

**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, 2025 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 000-29480

HERITAGE FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Washington	91-1857900
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
201 Fifth Avenue SW, Olympia WA	98501
(Address of principal executive offices)	(Zip Code)

(360) 943-1500
(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, no par value	HFWA	The Nasdaq Stock Market LLC

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 (§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, 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 last practicable date:

As of October 29, 2025, there were 33,956,738 shares of the registrant's common stock, no par value per share, outstanding.

HERITAGE FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q
September 30, 2025
TABLE OF CONTENTS

	Page
GLOSSARY OF ACRONYMS, ABBREVIATIONS AND TERMS	3
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	4
PART I. FINANCIAL INFORMATION	6
ITEM 1. FINANCIAL STATEMENTS	6
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED) AS OF SEPTEMBER 30, 2025 AND DECEMBER 31, 2024	6
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024	7
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024	8
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024	9
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024	11
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)	13
NOTE 1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION, SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS	13
NOTE 2. INVESTMENT SECURITIES	14
NOTE 3. LOANS RECEIVABLE	17
NOTE 4. ALLOWANCE FOR CREDIT LOSSES ON LOANS	28
NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS	31
NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS	32
NOTE 7. STOCKHOLDERS' EQUITY	32
NOTE 8. FAIR VALUE MEASUREMENTS	33
NOTE 9. INVESTMENTS IN TAX CREDIT STRUCTURES	37
NOTE 10. INCOME TAXES	38
NOTE 11. COMMITMENTS AND CONTINGENCIES	38
NOTE 12. SEGMENT INFORMATION	38
NOTE 13. PROPOSED MERGER	39
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	39
OVERVIEW	39
RESULTS OF OPERATIONS	40
NET INCOME OVERVIEW	40
NET INTEREST INCOME AND MARGIN OVERVIEW	40
PROVISION FOR CREDIT LOSSES OVERVIEW	44
NONINTEREST INCOME OVERVIEW	45
NONINTEREST EXPENSE OVERVIEW	46
INCOME TAX EXPENSE OVERVIEW	47
FINANCIAL CONDITION OVERVIEW	47
INVESTMENT ACTIVITIES OVERVIEW	48
LOAN PORTFOLIO OVERVIEW	49
ALLOWANCE FOR CREDIT LOSSES ON LOANS OVERVIEW	51
DEPOSITS OVERVIEW	51
BORROWINGS OVERVIEW	52
STOCKHOLDERS' EQUITY OVERVIEW	52
REGULATORY REQUIREMENTS OVERVIEW	52
LIQUIDITY AND CAPITAL RESOURCES	53

	CRITICAL ACCOUNTING ESTIMATES	54
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	54
ITEM 4.	CONTROLS AND PROCEDURES	55
PART II.	OTHER INFORMATION	55
ITEM 1.	LEGAL PROCEEDINGS	55
ITEM 1A.	RISK FACTORS	55
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	57
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	57
ITEM 4.	MINE SAFETY DISCLOSURES	57
ITEM 5.	OTHER INFORMATION	57
ITEM 6.	EXHIBITS	57
	SIGNATURES	59

GLOSSARY OF ACRONYMS, ABBREVIATIONS, AND TERMS

The acronyms, abbreviations, and terms listed below are used in various sections of this Form 10-Q. As used throughout this report, the terms "Heritage," "we," "our," "us" or the "Company" refer to Heritage Financial Corporation and its consolidated subsidiaries, unless the context otherwise requires.

2024 Annual Form 10-K	Company's Annual Report on Form 10-K for the year ended December 31, 2024
ACL	Allowance for Credit Losses
AOCI	Accumulated Other Comprehensive Income (loss), net
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Bank	Heritage Bank
Board	Heritage Financial Corporation Board of Directors
BOLI	Bank Owned Life Insurance
CECL	Current Expected Credit Loss
CMO	Collateralized Mortgage Obligations
CODM	Chief Operating Decision Maker
CRA	Community Reinvestment Act
CRE	Commercial Real Estate
DFI	Division of Banks of the Washington State Department of Financial Institutions
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
FHLB	Federal Home Loan Bank of Des Moines
FRB	Federal Reserve Bank
GAAP	U.S. Generally Accepted Accounting Principles
LIHTC	Low-Income Housing Tax Credit
MBS	Mortgage-Backed Securities
Olympic	Olympic Bancorp, Inc.
SEC	Securities and Exchange Commission
SM	Special Mention
SS	Substandard
Unfunded Commitments	Off-balance sheet credit exposures such as loan commitments, standby letters of credit, financial guarantees, and other similar instruments
USDA	United States Department of Agriculture

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, are based on certain assumptions and often include the words “believes,” “expects,” “anticipates,” “estimates,” “forecasts,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.” These statements relate to our financial condition, results of operations, beliefs, plans, objectives, goals, expectations, assumptions and statements about future performance or business. The Company cautions readers not to place undue reliance on any forward-looking statements. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information then actually known to the Company. The Company does not undertake and specifically disclaims any obligation to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements whether as a result of new information, future events or otherwise. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause our actual results for future periods to differ materially from those expressed in any forward-looking statements by, or on behalf of, us, and could negatively affect our operating results and stock price performance. These risks include, but are not limited to:

- potential adverse impacts to economic conditions nationally or in our local market areas, other markets where we have lending relationships, or other aspects of our business operations or financial markets including, without limitation, as a result of credit quality deterioration, pronounced and sustained reductions in real estate market values, employment levels, labor shortages, and a potential recession or slowed economic growth;
- changes in the interest rate environment, which could adversely affect our revenues and expenses, the value of assets and obligations, and the availability and cost of capital and liquidity;
- the level and impact of inflation and the current and future monetary policies of the Federal Reserve in response thereto;
- legislative or regulatory changes that adversely affect our business, including changes in banking, securities, and tax law, in regulatory policies and principles, or the interpretation and prioritization of such rules and regulations;
- effects on the U.S. economy resulting from the threat or implementation of new, or changes to existing, policies, regulations, regulatory and other governmental agencies and executive orders, including tariffs, immigration, DEI and ESG initiatives, consumer protection, foreign policy, and tax regulations;
- credit and interest rate risks associated with our business, customers, borrowings, repayment, investment, and deposit practices;
- fluctuations in deposits and deposit concentrations;
- liquidity issues, including our ability to borrow funds or raise additional capital, if necessary;
- fluctuations in the value of our investment securities;
- credit risks and risks from concentrations (by type of geographic area, collateral, and industry) within our loan portfolio;
- disruptions, security breaches, insider fraud, cybersecurity incidents, or other adverse events, failures or interruptions in, or attacks on, our information technology systems or on the third-party vendors who perform critical processing functions for our business, including sophisticated attacks using artificial intelligence and similar tools;
- rapid technological changes implemented by us and other parties including third-party vendors, which may be more difficult to implement or more expensive than anticipated or which may have unforeseen consequences to us and our customers, including the development and implementation of tools incorporating artificial intelligence;
- increased competition in the financial services industry from non-banks such as credit unions and financial technology companies, including digital asset service providers;
- our ability to adapt successfully to technological changes to compete effectively in the marketplace, including as a result of competition from other commercial banks, mortgage banking firms, credit unions, securities brokerage firms, insurance companies, and financial technology companies;
- our ability to implement our organic and acquisition growth strategies, including the pending acquisition of Olympic;
- the credit risks of lending activities, including changes in the level and trend of loan delinquencies write-offs and changes in our ACL on loans and provision for credit losses on loans that may be affected by deterioration in the housing and CRE markets, which may lead to increased losses and nonperforming assets in our loan portfolio, or may result in our ACL on loans no longer being adequate to cover actual losses, and require us to increase our ACL on loans;
- the relative differences between short-term and long-term interest rates, deposit interest rates, our net interest margin and funding sources;
- the impact of repricing and competitors' pricing initiatives on loan and deposit products;
- fluctuations in the demand for loans, the number of unsold homes and other properties and fluctuations in real estate values in our market areas;
- the effects of recent developments and events in the financial services industry, including the large-scale deposit withdrawals over a short period of time that resulted in prior bank failures;
- the extensive regulatory framework that applies to us;
- results of examinations by the bank regulators, including the possibility that any such regulatory authority may, among other things, initiate an enforcement action against the Company or our bank subsidiary which could require us to increase our ACL on loans, write-down assets, change our regulatory capital position, affect our ability to borrow funds or maintain or increase deposits, or impose additional requirements on us, any of which could affect our ability to continue our growth through mergers, acquisitions or similar transactions and adversely affect our liquidity and earnings;
- the quality and composition of our securities portfolio and the impact of any adverse changes with respect thereto, including market liquidity within the securities markets;
- the concentration of large deposits from certain customers, who have balances above current FDIC insurance limits;
- our ability to attract and retain deposits;

- the overall health of local and national real estate markets;
- the level of nonperforming assets on our balance sheet;
- effects of critical accounting policies and judgments, including the use of estimates in determining fair value of certain of our assets, which estimates may prove to be incorrect and result in significant declines in valuation;
- the commencement, costs, effects and outcome of litigation and other legal proceedings and regulatory actions against us or to which we may become subject;
- potential impairment to the goodwill we recorded in connection with our past acquisitions, including the pending acquisition of Olympic;
- loss of, or inability to attract, key personnel;
- the effects of climate change, severe weather events, natural disasters, pandemics, epidemics and other public health crises, acts of war or terrorism, and other external events on our business and the businesses of our customers;
- the composition of our executive management team;
- our ability to control operating costs and expenses;
- the effectiveness of our risk management framework;
- difficulties in reducing risk associated with our loans;
- staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our workforce and potential associated charges;
- our ability to implement our business strategies and manage our growth;
- future goodwill impairment due to changes in our business, market conditions, or other factors;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may acquire into our operations and our ability to realize related revenue synergies and cost savings within expected time frames or at all, and any goodwill charges related thereto and costs or difficulties relating to integration matters, including but not limited to customer and employee retention, which might be greater than expected;
- risks related to acquiring assets in or entering markets in which we have not previously operated and may not be familiar;
- changes in consumer spending, borrowing and savings habits;
- our ability to pay dividends on our common stock;
- other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services;
- the impact of bank failures or adverse developments at other banks and related negative publicity about the banking industry in general on investor and depositor sentiment regarding the stability and liquidity of banks;
- our success at managing and responding to the risks involved in the foregoing items; and
- other factors described in our 2024 Annual Form 10-K, this Quarterly Report on Form 10-Q and other documents filed with or furnished to the SEC, which are available on our website at www.hf-wa.com and on the SEC's website at www.sec.gov.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HERITAGE FINANCIAL CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited) (Dollars in thousands, except share data)

