9.75 %**	10.32 %
Return on average tangible stockholders' equity (non-GAAP)[(2)]	**13.67 %**	17.08 %	**15.09 %**	16.45 %
Noninterest expense to average assets	**2.65 %**	2.08 %	**2.33 %**	2.09 %

(continued)

(continued) (dollars in thousands, except per share data)	September 30, 2026	December 31, 2025
Balance Sheet Data:		
Cash and cash equivalents	**$ 1,329,931**	$ 1,477,752
Investment securities available-for-sale	**2,016,945**	2,076,233
Investment securities held-to-maturity	**3,346,994**	3,533,082
Loans and leases	**14,462,228**	14,312,529
Allowance for credit losses for loans and leases	**164,437**	168,468
Goodwill	**995,492**	995,492
Total assets	**23,764,015**	23,955,252
Total deposits	**20,204,570**	20,515,668
Total liabilities	**20,946,471**	21,185,887
Total stockholders' equity	**2,817,544**	2,769,365
Book value per share	**$ 23.16**	$ 22.57
Tangible book value per share (non-GAAP)(2)	**$ 14.97**	$ 14.46

Asset Quality Ratios:		
Non-accrual loans and leases / total loans and leases	**0.32 %**	0.29 %
Allowance for credit losses for loans and leases / total loans and leases	**1.14 %**	1.18 %
Net charge-offs / average total loans and leases(3)	**0.29 %**	0.11 %

Capital Ratios:	September 30, 2026	December 31, 2025
Common Equity Tier 1 Capital Ratio	**13.50 %**	13.17 %
Tier 1 Capital Ratio	**13.50 %**	13.17 %
Total Capital Ratio	**14.74 %**	14.42 %
Tier 1 Leverage Ratio	**9.61 %**	9.27 %
Total stockholders' equity to total assets	**11.86 %**	11.56 %
Tangible stockholders' equity to tangible assets (non-GAAP)(2)	**8.00 %**	7.73 %

(1) Except for the efficiency ratio, amounts are annualized for the three and nine months ended September 30, 2026 and 2025.

(2) Return on average tangible assets, return on average tangible stockholders' equity, tangible book value per share and tangible stockholders' equity to tangible assets are non-GAAP financial measures. We compute our return on average tangible assets as the ratio of net income to average tangible assets. We compute our return on average tangible stockholders' equity as the ratio of net income to average tangible stockholders' equity. We compute our tangible book value per share as the ratio of tangible stockholders' equity to outstanding shares. We compute our tangible stockholders' equity to tangible assets as the ratio of tangible stockholders' equity to tangible assets. We believe that these financial measures are useful for investors, regulators, management and others to evaluate financial performance and capital adequacy relative to other financial institutions. Although these non-GAAP financial measures are frequently used by shareholders in the evaluation of a company, they have limitations as analytical tools and should not be considered in isolation or as a substitute for analyses of results as reported under GAAP.

(3) Net charge-offs / average total loans and leases is annualized for the nine months ended September 30, 2026.

The following table provides a reconciliation of these non-GAAP financial measures with their most closely related GAAP measures for the periods indicated:

GAAP to Non-GAAP Reconciliation **Table 2**

(dollars in thousands)	For the Three Months Ended September 30, 2026	For the Three Months Ended September 30, 2025	For the Nine Months Ended September 30, 2026	For the Nine Months Ended September 30, 2025
Income Statement Data:				
Net income	**$ 63,730**	$ 73,840	**$ 204,889**	$ 206,335
Average total stockholders' equity	**$ 2,845,750**	$ 2,710,273	**$ 2,810,686**	$ 2,672,284
Less: average goodwill	**995,492**	995,492	**995,492**	995,492
Average tangible stockholders' equity	**$ 1,850,258**	$ 1,714,781	**$ 1,815,194**	$ 1,676,792
Average total assets	**$ 23,955,273**	$ 23,993,685	**$ 23,997,190**	$ 23,914,896
Less: average goodwill	**995,492**	995,492	**995,492**	995,492
Average tangible assets	**$ 22,959,781**	$ 22,998,193	**$ 23,001,698**	$ 22,919,404
Return on average total stockholders' equity[(a)]	**8.88 %**	10.81 %	**9.75 %**	10.32 %
Return on average tangible stockholders' equity (non-GAAP)[(a)]	**13.67 %**	17.08 %	**15.09 %**	16.45 %
Return on average total assets[(a)]	**1.06 %**	1.22 %	**1.14 %**	1.15 %
Return on average tangible assets (non-GAAP)[(a)]	**1.10 %**	1.27 %	**1.19 %**	1.20 %

(dollars in thousands, except per share data)	As of September 30, 2026	As of December 31, 2025
Balance Sheet Data:		
Total stockholders' equity	**$ 2,817,544**	$ 2,769,365
Less: goodwill	**995,492**	995,492
Tangible stockholders' equity	**$ 1,822,052**	$ 1,773,873
Total assets	**$ 23,764,015**	$ 23,955,252
Less: goodwill	**995,492**	995,492
Tangible assets	**$ 22,768,523**	$ 22,959,760
Shares outstanding	**121,681,352**	122,689,256
Total stockholders' equity to total assets	**11.86 %**	11.56 %
Tangible stockholders' equity to tangible assets (non-GAAP)	**8.00 %**	7.73 %
Book value per share	**$ 23.16**	$ 22.57
Tangible book value per share (non-GAAP)	**$ 14.97**	$ 14.46

(a) Annualized for the three and nine months ended September 30, 2026 and 2025.

Financial Highlights

Net income was $63.7 million for the three months ended September 30, 2026, a decrease of $10.1 million or 14% as compared to the same period in 2025. Basic and diluted earnings per share were both $0.52 for the three months ended September 30, 2026, a decrease of $0.07 or 12% as compared to the same period in 2025. The decrease in net income was primarily due to a $34.3 million increase in noninterest expense, a $15.8 million increase in the provision for credit losses (the "Provision") and a $0.9 million decrease in noninterest income. This was partially offset by a $13.9 million benefit for income taxes for the three months ended September 30, 2026, compared to a $22.3 million provision for income taxes for the three months ended September 30, 2025, and a $4.8 million increase in net interest income.

Our return on average total assets was 1.06% for the three months ended September 30, 2026, a decrease of 16 basis points from the same period in 2025, and our return on average total stockholders' equity was 8.88% for the three months ended September 30, 2026, a decrease of 193 basis points from the same period in 2025. Our return on average tangible assets was 1.10% for the three months ended September 30, 2026, a decrease of 17 basis points from the same period in 2025, and our return on average tangible stockholders' equity was 13.67% for the three months ended September 30, 2026, a decrease of 341 basis points from the same period in 2025, primarily due to a decrease in net income and an increase in average tangible equity. Our efficiency ratio was 69.18% for the three months ended September 30, 2026 compared to 55.29% for the same period in 2025.

Our results for the three months ended September 30, 2026 were highlighted by the following:

- Net interest income was $174.1 million for the three months ended September 30, 2026, an increase of $4.8 million or 3% as compared to the same period in 2025. Our net interest margin was 3.30% for the three months ended September 30, 2026, an increase of 11 basis points as compared to the same period in 2025. The increase in net interest income was primarily due to lower deposit funding and borrowing costs, partially offset by lower earning asset yields driven by lower yields in our loan and lease portfolio.

- The Provision was $20.3 million for the three months ended September 30, 2026, an increase of $15.8 million as compared to the same period in 2025. The increase was primarily driven by a $12.5 million partial charge-off of a single commercial real estate loan during the third quarter of 2026. The increase was also attributable to increases in the provision for construction loans and commercial and industrial loans and the provision for unfunded commercial and industrial commitments. This was partially offset by decreases in the provision for home equity lines, residential mortgage loans, lease financing and consumer loans and the provision for unfunded construction commitments. The Provision is recorded to maintain the allowance for credit losses for loans and leases (the "ACL") and the reserve for unfunded commitments at levels deemed adequate to absorb lifetime expected credit losses in our loan and lease portfolio and unfunded loan and lease commitments as of the balance sheet date.

- Noninterest income was $56.1 million for the three months ended September 30, 2026, a decrease of $0.9 million or 2% as compared to the same period in 2025. The decrease in noninterest income was primarily due to a $1.6 million decrease in bank-owned life insurance ("BOLI") income and a $1.3 million decrease in other noninterest income, partially offset by a $1.6 million increase in other service charges and fees and a $0.6 million increase in service charges on deposit accounts.

- Noninterest expense was $160.0 million for the three months ended September 30, 2026, an increase of $34.3 million or 27% as compared to the same period in 2025. The increase in noninterest expense was primarily due to a $25.9 million increase in other noninterest expense, a $6.7 million increase in merger-related costs, a $1.6 million increase in salaries and employee benefits expense and a $1.5 million increase in equipment expense, partially offset by a $2.0 million decrease in contracted services and professional fees.

Net income was $204.9 million for the nine months ended September 30, 2026, a decrease of $1.4 million or 1% as compared to the same period in 2025. Basic earnings per share was $1.68 for the nine months ended September 30, 2026, an increase of $0.03 or 2% as compared to the same period in 2025. Diluted earnings per share was $1.67 for the nine months ended September 30, 2026, an increase of $0.03 or 2% as compared to the same period in 2025. The decrease in net income was primarily due to a $44.1 million increase in noninterest expense and an $11.4 million increase in the Provision. This was partially offset by a $27.2 million decrease in the provision for income taxes, a $19.2 million increase in net interest income and a $7.7 million increase in noninterest income.

Our return on average total assets was 1.14% for the nine months ended September 30, 2026, a decrease of one basis point from the same period in 2025, and our return on average total stockholders' equity was 9.75% for the nine months ended September 30, 2026, a decrease of 57 basis points for the same period in 2025. Our return on average tangible assets was 1.19% for the nine months ended September 30, 2026, a decrease of one basis point from the same period in 2025, and our return on average tangible stockholders' equity was 15.09% for the nine months ended September 30, 2026, a decrease of 136 basis points from the same period in 2025. Our efficiency ratio was 61.08% for the nine months ended September 30, 2026 compared to 56.88% for the same period in 2025.

Our results for the nine months ended September 30, 2026 were highlighted by the following:

- Net interest income was $512.6 million for the nine months ended September 30, 2026, an increase of $19.2 million or 4% as compared to the same period in 2025. Our net interest margin was 3.25% for the nine months ended September 30, 2026, an increase of 12 basis points as compared to the same period in 2025. The increase in net interest income was primarily due to lower deposit funding costs and borrowing costs, partially offset by lower earning asset yields driven by lower yields in our loan and lease portfolio.

- The Provision was $30.9 million for the nine months ended September 30, 2026, an increase of $11.4 million or 59% for the same period in 2025. Consistent with the increase for the three months ended September 30, 2026, the increase was primarily driven by a $12.5 million partial charge-off of a single commercial real estate loan during the third quarter of 2026. The increase was also attributable to increases in the provision for construction loans and residential mortgage loans and the provision for unfunded commercial and industrial and construction commitments. This was partially offset by decreases in the provision for consumer loans, commercial and industrial loans, home equity lines and lease financing and the provision for unfunded home equity line commitments. The Provision is recorded to maintain the ACL and the reserve for unfunded commitments at levels deemed adequate to absorb lifetime expected credit losses in our loan and lease portfolio and unfunded loan and lease commitments as of the balance sheet date.

- Noninterest income was $169.2 million for the nine months ended September 30, 2026, an increase of $7.7 million or 5% as compared to the same period in 2025. The increase was primarily due to a $4.3 million increase in other service charges and fees, a $1.7 million increase in other noninterest income and a $1.7 million increase in service charges on deposit accounts.

- Noninterest expense was $418.4 million for the nine months ended September 30, 2026, an increase of $44.1 million or 12% as compared to the same period in 2025. The increase in noninterest expense was primarily due to a $26.4 million increase in other noninterest expense, a $10.9 million increase in merger-related costs, an $8.5 million increase in salaries and employee benefits expense, a $2.9 million increase in equipment expense and a $0.9 million increase in card rewards program expense, partially offset by a $4.6 million decrease in contracted services and professional fees and a $1.1 million decrease in regulatory assessment and fees.

For the nine months ended September 30, 2026, we continued to maintain high levels of liquidity and adequate reserves for credit losses. We also remained well-capitalized. Common Equity Tier 1 ("CET1") was 13.50% as of September 30, 2026, an increase of 33 basis points from December 31, 2025. The increase in CET1 was primarily due to earnings for the nine months ended September 30, 2026, partially offset by dividends declared and paid to the Company's stockholders, common stock repurchased and an increase in risk-weighted assets.

- Total loans and leases were $14.5 billion as of September 30, 2026, an increase of $149.7 million or 1% from December 31, 2025. The increase in total loans and leases was due to increases in commercial and industrial loans, commercial real estate loans, consumer loans and lease financing, partially offset by decreases in residential real estate loans and construction loans.

- The ACL was $164.4 million as of September 30, 2026, a decrease of $4.0 million or 2% from December 31, 2025. The ratio of our ACL to total loans and leases outstanding was 1.14% as of September 30, 2026 and 1.18% as of December 31, 2025.

- Our investment portfolio is comprised of high-grade investment securities, primarily collateralized mortgage obligations issued by the Government National Mortgage Association ("Ginnie Mae"), the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") and mortgage-backed securities issued by Ginnie Mae, Freddie Mac, Fannie Mae, Municipal Housing Authorities and non-agency entities. The total carrying value of our investment securities portfolio was $5.4 billion as of September 30, 2026, a decrease of $245.4 million or 4% from December 31, 2025. The lower balances in investment securities were driven by payments and maturities during the nine months ended September 30, 2026, which were placed into loans and leases and helped fund deposit run-off.

- Total deposits were $20.2 billion as of September 30, 2026, a decrease of $311.1 million or 2% from December 31, 2025. The decrease in total deposits was primarily due to a $146.4 million decrease in demand deposit balances, a $128.9 million decrease in time deposit balances and a $60.0 million decrease in savings deposit balances, partially offset by a $24.3 million increase in money market deposit balances.

- Total stockholders' equity was $2.8 billion as of September 30, 2026 and December 31, 2025. Earnings of $204.9 million for the period were partially offset by dividends of $95.2 million declared and paid to the Company's stockholders, other comprehensive loss, net of tax, of $35.7 million and repurchases of common stock of $32.0 million during the nine months ended September 30, 2026.

Analysis of Results of Operations

Net Interest Income

For the three months ended September 30, 2026 and 2025, average balances, related income and expenses, on a fully taxable-equivalent basis, and resulting yields and rates are presented in Table 3. An analysis of the change in net interest income, on a fully taxable-equivalent basis, is presented in Table 4.