	September 30, 2025	December 31, 2024
ASSETS		
Cash on hand and in banks	\$ 74,030	\$ 58,821
Interest earning deposits	171,461	58,279
Cash and cash equivalents	245,491	117,100
Investment securities available for sale, at fair value, net (amortized cost of \$674,108 and \$835,592, respectively)	631,231	764,394
Investment securities held to maturity, at amortized cost, net (fair value of \$628,049 and \$623,452, respectively)	681,626	703,285
Total investment securities	1,312,857	1,467,679
Loans receivable	4,769,160	4,802,123
Allowance for credit losses on loans	(53,974)	(52,468)
Loans receivable, net	4,715,186	4,749,655
Premises and equipment, net	70,382	71,580
Federal Home Loan Bank stock, at cost	10,473	21,538
Bank owned life insurance	105,464	111,699
Accrued interest receivable	19,146	19,483
Prepaid expenses and other assets	289,677	303,452
Other intangible assets, net	2,264	3,153
Goodwill	240,939	240,939
Total assets	\$ 7,011,879	\$ 7,106,278
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-interest bearing deposits	\$ 1,617,909	\$ 1,654,955
Interest bearing deposits	4,239,555	4,029,658
Total deposits	5,857,464	5,684,613
Borrowings	138,000	383,000
Junior subordinated debentures	22,277	22,058
Accrued expenses and other liabilities	90,074	153,080
Total liabilities	6,107,815	6,242,751
<u>Commitments and contingencies (Note 11)</u>		
Stockholders' equity:		
Preferred stock, no par value, 2,500,000 shares authorized; no shares issued and outstanding, respectively	—	—
Common stock, no par value, 50,000,000 shares authorized; 33,956,738 and 33,990,827 shares issued and outstanding, respectively	529,949	531,674
Retained earnings	407,561	387,097
Accumulated other comprehensive loss, net	(33,446)	(55,244)
Total stockholders' equity	904,064	863,527
Total liabilities and stockholders' equity	\$ 7,011,879	\$ 7,106,278

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

HERITAGE FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Dollars in thousands, except shares and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
INTEREST INCOME:				
Interest and fees on loans	\$ 66,422	\$ 64,138	\$ 196,231	\$ 182,608
Taxable interest on investment securities	11,102	13,472	34,420	42,462
Nontaxable interest on investment securities	138	159	414	505
Interest on interest earning deposits	1,846	2,048	4,309	5,177
Total interest income	79,508	79,817	235,374	230,752
INTEREST EXPENSE:				
Deposits	20,121	20,256	59,760	55,097
Junior subordinated debentures	474	541	1,417	1,627
Borrowings	1,542	6,062	8,153	18,427
Total interest expense	22,137	26,859	69,330	75,151
Net interest income	57,371	52,958	166,044	155,601
Provision for credit losses	1,775	2,439	2,782	5,099
Net interest income after provision for credit losses	55,596	50,519	163,262	150,502
NONINTEREST INCOME:				
Service charges and other fees	3,046	2,788	8,953	8,393
Card revenue	2,209	2,134	5,950	5,903
Loss on sale of investment securities, net	—	(6,945)	(10,741)	(18,839)
Gain on sale of loans, net	—	—	—	26
Interest rate swap fees	96	—	115	52
Bank owned life insurance income	1,008	860	3,206	2,711
Gain on sale of other assets, net	—	1,480	8	1,529
Other income	1,966	1,520	6,254	4,408
Total noninterest income	8,325	1,837	13,745	4,183
NONINTEREST EXPENSE:				
Compensation and employee benefits	26,082	24,367	77,348	74,291
Occupancy and equipment	4,665	4,850	14,431	14,547
Data processing	3,754	3,964	11,317	10,879
Marketing	284	128	955	583
Professional services	1,332	490	3,188	1,852
State/municipal business and use taxes	1,235	1,249	3,660	3,709
Federal deposit insurance premium	796	824	2,418	2,431
Amortization of intangible assets	284	399	889	1,241
Other expense	3,183	3,019	9,877	9,223
Total noninterest expense	41,615	39,290	124,083	118,756
Income before income taxes	22,306	13,066	52,924	35,929
Income tax expense	3,137	1,643	7,629	4,599
Net income	\$ 19,169	\$ 11,423	\$ 45,295	\$ 31,330
Basic earnings per share	\$ 0.56	\$ 0.33	\$ 1.33	\$ 0.91
Diluted earnings per share	\$ 0.55	\$ 0.33	\$ 1.31	\$ 0.90
Dividends declared per share	\$ 0.24	\$ 0.23	\$ 0.72	\$ 0.69
Average number of basic shares outstanding	33,953,810	34,322,069	34,009,010	34,584,851
Average number of diluted shares outstanding	34,413,386	34,658,674	34,481,877	35,002,375

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

HERITAGE FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net Income	\$ 19,169	\$ 11,423	\$ 45,295	\$ 31,330
Change in fair value of investment securities available for sale, net of tax of \$1,074, \$6,146, \$3,955, and \$3,884 respectively	3,804	21,627	13,626	14,466
Amortization of net unrealized gain for the reclassification of investment securities available for sale to held to maturity, net of tax of \$(17), \$(18), \$(58), and \$(53) respectively	(61)	(64)	(204)	(190)
Reclassification adjustment for net loss from sale of investment securities available for sale included in income, net of tax benefit of \$0, \$1,537, \$2,365, and \$4,169 respectively	—	5,408	8,376	14,670
Other comprehensive income	3,743	26,971	21,798	28,946
Comprehensive income	\$ 22,912	\$ 38,394	\$ 67,093	\$ 60,276

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

HERITAGE FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)
(Dollars in thousands, except shares and per share data)

Three Months Ended September 30, 2025					
	Number of common shares	Common stock	Retained earnings	AOCI	Total stockholders' equity
Balance at June 30, 2025	33,953,194	\$ 528,758	\$ 396,643	\$ (37,189)	\$ 888,212
Restricted stock units vested	3,544				—
Stock-based compensation expense		1,215			1,215
Common stock repurchased		(24)			(24)
Net income			19,169		19,169
Other comprehensive income, net of tax				3,743	3,743
Cash dividends declared on common stock (\$0.24 per share)			(8,251)		(8,251)
Balance at September 30, 2025	<u>33,956,738</u>	<u>\$ 529,949</u>	<u>\$ 407,561</u>	<u>\$ (33,446)</u>	<u>\$ 904,064</u>
Nine Months Ended September 30, 2025					
	Number of common shares	Common stock	Retained earnings	AOCI	Total stockholders' equity
Balance at December 31, 2024	33,990,827	\$ 531,674	\$ 387,097	\$ (55,244)	\$ 863,527
Restricted stock units vested	198,988				—
Stock-based compensation expense		3,748			3,748
Common stock repurchased	(233,077)	(5,473)			(5,473)
Net income			45,295		45,295
Other comprehensive income, net of tax				21,798	21,798
Cash dividends declared on common stock (\$0.72 per share)			(24,831)		(24,831)
Balance at September 30, 2025	<u>33,956,738</u>	<u>\$ 529,949</u>	<u>\$ 407,561</u>	<u>\$ (33,446)</u>	<u>\$ 904,064</u>
Three Months Ended September 30, 2024					
	Number of common shares	Common stock	Retained earnings	AOCI	Total stockholders' equity
Balance at June 30, 2024	34,496,197	\$ 541,294	\$ 379,714	\$ (70,501)	\$ 850,507
Restricted stock units vested	5,723				—
Stock-based compensation expense		1,153			1,153
Common stock repurchased	(348,381)	(7,530)			(7,530)
Net income			11,423		11,423
Other comprehensive income, net of tax				26,971	26,971
Cash dividends declared on common stock (\$0.23 per share)			(8,010)		(8,010)
Balance at September 30, 2024	<u>34,153,539</u>	<u>\$ 534,917</u>	<u>\$ 383,127</u>	<u>\$ (43,530)</u>	<u>\$ 874,514</u>

Nine Months Ended September 30, 2024					
	Number of common shares	Common stock	Retained earnings	AOCI	Total stockholders' equity
Balance at December 31, 2023	34,906,233	\$ 549,748	\$ 375,989	\$ (72,476)	\$ 853,261
Restricted stock units vested	165,418				—
Stock-based compensation expense		3,223			3,223
Common stock repurchased	(918,112)	(18,054)			(18,054)
Net income			31,330		31,330
Other comprehensive income, net of tax				28,946	28,946
Cash dividends declared on common stock (\$0.69 per share)			(24,192)		(24,192)
Balance at September 30, 2024	<u>34,153,539</u>	<u>\$ 534,917</u>	<u>\$ 383,127</u>	<u>\$ (43,530)</u>	<u>\$ 874,514</u>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

HERITAGE FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 45,295	\$ 31,330
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	678	1,136
Provision for credit losses	2,782	5,099
Stock-based compensation expense	3,748	3,223
Amortization of intangible assets	889	1,241
Origination of mortgage loans held for sale	—	(1,318)
Proceeds from sale of mortgage loans held for sale	—	1,344
Deferred income tax expense	913	899
Bank owned life insurance income	(3,206)	(2,711)
Gain on sale of mortgage loans held for sale, net	—	(26)
Loss on sale of investment securities available for sale, net	10,741	18,839
Gain on sale of premises and equipment	—	(1,480)
Other	4,994	(13,712)
Net cash provided by operating activities	66,834	43,864
Cash flows from investing activities:		
Loan originations and purchases, net of payments	35,113	(342,880)
Maturities and repayments of investment securities available for sale	94,976	92,146
Maturities and repayments of investment securities held to maturity	21,098	19,393
Purchase of investment securities available for sale	(84,669)	(33,132)
Purchase of premises and equipment	(3,448)	(2,657)
Purchase of bank owned life insurance	(39)	(39)
Proceeds from bank owned life insurance death benefit	502	1,157
Proceeds from surrender of bank owned life insurance	5,091	—
Purchases of Federal Home Loan Bank stock	(21,036)	(58,829)
Proceeds from sales of investment securities available for sale	141,682	241,968
Proceeds from redemption of Federal Home Loan Bank stock	32,101	46,022
Proceeds from sales of assets held for sale	—	7,459
Proceeds from sales of premises and equipment	52	50
Capital contributions to tax credit partnerships	(57,745)	(12,568)
Net cash provided (used) by investing activities	163,678	(41,910)
Cash flows from financing activities:		
Net increase in deposits	172,851	108,620
Proceeds from borrowings	467,400	1,319,710
Repayment of borrowings	(712,400)	(1,437,710)
Common stock cash dividends paid	(24,499)	(23,921)
Repurchase of common stock	(5,473)	(18,054)
Net cash used by financing activities	(102,121)	(51,355)
Net increase (decrease) in cash and cash equivalents	128,391	(49,401)
Cash and cash equivalents at beginning of period	117,100	224,973
Cash and cash equivalents at end of period	\$ 245,491	\$ 175,572