Average Balances and Interest Rates **Table 3**

(dollars in millions)	Three Months Ended September 30, 2026 Average Balance	Income/ Expense	Yield/ Rate	Three Months Ended September 30, 2025 Average Balance	Income/ Expense	Yield/ Rate
Earning Assets						
Interest-Bearing Deposits in Other Banks	**$ 1,162.4**	**$ 10.9**	**3.73 %**	$ 1,471.0	$ 16.3	4.40 %
Available-for-Sale Investment Securities						
Taxable	**2,060.5**	**16.2**	**3.14**	1,921.2	13.5	2.80
Non-Taxable	**0.1**	**—**	**2.20**	1.2	—	5.07
Held-to-Maturity Investment Securities						
Taxable	**2,795.2**	**11.8**	**1.69**	3,036.1	12.8	1.68
Non-Taxable	**587.9**	**3.3**	**2.26**	595.5	3.6	2.39
Total Investment Securities	**5,443.7**	**31.3**	**2.30**	5,554.0	29.9	2.15
Loans Held for Sale	**0.9**	**—**	**5.82**	0.9	—	5.71
Loans and Leases[1]						
Commercial and industrial	**2,328.7**	**33.2**	**5.66**	2,144.0	33.6	6.22
Commercial real estate	**4,741.5**	**68.6**	**5.74**	4,481.5	69.9	6.18
Construction	**705.8**	**11.8**	**6.60**	891.9	15.2	6.78
Residential:						
Residential mortgage	**4,029.1**	**40.5**	**4.02**	4,077.1	40.4	3.96
Home equity line	**1,178.7**	**14.6**	**4.91**	1,167.0	14.0	4.76
Consumer	**1,066.3**	**20.8**	**7.74**	1,018.4	19.6	7.63
Lease financing	**446.6**	**3.7**	**3.31**	429.4	4.3	3.98
Total Loans and Leases	**14,496.7**	**193.2**	**5.30**	14,209.3	197.0	5.51
Other Earning Assets	**24.5**	**0.2**	**3.07**	36.6	0.4	4.72
Total Earning Assets[2]	**21,128.2**	**235.6**	**4.44**	21,271.8	243.6	4.55
Cash and Due from Banks	**241.0**			243.3		
Other Assets	**2,586.1**			2,478.6		
Total Assets	**$ 23,955.3**			$ 23,993.7		
Interest-Bearing Liabilities						
Interest-Bearing Deposits						
Savings	**$ 6,248.0**	**$ 18.0**	**1.15 %**	$ 6,331.6	$ 21.9	1.37 %
Money Market	**4,358.4**	**20.3**	**1.84**	3,837.6	23.4	2.42
Time	**3,268.9**	**21.9**	**2.66**	3,353.9	25.5	3.02
Total Interest-Bearing Deposits	**13,875.3**	**60.2**	**1.72**	13,523.1	70.8	2.08
Federal Funds Purchased	**0.1**	**—**	**3.77**	—	—	—
Other Short-Term Borrowings	—	—	—	206.5	2.2	4.22
Other Interest-Bearing Liabilities	**27.3**	**0.2**	**3.29**	14.4	0.2	5.46
Total Interest-Bearing Liabilities	**13,902.7**	**60.4**	**1.72**	13,744.0	73.2	2.11
Net Interest Income		**$ 175.2**			$ 170.4	
Interest Rate Spread[3]			**2.72 %**			2.44 %
Net Interest Margin[4]			**3.30 %**			3.19 %
Noninterest-Bearing Demand Deposits	**6,533.3**			6,888.0		
Other Liabilities	**673.5**			651.4		
Stockholders' Equity	**2,845.8**			2,710.3		
Total Liabilities and Stockholders' Equity	**$ 23,955.3**			$ 23,993.7		

(1) Non-performing loans and leases are included in the respective average loan and lease balances. Income, if any, on such loans and leases is recognized on a cash basis.
(2) Interest income includes taxable-equivalent basis adjustments of $1.1 million and $1.0 million for the three months ended September 30, 2026 and 2025, respectively.
(3) Interest rate spread is the difference between the average yield on earning assets and the average rate paid on interest-bearing liabilities, on a fully taxable-equivalent basis.
(4) Net interest margin is net interest income annualized for the three months ended September 30, 2026 and 2025, on a fully taxable-equivalent basis, divided by average total earning assets.

Analysis of Change in Net Interest Income **Table 4**

(dollars in millions)	Three Months Ended September 30, 2026 Compared to September 30, 2025		
	Volume	Rate	Total [1]
Change in Interest Income:			
Interest-Bearing Deposits in Other Banks	$ (3.1)	$ (2.3)	$ (5.4)
Available-for-Sale Investment Securities			
Taxable	1.0	1.7	2.7
Held-to-Maturity Investment Securities			
Taxable	(1.1)	0.1	(1.0)
Non-Taxable	(0.1)	(0.2)	(0.3)
Total Investment Securities	(0.2)	1.6	1.4
Loans and Leases			
Commercial and industrial	2.7	(3.1)	(0.4)
Commercial real estate	3.8	(5.1)	(1.3)
Construction	(3.0)	(0.4)	(3.4)
Residential:			
Residential mortgage	(0.5)	0.6	0.1
Home equity line	0.2	0.4	0.6
Consumer	0.9	0.3	1.2
Lease financing	0.2	(0.8)	(0.6)
Total Loans and Leases	4.3	(8.1)	(3.8)
Other Earning Assets	(0.1)	(0.1)	(0.2)
Total Change in Interest Income	0.9	(8.9)	(8.0)
Change in Interest Expense:			
Interest-Bearing Deposits			
Savings	(0.3)	(3.6)	(3.9)
Money Market	2.9	(6.0)	(3.1)
Time	(0.6)	(3.0)	(3.6)
Total Interest-Bearing Deposits	2.0	(12.6)	(10.6)
Other Short-term Borrowings	(1.1)	(1.1)	(2.2)
Other Interest-Bearing Liabilities	0.1	(0.1)	—
Total Change in Interest Expense	1.0	(13.8)	(12.8)
Change in Net Interest Income	$ (0.1)	$ 4.9	$ 4.8

(1) The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

Net interest income, on a fully taxable-equivalent basis, was $175.2 million for the three months ended September 30, 2026, an increase of $4.8 million or 3% compared to the same period in 2025. Our net interest margin was 3.30% for the three months ended September 30, 2026, an increase of 11 basis points from the same period in 2025. The increase in net interest income, on a fully taxable-equivalent basis, was primarily due to lower deposit funding and lower borrowing costs, partially offset by lower earning asset yields driven by lower yields in our loan and lease portfolio during the three months ended September 30, 2026, compared to the same period in 2025. Deposit funding costs were $60.2 million for the three months ended September 30, 2026, a decrease of $10.6 million or 15% compared to the same period in 2025, primarily due to a decrease in interest rates. Rates paid on our interest-bearing deposits were 1.72% for the three months ended September 30, 2026, a decrease of 36 basis points compared to the same period in 2025, primarily due to rate decreases. Total borrowing costs were nil for the three months ended September 30, 2026, a decrease of $2.2 million compared to the same period in 2025, as $250.0 million of FHLB advances matured during the third quarter of 2025. The yield on our loan and lease portfolio was 5.30% for the three months ended September 30, 2026, a decrease of 21 basis points as compared to the same period in 2025, primarily due to lower yields from our adjustable-rate commercial real estate and commercial and industrial loans, which continued to reflect the impact of prior lower-rate market conditions.

For the nine months ended September 30, 2026 and 2025, average balances, related income and expenses, on a fully taxable-equivalent basis, and resulting yields and rates are presented in Table 5. An analysis of the change in net interest income, on a fully taxable-equivalent basis, is presented in Table 6.

Average Balances and Interest Rates **Table 5**

(dollars in millions)	Nine Months Ended September 30, 2026 Average Balance	Income/ Expense	Yield/ Rate	Nine Months Ended September 30, 2025 Average Balance	Income/ Expense	Yield/ Rate
Earning Assets						
Interest-Bearing Deposits in Other Banks	**$ 1,252.2**	**$ 34.6**	**3.69 %**	$ 1,307.4	$ 43.3	4.43 %
Available-for-Sale Investment Securities						
Taxable	**2,064.3**	**46.9**	**3.03**	1,894.1	39.0	2.75
Non-Taxable	**0.4**	**—**	**4.57**	1.3	0.1	5.31
Held-to-Maturity Investment Securities						
Taxable	**2,857.0**	**35.9**	**1.67**	3,099.5	39.6	1.70
Non-Taxable	**590.3**	**10.1**	**2.29**	597.0	10.5	2.37
Total Investment Securities	**5,512.0**	**92.9**	**2.25**	5,591.9	89.2	2.13
Loans Held for Sale	**0.8**	**—**	**5.80**	0.5	—	6.03
Loans and Leases[1]						
Commercial and industrial	**2,258.8**	**96.3**	**5.70**	2,210.6	102.5	6.20
Commercial real estate	**4,695.8**	**201.2**	**5.73**	4,431.6	203.2	6.13
Construction	**750.3**	**36.6**	**6.52**	909.6	45.6	6.71
Residential:						
Residential mortgage	**4,049.7**	**122.4**	**4.03**	4,110.2	121.5	3.94
Home equity line	**1,178.7**	**42.4**	**4.81**	1,157.2	40.4	4.67
Consumer	**1,048.4**	**61.0**	**7.77**	1,017.2	57.7	7.58
Lease financing	**443.9**	**11.7**	**3.52**	432.6	12.8	3.96
Total Loans and Leases	**14,425.6**	**571.6**	**5.29**	14,269.0	583.7	5.47
Other Earning Assets	**26.6**	**0.6**	**2.63**	34.4	1.3	5.03
Total Earning Assets[2]	**21,217.2**	**699.7**	**4.41**	21,203.2	717.5	4.52
Cash and Due from Banks	**235.6**			233.9		
Other Assets	**2,544.4**			2,477.8		
Total Assets	**$ 23,997.2**			$ 23,914.9		
Interest-Bearing Liabilities						
Interest-Bearing Deposits						
Savings	**$ 6,352.7**	**$ 56.6**	**1.19 %**	$ 6,270.9	$ 64.1	1.37 %
Money Market	**4,346.2**	**59.5**	**1.83**	3,860.3	69.2	2.40
Time	**3,308.1**	**67.4**	**2.72**	3,353.6	79.5	3.17
Total Interest-Bearing Deposits	**14,007.0**	**183.5**	**1.75**	13,484.8	212.8	2.11
Federal Funds Purchased	**—**	**—**	**3.77**	—	—	—
Other Short-Term Borrowings	—	—	—	235.3	7.4	4.22
Other Interest-Bearing Liabilities	**19.8**	**0.5**	**3.27**	20.9	0.8	4.84
Total Interest-Bearing Liabilities	**14,026.8**	**184.0**	**1.75**	13,741.0	221.0	2.15
Net Interest Income		**$ 515.7**			$ 496.5	
Interest Rate Spread[3]			**2.66 %**			2.37 %
Net Interest Margin[4]			**3.25 %**			3.13 %
Noninterest-Bearing Demand Deposits	**6,497.4**			6,863.8		
Other Liabilities	**662.3**			637.8		
Stockholders' Equity	**2,810.7**			2,672.3		
Total Liabilities and Stockholders' Equity	**$ 23,997.2**			$ 23,914.9		

(1) Non-performing loans and leases are included in the respective average loan and lease balances. Income, if any, on such loans and leases is recognized on a cash basis.

(2) Interest income includes taxable-equivalent basis adjustments of $3.1 million for both the nine months ended September 30, 2026 and 2025, respectively.

(3) Interest rate spread is the difference between the average yield on earning assets and the average rate paid on interest-bearing liabilities, on a fully taxable-equivalent basis.

(4) Net interest margin is net interest income annualized for the nine months ended September 30, 2026 and 2025, on a fully taxable-equivalent basis, divided by average total earning assets.

Analysis of Change in Net Interest Income **Table 6**

(dollars in millions)	Nine Months Ended September 30, 2026 Compared to September 30, 2025		
	Volume	Rate	Total[1]
Change in Interest Income:			
Interest-Bearing Deposits in Other Banks	$ (1.8)	$ (6.9)	$ (8.7)
Available-for-Sale Investment Securities			
Taxable	3.7	4.2	7.9
Non-Taxable	(0.1)	—	(0.1)
Held-to-Maturity Investment Securities			
Taxable	(3.0)	(0.7)	(3.7)
Non-Taxable	(0.1)	(0.3)	(0.4)
Total Investment Securities	0.5	3.2	3.7
Loans and Leases			
Commercial and industrial	2.2	(8.4)	(6.2)
Commercial real estate	11.7	(13.7)	(2.0)
Construction	(7.7)	(1.3)	(9.0)
Residential:			
Residential mortgage	(1.8)	2.7	0.9
Home equity line	0.8	1.2	2.0
Consumer	1.8	1.5	3.3
Lease financing	0.3	(1.4)	(1.1)
Total Loans and Leases	7.3	(19.4)	(12.1)
Other Earning Assets	(0.2)	(0.5)	(0.7)
Total Change in Interest Income	5.8	(23.6)	(17.8)
Change in Interest Expense:			
Interest-Bearing Deposits			
Savings	0.9	(8.4)	(7.5)
Money Market	8.0	(17.7)	(9.7)
Time	(1.1)	(11.0)	(12.1)
Total Interest-Bearing Deposits	7.8	(37.1)	(29.3)
Other Short-Term Borrowings	(3.7)	(3.7)	(7.4)
Other Interest-Bearing Liabilities	—	(0.3)	(0.3)
Total Change in Interest Expense	4.1	(41.1)	(37.0)
Change in Net Interest Income	$ 1.7	$ 17.5	$ 19.2

(1) The change in interest income and expense not solely due to changes in volume or rate has been allocated on a pro-rata basis to the volume and rate columns.

Net interest income, on a fully taxable-equivalent basis, was $515.7 million for the nine months ended September 30, 2026, an increase of $19.2 million or 4% compared to the same period in 2025. Our net interest margin was 3.25% for the nine months ended September 30, 2026, an increase of 12 basis points from the same period in 2025. The increase in net interest income, on a fully taxable-equivalent basis, was primarily due to lower deposit funding costs and lower borrowing costs, partially offset by lower earning asset yields driven by lower yields in our loan and lease portfolio during the nine months ended September 30, 2026 compared to the same period in 2025. Deposit funding costs were $183.5 million for the nine months ended September 30, 2026, a decrease of $29.3 million or 14% compared to the same period in 2025, primarily due to a decrease in interest rates. Rates paid on our interest-bearing deposits were 1.75% for the nine months ended September 30, 2026, a decrease of 36 basis points compared to the same period in 2025, primarily due to rate decreases. Total borrowing costs were nil for the nine months ended September 30, 2026, a decrease of $7.4 million compared to the same period in 2025, as $250.0 million of FHLB advances matured during the third quarter of 2025. The yield on our loan and lease portfolio was 5.29% for the nine months ended September 30, 2026, a decrease of 18 basis points as compared to the same period in 2025, primarily due to lower yields from our adjustable-rate commercial real estate and commercial and industrial loans, which continued to reflect the impact of prior lower-rate market conditions.

The Federal Reserve influences the general market rates of interest, including the deposit and loan rates offered by many financial institutions. Our loan portfolio is affected by changes in the prime interest rate. The prime rate decreased by 75 basis points in 2025 to end the year at 6.75%. The prime rate increased 25 basis points in September 2026, to end the third quarter at 7.00%. As noted above, our loan portfolio is also impacted by changes in the SOFR. At September 30, 2026, the one-month and three-month CME Term SOFR interest rates were 3.91% and 4.08%, respectively. At September 30, 2025, the one-month and three-month CME Term SOFR interest rates were 4.13% and 3.98%, respectively. The target range for the federal funds rate, which is the cost of immediately available overnight funds, decreased 75 basis points in 2025 to end the year at 3.50% to 3.75%. The federal funds rate increased 25 basis points in September 2026 to end the third quarter at 3.75% to 4.00%. There continues to be uncertainty in the changing market and economic conditions.

Provision for Credit Losses

The Provision was $20.3 million for the three months ended September 30, 2026, an increase of $15.8 million as compared to the same period in 2025. This increase was primarily driven by a $12.5 million partial charge-off of a single commercial real estate loan during the third quarter of 2026. The increase was also attributable to increases in the provision for construction loans and commercial and industrial loans and the provision for unfunded commercial and industrial commitments. This was partially offset by decreases in the provision for home equity lines, residential mortgage loans, lease financing and consumer loans and the provision for unfunded construction commitments. We recorded net charge-offs of loans and leases of $21.9 million and $4.2 million for the three months ended September 30, 2026 and 2025, respectively. This represented net charge-offs of 0.60% and 0.12% of average loans and leases, on an annualized basis, for the three months ended September 30, 2026 and 2025, respectively. The Provision was $30.9 million for the nine months ended September 30, 2026, an increase of $11.4 million or 59% as compared to the same period in 2025. Consistent with the increase for the three months ended September 30, 2026, the increase was primarily driven by a $12.5 million partial charge-off of a single commercial real estate loan during the third quarter of 2026. The increase was also attributable to increases in the provision for construction loans and residential mortgage loans and the provision for unfunded commercial and industrial and construction commitments. This was partially offset by decreases in the provision for consumer loans, commercial and industrial loans, home equity lines and lease financing and the provision for unfunded home equity line commitments. We recorded net charge-offs of loans and leases of $31.0 million and $11.3 million for the nine months ended September 30, 2026 and 2025, respectively. This represented net charge-offs of 0.29% and 0.11% of average loans and leases, on an annualized basis, for the nine months ended September 30, 2026 and 2025, respectively. The ACL was $164.4 million as of September 30, 2026, a decrease of $4.0 million or 2% from December 31, 2025 and represented 1.14% of total outstanding loans and leases as of September 30, 2026, compared to 1.18% of total outstanding loans and leases as of December 31, 2025. The reserve for unfunded commitments was $39.7 million as of September 30, 2026, compared to $35.7 million as of December 31, 2025. The Provision is recorded to maintain the ACL and the reserve for unfunded commitments at levels deemed adequate by management based on the factors noted in the "Risk Governance and Quantitative and Qualitative Disclosures About Market Risk — Credit Risk" section of this MD&A.

Noninterest Income

Table 7 presents the major components of noninterest income for the three months ended September 30, 2026 and 2025 and Table 8 presents the major components of noninterest income for the nine months ended September 30, 2026 and 2025:

Noninterest Income **Table 7**

(dollars in thousands)	Three Months Ended September 30, 2026	2025	Dollar Change	Percent Change
Service charges on deposit accounts	**$ 8,693**	$ 8,096	$ 597	7 %
Credit and debit card fees	**15,718**	15,850	(132)	(1)
Other service charges and fees	**15,386**	13,807	1,579	11
Trust and investment services income	**9,146**	9,212	(66)	(1)
Bank-owned life insurance	**4,748**	6,314	(1,566)	(25)
Other	**2,432**	3,781	(1,349)	(36)
Total noninterest income	**$ 56,123**	$ 57,060	$ (937)	(2)%

Noninterest Income **Table 8**

(dollars in thousands)	Nine Months Ended September 30, 2026	2025	Dollar Change	Percent Change
Service charges on deposit accounts	**$ 25,165**	$ 23,461	$ 1,704	7 %
Credit and debit card fees	**46,203**	46,237	(34)	—
Other service charges and fees	**43,579**	39,324	4,255	11
Trust and investment services income	**27,366**	27,736	(370)	(1)
Bank-owned life insurance	**15,908**	15,409	499	3
Investment securities gains, net	**—**	37	(37)	n/m
Other	**11,002**	9,291	1,711	18
Total noninterest income	**$ 169,223**	$ 161,495	$ 7,728	5 %

n/m – Denotes a variance that is not a meaningful metric to inform the change in noninterest income for the nine months ended September 30, 2026 to the same period in 2025.

Total noninterest income was $56.1 million for the three months ended September 30, 2026, a decrease of $0.9 million or 2% as compared to the same period in 2025. Total noninterest income was $169.2 million for the nine months ended September 30, 2026, an increase of $7.7 million or 5% as compared to the same period in 2025.

Service charges on deposit accounts were $8.7 million for the three months ended September 30, 2026, an increase of $0.6 million or 7% as compared to the same period in 2025. This increase was primarily due to a $0.7 million increase in overdraft and checking account fees. Service charges on deposit accounts were $25.2 million for the nine months ended September 30, 2026, an increase of $1.7 million or 7% as compared to the same period in 2025. This increase was primarily due to a $1.8 million increase in overdraft and checking account fees.

Credit and debit card fees were $15.7 million for the three months ended September 30, 2026, a decrease of $0.1 million or 1% as compared to the same period in 2025. Credit and debit card fees were $46.2 million for the nine months ended September 30, 2026, a minimal change as compared to the same period in 2025.

Other service charges and fees were $15.4 million for the three months ended September 30, 2026, an increase of $1.6 million or 11% as compared to the same period in 2025. This increase was primarily due to a $2.0 million increase in fees from annuities and securities, partially offset by a $0.3 million decrease in service fees related to participation loans. Other service charges and fees were $43.6 million for the nine months ended September 30, 2026, an increase of $4.3 million or 11% as compared to the same period in 2025. This increase was primarily due to a $4.9 million increase in fees from annuities and securities, partially offset by a $0.6 million decrease in online banking fees.

Trust and investment services income was $9.1 million for the three months ended September 30, 2026, a decrease of $0.1 million or 1% as compared to the same period in 2025. Trust and investment services income was $27.4 million for the nine months ended September 30, 2026, a decrease of $0.4 million or 1% as compared to the same period in 2025. This decrease was primarily due to a $0.5 million decrease in investment management fees.

BOLI income was $4.7 million for the three months ended September 30, 2026, a decrease of $1.6 million or 25% as compared to the same period in 2025. This decrease was primarily due to a $1.2 million decrease in BOLI earnings and a $0.4 million decrease in death benefit proceeds from life insurance policies. BOLI income was $15.9 million for the nine months ended September 30, 2026, an increase of $0.5 million or 3% as compared to the same period in 2025. This increase was primarily due to a $0.3 million increase in death benefit proceeds from life insurance policies and a $0.2 million increase in BOLI earnings.

Other noninterest income was $2.4 million for the three months ended September 30, 2026, a decrease of $1.3 million or 36% as compared to the same period in 2025. This decrease was primarily due to a $1.1 million decrease in customer-related interest rate swap fees and a $0.8 million decrease in volume-based incentives, partially offset by a $0.5 million decrease in net losses recognized in income related to derivative contracts. Other noninterest income was $11.0 million for the nine months ended September 30, 2026, an increase of $1.7 million or 18% as compared to the same period in 2025. This increase was primarily due to $1.7 million in excise tax refunds received during the nine months ended September 30, 2026, a $0.8 million class action settlement the Company received during the nine months ended September 30, 2026 and a $0.7 million decrease in net losses recognized in income related to derivative contracts. This was partially offset by a $0.6 million decrease in customer-related interest rate swap fees, a $0.4 million decrease in insurance proceeds received and a $0.3 million decrease in income due to adjustments to certain liabilities assumed as a result of the Reorganization Transactions.

Noninterest Expense

Table 9 presents the major components of noninterest expense for the three months ended September 30, 2026 and 2025 and Table 10 presents the major components of noninterest expense for the nine months ended September 30, 2026 and 2025:

Noninterest Expense **Table 9**

(dollars in thousands)	Three Months Ended September 30, 2026	2025	Dollar Change	Percentage Change
Salaries and employee benefits	**$ 63,159**	$ 61,533	$ 1,626	3 %
Contracted services and professional fees	**13,803**	15,785	(1,982)	(13)
Occupancy	**7,333**	7,098	235	3
Equipment	**15,308**	13,834	1,474	11
Regulatory assessment and fees	**3,112**	3,294	(182)	(6)
Advertising and marketing	**2,157**	2,033	124	6
Card rewards program	**9,125**	8,694	431	5
Merger-related costs	**6,672**	—	6,672	n/m
Other	**39,378**	13,473	25,905	n/m
Total noninterest expense	**$ 160,047**	$ 125,744	$ 34,303	27 %

n/m – Denotes a variance that is not a meaningful metric to inform the change in noninterest income for the three months ended September 30, 2026 to the same period in 2025.

Noninterest Expense **Table 10**

(dollars in thousands)	Nine Months Ended September 30, 2026	2025	Dollar Change	Percentage Change
Salaries and employee benefits	**$ 189,625**	$ 181,138	$ 8,487	5 %
Contracted services and professional fees	**41,987**	46,621	(4,634)	(10)
Occupancy	**23,051**	23,132	(81)	—
Equipment	**44,652**	41,742	2,910	7
Regulatory assessment and fees	**9,777**	10,876	(1,099)	(10)
Advertising and marketing	**6,587**	6,247	340	5
Card rewards program	**25,932**	25,019	913	4
Merger-related costs	**10,854**	—	10,854	n/m
Other	**65,912**	39,468	26,444	67
Total noninterest expense	**$ 418,377**	$ 374,243	$ 44,134	12 %

n/m – Denotes a variance that is not a meaningful metric to inform the change in noninterest income for the nine months ended September 30, 2026 to the same period in 2025.

Total noninterest expense was $160.0 million for the three months ended September 30, 2026, an increase of $34.3 million or 27% as compared to the same period in 2025. Total noninterest expense was $418.4 million for the nine months ended September 30, 2026, an increase of $44.1 million or 12% as compared to the same period in 2025.

Salaries and employee benefits expense was $63.2 million for the three months ended September 30, 2026, an increase of $1.6 million or 3% as compared to the same period in 2025. This increase was primarily due to a $1.1 million increase in base salaries and related payroll taxes, a $0.7 million decrease in payroll and benefit costs being deferred as loan origination costs, a $0.3 million increase in nonrecurring separation agreements and severance costs and a $0.3 million increase in group health plan costs. This was partially offset by a $0.7 million decrease in adjustments made to the deferred compensation plan as a result of market conditions. Salaries and employee benefits expense was $189.6 million for the nine months ended September 30, 2026, an increase of $8.5 million or 5% as compared to the same period in 2025. This increase was primarily due to a $4.5 million increase in base salaries and related payroll taxes, a $2.5 million increase in incentive compensation and a $1.4 million increase in group health plan costs.

Contracted services and professional fees were $13.8 million for the three months ended September 30, 2026, a decrease of $2.0 million or 13% as compared to the same period in 2025. This decrease was primarily due to a $2.2 million decrease in outside services, primarily attributable to technology-related projects, marketing and new customer services. Contracted services and professional fees were $42.0 million for the nine months ended September 30, 2026, a decrease of $4.6 million or 10% as compared to the same period in 2025. This decrease was primarily due to a $4.9 million decrease in outside services, primarily attributable to technology-related projects, marketing and new customer services.

Occupancy expense was $7.3 million for the three months ended September 30, 2026, an increase of $0.2 million or 3% as compared to the same period in 2025. Occupancy expense was $23.1 million for the nine months ended September 30, 2026, a decrease of $0.1 million as compared to the same period in 2025.

Equipment expense was $15.3 million for the three months ended September 30, 2026, an increase of $1.5 million or 11% as compared to the same period in 2025. This increase was primarily due to a $1.1 million increase in technology-related amortization and licensing and maintenance fees and a $0.3 million increase in furniture and equipment depreciation. Equipment expense was $44.7 million for the nine months ended September 30, 2026, an increase of $2.9 million or 7% as compared to the same period in 2025. This increase was primarily due to a $1.9 million increase in technology-related amortization and licensing and maintenance fees and a $1.1 million increase in furniture and equipment depreciation.

Regulatory assessment and fees were $3.1 million for the three months ended September 30, 2026, a decrease of $0.2 million or 6% as compared to the same period in 2025. Regulatory assessment and fees were $9.8 million for the nine months ended September 30, 2026, a decrease of $1.1 million or 10% as compared to the same period in 2025. This decrease was primarily due to a decrease in the FDIC insurance assessment. During 2023, the FDIC approved a final rule for a special assessment to replenish the deposit insurance fund following bank failures occurring earlier in the year. As a result, the Company previously recorded a related loss of $16.3 million in the fourth quarter of 2023. During the first quarter of 2024, the FDIC issued a notice that the original loss estimate related to the 2023 bank failures was subsequently increased and that this increase would result in an additional assessment expense to affected institutions. As a result, we recorded a net expense related to the additional special assessment of $3.5 million for the year ended December 31, 2024. In December 2025, the FDIC reduced the rate at which the assessment is collected for the eighth quarter of the collection period, with an invoice payment date of March 30, 2026, from 3.36 basis points to 2.97 basis points. We recorded a reduction in the expense related to the additional special assessment of $2.6 million in 2025, $0.2 million in the first quarter of 2026 and $0.3 million in the third quarter of 2026.

Advertising and marketing expense was $2.2 million for the three months ended September 30, 2026, an increase of $0.1 million or 6% as compared to the same period in 2025. Advertising and marketing expense was $6.6 million for the nine months ended September 30, 2026, an increase of $0.3 million or 5% as compared to the same period in 2025.

Card rewards program expense was $9.1 million for the three months ended September 30, 2026, an increase of $0.4 million or 5% as compared to the same period in 2025. This increase was primarily due to a $0.5 million increase in credit card cash reward redemptions. Card rewards program expense was $25.9 million for the nine months ended September 30, 2026, an increase of $0.9 million or 4% as compared to the same period in 2025. This increase was primarily due to a $0.8 million increase in credit card cash reward redemptions.

Merger-related costs were $6.7 million for the three months ended September 30, 2026, an increase of $6.7 million as compared to the same period in 2025. Merger-related costs were $10.9 million for the nine months ended September 30, 2026, an increase of $10.9 million as compared to the same period in 2025. These increases were related to legal and consultant fees, as well as costs for outside services, incurred as part of our proposed merger with TriCo Bancshares.

Other noninterest expense was $39.4 million for the three months ended September 30, 2026, an increase of $25.9 million as compared to the same period in 2025. This increase was primarily due to a $24.3 million increase in expense due to adjustments to certain liabilities assumed as a result of the Reorganization Transactions, a $1.5 million increase in operational losses and other charge-offs and a $0.6 million increase in charitable contributions, partially offset by a $0.3 million decrease in shipping and delivery expenses. Other noninterest expense was $65.9 million for the nine months ended September 30, 2026, an increase of $26.4 million or 67% as compared to the same period in 2025. This increase was primarily due to a $24.3 million increase in expense due to adjustments to certain liabilities assumed as a result of the Reorganization Transactions, a $1.8 million increase in operational losses and other charge-offs, a $1.4 million increase in charitable contributions and a $0.5 million increase in brokers fees, partially offset by a $1.2 million decrease in software amortization expense and a $0.4 million decrease in pension-related expenses.