	Nine Months Ended September 30,	
	2025	2024
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 69,716	\$ 84,048
Cash paid for income taxes, net of refunds	1,125	1,345
Supplemental non-cash disclosures of cash flow information:		
Investment in LIHTC partnership and related funding commitment	142	100
Right of use assets obtained in exchange for new operating lease liabilities	3,240	3,214
Transfers of premises and equipment classified as held for sale to prepaid expenses and other assets from premises and equipment, net	93	—
Transfer of bank owned life insurance to prepaid expenses and other assets due to surrender of policies	8,463	—

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

HERITAGE FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Description of Business, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Pronouncements

(a) Description of Business

The Company is primarily engaged in the business of planning, directing and coordinating the business activities of its wholly-owned subsidiary, the Bank. The Bank is headquartered in Olympia, Washington and conducts business from its 50 branch offices and one loan production office located throughout Washington state, the greater Portland, Oregon area, Eugene, Oregon, and Boise, Idaho. The Bank's business consists primarily of commercial lending and deposit relationships with small and medium-sized businesses and their owners in its market areas and attracting deposits from the general public. The Bank also makes real estate construction and land development loans, and consumer loans and originates home equity loans on residential properties primarily located in its market areas. The Bank's deposits are insured by the FDIC, subject to applicable limitations.

(b) Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP for interim financial information and pursuant to the rules and regulations of the SEC. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. It is recommended these unaudited Condensed Consolidated Financial Statements and accompanying Notes be read with the audited Consolidated Financial Statements and the accompanying Notes included in the 2024 Annual Form 10-K. In management's opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the year ending December 31, 2025.

The accompanying Condensed Consolidated Financial Statements presented for the year end December 31, 2024 were derived from audited financial statements and do not include all disclosures required by GAAP.

To prepare unaudited Condensed Consolidated Financial Statements in conformity with GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided. Management believes the judgments, estimates and assumptions used in the preparation of the unaudited Condensed Consolidated Financial Statements are appropriate based on the facts and circumstances at the time. Actual results, however, could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change relate to management's estimate of the ACL on investment securities, management's estimate of the ACL on loans, management's estimate of the ACL on unfunded commitments, management's evaluation of goodwill impairment and management's estimate of the fair value of financial instruments.

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiary, the Bank. All significant intercompany balances and transactions among the Company and the Bank have been eliminated in consolidation. Certain prior year amounts in the Consolidated Statements of Income have been reclassified to conform to the current year's presentation. Reclassifications had no effect on the prior year's net income or stockholders' equity.

(c) Significant Accounting Policies

The significant accounting policies used in preparation of the unaudited Condensed Consolidated Financial Statements are disclosed in greater detail in the 2024 Annual Form 10-K. There have not been any material changes in the Company's significant accounting policies during the nine months ended September 30, 2025 from those contained in the 2024 Annual Form 10-K.

(d) Recently Issued or Adopted Accounting Pronouncements

FASB ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative, was issued in October 2023 to clarify or improve disclosure and presentation requirements on a variety of topics and align the requirements in the FASB accounting standard codification with SEC regulations. The amendments will be effective for the Company only if the SEC removes the related disclosure requirement from its existing regulations no later than June 30, 2027. If the SEC timely removes such related requirement from its existing regulations, the corresponding amendments within the ASU will become effective for the Company on the same date with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its business operations or Consolidated Statements of Financial Condition.

FASB ASU 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures (Topic 280), was issued in November 2023. This ASU was issued to improve reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. The ASU applies to all public entities that are required to report segment information in accordance with ASC 280. For public companies, amendments in this ASU became effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. This ASU only impacts the Company's disclosure requirements and the adoption of this ASU did not have a material impact on its business operations or Consolidated Statements of Financial Condition.

FASB ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, was issued in December 2023. The amendments in this ASU require a public business entity to disclose, on an annual basis, a tabular rate reconciliation using both

percentages and currency amounts, broken out into specified categories with certain reconciling items further broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, all entities are required to disclose income taxes paid, net of refunds received disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. The new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025 and continuing to provide the pre-ASU disclosures for the prior periods, or may apply the amendments retrospectively by providing the revised disclosures for all periods presented. The Company expects this ASU to only impact its disclosure requirements and does not expect the adoption of this ASU to have a material impact on its business operations or Consolidated Statements of Financial Condition.

FASB ASU 2024-02, Codification Improvements - Amendments to Remove References to the Concepts Statements, was issued in March 2024. This update contains amendments in the Codification that remove references to various Concepts Statements. In most cases, the references were extraneous and not required to understand or apply the guidance. In other instances, the references were used in previous Statements to provide guidance in certain topical areas. The new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. An entity may apply the amendments in this ASU prospectively to all new transactions recognized on or after the date that the entity first applies the amendments, or retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied. If applied retrospectively, an entity shall adjust the opening period of retained earnings as of the beginning of the comparative period presented. The Company does not expect the adoption of this ASU to have a material impact on its business operations or Consolidated Statements of Financial Condition.

FASB ASU 2024-03, Disaggregation of Income Statement Expenses, was issued in November 2024. This ASU will require public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. The amendments in this ASU are effective for fiscal years beginning after December 15, 2026, with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its business operations or Consolidated Statements of Financial Condition.

FASB ASU 2025-06, Intangibles-Goodwill and Other-Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software, was issued in September 2025. The amendment removed references to prescriptive and sequential software development stages so that guidance is neutral to software development methods in determining when internal-use software is capitalizable. The new standard is effective for annual periods beginning after December 15, 2027, with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its business operations or Consolidated Statements of Financial Condition.

(2) Investment Securities

The Company's investment policy is designed primarily to provide and maintain liquidity, generate a favorable return on assets without incurring undue interest rate and credit risk, and complement the Bank's lending activities.

There were no investment securities classified as trading at September 30, 2025 or December 31, 2024.

(a) Investment Securities by Classification, Type and Maturity

The following tables present the amortized cost and fair value of investment securities, and the corresponding amounts of gross unrealized and unrecognized gains and losses including the corresponding amounts of gross unrealized gains and losses on investment securities available for sale recognized in AOCI, at the dates indicated:

September 30, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in thousands)				
Investment securities available for sale:				
U.S. government and agency securities	\$ 13,276	\$ —	\$ (1,634)	\$ 11,642
Municipal securities	59,581	19	(8,403)	51,197
Residential CMO and MBS ⁽¹⁾	321,733	1,487	(24,483)	298,737
Commercial CMO and MBS ⁽¹⁾	265,917	696	(10,618)	255,995
Corporate obligations	7,000	63	(44)	7,019
Other asset-backed securities	6,601	40	—	6,641
Total	\$ 674,108	\$ 2,305	\$ (45,182)	\$ 631,231

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

September 30, 2025

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
(Dollars in thousands)				
Investment securities held to maturity:				
U.S. government and agency securities	\$ 151,297	\$ —	\$ (21,846)	\$ 129,451
Residential CMO and MBS ⁽¹⁾	224,654	88	(10,188)	214,554
Commercial CMO and MBS ⁽¹⁾	305,675	22	(21,653)	284,044
Total	\$ 681,626	\$ 110	\$ (53,687)	\$ 628,049

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

December 31, 2024

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in thousands)				
Investment securities available for sale:				
U.S. government and agency securities	\$ 14,934	\$ —	\$ (2,390)	\$ 12,544
Municipal securities	61,169	12	(10,239)	50,942
Residential CMO and MBS ⁽¹⁾	407,520	711	(38,900)	369,331
Commercial CMO and MBS ⁽¹⁾	330,249	134	(20,642)	309,741
Corporate obligations	11,700	181	(111)	11,770
Other asset-backed securities	10,020	47	(1)	10,066
Total	\$ 835,592	\$ 1,085	\$ (72,283)	\$ 764,394

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

December 31, 2024

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
(Dollars in thousands)				
Investment securities held to maturity:				
U.S. government and agency securities	\$ 151,216	\$ —	\$ (28,874)	\$ 122,342
Residential CMO and MBS ⁽¹⁾	244,309	—	(18,563)	225,746
Commercial CMO and MBS ⁽¹⁾	307,760	27	(32,423)	275,364
Total	\$ 703,285	\$ 27	\$ (79,860)	\$ 623,452

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

The following table presents the amortized cost and fair value of investment securities by contractual maturity at the date indicated. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	September 30, 2025			
	Securities Available for Sale		Securities Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in thousands)			
Due in one year or less	\$ 500	\$ 501	\$ —	\$ —
Due after one year through five years	8,938	8,770	—	—
Due after five years through ten years	39,423	35,540	101,554	89,544
Due after ten years	30,996	25,047	49,743	39,907
Total investment securities due at a single maturity date	79,857	69,858	151,297	129,451
MBS ⁽¹⁾	594,251	561,373	530,329	498,598
Total investment securities	\$ 674,108	\$ 631,231	\$ 681,626	\$ 628,049

⁽¹⁾ MBS, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their payment speed.

There were no holdings of investment securities of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of stockholders' equity at September 30, 2025 and December 31, 2024.