Provision for Income Taxes

The benefit for income taxes was $13.9 million (a negative effective tax rate of 27.79%) for the three months ended September 30, 2026, compared with a provision for income taxes of $22.3 million (an effective tax rate of 23.20%) for the same period in 2025. The provision for income taxes was $27.7 million (an effective tax rate of 11.90%) for the nine months ended September 30, 2026, compared with a provision for income taxes of $54.9 million (an effective tax rate of 21.00%) for the same period in 2025. The reduction in the effective tax rate was due primarily to the reversal of certain reserves for uncertain tax liabilities due to the execution of a settlement agreement with the California Franchise Tax Board. See “Note 10. Income Taxes” contained in our unaudited interim consolidated financial statements for more information.

Analysis of Business Segments

Our business segments are Retail Banking and Commercial Banking, with all other activities, including Treasury, reported in Corporate/Other. Table 11 summarizes net income (loss) from our business segments and Corporate/Other for the three and nine months ended September 30, 2026 and 2025. Additional information about operating segment performance and Corporate/Other is presented in “Note 17. Reportable Operating Segments” contained in our unaudited interim consolidated financial statements.

During the quarter ended December 31, 2025, we realigned our internal organizational and management reporting structure. As a result of this change, we reduced our reportable operating segments from three to two. Our reportable segments are now Retail Banking and Commercial Banking. Activities previously reported within the Treasury and Other segment are now included in Corporate/Other, as Treasury exists to support our operating segments. The change in reportable segments reflects how our chief operating decision maker currently evaluates performance and allocates resources. We have reported our selected financial information using two reportable operating segments for the three and nine months ended September 30, 2026 and 2025.

Business Segments and Corporate/Other Net Income (Loss) **Table 11**

(dollars in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Retail Banking	**$ 70,245**	$ 66,583	**$ 198,562**	$ 189,438
Commercial Banking	**29,965**	34,564	**98,170**	98,377
Corporate/Other	**(36,480)**	(27,307)	**(91,843)**	(81,480)
Consolidated Total	**$ 63,730**	$ 73,840	**$ 204,889**	$ 206,335

Retail Banking. Our Retail Banking segment includes the financial products and services we provide to consumers and small businesses. Loan and lease products offered include residential and commercial mortgage loans, home equity lines of credit and loans, automobile loans and leases, secured and unsecured lines of credit, installment loans and small business loans and leases. Deposit products offered include checking, savings and time deposit accounts. Our Retail Banking segment also includes our wealth management services. Products and services from Retail Banking are delivered to customers through 49 banking locations throughout the State of Hawaii, Guam and Saipan.

Net income for the Retail Banking segment was $70.2 million for the three months ended September 30, 2026, an increase of $3.7 million or 5% as compared to the same period in 2025. The increase in net income for the Retail Banking segment was primarily due to an $8.5 million decrease in the provision for income taxes, a $4.9 million increase in net interest income and a $2.0 million increase in noninterest income, partially offset by a $7.1 million increase in the Provision and a $4.6 million increase in noninterest expense. The decrease in the provision for income taxes was primarily due to the allocation of the reversal of certain reserves for uncertain tax liabilities due to the execution of a settlement agreement with the California Franchise Tax Board. The increase in net interest income was primarily due to higher deposit spreads. The increase in noninterest income was primarily due to increases in other service charges and fees and service charges on deposit accounts. The increase in the Provision allocated to the Retail Banking segment was primarily due to increases in the provision for commercial real estate loans and construction loans. The increase in noninterest expense was primarily due to increases in operational losses and other charge-offs, salaries and employee benefits expense, occupancy expense and brokers fees.

Net income for the Retail Banking segment was $198.6 million for the nine months ended September 30, 2026, an increase of $9.1 million or 5% as compared to the same period in 2025. The increase in net income for the Retail Banking segment was primarily due to a $14.3 million increase in net interest income, a $4.8 million increase in noninterest income and a $1.1 million decrease in the provision for income taxes, partially offset by a $7.1 million increase in noninterest expense and a $4.0 million increase in the Provision. The increase in net interest income was primarily due to higher deposit spreads and higher loan spreads. The increase in noninterest income was primarily due to increases in other service charges and fees and service charges on deposit accounts. The decrease in the provision for income taxes was primarily due to the allocation of the reversal of certain reserves for uncertain tax liabilities due to the execution of a settlement agreement with the California Franchise Tax Board in 2026, partially offset by the allocation of the revaluation of the California deferred tax assets in 2025. The increase in noninterest expense was primarily due to increases in salaries and employee benefits expense, occupancy expense, operational losses and other charge-offs and brokers fees. This was partially offset by lower overall expenses that were allocated to the Retail Banking segment. The increase in the Provision allocated to the Retail Banking segment was primarily due to increases in the provision for commercial real estate loans and construction loans, partially offset by decreases in the provision for consumer loans.

Commercial Banking. Our Commercial Banking segment includes our corporate banking related products, commercial real estate loans, commercial lease financing, secured and unsecured lines of credit, automobile loans and auto dealer financing, business deposit products and credit cards. Commercial lending and deposit products are offered primarily to middle-market and large companies locally, nationally and internationally.

Net income for the Commercial Banking segment was $30.0 million for the three months ended September 30, 2026, a decrease of $4.6 million or 13% as compared to the same period in 2025. The decrease in net income for the Commercial Banking segment was primarily due to a $9.6 million increase in the Provision and a $2.1 million decrease in noninterest income, partially offset by a $6.5 million decrease in the provision for income taxes and a $1.1 million increase in net interest income. The increase in the Provision allocated to the Commercial Banking segment was primarily due to increases in the provision for commercial real estate loans and construction loans. The decrease in noninterest income was primarily due to decreases in customer-related interest rate swap fees and volume-based incentives. The decrease in the provision for income taxes was primarily due to the decrease in pretax income and the allocation of the reversal of certain reserves for uncertain tax liabilities due to the execution of a settlement agreement with the California Franchise Tax Board. The increase in net interest income was primarily due to higher average loan balances, partially offset by lower deposit spreads.

Net income for the Commercial Banking segment was $98.2 million for the nine months ended September 30, 2026, a decrease of $0.2 million as compared to the same period in 2025. The slight decrease in net income for the Commercial Banking segment was primarily due to a $6.8 million increase in the Provision, partially offset by a $3.9 million decrease in the provision for income taxes, a $1.6 increase in net interest income and a $1.1 million increase in noninterest income. The increase in the Provision allocated to the Commercial Banking segment was primarily due to increases in the provision for commercial real estate loans and construction loans, partially offset by decreases in the provision for consumer loans. The decrease in the provision for income taxes was primarily due to the decrease in pretax income for the Commercial Banking segment. The increase in net interest income was primarily due to higher average loan balances, higher loan fees and higher average deposit balances, partially offset by lower deposit spreads. The increase in noninterest income was primarily due to excise tax refunds received during the nine months ended September 30, 2026, partially offset by a decrease in customer-related interest rate swap fees.

Analysis of Financial Condition

Liquidity and Capital Resources

Liquidity refers to our ability to maintain cash flow that is adequate to fund operations and meet present and future financial obligations through either the sale or maturity of existing assets or by obtaining additional funding through liability management. We consider the effective and prudent management of liquidity to be fundamental to our health and strength. Our objective is to manage our cash flow and liquidity reserves so that they are adequate to fund our obligations and other commitments on a timely basis and at a reasonable cost.

Liquidity is managed to ensure stable, reliable and cost-effective sources of funds to satisfy demand for credit, deposit withdrawals and investment opportunities. Funding requirements are impacted by loan originations and refinancings, deposit balance changes, liability issuances and settlements and off-balance sheet funding commitments. We consider and comply with various regulatory and internal guidelines regarding required liquidity levels and periodically monitor our liquidity position in light of the changing economic environment and customer activity. Based on periodic liquidity assessments, we may alter our asset, liability and off-balance sheet positions. The Company's Asset Liability Management Committee ("ALCO") monitors sources and uses of funds and modifies asset and liability positions as liquidity requirements change. This process, combined with our ability to raise funds in money and capital markets and through private placements, provides flexibility in managing the exposure to liquidity risk.

Immediate liquid resources are available in cash, which is primarily on deposit with the Federal Reserve Bank of San Francisco ("FRB"). As of September 30, 2026 and December 31, 2025, cash and cash equivalents were $1.3 billion and $1.5 billion, respectively. Potential sources of liquidity also include investment securities in our available-for-sale portfolio and held-to-maturity portfolio. The carrying values of our available-for-sale investment securities and held-to-maturity investment securities were $2.0 billion and $3.3 billion as of September 30, 2026, respectively. The carrying values of our available-for-sale investment securities and held-to-maturity investment securities were $2.1 billion and $3.5 billion as of December 31, 2025, respectively. As of September 30, 2026 and December 31, 2025, we maintained additional liquidity primarily in collateralized mortgage obligations issued by Ginnie Mae, Fannie Mae and Freddie Mac and mortgage-backed securities issued by Ginnie Mae, Freddie Mac, Fannie Mae, Municipal Housing Authorities and non-agency entities. As of September 30, 2026, our available-for-sale investment securities portfolio was comprised of securities with a weighted average life of approximately 4.3 years and our held-to-maturity investment securities portfolio was comprised of securities with a weighted average life of approximately 6.8 years. These funds offer substantial resources to meet either new loan demand or to help offset reductions in our deposit funding base as they provide quick sources of liquidity by pledging to obtain secured borrowings and repurchase agreements or sales of our available-for-sale securities portfolio. Liquidity is further enhanced by our ability to pledge loans to access secured borrowings from the Federal Home Loan Bank of Des Moines ("FHLB") and the FRB. As of September 30, 2026, we have borrowing capacity of $3.6 billion from the FHLB and $3.1 billion from the FRB based on the amount of collateral pledged.

Our core deposits have historically provided us with a long-term source of stable and relatively lower cost of funding. Our core deposits, defined as all deposits exclusive of time deposits exceeding $250,000, totaled $18.8 billion and $19.1 billion as of September 30, 2026 and December 31, 2025, respectively, which represented 93% of our total deposits as of both September 30, 2026 and December 31, 2025. These core deposits are normally less volatile, often with customer relationships tied to other products offered by the Company; however, deposit levels could decrease if interest rates increase significantly or if corporate customers increase investing activities, including alternative investment options, that reduce deposit balances.

The Company's routine funding requirements are expected to consist primarily of general corporate needs and capital to be returned to our shareholders. We expect to meet these obligations from dividends paid by the Bank to the Parent. Additional sources of liquidity available to us include selling residential real estate loans in the secondary market, taking out short- and long-term borrowings and issuing long-term debt and equity securities.

Our material cash requirements from our current and long-term contractual obligations have not changed materially since previously reported as of December 31, 2025. We believe that our existing cash, cash equivalents, investments, and cash expected to be generated from operations, are still sufficient to meet our cash requirements within the next 12 months and beyond.

Potential Demands on Liquidity from Off-Balance Sheet Arrangements

We have off-balance sheet arrangements, such as variable interest entities, guarantees, and certain financial instruments with off-balance sheet risk, that may affect the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Variable Interest Entities

We hold interests in several unconsolidated variable interest entities ("VIEs"). These unconsolidated VIEs are primarily low-income housing tax credit investments in partnerships and limited liability companies. Variable interests are defined as contractual ownership or other interests in an entity that change with fluctuations in an entity's net asset value. The primary beneficiary consolidates the VIE. Based on our analysis, we have determined that the Company is not the primary beneficiary of these entities. As a result, we do not consolidate these VIEs. Unfunded commitments to fund these low-income housing tax credit investments were $163.7 million and $153.3 million as of September 30, 2026 and December 31, 2025, respectively.

Guarantees

We sell residential mortgage loans on the secondary market, primarily to Fannie Mae or Freddie Mac. The agreements under which we sell residential mortgage loans to Fannie Mae or Freddie Mac contain provisions that include various representations and warranties regarding the origination and characteristics of the residential mortgage loans. Although the specific representations and warranties vary among investors, insurance or guarantee agreements, they typically cover ownership of the loan, validity of the lien securing the loan, the absence of delinquent taxes or liens against the property securing the loan, compliance with loan criteria set forth in the applicable agreement, compliance with applicable federal, state and local laws and other matters. The unpaid principal balance of our portfolio of residential mortgage loans sold was $1.0 billion and $1.1 billion as of September 30, 2026 and December 31, 2025, respectively. The agreements under which we sell residential mortgage loans require delivery of various documents to the investor or its document custodian. Although these loans are primarily sold on a non-recourse basis, we may be obligated to repurchase residential mortgage loans or reimburse investors for losses incurred if a loan review reveals that underwriting and documentation standards were potentially not met in the origination of those loans. Upon receipt of a repurchase request, we work with investors to arrive at a mutually agreeable resolution. Repurchase demands are typically reviewed on an individual loan by loan basis to validate the claims made by the investor to determine if a contractually required repurchase event has occurred. We manage the risk associated with potential repurchases or other forms of settlement through our underwriting and quality assurance practices and by servicing mortgage loans to meet investor and secondary market standards. For the nine months ended September 30, 2026, there was one residential mortgage loan repurchase totaling less than $0.1 million and there were no pending repurchase requests.

In addition to servicing loans in our portfolio, substantially all of the loans we sell to investors are sold with servicing rights retained. We also service loans originated by other mortgage loan originators. As servicer, our primary duties are to: (1) collect payments due from borrowers; (2) advance certain delinquent payments of principal and interest; (3) maintain and administer any hazard, title or primary mortgage insurance policies relating to the mortgage loans; (4) maintain any required escrow accounts for payment of taxes and insurance and administer escrow payments; and (5) foreclose on defaulted mortgage loans, or loan modifications or short sales. Each agreement under which we act as servicer generally specifies a standard of responsibility for actions taken by the Company in such capacity and provides protection against expenses and liabilities incurred by the Company when acting in compliance with the respective servicing agreements. However, if we commit a material breach of obligations as servicer, we may be subject to termination if the breach is not cured within a specified period following notice. The standards governing servicing and the possible remedies for violations of such standards vary by investor. These standards and remedies are determined by servicing guides issued by the investors as well as the contract provisions established between the investors and the Company. Remedies could include repurchase of an affected loan. For the nine months ended September 30, 2026, we had no repurchase requests related to loan servicing activities, nor were there any pending repurchase requests as of September 30, 2026.

Although to-date repurchase requests related to representation and warranty provisions and servicing activities have been limited, it is possible that requests to repurchase mortgage loans may increase in frequency as investors more aggressively pursue all means of recovering losses on their purchased loans. However, as of September 30, 2026, management believes that this exposure is not material due to the historical level of repurchase requests and loss trends and thus has not established a liability for losses related to mortgage loan repurchases. As of September 30, 2026, 98% of our residential mortgage loans serviced for investors were current. We maintain ongoing communications with investors and continue to evaluate this exposure by monitoring the level and number of repurchase requests as well as the delinquency rates in loans sold to investors.

Financial Instruments with Off-Balance Sheet Risk

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby and commercial letters of credit which are not reflected in the unaudited interim consolidated financial statements.

See “Note 12. Commitments and Contingent Liabilities” contained in our unaudited interim consolidated financial statements for more information on our financial instruments with off-balance sheet risk.

Investment Securities

Table 12 presents the estimated fair value of our available-for-sale investment securities portfolio and amortized cost of our held-to-maturity investment securities portfolio as of September 30, 2026 and December 31, 2025:

Investment Securities **Table 12**

(dollars in thousands)	September 30, 2026	December 31, 2025
Mortgage-backed securities:		
Residential - Government agency	**$ 22,991**	$ 30,367
Residential - Government-sponsored enterprises	**867,448**	878,215
Commercial - Government agency	**172,924**	191,177
Commercial - Government-sponsored enterprises	**38,303**	41,599
Commercial - Non-agency	**259,734**	129,014
Collateralized mortgage obligations:		
Government agency	**367,616**	426,276
Government-sponsored enterprises	**280,021**	302,996
Collateralized loan obligations	**7,908**	76,589
Total available-for-sale securities	**$ 2,016,945**	$ 2,076,233
Government agency debt securities	**$ 44,288**	$ 46,182
Mortgage-backed securities:		
Residential - Government agency	**34,621**	37,081
Residential - Government-sponsored enterprises	**81,783**	86,681
Commercial - Government agency	**30,160**	30,796
Commercial - Government-sponsored enterprises	**1,065,523**	1,088,838
Collateralized mortgage obligations:		
Government agency	**767,292**	823,423
Government-sponsored enterprises	**1,268,014**	1,365,087
Debt securities issued by states and political subdivisions	**55,313**	54,994
Total held-to-maturity securities	**$ 3,346,994**	$ 3,533,082

Table 13 presents the maturity distribution at amortized cost and weighted-average yield to maturity of our investment securities portfolio as of September 30, 2026:

Maturities and Weighted-Average Yield on Securities[1] **Table 13**

	September 30, 2026										
	1 Year or Less		After 1 Year - 5 Years		After 5 Years - 10 Years		Over 10 Years		Total		
(dollars in millions)	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Fair Value
Available-for-sale securities											
Mortgage-backed securities:											
Residential - Government agency[2]	$ —	— %	$ 15.8	5.47 %	$ 8.7	2.84 %	$ —	— %	$ 24.5	4.53 %	$ 23.0
Residential - Government-sponsored enterprises[2]	—	—	667.5	1.99	292.1	4.55	—	—	959.6	2.77	867.4
Commercial - Government agency[2]	0.6	2.52	197.8	1.90	29.3	1.80	—	—	227.7	1.89	172.9
Commercial - Government-sponsored enterprises[2]	38.9	1.69	—	—	—	—	—	—	38.9	1.69	38.3
Commercial - Non-agency	—	—	74.8	5.69	—	—	184.0	5.14	258.8	5.30	259.8
Collateralized mortgage obligations[2]:											
Government agency	0.4	1.83	285.9	2.47	132.7	3.09	—	—	419.0	2.67	367.6
Government-sponsored enterprises	0.8	1.36	202.2	2.11	119.7	2.37	—	—	322.7	2.21	280.0
Collateralized loan obligations	—	—	3.3	6.69	4.6	6.31	—	—	7.9	6.47	7.9
Total available-for-sale securities	$ 40.7	1.70 %	$ 1,447.3	2.33 %	$ 587.1	3.63 %	$ 184.0	5.14 %	$ 2,259.1	2.88 %	$ 2,016.9
Held-to-maturity securities											
Government agency debt securities	$ —	— %	$ —	— %	$ 23.4	1.33 %	$ 20.9	1.84 %	$ 44.3	1.57 %	$ 39.4
Mortgage-backed securities[2]:											
Residential - Government agency	—	—	—	—	34.6	2.13	—	—	34.6	2.13	28.3
Residential - Government-sponsored enterprises	—	—	—	—	81.8	1.59	—	—	81.8	1.59	66.5
Commercial - Government agency	—	—	14.4	2.25	15.8	1.78	—	—	30.2	2.01	20.8
Commercial - Government-sponsored enterprises	36.2	0.93	391.2	1.72	459.7	2.06	178.4	2.72	1,065.5	2.01	900.7
Collateralized mortgage obligations[2]:											
Government agency	—	—	9.5	2.20	757.8	1.39	—	—	767.3	1.40	642.7
Government-sponsored enterprises	—	—	199.1	1.78	1,050.0	1.46	18.9	2.34	1,268.0	1.52	1,073.4
Debt securities issued by state and political subdivisions	—	—	—	—	38.1	2.20	17.2	2.45	55.3	2.27	47.5
Total held-to-maturity securities	$ 36.2	0.93 %	$ 614.2	1.76 %	$ 2,461.2	1.58 %	$ 235.4	2.59 %	$ 3,347.0	1.67 %	$ 2,819.3

(1) Weighted-average yields were computed on a fully taxable-equivalent basis.
(2) Maturities for mortgage-backed securities and collateralized mortgage obligations anticipate future prepayments.

The carrying value of our investment securities portfolio was $5.4 billion as of September 30, 2026, a decrease of $245.4 million or 4% compared to December 31, 2025. The lower balances in investment securities were driven by payments and maturities during the nine months ended September 30, 2026, which were placed into loans and leases and helped fund deposit run-off. Our available-for-sale investment securities are carried at fair value with changes in fair value reflected in other comprehensive income (loss) or through the Provision. Our held-to-maturity investment securities are carried at amortized cost.

As of September 30, 2026, we maintained all of our investment securities in either the available-for-sale category (recorded at fair value) or the held-to-maturity category (recorded at amortized cost) in the unaudited interim consolidated balance sheets, with $2.7 billion invested in collateralized mortgage obligations issued by Ginnie Mae, Fannie Mae and Freddie Mac. Our investment securities portfolio also included $2.6 billion in mortgage-backed securities issued by Ginnie Mae, Freddie Mac, Fannie Mae, Municipal Housing Authorities and non-agency entities, $55.3 million in debt securities issued by states and political subdivisions, $44.3 million in debt securities issued by government agencies (U.S. International Development Finance Corporation bonds) and $7.9 million in collateralized loan obligations.

We continually evaluate our investment securities portfolio in response to established asset/liability management objectives, changing market conditions that could affect profitability and the level of interest rate risk to which we are exposed. These evaluations may cause us to change the level of funds we deploy into investment securities and change the composition of our investment securities portfolio.

Gross unrealized gains in our investment securities portfolio were $1.4 million and $7.1 million as of September 30, 2026 and December 31, 2025, respectively. Gross unrealized losses in our investment securities portfolio were $771.2 million and $521.9 million as of September 30, 2026 and December 31, 2025, respectively. The higher overall unrealized loss position was primarily due to changes in the market value of the securities.

For our available-for-sale investment securities, we conduct a regular assessment of our investment securities portfolio to determine whether any securities are impaired. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through the allowance for credit losses is recognized in other comprehensive income. For the three and nine months ended September 30, 2026, we did not record any credit losses related to our available-for-sale investment securities portfolio.

For our held-to-maturity investment securities, we utilize the Current Expected Credit Loss (“CECL”) approach to estimate lifetime expected credit losses. Substantially all of our held-to-maturity securities are issued by the U.S. government, its agencies and government-sponsored enterprises. These securities have a long history of no credit losses and carry the explicit or implicit guarantee of the U.S. government. Therefore, as of September 30, 2026, we did not record an allowance for credit losses related to our held-to-maturity investment securities portfolio.

We are required to hold non-marketable equity securities, comprised of FHLB stock, as a condition of our membership in the FHLB system. Our FHLB stock is accounted for at cost, which equals par or redemption value. As of both September 30, 2026 and December 31, 2025, we held $10.1 million in FHLB stock, which is recorded as a component of other assets in our unaudited interim consolidated balance sheets.

See “Note 2. Investment Securities” contained in our unaudited interim consolidated financial statements for more information on our investment securities portfolio.

Loans and Leases

Table 14 presents the composition of our loan and lease portfolio by major categories as of September 30, 2026 and December 31, 2025:

Loans and Leases **Table 14**

(dollars in thousands)	September 30, 2026	December 31, 2025
Commercial and industrial	**$ 2,304,567**	$ 2,171,333
Commercial real estate	**4,714,502**	4,590,326
Construction	**739,531**	808,275
Residential:		
Residential mortgage	**3,996,717**	4,096,300
Home equity line	**1,177,610**	1,178,527
Total residential	**5,174,327**	5,274,827
Consumer	**1,067,697**	1,025,838
Lease financing	**461,604**	441,930
Total loans and leases	**$ 14,462,228**	$ 14,312,529

Total loans and leases were $14.5 billion as of September 30, 2026, an increase of $149.7 million or 1% from December 31, 2025. The increase in total loans and leases was due to increases in commercial and industrial loans, commercial real estate loans, consumer loans and lease financing, partially offset by decreases in residential real estate loans and construction loans.

Commercial and industrial loans are made primarily to corporations, middle market and small businesses for the purpose of financing equipment acquisition, expansion, working capital and other general business purposes. We also offer a variety of automobile dealer flooring lines to our customers in Hawaii and California to assist with the financing of their inventory. Commercial and industrial loans were $2.3 billion as of September 30, 2026, an increase of $133.2 million or 6% from December 31, 2025. This increase was primarily due to an increase in our Shared National Credits portfolio during the nine months ended September 30, 2026.

Commercial real estate loans are secured by first mortgages on commercial real estate at loan to value (“LTV”) ratios generally not exceeding 75% and a minimum debt service coverage ratio of 1.20 to 1. The commercial properties are predominantly apartments, neighborhood and grocery anchored retail, industrial, office, and to a lesser extent, specialized properties such as hotels. The primary source of repayment for investor property and owner occupied property is cash flow from the property and operating cash flow from the business, respectively. Commercial real estate loans were $4.7 billion as of September 30, 2026, an increase of $124.2 million or 3% from December 31, 2025.

Construction loans are for the purchase or construction of a property for which repayment will be generated by the property. Loans in this portfolio are primarily for the purchase of land, as well as for the development of commercial properties, single family homes and condominiums. We classify loans as construction until the completion of the construction phase. Following construction, if a loan is retained by the Bank, the loan is reclassified to the commercial real estate or residential real estate classes of loans. Construction loans were $739.5 million as of September 30, 2026, a decrease of $68.7 million or 9% from December 31, 2025. This decrease was primarily due to payoffs and construction loans reclassified to commercial real estate loans during the nine months ended September 30, 2026.

Residential real estate loans are generally secured by 1-4 unit residential properties and are underwritten using traditional underwriting systems to assess the credit risks and financial capacity and repayment ability of the consumer. Decisions are primarily based on LTV ratios, debt-to-income (“DTI”) ratios, liquidity and credit scores. LTV ratios generally do not exceed 80%, although higher levels are permitted with mortgage insurance. We offer fixed rate mortgage products and variable rate mortgage products including home equity lines of credit. We offer variable rate mortgage products based on SOFR with interest rates that are subject to change every six months after the third, fifth, seventh or tenth year, depending on the product. Variable rate residential mortgage loans are underwritten at fully-indexed interest rates. We generally do not offer interest-only, payment-option facilities, or any product with negative amortization. Residential real estate loans were $5.2 billion as of September 30, 2026, a decrease of $100.5 million or 2% from December 31, 2025.

Consumer loans consist primarily of open- and closed-end direct and indirect credit facilities for personal, automobile and household purchases as well as credit card loans. We seek to maintain reasonable levels of risk in consumer lending by following prudent underwriting guidelines, which include an evaluation of personal credit history, cash flow and collateral values based on existing market conditions. Consumer loans were $1.1 billion as of September 30, 2026, an increase of $41.9 million or 4% from December 31, 2025.

Lease financing consists of commercial single investor leases and leveraged leases. Underwriting of new lease transactions is based on our lending policy, including but not limited to an analysis of customer cash flows and secondary sources of repayment, including the value of leased equipment, the guarantors' cash flows and/or other credit enhancements. No new leveraged leases are being added to the portfolio and all remaining leveraged leases are running off. Lease financing was $461.6 million as of September 30, 2026, an increase of $19.7 million or 5% from December 31, 2025. This increase was primarily due to originations outpacing scheduled lease amortization during the nine months ended September 30, 2026.

See "Note 3. Loans and Leases" and "Note 4. Allowance for Credit Losses" contained in our unaudited interim consolidated financial statements and the discussion in "Analysis of Financial Condition — Allowance for Credit Losses" of this MD&A for more information on our loan and lease portfolio.

The Company's loan and lease portfolio includes adjustable-rate loans, primarily tied to CME Term SOFR, Prime and SOFR, hybrid-rate loans, for which the initial rate is fixed for a period from one year to as much as ten years, and fixed rate loans, for which the interest rate does not change through the life of the loan or the remaining life of the loan. Table 15 presents the recorded investment in our loan and lease portfolio as of September 30, 2026 by rate type:

Loans and Leases by Rate Type **Table 15**

	September 30, 2026							
	Adjustable Rate							
(dollars in thousands)	Prime	SOFR	CME Term SOFR	Other	Total	Hybrid Rate	Fixed Rate	Total
Commercial and industrial	$ 315,009	$ 612,433	$ 804,041	$ 228,046	$ 1,959,529	$ 22,414	$ 322,624	$ 2,304,567
Commercial real estate	466,392	432,069	2,374,079	1,008,368	4,280,908	141,344	292,250	4,714,502
Construction	45,740	63,496	491,737	24,810	625,783	4,612	109,136	739,531
Residential:								
Residential mortgage	12,127	132,694	57,007	73,037	274,865	724,056	2,997,796	3,996,717
Home equity line	507	—	—	—	507	986,598	190,505	1,177,610
Total residential	12,634	132,694	57,007	73,037	275,372	1,710,654	3,188,301	5,174,327
Consumer	338,016	—	—	3,723	341,739	1,017	724,941	1,067,697
Lease financing	—	—	—	—	—	—	461,604	461,604
Total loans and leases	$ 1,177,791	$ 1,240,692	$ 3,726,864	$ 1,337,984	$ 7,483,331	$ 1,880,041	$ 5,098,856	$ 14,462,228
% by rate type	8 %	9 %	26 %	9 %	52 %	13 %	35 %	100 %

Tables 16 and 17 present the geographic distribution of our loan and lease portfolio as of September 30, 2026 and December 31, 2025:

Geographic Distribution of Loan and Lease Portfolio **Table 16**

	September 30, 2026				
(dollars in thousands)	Hawaii	U.S. Mainland[1]	Guam & Saipan	Foreign & Other	Total
Commercial and industrial	**$ 1,054,889**	**$ 1,099,928**	**$ 140,200**	**$ 9,550**	**$ 2,304,567**
Commercial real estate	**2,590,053**	**1,724,813**	**399,636**	**—**	**4,714,502**
Construction	**289,375**	**413,503**	**36,653**	**—**	**739,531**
Residential:					
Residential mortgage	**3,832,117**	**2,529**	**162,071**	**—**	**3,996,717**
Home equity line	**1,123,328**	**—**	**54,282**	**—**	**1,177,610**
Total residential	**4,955,445**	**2,529**	**216,353**	**—**	**5,174,327**
Consumer	**706,704**	**32,305**	**325,740**	**2,948**	**1,067,697**
Lease financing	**258,000**	**185,500**	**18,104**	**—**	**461,604**
Total Loans and Leases	**$ 9,854,466**	**$ 3,458,578**	**$ 1,136,686**	**$ 12,498**	**$ 14,462,228**
Percentage of Total Loans and Leases	**68%**	**24%**	**7%**	**1%**	**100%**

(1) For secured loans and leases, classification as U.S. Mainland is made based on where the collateral is located. For unsecured loans and leases, classification as U.S. Mainland is made based on the location where the majority of the borrower's business operations are conducted.