(b) Unrealized Losses on Investment Securities Available for Sale

The following tables present the gross unrealized losses and fair value of the Company's investment securities available for sale for which an ACL on investment securities available for sale has not been recorded, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position at the dates indicated:

	September 30, 2025					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
U.S. government and agency securities	\$ —	\$ —	\$ 11,642	\$ (1,634)	\$ 11,642	\$ (1,634)
Municipal securities	1,247	— *	45,486	(8,403)	46,733	(8,403)
Residential CMO and MBS ⁽¹⁾	1,775	(7)	181,249	(24,476)	183,024	(24,483)
Commercial CMO and MBS ⁽¹⁾	6,939	(6)	154,811	(10,612)	161,750	(10,618)
Corporate obligations	—	—	3,956	(44)	3,956	(44)
Other asset-backed securities	1,444	— *	—	—	1,444	— *
Total	\$ 11,405	\$ (13)	\$ 397,144	\$ (45,169)	\$ 408,549	\$ (45,182)

* Unrealized losses less than one thousand dollars

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

	December 31, 2024					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in thousands)					
U.S. government and agency securities	\$ —	\$ —	\$ 12,544	\$ (2,390)	\$ 12,544	\$ (2,390)
Municipal securities	—	—	45,157	(10,239)	45,157	(10,239)
Residential CMO and MBS ⁽¹⁾	25,126	(321)	232,903	(38,579)	258,029	(38,900)
Commercial CMO and MBS ⁽¹⁾	17,772	(86)	270,897	(20,556)	288,669	(20,642)
Corporate obligations	—	—	3,890	(111)	3,890	(111)
Other asset-backed securities	1,568	(1)	—	—	1,568	(1)
Total	\$ 44,466	\$ (408)	\$ 565,391	\$ (71,875)	\$ 609,857	\$ (72,283)

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

(c) ACL on Investment Securities

The Company evaluated investment securities available for sale as of September 30, 2025 and December 31, 2024, and determined that any declines in fair value were attributable to changes in interest rates relative to where these investments fall

within the yield curve and individual characteristics. Management monitors published credit ratings for adverse changes for all rated investment securities and none of these securities had a below investment grade credit rating as of either September 30, 2025 or December 31, 2024. In addition, the Company does not intend to sell these securities nor does the Company consider it more likely than not that it will be required to sell these securities before the recovery of the amortized cost basis, which may be upon maturity. Therefore, no ACL on investment securities available for sale was recorded as of September 30, 2025 and December 31, 2024.

The Company also evaluated investment securities held to maturity for current expected credit losses as of September 30, 2025 and December 31, 2024. There were no investment securities held to maturity classified as nonaccrual or past due as of September 30, 2025 and December 31, 2024, and all were issued by the U.S. government and its agencies and either explicitly or implicitly guaranteed by the U.S. government, highly rated by major credit rating agencies and had a long history of no credit losses. Accordingly, the Company did not measure expected credit losses on investment securities held to maturity since the historical credit loss information adjusted for current conditions and reasonable and supportable forecast results in an expectation that nonpayment of the amortized cost basis is zero. Therefore, no ACL on investment securities held to maturity was recorded as of September 30, 2025 or December 31, 2024.

(d) Realized Gains and Losses

The following table presents the gross realized gains and losses on the sale of investment securities available for sale determined using the specific identification method for the dates indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(Dollars in thousands)				
Gross realized gains	\$ —	\$ —	\$ —	\$ —
Gross realized losses	—	(6,945)	(10,741)	(18,839)
Net realized losses	\$ —	\$ (6,945)	\$ (10,741)	\$ (18,839)

(e) Pledged Securities

The following table summarizes the amortized cost and fair value of investment securities that were pledged as collateral for the following obligations at the dates indicated:

	September 30, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(Dollars in thousands)				
State and local governments public deposits	\$ 226,998	\$ 217,525	\$ 236,047	\$ 220,104
FRB	399,815	360,030	434,534	373,410
Other securities pledged	55,447	51,059	53,296	48,169
Total	\$ 682,260	\$ 628,614	\$ 723,877	\$ 641,683

(f) Accrued Interest Receivable

Accrued interest receivable excluded from the amortized cost of investment securities available for sale totaled \$2.3 million and \$2.7 million at September 30, 2025 and December 31, 2024, respectively. Accrued interest receivable excluded from the amortized cost on investment securities held to maturity totaled \$2.1 million and \$2.2 million at September 30, 2025 and December 31, 2024, respectively.

No amounts of accrued interest receivable on investment securities available for sale or held to maturity were reversed against interest income on investment securities during the nine months ended September 30, 2025 and 2024.

(3) Loans Receivable

The Company originates loans in the ordinary course of business and has also acquired loans through mergers and acquisitions. In addition to originating loans, the Company may also purchase loans through pool purchases, participation purchases and syndicated loan purchases. Accrued interest receivable was excluded from disclosures presenting the Company's amortized cost of loans receivable, as it was deemed insignificant.

(a) Loan Origination/Risk Management

The Company categorizes the individual loans in the total loan portfolio into four segments: commercial business; residential real estate; real estate construction and land development; and consumer. Within these segments are classes of loans for which management monitors and assesses credit risk in the loan portfolios. A detailed description of the portfolio segments and classes is contained in the 2024 Annual Form 10-K.

The Company has certain lending policies and guidelines in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and guidelines on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and nonperforming and criticized loans. The Company also conducts internal loan reviews and validates the credit risk assessment on a periodic basis and presents the results of these reviews to management. The loan review process complements and reinforces the risk identification and assessment decisions made by loan officers and credit personnel.

The amortized cost of loans receivable, net of ACL on loans, consisted of the following portfolio segments and classes at the dates indicated:

	September 30, 2025	December 31, 2024
	(Dollars in thousands)	
Commercial business:		
Commercial and industrial	\$ 819,076	\$ 842,672
Owner-occupied CRE	1,022,727	1,003,243
Non-owner occupied CRE	1,938,190	1,909,107
Total commercial business	3,779,993	3,755,022
Residential real estate	374,875	402,954
Real estate construction and land development:		
Residential	90,440	83,890
Commercial and multifamily	351,196	395,553
Total real estate construction and land development	441,636	479,443
Consumer	172,656	164,704
Loans receivable	4,769,160	4,802,123
ACL on loans	(53,974)	(52,468)
Loans receivable, net	\$ 4,715,186	\$ 4,749,655
Balances included in the amortized cost of loans receivable:		
Unamortized net discount on acquired loans	\$ (743)	\$ (1,095)
Unamortized net deferred fee	\$ (11,018)	\$ (10,110)

(b) Concentrations of Credit

Most of the Company's lending activity occurs within its primary market areas which are concentrated along the I-5 corridor from Whatcom County, Washington to Lane County, Oregon, as well as Yakima and Spokane County, Washington and Ada County, Idaho. Additionally, the Company's loan portfolio is concentrated in commercial business loans, which include commercial and industrial, owner-occupied and nonowner-occupied CRE loans, and commercial and multifamily real estate construction and land development loans. Commercial business loans and commercial and multifamily real estate construction and land development loans are generally considered as having a more inherent risk of default than residential real estate loans or other consumer loans. Also, the loan balance per borrower is typically larger for commercial loans than that for residential real estate loans and consumer loans, implying higher potential losses on an individual loan basis.

(c) Credit Quality Indicators

As part of the ongoing monitoring of the credit quality of the Company's loan portfolio, management tracks certain credit quality indicators including trends related to (i) the risk grade of the loans, (ii) the level of classified loans, (iii) net charge-offs, (iv) nonperforming loans, (v) past due status, and (vi) the general economic conditions of the United States of America, and specifically the states of Washington, Oregon and Idaho.

The Company utilizes a risk grading matrix to assign a risk grade to each of its loans. Loans are graded on a scale of 1 to 10. Risk grades are aggregated to create the risk categories of Pass for grades 1 to 6, Special Mention or "SM" for grade 7, Substandard or "SS" for grade 8, Doubtful for grade 9 and Loss for grade 10. Descriptions of the general characteristics of the risk grades, including qualitative information on how the risk grades relate to the risk of loss, are contained in the 2024 Annual Form 10-K. Numerical loan grades for loans are established at the origination of the loan. Changes to loan grades are considered at the time new information about the performance of a loan becomes available, including the receipt of updated financial information from the borrower, results of annual term loan reviews and scheduled loan reviews. For consumer loans, the Company follows the FDIC's Uniform Retail Credit Classification and Account Management Policy for subsequent classification in the event of payment delinquencies or default. Typically, an individual loan grade will not be changed from the prior period unless there is a specific indication of credit deterioration or improvement. Credit deterioration is evidenced by delinquency,

direct communications with the borrower or other borrower information that becomes known to management. Credit improvements are evidenced by known facts regarding the borrower or the collateral property.

Loan grades relate to the likelihood of losses in that the higher the grade, the greater the loss potential. Loans with a Pass grade may have some estimated inherent losses, but to a lesser extent than the other loan grades. The SM loan grade is transitory in that the Company is waiting on additional information to determine the likelihood and extent of any potential loss. The likelihood of loss for SM graded loans, however, is greater than Watch graded loans because there has been measurable credit deterioration. Loans with a SS grade have further credit deterioration and include both accrual loans and nonaccrual loans. For Doubtful and Loss graded loans, the Company is almost certain of the losses and the outstanding principal balances are generally charged off to the realizable value. There were no loans graded Doubtful or Loss as of September 30, 2025 and December 31, 2024.

The following tables present the amortized cost of loans receivable by risk grade and origination year at the dates indicated:

September 30, 2025										
Term Loans Amortized Cost Basis by Origination Year							Revolving Loans	Revolving Loans Converted ⁽¹⁾	Loans Receivable	
2025	2024	2023	2022	2021	Prior					
(Dollars in thousands)										
Commercial business:										
<u>Commercial and industrial</u>										
Pass	\$ 96,164	\$ 176,964	\$ 102,821	\$ 81,760	\$ 39,470	\$ 104,801	\$ 143,640	\$ 1,826	\$ 747,446	
SM	1,253	5,406	11,178	7,218	1,524	1,483	17,930	2,451	48,443	
SS	—	—	1,862	6,910	25	5,967	8,282	141	23,187	
Total	97,417	182,370	115,861	95,888	41,019	112,251	169,852	4,418	819,076	
<u>Owner-occupied CRE</u>										
Pass	88,339	112,982	88,435	133,200	140,576	425,266	936	—	989,734	
SM	—	—	3,804	1,204	4,734	6,453	—	—	16,195	
SS	—	—	—	—	—	16,798	—	—	16,798	
Total	88,339	112,982	92,239	134,404	145,310	448,517	936	—	1,022,727	
<u>Non-owner occupied CRE</u>										
Pass	141,469	173,149	173,819	336,021	228,382	828,260	—	38	1,881,138	
SM	—	—	2,845	—	7,846	23,631	—	—	34,322	
SS	—	—	—	570	—	22,160	—	—	22,730	
Total	141,469	173,149	176,664	336,591	236,228	874,051	—	38	1,938,190	
<u>Total commercial business</u>										
Pass	325,972	463,095	365,075	550,981	408,428	1,358,327	144,576	1,864	3,618,318	
SM	1,253	5,406	17,827	8,422	14,104	31,567	17,930	2,451	98,960	
SS	—	—	1,862	7,480	25	44,925	8,282	141	62,715	
Total	327,225	468,501	384,764	566,883	422,557	1,434,819	170,788	4,456	3,779,993	
Residential real estate										
Pass	—	26,401	47,789	127,594	126,690	44,969	—	—	373,443	
SS	—	—	—	898	392	142	—	—	1,432	
Total	—	26,401	47,789	128,492	127,082	45,111	—	—	374,875	
Real estate construction and land development:										
<u>Residential</u>										
Pass	38,736	31,507	10,389	1,844	—	1,000	229	—	83,705	
SS	—	—	985	—	5,750	—	—	—	6,735	
Total	38,736	31,507	11,374	1,844	5,750	1,000	229	—	90,440	
<u>Commercial and multifamily</u>										
Pass	46,791	74,893	112,764	89,920	1,365	2,613	—	—	328,346	
SM	—	—	—	889	—	311	—	—	1,200	
SS	—	—	—	—	15,625	6,025	—	—	21,650	
Total	46,791	74,893	112,764	90,809	16,990	8,949	—	—	351,196	

September 30, 2025

	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans	Revolving Loans Converted ⁽¹⁾	Loans Receivable
	2025	2024	2023	2022	2021	Prior			
(Dollars in thousands)									
<u>Total real estate construction and land development</u>									
Pass	85,527	106,400	123,153	91,764	1,365	3,613	229	—	412,051
SM	—	—	—	889	—	311	—	—	1,200
SS	—	—	985	—	21,375	6,025	—	—	28,385
Total	85,527	106,400	124,138	92,653	22,740	9,949	229	—	441,636
<u>Consumer</u>									
Pass	1,207	342	692	1,207	265	15,102	150,593	1,403	170,811
SS	—	—	426	35	—	742	402	240	1,845
Total	1,207	342	1,118	1,242	265	15,844	150,995	1,643	172,656
<u>Loans receivable</u>									
Pass	412,706	596,238	536,709	771,546	536,748	1,422,011	295,398	3,267	4,574,623
SM	1,253	5,406	17,827	9,311	14,104	31,878	17,930	2,451	100,160
SS	—	—	3,273	8,413	21,792	51,834	8,684	381	94,377
Total	\$ 413,959	\$ 601,644	\$ 557,809	\$ 789,270	\$ 572,644	\$ 1,505,723	\$ 322,012	\$ 6,099	\$ 4,769,160

⁽¹⁾ Represents the loans receivable balance at September 30, 2025 which was converted from a revolving loan to a non-revolving amortizing loan during the nine months ended September 30, 2025.

December 31, 2024

December 31, 2024										
Term Loans Amortized Cost Basis by Origination Year							Revolving Loans	Revolving Loans Converted ⁽¹⁾	Loans Receivable	
2024	2023	2022	2021	2020	Prior					
(Dollars in thousands)										
<u>Commercial business:</u>										
<u>Commercial and industrial</u>										
Pass	\$ 204,107	\$ 127,603	\$ 125,220	\$ 51,126	\$ 53,115	\$ 78,039	\$ 147,861	\$ 491	\$ 787,562	
SM	161	4,482	6,495	502	1,117	4,490	13,555	2,352	33,154	
SS	—	235	857	315	2,516	4,337	12,331	1,365	21,956	
Total	204,268	132,320	132,572	51,943	56,748	86,866	173,747	4,208	842,672	
<u>Owner-occupied CRE</u>										
Pass	116,031	93,567	136,496	147,540	81,161	389,801	534	—	965,130	
SM	—	2,719	1,215	4,121	871	15,298	—	—	24,224	
SS	—	—	—	1,182	637	12,070	—	—	13,889	
Total	116,031	96,286	137,711	152,843	82,669	417,169	534	—	1,003,243	
<u>Non-owner-occupied CRE</u>										
Pass	168,040	174,993	338,983	238,933	149,804	790,691	—	24	1,861,468	
SM	—	—	—	7,988	—	32,925	—	—	40,913	
SS	—	—	584	—	—	6,142	—	—	6,726	
Total	168,040	174,993	339,567	246,921	149,804	829,758	—	24	1,909,107	
<u>Total commercial business</u>										
Pass	488,178	396,163	600,699	437,599	284,080	1,258,531	148,395	515	3,614,160	
SM	161	7,201	7,710	12,611	1,988	52,713	13,555	2,352	98,291	
SS	—	235	1,441	1,497	3,153	22,549	12,331	1,365	42,571	
Total	488,339	403,599	609,850	451,707	289,221	1,333,793	174,281	4,232	3,755,022	
<u>Residential real estate</u>										
Pass	32,857	52,317	135,115	132,150	21,909	26,838	—	—	401,186	
SS	—	—	832	786	—	150	—	—	1,768	
Total	32,857	52,317	135,947	132,936	21,909	26,988	—	—	402,954	

	December 31, 2024								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans	Revolving Loans Converted ⁽¹⁾	Loans Receivable
	2024	2023	2022	2021	2020	Prior			
	(Dollars in thousands)								
<u>Real estate construction and land development:</u>									
<u>Residential</u>									
Pass	34,078	34,436	6,415	—	1,000	955	256	—	77,140
SS	—	1,000	—	5,750	—	—	—	—	6,750
Total	34,078	35,436	6,415	5,750	1,000	955	256	—	83,890
<u>Commercial and multifamily</u>									
Pass	37,022	169,816	147,789	9,865	—	3,002	—	—	367,494
SM	—	—	893	—	5,655	5,886	—	—	12,434
SS	—	—	—	15,625	—	—	—	—	15,625
Total	37,022	169,816	148,682	25,490	5,655	8,888	—	—	395,553
<u>Total real estate construction and land development</u>									
Pass	71,100	204,252	154,204	9,865	1,000	3,957	256	—	444,634
SM	—	—	893	—	5,655	5,886	—	—	12,434
SS	—	1,000	—	21,375	—	—	—	—	22,375
Total	71,100	205,252	155,097	31,240	6,655	9,843	256	—	479,443
<u>Consumer</u>									
Pass	1,882	1,513	1,477	339	3,196	20,518	133,355	820	163,100
SS	—	—	25	—	115	609	60	795	1,604
Total	1,882	1,513	1,502	339	3,311	21,127	133,415	1,615	164,704
<u>Loans receivable</u>									
Pass	594,017	654,245	891,495	579,953	310,185	1,309,844	282,006	1,335	4,623,080
SM	161	7,201	8,603	12,611	7,643	58,599	13,555	2,352	110,725
SS	—	1,235	2,298	23,658	3,268	23,308	12,391	2,160	68,318
Total	\$ 594,178	\$ 662,681	\$ 902,396	\$ 616,222	\$ 321,096	\$ 1,391,751	\$ 307,952	\$ 5,847	\$ 4,802,123

⁽¹⁾ Represents the loans receivable balance at December 31, 2024 which was converted from a revolving loan to non-revolving amortizing loan during the year ended December 31, 2024.

The following tables present gross charge-offs by loan class and origination year, for the periods indicated:

Nine Months Ended September 30, 2025									
Current Period Gross Charge-offs by Origination Year							Revolving Loans	Total Gross Charge-Offs	
2025	2024	2023	2022	2021	Prior				
(Dollars in thousands)									
Commercial business	\$ —	\$ 77	\$ 286	\$ 429	\$ —	\$ 79	\$ —	\$ 871	
Residential real estate	—	—	—	27	—	—	—	27	
Consumer	—	10	19	2	—	97	282	410	
Total	<u>\$ —</u>	<u>\$ 87</u>	<u>\$ 305</u>	<u>\$ 458</u>	<u>\$ —</u>	<u>\$ 176</u>	<u>\$ 282</u>	<u>\$ 1,308</u>	
Nine Months Ended September 30, 2024									
Current Period Gross Charge-offs by Origination Year							Revolving Loans	Total Gross Charge-Offs	
2024	2023	2022	2021	2020	Prior				
(Dollars in thousands)									
Commercial business	\$ —	\$ 313	\$ —	\$ —	\$ —	\$ 2,636	\$ —	\$ 2,949	
Consumer	—	6	22	—	11	139	268	446	
Total	<u>\$ —</u>	<u>\$ 319</u>	<u>\$ 22</u>	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ 2,775</u>	<u>\$ 268</u>	<u>\$ 3,395</u>	

(d) Nonaccrual Loans

The following tables present the amortized cost of nonaccrual loans at the dates indicated:

	September 30, 2025		
	Nonaccrual without ACL	Nonaccrual with ACL	Total Nonaccrual
(Dollars in thousands)			
Commercial business:			
Commercial and industrial	\$ 1,033	\$ 2,385	\$ 3,418
Total commercial business	1,033	2,385	3,418
Residential real estate	1,290	—	1,290
Real estate construction and land development:			
Residential	6,735	—	6,735
Commercial and multifamily	6,025	—	6,025
Total real estate construction and land development	12,760	—	12,760
Consumer	144	—	144
Total	\$ 15,227	\$ 2,385	\$ 17,612

	December 31, 2024		
	Nonaccrual without ACL	Nonaccrual with ACL	Total Nonaccrual
(Dollars in thousands)			
Commercial business:			
Commercial and industrial	\$ 1,002	\$ 667	\$ 1,669
Owner-occupied CRE	2,250	—	2,250
Total commercial business	3,252	667	3,919
Consumer	160	—	160
Total	\$ 3,412	\$ 667	\$ 4,079

The following tables present the reversal of interest income on loans due to the write-off of accrued interest receivable upon the initial classification of loans as nonaccrual loans and the interest income recognized due to payment in full or sale of previously classified nonaccrual loans during the periods indicated:

	Three Months Ended September 30,			
	2025		2024	
	Interest Income Reversed	Interest Income Recognized	Interest Income Reversed	Interest Income Recognized
(Dollars in thousands)				
Commercial business:				
Commercial and industrial	\$ (37)	\$ 8	\$ —	\$ 126
Owner-occupied CRE	—	60	(28)	—
Total commercial business	(37)	68	(28)	126
Residential real estate	(5)	—	—	—
Real estate construction and land development:				
Residential	(178)	—	—	—
Total	\$ (220)	\$ 68	\$ (28)	\$ 126

Nine Months Ended September 30,				
	2025		2024	
	Interest Income Reversed	Interest Income Recognized	Interest Income Reversed	Interest Income Recognized
(Dollars in thousands)				
Commercial business:				
Commercial and industrial	\$ (59)	\$ 27	\$ (27)	\$ 339
Owner-occupied CRE	—	60	(28)	144
Non-owner occupied CRE	—	—	—	—
Total commercial business	(59)	87	(55)	483
Residential real estate	(33)	—	—	—
Real estate construction and land development:				
Residential	(178)	—	—	—
Commercial and multifamily	(154)	—	—	—
Total real estate construction and land development	(332)	—	—	—
Consumer	—	—	—	—
Total	\$ (424)	\$ 87	\$ (55)	\$ 483

For the three and nine months ended September 30, 2025 and 2024, no interest income was recognized subsequent to a loan's classification as nonaccrual, except as indicated in the tables above due to payment in full or sale.