Geographic Distribution of Loan and Lease Portfolio **Table 17**

	December 31, 2025				
(dollars in thousands)	Hawaii	U.S. Mainland[1]	Guam & Saipan	Foreign & Other	Total
Commercial and industrial	$ 979,948	$ 1,031,600	$ 146,817	$ 12,968	$ 2,171,333
Commercial real estate	2,509,943	1,678,871	401,512	—	4,590,326
Construction	359,263	426,842	22,170	—	808,275
Residential:					
Residential mortgage	3,940,165	2,575	153,560	—	4,096,300
Home equity line	1,129,433	—	49,094	—	1,178,527
Total residential	5,069,598	2,575	202,654	—	5,274,827
Consumer	671,811	35,426	314,681	3,920	1,025,838
Lease financing	246,502	176,946	18,482	—	441,930
Total Loans and Leases	$ 9,837,065	$ 3,352,260	$ 1,106,316	$ 16,888	$ 14,312,529
Percentage of Total Loans and Leases	69%	23%	7%	1%	100%

(1) For secured loans and leases, classification as U.S. Mainland is made based on where the collateral is located. For unsecured loans and leases, classification as U.S. Mainland is made based on the location where the majority of the borrower's business operations are conducted.

Our lending activities are concentrated primarily in Hawaii. However, we also have lending activities on the U.S. mainland, Guam and Saipan. Our commercial lending activities on the U.S. mainland include automobile dealer flooring activities in California, participation in the Shared National Credits Program and selective commercial real estate projects based on existing customer relationships. Our lease financing portfolio includes commercial leveraged and single investor lease financing activities both in Hawaii and on the U.S. mainland. However, no new leveraged leases are being added to the portfolio and all remaining leveraged leases are running off. Our consumer lending activities are concentrated primarily in Hawaii and, to a smaller extent, in Guam and Saipan.

Table 18 presents the contractual maturities of our loan and lease portfolio by major categories and the sensitivities to changes in interest rates as of September 30, 2026:

Maturities for Loan and Lease Portfolio[1] **Table 18**

	September 30, 2026				
(dollars in thousands)	Due in One Year or Less	Due After One to Five Years	Due After Five to Fifteen Years	Due After Fifteen Years	Total
Commercial and industrial	$ 847,381	$ 1,111,134	$ 246,070	$ 99,982	$ 2,304,567
Commercial real estate	1,129,974	2,014,660	1,537,180	32,688	4,714,502
Construction	255,978	348,310	83,733	51,510	739,531
Residential:					
Residential mortgage	17,646	62,151	369,351	3,547,569	3,996,717
Home equity line	25,563	59,999	75,959	1,016,089	1,177,610
Total residential	43,209	122,150	445,310	4,563,658	5,174,327
Consumer	120,283	669,373	278,041	—	1,067,697
Lease financing	19,632	211,063	125,067	105,842	461,604
Total Loans and Leases	$ 2,416,457	$ 4,476,690	$ 2,715,401	$ 4,853,680	$ 14,462,228
Total of loans and leases with:					
Adjustable interest rates	$ 2,217,106	$ 3,365,659	$ 1,644,818	$ 255,748	$ 7,483,331
Hybrid interest rates	69,901	114,642	95,157	1,600,341	1,880,041
Fixed interest rates	129,450	996,389	975,426	2,997,591	5,098,856
Total Loans and Leases	$ 2,416,457	$ 4,476,690	$ 2,715,401	$ 4,853,680	$ 14,462,228

(1) Based on contractual maturities, including extension and renewal options that are not unconditionally cancellable by the Company.

Credit Quality

We perform an internal loan review and grading or scoring procedures on an ongoing basis. The review provides management with periodic information as to the quality of the loan portfolio and effectiveness of our lending policies and procedures. The objective of the loan review and grading or scoring procedures is to identify, in a timely manner, existing or emerging credit quality issues so that appropriate steps can be initiated to avoid or minimize future losses.

For purposes of managing credit risk and estimating the ACL, management has identified three portfolio segments (commercial, residential and consumer) that we use to develop our systematic methodology to determine the ACL. The categorization of loans for the evaluation of credit risk is specific to our credit risk evaluation process and these loan categories are not necessarily the same as the loan categories used for other evaluations of our loan portfolio. See “Note 4. Allowance for Credit Losses” contained in our unaudited interim consolidated financial statements for more information about our approach to estimating the ACL.

The following tables and discussion address non-performing assets and loans and leases that are 90 days past due but are still accruing interest.

Non-Performing Assets and Loans and Leases Past Due 90 Days or More and Still Accruing Interest

Table 19 presents information on our non-performing assets and accruing loans and leases past due 90 days or more as of September 30, 2026 and December 31, 2025:

Non-Performing Assets and Accruing Loans and Leases Past Due 90 Days or More **Table 19**

(dollars in thousands)	September 30, 2026	December 31, 2025
Non-Performing Assets		
Non-Accrual Loans and Leases		
Commercial Loans:		
Commercial and industrial	**$ 1,688**	$ 8,805
Commercial real estate	**13,833**	3,007
Construction	**1,064**	1,788
Lease financing	**115**	734
Total Commercial Loans	**16,700**	14,334
Residential Loans:		
Residential mortgage	**19,244**	16,423
Home equity line	**10,030**	10,271
Total Residential Loans	**29,274**	26,694
Total Non-Accrual Loans and Leases	**45,974**	41,028
Total Non-Performing Assets	**$ 45,974**	$ 41,028
Accruing Loans and Leases Past Due 90 Days or More		
Commercial Loans:		
Commercial and industrial	**$ 403**	$ 318
Commercial real estate	**1,690**	—
Total Commercial Loans	**2,093**	318
Residential mortgage	**14,963**	55
Consumer	**2,171**	2,984
Total Accruing Loans and Leases Past Due 90 Days or More	**$ 19,227**	$ 3,357
Total Loans and Leases	**$ 14,462,228**	$ 14,312,529
Ratio of Non-Accrual Loans and Leases to Total Loans and Leases	**0.32 %**	0.29 %
Ratio of Non-Performing Assets to Total Loans and Leases and OREO	**0.32 %**	0.29 %
Ratio of Non-Performing Assets and Accruing Loans and Leases Past Due 90 Days or More to Total Loans and Leases and OREO	**0.45 %**	0.31 %

Table 20 presents the activity in Non-Performing Assets ("NPAs") for the nine months ended September 30, 2026 and 2025:

Non-Performing Assets **Table 20**

(dollars in thousands)	Nine Months Ended September 30, 2026	2025
Balance at beginning of period	**$ 41,028**	$ 20,679
Additions	**37,985**	17,802
Reductions		
Payments	**(11,440)**	(4,994)
Return to accrual status	**(5,311)**	(2,110)
Charge-offs/write-downs	**(16,288)**	(444)
Total Reductions	**(33,039)**	(7,548)
Balance at end of period	**$ 45,974**	$ 30,933

The level of NPAs represents an indicator of the potential for future credit losses. NPAs consist of non-accrual loans and leases and other real estate owned ("OREO"). Changes in the level of non-accrual loans and leases typically represent increases for loans and leases that reach a specified past due status, offset by reductions for loans and leases that are charged-off, paid down, sold, transferred to held for sale classification, transferred to OREO or are no longer classified as non-accrual because they have returned to accrual status as a result of continued performance and an improvement in the borrower's financial condition and loan repayment capabilities.

Total NPAs were $46.0 million as of September 30, 2026, an increase of $5.0 million or 12% from December 31, 2025. The ratio of our NPAs to total loans and leases and OREO was 0.32% as of September 30, 2026, an increase of three basis points from December 31, 2025.

The largest component of our NPAs is typically residential mortgage loans. The level of these NPAs can remain elevated due to a lengthy judicial foreclosure process in Hawaii. As of September 30, 2026, residential mortgage non-accrual loans were $19.2 million, an increase of $2.8 million or 17% from December 31, 2025. This increase was due to additions in residential mortgage loans totaling $8.4 million, partially offset by payments of $3.1 million and returns to accrual status of $2.5 million. As of September 30, 2026, our residential mortgage non-accrual loans were comprised of 60 loans with a weighted average current LTV ratio of 56%, compared to 59 loans with a weighted average LTV ratio of 52% as of December 31, 2025.

As of September 30, 2026, commercial real estate non-accrual loans were $13.8 million, an increase of $10.8 million from December 31, 2025. This increase was primarily attributable to the addition of a $23.5 million commercial real estate loan during the third quarter of 2026, which was partially charged off by $12.5 million during the same period. The loan is secured by an office building located in downtown Seattle and was originated prior to the COVID-19 pandemic. The charge-off reflected the decline in values across the Seattle office real estate market. The majority of the property's leasable square footage is occupied by a federal government agency. The write-down was based on an assessment of the current market value of the underlying collateral.

As of September 30, 2026, home equity line non-accrual loans were $10.0 million, a decrease of $0.2 million or 2% from December 31, 2025. This decrease was due to payments of $2.7 million and returns to accrual status of $2.0 million, partially offset by additions of $4.5 million.

As of September 30, 2026, commercial and industrial non-accrual loans were $1.7 million, a decrease of $7.1 million or 81% from December 31, 2025. This decrease was due to payments of $5.0 million and charge-offs of $2.6 million, partially offset by additions of $0.5 million.

As of September 30, 2026, construction non-accrual loans were $1.1 million, a decrease of $0.7 million or 40% from December 31, 2025, primarily due to returns to accrual status of $0.7 million.

OREO represents property acquired as the result of borrower defaults on loans. OREO is recorded at fair value, less estimated selling costs, at the time of foreclosure. On an ongoing basis, properties are appraised as required by market conditions and applicable regulations. As of both September 30, 2026 and December 31, 2025, there was no OREO held.

Loans and Leases Past Due 90 Days or More and Still Accruing Interest. Loans and leases in this category are 90 days or more past due, as to principal or interest, and are still accruing interest because they are well secured and in the process of collection.

Loans and leases past due 90 days or more and still accruing interest were $19.2 million as of September 30, 2026, an increase of $15.9 million from December 31, 2025. This increase was primarily due to a $14.9 million increase in residential mortgage loans that were 90 days or more past due and still accruing interest, primarily resulting from operational issues associated with the recent outsourcing of residential mortgage servicing. A significant portion of these loans has been brought current since quarter-end.

Allowance for Credit Losses for Loans and Leases & Reserve for Unfunded Commitments

Table 21 presents an analysis of our ACL for the periods indicated:

Allowance for Credit Losses and Reserve for Unfunded Commitments **Table 21**

(dollars in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Balance at Beginning of Period	**$ 205,728**	$ 201,172	**$ 204,165**	$ 193,240
Loans and Leases Charged-Off				
Commercial Loans:				
Commercial and industrial	**(6,918)**	(1,106)	**(10,312)**	(3,253)
Commercial real estate	**(12,465)**	—	**(12,465)**	—
Lease financing	**(6)**	(580)	**(6)**	(662)
Total Commercial Loans	**(19,389)**	(1,686)	**(22,783)**	(3,915)
Home equity line	**—**	—	**(23)**	(30)
Consumer	**(6,281)**	(4,719)	**(16,615)**	(14,287)
Total Loans and Leases Charged-Off	**(25,670)**	(6,405)	**(39,421)**	(18,232)
Recoveries on Loans and Leases Previously Charged-Off				
Commercial Loans:				
Commercial and industrial	**1,444**	410	**1,991**	1,009
Commercial real estate	**—**	—	**—**	251
Lease financing	**—**	—	**3**	—
Total Commercial Loans	**1,444**	410	**1,994**	1,260
Residential Loans:				
Residential mortgage	**11**	14	**40**	143
Home equity line	**69**	26	**136**	122
Total Residential Loans	**80**	40	**176**	265
Consumer	**2,198**	1,749	**6,266**	5,433
Total Recoveries on Loans and Leases Previously Charged-Off	**3,722**	2,199	**8,436**	6,958
Net Loans and Leases Charged-Off	**(21,948)**	(4,206)	**(30,985)**	(11,274)
Provision for Credit Losses	**20,308**	4,500	**30,908**	19,500
Balance at End of Period	**$ 204,088**	$ 201,466	**$ 204,088**	$ 201,466
Components:				
Allowance for Credit Losses	**$ 164,437**	$ 165,269	**$ 164,437**	$ 165,269
Reserve for Unfunded Commitments	**39,651**	36,197	**39,651**	36,197
Total Allowance for Credit Losses and Reserve for Unfunded Commitments	**$ 204,088**	$ 201,466	**$ 204,088**	$ 201,466
Average Loans and Leases Outstanding	**$ 14,496,740**	$ 14,209,282	**$ 14,425,550**	$ 14,269,030
Ratio of Net Loans and Leases Charged-Off to Average Loans and Leases Outstanding[1]	**0.60 %**	0.12 %	**0.29 %**	0.11 %
Ratio of Allowance for Credit Losses for Loans and Leases to Loans and Leases Outstanding	**1.14 %**	1.17 %	**1.14 %**	1.17 %
Ratio of Allowance for Credit Losses for Loans and Leases to Non-accrual Loans and Leases	**3.58x**	5.34x	**3.58x**	5.34x

(1) Annualized for the three and nine months ended September 30, 2026 and 2025.

Tables 22 and 23 present the allocation of the ACL by loan and lease category, in both dollars and as a percentage of total loans and leases outstanding as of September 30, 2026 and December 31, 2025:

Allocation of the Allowance for Credit Losses by Loan and Lease Category — **Table 22**

	September 30, 2026		
(dollars in thousands)	Amount	Allocated ACL as % of loan or lease category	Loan category as % of total loans and leases
Commercial and industrial	**$ 15,198**	**0.66 %**	**15.94 %**
Commercial real estate	**38,864**	**0.82**	**32.60**
Construction	**13,010**	**1.76**	**5.11**
Lease financing	**2,238**	**0.48**	**3.19**
Total commercial	**69,310**	**0.84**	**56.84**
Residential mortgage	**35,183**	**0.88**	**27.64**
Home equity line	**14,412**	**1.22**	**8.14**
Total residential	**49,595**	**0.96**	**35.78**
Consumer	**45,532**	**4.26**	**7.38**
Total	**$ 164,437**	**1.14 %**	**100.00 %**

Allocation of the Allowance for Credit Losses by Loan and Lease Category — **Table 23**

	December 31, 2025		
(dollars in thousands)	Amount	Allocated ACL as % of loan or lease category	Loan category as % of total loans and leases
Commercial and industrial	$ 20,833	0.96 %	15.17 %
Commercial real estate	38,757	0.84	32.07
Construction	7,605	0.94	5.65
Lease financing	2,778	0.63	3.09
Total commercial	69,973	0.87	55.98
Residential mortgage	36,384	0.89	28.62
Home equity line	15,192	1.29	8.23
Total residential	51,576	0.98	36.85
Consumer	46,919	4.57	7.17
Total	$ 168,468	1.18 %	100.00 %

Table 24 presents the net charge-offs (recoveries) to average loans and leases by category during the three and nine months ended September 30, 2026 and 2025:

Net Charge-Offs (Recoveries) to Average Loans and Leases By Category[1] — **Table 24**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Commercial and industrial	**0.93 %**	0.13 %	**0.49 %**	0.14 %
Commercial real estate	**1.04**	—	**0.35**	(0.01)
Construction	**—**	—	**—**	—
Lease financing	**0.01**	0.54	**—**	0.20
Total commercial	**0.87**	0.06	**0.34**	0.04
Residential mortgage	**—**	—	**—**	—
Home equity line	**(0.02)**	(0.01)	**(0.01)**	(0.01)
Total residential	**(0.01)**	—	**—**	(0.01)
Consumer	**1.52**	1.16	**1.32**	1.16
Total loans and leases	**0.60 %**	0.12 %	**0.29 %**	0.11 %

(1) Annualized for the three and nine months ended September 30, 2026 and 2025.

As of September 30, 2026, the ACL was $164.4 million or 1.14% of total loans and leases outstanding, compared with an ACL of $168.5 million or 1.18% of total loans and leases outstanding as of December 31, 2025. The reserve for unfunded commitments was $39.7 million as of September 30, 2026, compared to $35.7 million as of December 31, 2025.

Net charge-offs of loans and leases were $21.9 million or 0.60% of total average loans and leases, on an annualized basis, for the three months ended September 30, 2026, compared to net charge-offs of $4.2 million or 0.12% for the three months ended September 30, 2025. Net charge-offs in our commercial lending portfolio were $17.9 million and $1.3 million for the three months ended September 30, 2026 and 2025, respectively. This increase was primarily driven by a $12.5 million partial charge-off of a single commercial real estate loan and other commercial and industrial loan charge-offs during the third quarter of 2026. Net recoveries in our residential lending portfolio were $0.1 million and nil for the three months ended September 30, 2026 and 2025, respectively. Net charge-offs in our consumer lending portfolio were $4.1 million and $3.0 million for the three months ended September 30, 2026 and 2025, respectively. Net charge-offs in our consumer portfolio segment include those related to credit cards, automobile loans, installment loans and small business lines of credit and reflect the inherent risk associated with these loans.

Net charge-offs of loans and leases were $31.0 million or 0.29% of total average loans and leases on an annualized basis, for the nine months ended September 30, 2026, compared to $11.3 million or 0.11% of total average loans and leases, on an annualized basis, for the nine months ended September 30, 2025. Net charge-offs in our commercial lending portfolio were $20.8 million and $2.7 million for the nine months ended September 30, 2026 and 2025, respectively. Consistent with the increase for the three months ended September 30, 2026, this increase was primarily driven by a $12.5 million partial charge-off of a single commercial real estate loan and other commercial and industrial loan charge-offs during the third quarter of 2026. Net recoveries in our residential lending portfolio were $0.2 million for both the nine months ended September 30, 2026 and 2025. Net charge-offs in our consumer lending portfolio were $10.3 million and $8.9 million for the nine months ended September 30, 2026 and 2025, respectively. Net charge-offs in our consumer portfolio segment include those related to credit cards, automobile loans, installment loans and small business lines of credit and reflect the inherent risk associated with these loans.

Although we determine the amount of each component of the ACL separately, the ACL as a whole was considered appropriate by management as of September 30, 2026 and December 31, 2025. Furthermore, as of September 30, 2026, the ACL was considered adequate based on our ongoing analysis of estimated expected credit losses, credit risk profiles, current economic outlook, coverage ratios and other relevant factors. The ACL anticipates cyclical losses consistent with a recession and includes a qualitative overlay for potential macroeconomic impacts. We will continue to monitor factors that drive expected credit losses including the uncertainty of the economy, inflation and geopolitical instability. See “Note 4. Allowance for Credit Losses” contained in our unaudited interim consolidated financial statements for more information on the ACL.

Goodwill

Goodwill was $995.5 million as of both September 30, 2026 and December 31, 2025. Our goodwill originated from the acquisition of the Company by BNP Paribas in December of 2001. Goodwill generated in that acquisition was recorded on the balance sheet of the Bank as a result of push down accounting treatment, and remains on our unaudited interim consolidated balance sheets.

The Company’s policy is to assess goodwill for impairment at the reporting unit level on an annual basis or between annual assessments if a triggering event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Impairment is the condition that exists when the carrying amount of a reporting unit exceeds its fair value. There was no impairment in our goodwill for the three and nine months ended September 30, 2026. Future events, including geopolitical concerns, inflation concerns, global supply chain issues, and other factors affecting the economy, that could cause a significant decline in our expected future cash flows or a significant adverse change in our business or the business climate may necessitate taking charges in future reporting periods related to the impairment of our goodwill.

Other Assets

Other assets were $866.7 million as of September 30, 2026, an increase of $38.4 million or 5% from December 31, 2025. The increase in other assets was primarily due to increases of $19.0 million in interest rate swap agreements, $15.9 million in prepaid assets, $9.9 million in low-income housing tax credit ("LIHTC") investments and $9.2 million in current tax receivables and deferred tax assets. This was partially offset by a decrease of $11.9 million in vendor advances.

Deposits

Deposits are the primary funding source for the Bank and are acquired from a broad base of local markets, including both individual and corporate customers. We obtain funds from depositors by offering a range of deposit types, including demand, savings, money market and time.

Table 25 presents the composition of our deposits as of September 30, 2026 and December 31, 2025:

Deposits **Table 25**

(dollars in thousands)	September 30, 2026	December 31, 2025
U.S.:		
Demand	**$ 5,606,481**	$ 5,794,973
Savings	**5,632,391**	5,721,098
Money Market	**3,799,900**	3,832,783
Time	**2,787,711**	2,948,536
Foreign[1]:		
Demand	**794,425**	752,319
Savings	**616,457**	587,775
Money Market	**513,723**	456,587
Time	**453,482**	421,597
Total Deposits[2]	**$ 20,204,570**	$ 20,515,668

(1) Foreign deposits were comprised of Guam and Saipan deposit accounts.
(2) Public deposits were $630.0 million as of September 30, 2026, a decrease of $209.5 million or 25% compared to December 31, 2025.

Total deposits were $20.2 billion as of September 30, 2026, a decrease of $311.1 million from December 31, 2025. The decrease in deposit balances stemmed primarily from a $155.8 million decrease in non-public demand deposit balances, a $141.2 million decrease in public savings deposit balances, a $124.3 million decrease in public time deposit balances and a $22.3 million decrease in non-public money market deposit balances. These decreases were partially offset by an $81.2 million increase in non-public savings deposit balances and a $46.6 million increase in public money market deposit balances.

As of September 30, 2026 and December 31, 2025, the amount of deposits that exceeded FDIC insurance limits were estimated to be $10.0 billion, or 49% of total deposits, and $10.1 billion, or 49% of total deposits, respectively. At September 30, 2026 and December 31, 2025, the Company had $630.0 million and $839.5 million, respectively, of public deposits, all of which were fully collateralized with investment securities. As of September 30, 2026 and December 31, 2025, the amount of deposits excluding public deposits that exceeded FDIC insurance limits were estimated to be $9.3 billion, or 46% of total deposits, and $9.3 billion, or 45% of total deposits, respectively. As of September 30, 2026 and December 31, 2025, deposit accounts above $250,000 were $11.7 billion and $11.9 billion, respectively. As of September 30, 2026 and December 31, 2025, deposit balances over $250,000 in corporate operating accounts were $2.0 billion and $2.1 billion, respectively.

Table 26 presents the estimated amount of time deposits that were in excess of the FDIC insurance limit, further segregated by time remaining until maturity, as of September 30, 2026:

Uninsured Time Deposits **Table 26**

(dollars in thousands)		September 30, 2026
Three months or less	$	474,074
Over three through six months		520,766
Over six through twelve months		154,879
Over twelve months		12,870
Total[1]	$	1,162,589

(1) Includes $9.0 million in public time deposits that are fully collateralized with investment securities.

Pension and Postretirement Plan Obligations

We have a noncontributory qualified defined benefit pension plan, an unfunded supplemental executive retirement plan ("SERP"), a directors' retirement plan (a non-qualified pension plan for eligible directors) and a postretirement benefit plan providing life insurance and healthcare benefits that we offer to our directors and employees, as applicable. The noncontributory qualified defined benefit pension plan, the unfunded supplemental executive retirement plan and the directors' retirement plan are all frozen to new participants. On March 11, 2019, the Company's board of directors approved an amendment to the SERP to freeze the SERP. As a result of such amendment, effective July 1, 2019, there are no new accruals of benefits, including service accruals. To calculate annual pension costs, we use the following key variables: (1) size of the employee population, length of service and estimated compensation increases; (2) actuarial assumptions and estimates; (3) expected long-term rate of return on plan assets; and (4) discount rate.

Pension and postretirement benefit plan obligations, net of pension plan assets, were $85.1 million as of September 30, 2026, a decrease of $1.9 million or 2% from December 31, 2025. This decrease was due to payments of $6.0 million, partially offset by net periodic benefit costs for the nine months ended September 30, 2026 of $4.1 million.

See "Note 15. Noninterest Income and Noninterest Expense" contained in our unaudited interim consolidated financial statements for more information on our pension and postretirement benefit plans.

Capital

The bank regulators currently use a combination of risk-based ratios and a leverage ratio to evaluate capital adequacy. The Company and the Bank are subject to the federal bank regulators' final rules implementing Basel III and various provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Capital Rules").

The Capital Rules, among other things impose a capital measure called CET1, to which most deductions/adjustments to regulatory capital must be made. In addition, the Capital Rules specify that Tier 1 capital consists of CET1 and "Additional Tier 1 capital" instruments meeting certain specified requirements.

Under the Capital Rules, the minimum capital ratios are as follows:

- 4.5% CET1 capital to risk-weighted assets,
- 6.0% Tier 1 capital (that is, CET1 capital plus Additional Tier 1 capital) to risk-weighted assets,
- 8.0% Total capital (that is, Tier 1 capital plus Tier 2 capital) to risk-weighted assets, and
- 4.0% Tier 1 capital to average quarterly assets.

The Capital Rules also require a 2.5% capital conservation buffer designed to absorb losses during periods of economic stress. The capital conservation buffer is composed entirely of CET1, on top of these minimum risk weighted asset ratios, effectively resulting in minimum ratios of (i) 7% CET1 to risk-weighted assets, (ii) 8.5% Tier 1 capital to risk-weighted assets, and (iii) 10.5% total capital to risk-weighted assets.

As of September 30, 2026, the Company's capital levels remained characterized as "well-capitalized" under the Capital Rules. The Company's regulatory capital ratios, calculated in accordance with the Capital Rules, are presented in Table 27 below. There have been no conditions or events since September 30, 2026 that management believes have changed either the Company's or the Bank's capital classifications. CET1 was 13.50% as of September 30, 2026, an increase of 33 basis points from December 31, 2025. The increase in CET1 was primarily due to earnings for the nine months ended September 30, 2026, partially offset by dividends declared and paid to the Company's stockholders, common stock repurchased and an increase in risk-weighted assets.

FHI's Regulatory Capital **Table 27**

(dollars in thousands)	September 30, 2026	December 31, 2025
Stockholders' Equity	**$ 2,817,544**	$ 2,769,365
Less:		
Goodwill	**995,492**	995,492
Accumulated other comprehensive loss, net	**(403,826)**	(368,140)
Tax credit carryforward	**1,818**	—
Common Equity Tier 1 Capital and Tier 1 Capital	**$ 2,224,060**	$ 2,142,013
Add:		
Qualifying allowance for credit losses and reserve for unfunded commitments	**204,088**	203,256
Total Capital	**$ 2,428,148**	$ 2,345,269
Risk-Weighted Assets	**$ 16,469,839**	$ 16,259,605
FHI's Key Regulatory Capital Ratios		
Common Equity Tier 1 Capital Ratio	**13.50 %**	13.17 %
Tier 1 Capital Ratio	**13.50 %**	13.17 %
Total Capital Ratio	**14.74 %**	14.42 %
Tier 1 Leverage Ratio	**9.61 %**	9.27 %

Total stockholders' equity was $2.8 billion as of September 30, 2026, an increase of $48.2 million or 2% from December 31, 2025. The increase in stockholders' equity was primarily due to earnings for the nine months ended September 30, 2026 of $204.9 million. This was partially offset by dividends declared and paid to the Company's stockholders of $95.2 million, other comprehensive loss, net of tax, of $35.7 million, primarily due to changes in our investment securities portfolio and common stock repurchased of $32.0 million.

In January 2026, the Company announced a stock repurchase program for up to $250.0 million of its outstanding common stock during 2026. Under this plan, the Company repurchased 1,307,738 shares at a total cost of $32.0 million during the nine months ended September 30, 2026. The timing and exact amount of stock repurchases, if any, will be subject to management's discretion and various factors, including the Company's capital position and financial performance, as well as market conditions. The stock repurchase program may be suspended, terminated or modified at any time for any reason.

In October 2026, the Company's Board of Directors declared a quarterly cash dividend of $0.26 per share on our outstanding shares. The dividend is to be paid on November 27, 2026 to shareholders of record at the close of business on November 16, 2026.

Future Application of Accounting Pronouncements

For a discussion of the expected impact of accounting pronouncements recently issued but not adopted by us as of September 30, 2026, see "Note 1. Organization and Basis of Presentation — Recent Accounting Pronouncements" to the unaudited interim consolidated financial statements for more information.

Risk Governance and Quantitative and Qualitative Disclosures About Market Risk

Managing risk is an essential part of successfully operating our business. Management believes that the most prominent risk exposures for the Company are credit risk, market risk, liquidity risk management, capital management and operational risk. See "Analysis of Financial Condition — Liquidity and Capital Resources" and "— Capital" sections of this MD&A for further discussions of liquidity risk management and capital management, respectively.

Credit Risk

Credit risk is the risk that borrowers or counterparties will be unable or unwilling to repay their obligations in accordance with the underlying contractual terms. We manage and control credit risk in the loan and lease portfolio by adhering to well-defined underwriting criteria and account administration standards established by management. Written credit policies document underwriting standards, approval levels, exposure limits and other limits or standards deemed necessary and prudent. Portfolio diversification at the obligor, industry, product, and/or geographic location levels is actively managed to mitigate concentration risk. In addition, credit risk management includes an independent credit review process that assesses compliance with commercial, real estate and consumer credit policies, risk ratings and other critical credit information. In addition to implementing risk management practices that are based upon established and sound lending practices, we adhere to sound credit principles. We understand and evaluate our customers' borrowing needs and capacity to repay, in conjunction with their character and history.

Management has identified three categories of loans that we use to develop our systematic methodology to determine the ACL: commercial, residential and consumer.