(e) Past due loans

The Company performs an aging analysis of past due loans using policies consistent with regulatory reporting requirements with categories of 30-89 days past due and 90 or more days past due. The following tables present the amortized cost of past due loans at the dates indicated:

September 30, 2025					
	30-89 Days	90 Days or Greater	Total Past Due	Current	Loans Receivable
(Dollars in thousands)					
Commercial business:					
Commercial and industrial	\$ 13,559	\$ 2,267	\$ 15,826	\$ 803,250	\$ 819,076
Owner-occupied CRE	225	—	225	1,022,502	1,022,727
Non-owner occupied CRE	3,425	3,238	6,663	1,931,527	1,938,190
Total commercial business	17,209	5,505	22,714	3,757,279	3,779,993
Residential real estate	—	1,290	1,290	373,585	374,875
Real estate construction and land development:					
Residential	—	5,750	5,750	84,690	90,440
Commercial and multifamily	—	—	—	351,196	351,196
Total real estate construction and land development	—	5,750	5,750	435,886	441,636
Consumer	503	100	603	172,053	172,656
Total	\$ 17,712	\$ 12,645	\$ 30,357	\$ 4,738,803	\$ 4,769,160

December 31, 2024					
	30-89 Days	90 Days or Greater	Total Past Due	Current	Loans Receivable
(Dollars in thousands)					
Commercial business:					
Commercial and industrial	\$ 659	\$ 2,471	\$ 3,130	\$ 839,542	\$ 842,672
Owner-occupied CRE	1,426	—	1,426	1,001,817	1,003,243
Non-owner occupied CRE	—	—	—	1,909,107	1,909,107
Total commercial business	2,085	2,471	4,556	3,750,466	3,755,022

December 31, 2024					
	30-89 Days	90 Days or Greater	Total Past Due	Current	Loans Receivable
(Dollars in thousands)					
Residential real estate	832	—	832	402,122	402,954
Real estate construction and land development:					
Residential	—	—	—	83,890	83,890
Commercial and multifamily	—	—	—	395,553	395,553
Total real estate construction and land development	—	—	—	479,443	479,443
Consumer	339	160	499	164,205	164,704
Total	<u>\$ 3,256</u>	<u>\$ 2,631</u>	<u>\$ 5,887</u>	<u>\$ 4,796,236</u>	<u>\$ 4,802,123</u>

As of September 30, 2025 there was \$3.3 million of loans 90 days or more past due and still accruing interest, of which \$3.2 million was non-owner occupied CRE. There was \$1.2 million of loans 90 days or more past due and still accruing interest as of December 31, 2024, all of which were commercial and industrial.

(f) Collateral-dependent Loans

The following tables present the type of collateral securing loans individually evaluated for credit losses and for which the repayment was expected to be provided substantially through the operation or sale of the collateral at the dates indicated, with balances representing the amortized cost of the loan classified by the primary collateral category of each loan if multiple collateral sources secure the loan:

	September 30, 2025				
	CRE	Farmland	Residential Real Estate	Equipment	Total
	(Dollars in thousands)				
Commercial business:					
Commercial and industrial	\$ —	\$ 373	\$ 960	\$ 68	\$ 1,401
Total commercial business	—	373	960	68	1,401
Residential real estate	—	—	1,290	—	1,290
Real estate construction and land development:					
Residential	—	—	6,735	—	6,735
Commercial and multifamily	6,025	—	—	—	6,025
Total real estate construction and land development	6,025	—	6,735	—	12,760
Consumer	—	—	144	—	144
Total	\$ 6,025	\$ 373	\$ 9,129	\$ 68	\$ 15,595

	December 31, 2024			
	CRE	Farmland	Residential Real Estate	Total
	(Dollars in thousands)			
Commercial business:				
Commercial and industrial	\$ —	\$ 389	\$ 613	\$ 1,002
Owner-occupied CRE	2,250	—	—	2,250
Total commercial business	2,250	389	613	3,252
Consumer	—	—	160	160
Total	\$ 2,250	\$ 389	\$ 773	\$ 3,412

There have been no significant changes to the collateral securing loans individually evaluated for credit losses and for which repayment was expected to be provided substantially through the operation or sale of the collateral during the nine months ended September 30, 2025, except changes due to additions or removals of loans in this classification.

(g) Modification of Loans

Occasionally, the Company modifies loans to borrowers in financial distress by providing modifications of loans which may include interest rate reductions, principal or interest forgiveness, term extensions, and other actions intended to minimize

economic loss and to avoid foreclosure or repossession of collateral. In some cases, the Company provides multiple types of modifications on one loan. When principal forgiveness is provided, the amount of forgiveness is charged-off against the ACL.

The following tables present the amortized cost of loans that were experiencing both financial difficulty and modified during the periods indicated:

Three Months Ended September 30, 2025				
	Term Extension	Term Extension & Int. Rate Reduction	Total Modified Loans	% of Modified Loans to Loans Receivable
(Dollars in thousands)				
Commercial business:				
Commercial and industrial	\$ 13,199	\$ 13	\$ 13,212	1.61 %
Total commercial business	13,199	13	13,212	0.35
Real estate construction and land development:				
Residential	6,735	—	6,735	7.45
Commercial and multifamily	15,625	—	15,625	4.45
Total real estate construction and land development	22,360	—	22,360	5.06
Consumer	9	—	9	0.01
Total	\$ 35,568	\$ 13	\$ 35,581	0.75 %

Three Months Ended September 30, 2024				
	Term Extension	Term Extension & Int. Rate Reduction	Total Modified Loans	% of Modified Loans to Loans Receivable
(Dollars in thousands)				
Commercial business:				
Commercial and industrial		\$ 7,041	\$ 7,041	0.85 %
Non-owner occupied CRE		2,657	2,657	0.14
Total commercial business		9,698	9,698	0.27
Real estate construction and land development:				
Residential		6,750	6,750	8.51
Total real estate construction and land development		6,750	6,750	1.47
Consumer		10	10	0.01
Total		\$ 16,458	\$ 16,458	0.35 %

Nine Months Ended September 30, 2025				
	Term Extension	Term Extension & Int. Rate Reduction	Total Modified Loans	% of Modified Loans to Loans Receivable
(Dollars in thousands)				
Commercial business:				
Commercial and industrial	\$ 16,716	\$ 13	\$ 16,729	2.04 %
Owner-occupied CRE	1,517	—	1,517	0.15
Non-owner occupied CRE	669	—	669	0.03

Nine Months Ended September 30, 2025				
	Term Extension	Term Extension & Int. Rate Reduction	Total Modified Loans	% of Modified Loans to Loans Receivable
Total commercial business	18,902	13	18,915	0.50
Real estate construction and land development:				
Residential	6,735	—	6,735	7.45
Commercial and multifamily	22,539	—	22,539	6.42
Total real estate construction and land development	29,274	—	29,274	6.63
Consumer	9	—	9	0.01
Total	\$ 48,185	\$ 13	\$ 48,198	1.01 %

	Nine Months Ended September 30, 2024		
	Term Extension	Total Modified Loans	% of Modified Loans to Loans Receivable
	(Dollars in thousands)		
Commercial business:			
Commercial and industrial	\$ 20,611	\$ 20,611	2.50 %
Non-owner occupied CRE	2,658	2,658	0.14
Total commercial business	23,269	23,269	0.64
Real estate construction and land development:			
Residential	6,750	6,750	8.51
Commercial and multifamily	20,800	20,800	5.50
Total real estate construction and land development	27,550	27,550	6.02
Consumer	39	39	0.02
Total	\$ 50,858	\$ 50,858	1.09 %

The following tables present the financial effects of the loan modifications presented in the preceding tables during the periods indicated:

		Three Months Ended September 30, 2025
		Weighted Average Years of Term Extensions
Commercial business:		
Commercial and industrial		0.78
Total commercial business		0.78
Real estate construction and land development:		
Residential		0.75
Commercial and multifamily		1.00
Total real estate construction and land development		0.93
Consumer		5.33
Total		0.87

	Three Months Ended September 30, 2024
	Weighted Average Years of Term Extensions
Commercial business:	
Commercial and industrial	0.59
Non-owner occupied CRE	0.83
Total commercial business	0.66
Real estate construction and land development:	
Residential	0.17
Total real estate construction and land development	0.17
Consumer	2.17
Total	0.46

	Nine Months Ended September 30, 2025
	Weighted Average Years of Term Extensions
Commercial business:	
Commercial and industrial	0.81
Owner-occupied CRE	1.50
Non-owner occupied CRE	0.42
Total commercial business	0.85
Real estate construction and land development:	
Residential	0.75
Commercial and multifamily	0.89
Total real estate construction and land development	0.86
Consumer	5.33
Total	0.86

	Nine Months Ended September 30, 2024
	Weighted Average Years of Term Extensions
Commercial business:	
Commercial and industrial	0.76
Non-owner occupied CRE	0.83
Total commercial business	0.77
Real estate construction and land development:	
Residential	0.17
Commercial and multifamily	0.69
Total real estate construction and land development	0.56
Consumer	1.52
Total	0.66

At September 30, 2025, there were \$5.4 million in commitments to lend additional funds to borrowers experiencing financial difficulty whose terms had been modified during the nine months ended September 30, 2025. At December 31, 2024, there were \$4.3 million in commitments to lend additional funds to borrowers experiencing financial difficulty whose terms had been modified during the year ended December 31, 2024.

The Company closely monitors the performance of loans that are modified for borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts.

The Company considers a modified loan in payment default if the borrower is 90 or more days past due. At September 30, 2025, there were two loans valued at a total of \$6.5 million that were 90 days past due or in default that had been modified due to term extension in the past 12 months, of which \$5.8 million was residential construction and \$0.7 million was non-owner occupied CRE. There were no loans 90 days past due or in default that had been modified in the past 12 months at December 31, 2024.

The following tables present the performance of loans that have been modified with the previous twelve months:

September 30, 2025					
	Current	30-89 Days	90 Days or Greater	Nonaccrual	Total
(Dollars in thousands)					
Commercial business:					
Commercial and industrial	\$ 3,734	\$ —	\$ —	\$ —	\$ 3,734
Owner-occupied CRE	1,517	—	—	—	1,517
Non-owner occupied CRE	—	—	668	—	668
Total commercial business	5,251	—	668	—	5,919
Real estate construction and land development:					
Residential	—	—	—	6,735	6,735
Commercial and multifamily	889	—	—	6,025	6,914
Total real estate construction and land development	889	—	—	12,760	13,649
Consumer	16	—	—	—	16
Total	\$ 6,156	\$ —	\$ 668	\$ 12,760	\$ 19,584

September 30, 2024					
	Current	30-89 Days	90 Days or Greater	Nonaccrual	Total
(Dollars in thousands)					
Commercial business:					
Commercial and industrial	\$ 5,821	\$ 417	\$ —	\$ —	\$ 6,238
Owner-occupied CRE	231	—	—	—	231
Non-owner occupied CRE	—	—	—	—	—
Total commercial business	6,052	417	—	—	6,469
Real estate construction and land development:					
Commercial and multifamily	15,625	—	—	—	15,625
Total real estate construction and land development	15,625	—	—	—	15,625
Consumer	39	—	—	—	39
Total	\$ 21,716	\$ 417	\$ —	\$ —	\$ 22,133

(h) *Accrued interest receivable on loans receivable*

Accrued interest receivable on loans receivable totaled \$14.5 million at September 30, 2025 and December 31, 2024, and is excluded from the calculation of the ACL on loans as interest accrued, but not received, is reversed timely.

(i) *Foreclosure proceedings in process*

At September 30, 2025, there was one residential real estate loan valued at \$898,000, for which formal foreclosure proceedings were in process. At December 31, 2024, there was one residential real estate loan, valued at \$160,000, for which formal foreclosure proceedings were in process.

(4) **Allowance for Credit Losses on Loans**

The Company's methodology for determining the ACL on loans is based upon key assumptions, including the lookback periods, historic net charge-off factors, economic forecasts, reversion periods, prepayments and qualitative adjustments. The allowance is measured on a collective, or pool, basis when similar risk characteristics exist. Loans that do not share common risk characteristics are evaluated on an individual basis and are excluded from the collective evaluation. For a description of the Company's ACL policy, see Note 1 - Description of Business, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Pronouncements included in Item 8. Financial Statements And Supplementary Data in our 2024 Annual Form 10-K.

GAAP requires the Company to develop reasonable and supportable forecasts of future conditions, and estimate how those forecasts are expected to impact a borrower's ability to satisfy their obligation to the Company and the ultimate collectability of future cash flows over the life of a loan. Management has adopted a historic loss, open pool CECL methodology to calculate the ACL on loans. Under this methodology, loans are either collectively evaluated if they share similar risk characteristics, including performing modified loans, or individually evaluated if they do not share similar risk characteristics, including nonaccrual loans.

The allowance for individually evaluated loans is calculated using either the collateral value method, which considers the likely source of repayment as the value of the collateral less estimated costs to sell, or the net present value method, which considers the contractual principal and interest terms and estimated cash flows available from the borrower to satisfy the debt.

The allowance for collectively evaluated loans is comprised of the baseline loss allowance, the macroeconomic allowance and the qualitative allowance. The baseline loss allowance begins with the baseline loss rates calculated using the Company's average quarterly historical loss information for an economic cycle. The Company evaluates the historical period on a quarterly basis with the assumption that economic cycles have historically lasted between 10 and 15 years. The baseline loss rates are applied to each loan's estimated cash flows over the life of the loan under the remaining life method to determine the baseline loss estimate for each loan. Estimated cash flows consider the principal and interest in accordance with the contractual term of the loan and estimated prepayments. Contractual cash flows are based on the amortized cost and are adjusted for balances guaranteed by governmental entities, such as Small Business Administration or USDA, resulting in the unguaranteed amortized cost. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Company. Prepayments are established for each segment based on historical averages for the segment, which management believes is an accurate representation of future prepayment activity. Management reviews the adequacy of the prepayment assumption on an annual basis.

The macroeconomic allowance includes consideration of the forecasted direction of the economic and business environment and its likely impact on the estimated allowance as compared to the historical losses over the reasonable and supportable time frame. The Company uses macroeconomic scenarios from an independent third party. These scenarios are based on past events, current conditions, the likelihood of future events occurring and include consideration of the forecasted direction of the economic and business environment and its likely impact on the estimated allowance as compared to the historical losses over the reasonable and supportable time frame. Economic forecast models for the current period are uploaded to the model, which targets certain forecasted macroeconomic factors, such as unemployment rate, gross domestic product, housing price index, commercial real estate price index, and certain rate and market indices. Macroeconomic factor multipliers are determined through regression analysis and applied to loss rates for each segment of loans with similar risk characteristics. Each of the forecasted segment balances is impacted by a mix of these macroeconomic factors. Further, each of the macroeconomic factors is utilized differently by segment, including the application of lagged factors and various transformations such as percent change year over year. A macroeconomic sensitive model is developed for each segment given the current and forecasted conditions and a macroeconomic multiplier is calculated for each forecast period considering the forecasted losses as compared to the long-term average actual losses of the dataset. The impact of those macroeconomic factors on each segment, both positive and negative, using the reasonable and supportable period, are added to the calculated baseline loss allowance. After the reasonable and supportable period, forecasted loss rates revert to historical baseline loss levels over the predetermined reversion period on a straight-lined basis.

The Company's ACL model also includes adjustments for qualitative factors, where appropriate. Since historical information (such as historical net losses and economic cycles) may not always, by themselves, provide a sufficient basis for determining future expected credit losses, the Company periodically considers the need for qualitative adjustments to the ACL. Qualitative adjustments may be related to and include, but not be limited to, factors such as: (i) management's assessment of economic forecasts used in the model and how those forecasts align with management's overall evaluation of current and expected economic conditions, (ii) organization specific risks such as credit concentrations, collateral specific risks, regulatory risks, and external factors that may ultimately impact credit quality, (iii) potential model limitations such as those identified through back-testing, underwriting changes, acquisition of new portfolios and changes in portfolio segmentation, and (iv) management's overall assessment of the adequacy of the ACL, including an assessment of model data inputs used to determine the ACL.

Qualitative adjustments primarily related to certain segments of the loan portfolio deemed by management to be of a higher-risk profile where management believes the quantitative component of the Company's ACL model may not have fully captured the associated impact to the ACL. Qualitative adjustments also relate to heightened uncertainty as to future macroeconomic conditions and the related impact on different loan segments. Management reviews the need for an appropriate level of qualitative adjustments on a quarterly basis, and as such, the amount and allocation of qualitative adjustments may change in future periods.

In general, management's estimate of the ACL on loans uses relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The evaluation of the ACL on loans is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. While management utilizes its best judgment and information available to recognize estimated losses on loans, future additions to the ACL on loans may be necessary based on further declines in local and national economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's ACL on loans. Such agencies may require the Company to adjust the ACL based on their judgments about information available to them at the time of their examinations. The Company believes the ACL on loans was appropriate as of September 30, 2025 given all the above considerations.

The following tables detail the activity in the ACL on loans by segment and class for the periods indicated:

Three Months Ended September 30, 2025						
	Beginning Balance	Charge-offs	Recoveries	Provision for (Reversal of) Credit Losses	Ending Balance	
(Dollars in thousands)						
Commercial business:						
Commercial and industrial	\$ 9,385	\$ (195)	\$ 78	\$ (17)	\$ 9,251	
Owner-occupied CRE	13,434	—	141	(373)	13,202	
Non-owner occupied CRE	15,534	—	—	359	15,893	
Total commercial business	38,353	(195)	219	(31)	38,346	
Residential real estate	3,942	(27)	1	167	4,083	
Real estate construction and land development:						
Residential	868	—	—	140	1,008	
Commercial and multifamily	7,448	—	—	1,200	8,648	
Total real estate construction and land development	8,316	—	—	1,340	9,656	
Consumer	1,918	(152)	36	87	1,889	
Total	\$ 52,529	\$ (374)	\$ 256	\$ 1,563	\$ 53,974	
Nine Months Ended September 30, 2025						
	Beginning Balance	Charge-offs	Recoveries	Provision for (Reversal of) Credit Losses	Ending Balance	
(Dollars in thousands)						
Commercial business:						
Commercial and industrial	\$ 9,766	\$ (871)	\$ 122	\$ 234	\$ 9,251	
Owner-occupied CRE	12,819	—	141	242	13,202	
Non-owner occupied CRE	15,708	—	—	185	15,893	
Total commercial business	38,293	(871)	263	661	38,346	
Residential real estate	3,464	(27)	1	645	4,083	
Real estate construction and land development:						
Residential	779	—	—	229	1,008	
Commercial and multifamily	7,877	—	—	771	8,648	
Total real estate construction and land development	8,656	—	—	1,000	9,656	
Consumer	2,055	(410)	133	111	1,889	
Total	\$ 52,468	\$ (1,308)	\$ 397	\$ 2,417	\$ 53,974	
Three Months Ended September 30, 2024						
	Beginning Balance	Charge-offs	Recoveries	Provision for (Reversal of) Credit Losses	Ending Balance	
(Dollars in thousands)						
Commercial business:						
Commercial and industrial	\$ 11,134	\$ (50)	\$ 72	\$ (472)	\$ 10,684	
Owner-occupied CRE	9,850	(2,510)	—	4,819	12,159	
Non-owner occupied CRE	13,483	—	—	841	14,324	
Total commercial business	34,467	(2,560)	72	5,188	37,167	
Residential real estate	3,735	—	—	(131)	3,604	