Commercial lending is further categorized into four distinct classes based on characteristics relating to the borrower, transaction and collateral. These classes are: commercial and industrial, commercial real estate, construction and lease financing. Commercial and industrial loans are primarily for the purpose of financing equipment acquisition, expansion, working capital and other general business purposes by medium to larger Hawaii based corporations, as well as U.S. mainland and international companies. Commercial and industrial loans are typically secured by non-real estate assets whereby the collateral is trading assets, enterprise value or inventory. As with many of our customers, our commercial and industrial loan customers are heavily dependent on tourism, government expenditures and real estate values. Commercial real estate loans are secured by real estate, including but not limited to structures and facilities to support activities designated as retail, health care, general office space, warehouse and industrial space. Our Bank's underwriting policy generally requires that net cash flows from the property be sufficient to service the debt while still maintaining an appropriate amount of reserves. Commercial real estate loans in Hawaii are characterized by having a limited supply of real estate at commercially attractive locations, long delivery time frames for development and high interest rate sensitivity. Our construction lending portfolio consists primarily of land loans, single family and condominium development loans. Financing of construction loans is subject to a high degree of credit risk given the long delivery time frames for such projects. Construction lending activities are underwritten on a project financing basis whereby the cash flows or lease rents from the underlying real estate collateral or the sale of the finished inventory is the primary source of repayment. Market feasibility analysis is typically performed by assessing market comparables, market conditions and demand in the specific lending area and general community. We require presales of finished inventory or preleasing requirements prior to loan funding. However, because this analysis is typically performed on a forward looking basis, real estate construction projects typically present a higher risk profile in our lending activities. Lease financing activities include commercial single investor leases and leveraged leases used to purchase items ranging from computer equipment to transportation equipment. Underwriting of new leasing arrangements typically includes analyzing customer cash flows, evaluating secondary sources of repayment, such as the value of the leased asset, the guarantors' net cash flows as well as other credit enhancements provided by the lessee.

Residential lending is further categorized into the following classes: residential mortgages (loans secured by 1-4 family residential properties and home equity loans) and home equity lines of credit. Our Bank's underwriting standards typically require LTV ratios of not more than 80%, although higher levels are permitted with accompanying mortgage insurance. First mortgage loans secured by residential properties generally carry a moderate level of credit risk, with an average loan size of approximately $389,000 at September 30, 2026. Residential mortgage loan production is added to our loan portfolio or is sold in the secondary market, based on management's evaluation of our liquidity, capital and loan portfolio mix as well as market conditions. Changes in interest rates, the economic environment and other market factors have impacted, and will likely continue to impact, the marketability and value of collateral and the financial condition of our borrowers which impacts the level of credit risk inherent in this portfolio, although we remain in a supply constrained housing environment in Hawaii. Geographic concentrations exist for this portfolio as nearly all residential mortgage loans and home equity lines of credit are for residences located in Hawaii, Guam or Saipan. These island locales are susceptible to a wide array of potential natural disasters including, but not limited to, hurricanes, floods, tsunamis and earthquakes. We offer home equity lines of credit with variable rates; fixed rate lock options may be available post-closing. The qualifying debt payments for all lines are underwritten at 0.95% of the credit line amount. Our procedures for underwriting home equity lines of credit include an assessment of an applicant's overall financial capacity and repayment ability. Decisions are primarily based on repayment ability via debt-to-income ratios, LTV ratios and an evaluation of credit history.

Consumer lending is further categorized into the following classes of loans: credit cards, automobile loans and other consumer-related installment loans. Consumer loans are either unsecured or secured by the borrower's personal assets. The average loan size is generally small, and risk is diversified among many borrowers. We offer a wide array of credit cards for business and personal use. In general, our customers are attracted to our credit card offerings on the basis of price, credit limit, reward programs and other product features. Credit card underwriting decisions are generally based on repayment ability of our borrower via DTI ratios, credit bureau information, including payment history, debt burden and credit scores, such as FICO, and analysis of financial capacity. Automobile lending activities include loans and leases secured by new or used automobiles. We originate the majority of our automobile loans and leases on an indirect basis through selected dealerships. Our procedures for underwriting automobile loans include an assessment of an applicant's overall financial capacity and repayment ability, credit history and the ability to meet existing obligations and payments on the proposed loan or lease. Although an applicant's creditworthiness is the primary consideration, the underwriting process also includes a comparison of the value of the collateral security to the proposed loan amount. We require borrowers to maintain full coverage automobile insurance on automobile loans and leases, with the Bank listed as either the loss payee or additional insured. Installment loans consist of open and closed end facilities for personal and household purchases. We seek to maintain reasonable levels of risk in installment lending by following prudent underwriting guidelines which include an evaluation of personal credit history and cash flow.

Market Risk

Market risk is the potential of loss arising from changes in interest rates, foreign exchange rates, equity prices and commodity prices, including the correlation among these factors and their volatility. When the value of an instrument is tied to such external factors, the holder faces market risk. We are exposed to market risk primarily from interest rate risk, which is defined as the risk of loss of net interest income or net interest margin because of changes in interest rates.

The potential cash flows, sales or replacement value of many of our assets and liabilities, especially those that earn or pay interest, are sensitive to changes in the general level of interest rates. In the banking industry, changes in interest rates can significantly impact earnings and the safety and soundness of an entity.

Interest rate risk arises primarily from our core business activities of extending loans and accepting deposits. This occurs when our interest earning loans and interest-bearing deposits mature or reprice at different times, on a different basis or in unequal amounts. Interest rates may also affect loan demand, credit losses, mortgage origination volume, pre- payment speeds and other items affecting earnings.

Many factors affect our exposure to changes in interest rates, such as general economic and financial conditions, customer preferences, historical pricing relationships and repricing characteristics of financial instruments. Our earnings are affected not only by general economic conditions, but also by the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve. The monetary policies of the Federal Reserve can influence the overall growth of loans, investment securities and deposits and the level of interest rates earned on assets and paid for liabilities.

Market Risk Measurement

We primarily use net interest income simulation analysis to measure and analyze interest rate risk. We run various hypothetical interest rate scenarios and compare these results against a measured base case scenario. Our net interest income simulation analysis incorporates various assumptions, which we believe are reasonable but which may have a significant impact on results. These assumptions include: (1) the timing of changes in interest rates, (2) shifts or rotations in the yield curve, (3) re-pricing characteristics for market rate sensitive instruments on and off-balance sheet, (4) differing sensitivities of financial instruments due to differing underlying rate indices and (5) varying loan prepayment speeds for different interest rate scenarios. Because of limitations inherent in any approach used to measure interest rate risk, simulation results are not intended as a forecast of the actual effect of a change in market interest rates on our results but rather as a means to better plan and execute appropriate asset liability management strategies to manage our interest rate risk.

Table 28 presents, for the 12 months subsequent to September 30, 2026 and December 31, 2025, an estimate of the changes in net interest income that would result from ramps (gradual changes) and shocks (immediate changes) in market interest rates, moving in a parallel fashion over the entire yield curve, relative to the measured base case scenario. Ramp scenarios assume interest rates move gradually in parallel across the yield curve relative to the base case scenario. Shock scenarios assume an immediate and sustained parallel shift in interest rates across the entire yield curve, relative to the base case scenario. The base case scenario assumes that the balance sheet and interest rates are generally unchanged. We evaluate the sensitivity by using a static forecast, where the balance sheets as of September 30, 2026 and December 31, 2025 are held constant.

Net Interest Income Sensitivity Profile - Estimated Percentage Change Over 12 Months **Table 28**

	Static Forecast September 30, 2026	Static Forecast December 31, 2025
Gradual Change in Interest Rates (basis points)		
+200	**3.1 %**	3.5 %
+100	**1.6**	1.8
+50	**0.8**	0.9
(50)	**(0.8)**	(0.9)
(100)	**(1.6)**	(1.8)
Immediate Change in Interest Rates (basis points)		
+200	**5.5 %**	6.3 %
+100	**2.8**	3.2
+50	**1.4**	1.6
(50)	**(1.4)**	(1.6)
(100)	**(2.7)**	(3.2)

The table above shows the effects of a simulation which estimates the effect of a gradual and immediate sustained parallel shift in the yield curve of −100, −50, +50, +100 and +200 basis points in market interest rates over a 12-month period on our net interest income.

Currently, our interest rate profile, assuming a constant balance sheet, is such that we project net interest income will benefit from higher interest rates as our assets would reprice faster and to a greater degree than our liabilities, while in the case of lower interest rates, our assets would reprice downward and to a greater degree than our liabilities. Other factors such as changes in balance sheet composition or deposit rate behavior could result in a change in repricing sensitivity.

Under the static balance sheet forecast as of September 30, 2026, our net interest income sensitivity profile is less sensitive in higher and lower interest rate scenarios compared to similar forecasts as of December 31, 2025. The sensitivity outcomes described above is primarily due to the impact of holding a lower federal funds position as of September 30, 2026 as compared with December 31, 2025.

The comparisons above provide insight into the potential effects of changes in interest rates on net interest income. The Company believes that its approach to interest rate risk has appropriately considered its susceptibility to both rising and falling rates and has adopted strategies which minimize the impact of such risks.

We also have longer term interest rate risk exposures which may not be appropriately measured by net interest income simulation analysis. We use market value of equity (“MVE”) sensitivity analysis to study the impact of long-term cash flows on earnings and capital. MVE involves discounting present values of all cash flows of on-balance sheet and off-balance sheet items under different interest rate scenarios. The discounted present value of all cash flows represents our MVE. MVE analysis requires modifying the expected cash flows in each interest rate scenario, which will impact the discounted present value. The amount of base case measurement and its sensitivity to shifts in the yield curve allow management to measure longer term repricing option risk in the balance sheet.

Limitations of Market Risk Measures

The results of our simulation analyses are hypothetical, and a variety of factors might cause actual results to differ substantially from what is depicted. For example, if the timing and magnitude of interest rate changes differ from those projected, our net interest income might vary significantly. Non parallel yield curve shifts such as a flattening or steepening of the yield curve or changes in interest rate spreads would also cause our net interest income to be different from that depicted. An increasing interest rate environment could reduce projected net interest income if deposits and other short-term liabilities re-price faster than expected or faster than our assets re-price. Actual results could differ from those projected if we grow assets and liabilities faster or slower than estimated if we experience a net outflow of deposits or if our mix of assets and liabilities otherwise changes. For example, while we maintain relatively high levels of liquidity, a faster than expected withdrawal of deposits out of the bank may cause us to seek higher cost sources of funding. Actual results could also differ from those projected if we experience substantially different prepayment speeds in our loan portfolio than those assumed in the simulation analyses. Finally, these simulation results do not consider all the actions that we may undertake in response to potential or actual changes in interest rates, such as changes to our loan, investment, deposit, funding or hedging strategies.

Market Risk Governance

We seek to achieve consistent growth in net interest income and capital while managing volatility arising from changes in market interest rates. The objective of our interest rate risk management process is to increase net interest income while operating within acceptable limits established for interest rate risk and maintaining adequate levels of funding and liquidity.

To manage the impact on net interest income, we manage our exposure to changes in interest rates through our asset and liability management activities within guidelines established by our ALCO and approved by our board of directors. The ALCO has the responsibility for approving and ensuring compliance with the ALCO management policies, including interest rate risk exposures. The objective of our interest rate risk management process is to maximize net interest income while operating within acceptable limits established for interest rate risk and maintaining adequate levels of funding and liquidity.

Through review and oversight by the ALCO, we attempt to engage in strategies that neutralize interest rate risk as much as possible. Our use of derivative financial instruments, as detailed in “Note 11. Derivative Financial Instruments” to the unaudited interim consolidated financial statements, has generally been limited. This is due to natural on balance sheet hedges arising out of offsetting interest rate exposures from loans and investment securities with deposits and other interest-bearing liabilities. In particular, the investment securities portfolio is utilized to manage the interest rate exposure and sensitivity to within the guidelines and limits established by the ALCO. We utilize natural and offsetting economic hedges in an effort to reduce the need to employ off-balance sheet derivative financial instruments to hedge interest rate risk exposures. Expected movements in interest rates are also considered in managing interest rate risk. Thus, as interest rates change, we may use different techniques to manage interest rate risk.

Management uses the results of its various simulation analyses to formulate strategies to achieve a desired risk profile within the parameters of our capital and liquidity guidelines.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (such as natural disasters), or compliance, reputational or legal matters, including the risk of loss resulting from fraud, litigation and breaches in data security. Operational risk is inherent in all of our business ventures and the management of that risk is important to the achievement of our objectives. We have a framework in place that includes the reporting and assessment of any operational risk events, and the assessment of our mitigating strategies within our key business lines. This framework is implemented through our policies, processes and reporting requirements. We measure and report operational risk using the seven operational risk event types projected by the Basel Committee on Banking Supervision in Basel II: (1) external fraud; (2) internal fraud; (3) employment practices and workplace safety; (4) clients, products and business practices; (5) damage to physical assets; (6) business disruption and system failures; and (7) execution, delivery and process management. Our operational risk review process is also a core part of our assessment of material new products or activities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Governance and Quantitative and Qualitative Disclosures About Market Risk."

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of September 30, 2026. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2026.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company operates in a highly regulated environment. From time to time, the Company is party to various litigation matters incidental to the conduct of our business. We are not presently party to any legal proceedings the resolution of which we believe would have a material adverse effect on our business, prospects, financial condition, liquidity, results of operation, cash flows or capital levels.

ITEM 1A. RISK FACTORS

Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 27, 2026 contains a discussion of our risk factors. In addition, First Hawaiian has identified certain supplemental risk factors relate to First Hawaiian's pending acquisition of TriCo pursuant to the Merger Agreement. These risk factors and other risks associated with the transactions contemplated by the Merger Agreement are discussed under the heading "Risk Factors" in the joint proxy statement/prospectus filed by First Hawaiian with the SEC on September 16, 2026. Except as set forth in this Item 1A and to the extent that additional factual information disclosed in this Quarterly Report on Form 10-Q relates to such risk factors, there are no material changes from the risk factors as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2026, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408(c) of Regulation S-K.

ITEM 6. EXHIBITS

A list of exhibits to this Form 10-Q is set forth on the Exhibit Index and is incorporated herein by reference.

Exhibit Index

Exhibit Number	
2.1	Agreement and Plan of Reorganization and Merger, dated as of July 12, 2026, by and among First Hawaiian, Inc., TriCo Bancshares and Horizon Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K filed on July 15, 2026* (File No. 001-14585))
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by First Hawaiian, Inc. on August 10, 2016 (File No. 001-14585))
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1(a) to the Quarterly Report on Form 10-Q filed by First Hawaiian, Inc. on April 27, 2018 (File No. 001-14585))
3.3	Fifth Amended and Restated Bylaws of First Hawaiian, Inc., effective as of April 22, 2026 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by First Hawaiian, Inc. on April 24, 2026 (File No. 001-14585))
10.1	Form of Voting and Support Agreement (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on July 15, 2026 (File No. 001-14585))
10.2	Letter Agreement, dated August 27, 2026, by and between First Hawaiian Bank and Richard P. Smith (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-4/A filed on September 14, 2026* (File No. 333-298695))
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended, Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101)

** Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the SEC upon request; provided, however, that the parties may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any document so furnished.*

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 2, 2026

First Hawaiian, Inc.

By: /s/ Robert S. Harrison
Robert S. Harrison
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ James M. Moses
James M. Moses
Vice Chairman and Chief Financial Officer

Exhibit 31.1

Certification of Chief Executive Officer Pursuant to
Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended,
Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert S. Harrison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Hawaiian, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2026

/s/ Robert S. Harrison
Robert S. Harrison
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to
Rule 13a-14(a) of the Securities Exchange Act of 1934, as Amended,
Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James M. Moses, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Hawaiian, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2026

/s/ James M. Moses
James M. Moses
Vice Chairman and Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Quarterly Report on Form 10-Q of First Hawaiian, Inc. (the "Company") for the quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2026

/s/ Robert S. Harrison
Robert S. Harrison
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- The Quarterly Report on Form 10-Q of First Hawaiian, Inc. (the "Company") for the quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2026

/s/ James M. Moses
James M. Moses
Vice Chairman and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.