Three Months Ended September 30, 2024					
	Beginning Balance	Charge-offs	Recoveries	Provision for (Reversal of) Credit Losses	Ending Balance
(Dollars in thousands)					
Real estate construction and land development:					
Residential	910	—	—	(118)	792
Commercial and multifamily	9,908	—	—	(2,235)	7,673
Total real estate construction and land development	10,818	—	—	(2,353)	8,465
Consumer	2,199	(85)	40	1	2,155
Total	\$ 51,219	\$ (2,645)	\$ 112	\$ 2,705	\$ 51,391

Nine Months Ended September 30, 2024					
	Beginning Balance	Charge-offs	Recoveries	Provision for (Reversal of) Credit Losses	Ending Balance
(Dollars in thousands)					
Commercial business:					
Commercial and industrial	\$ 11,128	\$ (439)	\$ 448	\$ (453)	\$ 10,684
Owner-occupied CRE	8,999	(2,510)	359	5,311	12,159
Non-owner occupied CRE	11,176	—	—	3,148	14,324
Total commercial business	31,303	(2,949)	807	8,006	37,167
Residential real estate	3,473	—	—	131	3,604
Real estate construction and land development:					
Residential	1,643	—	—	(851)	792
Commercial and multifamily	9,233	—	—	(1,560)	7,673
Total real estate construction and land development	10,876	—	—	(2,411)	8,465
Consumer	2,347	(446)	101	153	2,155
Total	\$ 47,999	\$ (3,395)	\$ 908	\$ 5,879	\$ 51,391

The following table details the activity in the ACL on unfunded commitments during the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(Dollars in thousands)				
Balance, beginning of period	\$ 740	\$ 774	\$ 587	\$ 1,288
Provision for (reversal of) credit losses on unfunded commitments	212	(266)	365	(780)
Balance, end of period	\$ 952	\$ 508	\$ 952	\$ 508

(5) Goodwill and Other Intangible Assets

(a) Goodwill

There were no additions to goodwill during the nine months ended September 30, 2025 and 2024. Additionally, management analyzes the Company's goodwill on an annual basis on December 31 and between annual tests in certain circumstances such as material adverse changes in legal, business, regulatory and economic factors. An impairment loss is recorded to the extent the carrying amount of goodwill exceeds its implied fair value. The Company performed an annual impairment assessment as of December 31, 2024 and concluded that there was no impairment as of that date. Even though there was no goodwill impairment at December 31, 2024, changes in the economic environment, operations of the reporting unit or other adverse events could result in future impairment charges which could have a material impact on the Company's operating results.

(b) Other Intangible Assets

Other intangible assets represent core deposit intangibles acquired in business combinations with estimated useful lives of ten years. There were no additions to other intangible assets during the nine months ended September 30, 2025 and 2024.

(6) Derivative Financial Instruments

The Company utilizes interest rate swap derivative contracts to facilitate the needs of its commercial customers whereby it enters into an interest rate swap with a customer while at the same time entering into an offsetting interest rate swap with another financial institution. In connection with each swap transaction, the Company agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on a similar notional amount at a fixed interest rate. At the same time, the Company agrees to pay another financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. The transaction allows the Company's customer to effectively convert a variable rate loan to a fixed rate and the Company recognizes immediate income based upon the difference in the bid/ask spread of the underlying transactions with its customers and the third-party. Because the Company acts as an intermediary for its customer, changes in the fair value of the underlying derivative contracts for the most part offset each other and do not significantly impact the Company's results of operations. These interest rate swaps are not designated as hedging instruments.

The Company is exposed to credit-related losses in the event of nonperformance by the counterparty to these agreements. Credit risk for derivatives with the customer is controlled through the credit approval process, amount limits, and monitoring procedures and is concentrated within our primary market areas. Credit risk for derivatives with third-parties is concentrated among four well-known broker dealers.

Fee income related to interest rate swap derivative contract transactions is recorded in Interest rate swap fees on the unaudited Condensed Consolidated Statements of Income when there is fee income received during the period. The fair value of derivative positions outstanding is included in Prepaid expenses and other assets and Accrued expenses and other liabilities in the unaudited Condensed Consolidated Statements of Financial Condition. The gains and losses due to changes in fair value and all cash flows are included in Other income in the unaudited Condensed Consolidated Statements of Income, but typically net to zero based on the identical back-to-back interest rate swap derivative contracts unless a credit valuation adjustment is recorded to appropriately reflect nonperformance risk in the fair value measurement. Various factors impact changes in the credit valuation adjustments over time, including changes in the risk ratings of the parties to the contracts, as well as changes in market rates and volatilities, which affect the total expected exposure of the derivative instruments.

The following table presents the notional amounts and estimated fair values of interest rate derivative contracts outstanding at the dates indicated:

	September 30, 2025		December 31, 2024	
	Notional Amounts	Estimated Fair Value	Notional Amounts	Estimated Fair Value
(Dollars in thousands)				
Non-hedging interest rate derivatives				
Interest rate swap asset ⁽¹⁾	\$ 278,171	15,674	\$ 299,236	\$ 23,867
Interest rate swap liability ⁽¹⁾	278,171	(15,674)	299,236	(23,867)

⁽¹⁾ The estimated fair value of derivatives with customers was \$(12.8) million and \$(22.7) million as of September 30, 2025 and December 31, 2024, respectively. The estimated fair value of derivatives with third-parties was \$12.8 million and \$22.7 million as of September 30, 2025 and December 31, 2024, respectively.

(7) Stockholders' Equity

(a) Earnings Per Common Share

The following table illustrates the calculation of weighted average shares used for earnings per common share computations for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(Dollars in thousands, except shares)				
Net income allocated to common shareholders	\$ 19,169	\$ 11,423	\$ 45,295	\$ 31,330
Basic:				
Weighted average common shares outstanding	33,953,810	34,322,069	34,009,010	34,584,851

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(Dollars in thousands, except shares)				
Diluted:				
Basic weighted average common shares outstanding	33,953,810	34,322,069	34,009,010	34,584,851
Effect of potentially dilutive common shares ⁽¹⁾	459,576	336,605	472,867	417,524
Total diluted weighted average common shares outstanding	34,413,386	34,658,674	34,481,877	35,002,375
Potentially dilutive shares that were excluded from the computation of diluted earnings per share because to do so would be anti-dilutive ⁽²⁾	16,843	131,152	18,821	45,341

⁽¹⁾ Represents the effect of the vesting of restricted stock units.

⁽²⁾ Anti-dilution occurs when the unrecognized compensation cost per share of a restricted stock unit exceeds the market price of the Company's stock.

(b) Dividends

The timing and amount of cash dividends paid on the Company's common stock depends on the Company's earnings, capital requirements, financial condition and other relevant factors. Dividends on common stock from the Company depend substantially upon the receipt of dividends from the Bank, which is the Company's predominant source of income.

The following table summarizes the dividend activity during the nine months ended September 30, 2025 and the calendar year 2024:

Declared	Cash Dividend per Share	Record Date	Paid Date
January 24, 2024	\$0.23	February 8, 2024	February 22, 2024
April 24, 2024	\$0.23	May 8, 2024	May 22, 2024
July 24, 2024	\$0.23	August 7, 2024	August 21, 2024
October 23, 2024	\$0.23	November 6, 2024	November 20, 2024
January 22, 2025	\$0.24	February 6, 2025	February 20, 2025
April 23, 2025	\$0.24	May 7, 2025	May 21, 2025
July 23, 2025	\$0.24	August 6, 2025	August 20, 2025

The FDIC and the DFI have the authority under their supervisory powers to prohibit the payment of dividends by the Bank to the Company. Additionally, current guidance from the Federal Reserve provides, among other things, that dividends per share on the Company's common stock generally should not exceed earnings per share, measured over the previous four fiscal quarters. Current regulations allow the Company and the Bank to pay dividends on their common stock if the Company's or the Bank's regulatory capital would not be reduced below the statutory capital requirements set by the Federal Reserve and the FDIC.

(c) Stock Repurchase Program

On April 24, 2024, the Board authorized the repurchase of up to 5% of the Company's outstanding common shares or 1,734,492 shares in total, under a new stock repurchase program (the "Repurchase Program"), with 796,832 shares remaining available for repurchase as of September 30, 2025. The Repurchase Program superseded a previous stock repurchase program, authorized in March 2020. The Repurchase Program does not obligate the Company to repurchase any shares of its common stock, and other than repurchases that have been completed to date, there is no assurance that the Company will make any further repurchases going forward. Under the Repurchase Program, the Company may repurchase shares of common stock from time to time in open market or privately negotiated transactions. The number, timing and price of shares repurchased will depend on business and market conditions, regulatory requirements, availability of funds, and other factors, including opportunities to deploy the Company's capital. The Company may, in its discretion, begin, suspend or terminate repurchases at any time prior to the Repurchase Program's expiration, without any prior notice.

(8) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Valuations for assets and liabilities traded in active exchange markets, or interest in open-end mutual funds that allow the Company to sell its ownership interest back to the fund at net asset value on a daily basis. Valuations are obtained from readily available pricing sources for market transactions involving identical assets, liabilities, or funds.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or valuations using methodologies with observable inputs.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, such as option pricing models, discounted cash flow models and similar techniques using unobservable inputs, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

(a) Recurring and Nonrecurring Basis

The Company used the following methods and significant assumptions to measure the fair value of certain assets on a recurring and nonrecurring basis:

Investment Securities:

The fair values of all investment securities are based upon the assumptions that market participants would use in pricing the security. If available, fair values of investment securities are determined by quoted market prices (Level 1). For investment securities where quoted market prices are not available, fair values are calculated based on market prices on similar securities (Level 2). For investment securities where quoted prices or market prices of similar securities are not available, fair values are calculated by using observable and unobservable inputs such as discounted cash flows or other market indicators (Level 3). Investment security valuations are obtained from third-party pricing services.

Collateral-Dependent Loans:

Collateral-dependent loans are identified for the calculation of the ACL on loans. The fair value used to measure credit loss for this type of loan is commonly based on recent real estate appraisals which are generally obtained at least every 18 months or earlier if there are changes to risk characteristics of the underlying loan. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by independent appraisers to adjust for differences between the comparable sales and income data available. The Company also incorporates an estimate of cost to sell the collateral when the sale is probable. Such adjustments may be significant and result in a Level 3 classification of the inputs for determining fair value. Non-real estate collateral may be valued using an appraisal, net book value based on the borrower's financial statements or aging reports, adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation and management's expertise and knowledge of the customer and customer's business (Level 3). Individually evaluated loans are analyzed for credit loss on a quarterly basis and the ACL on loans is adjusted as required based on the results.

Appraisals on collateral-dependent loans are performed by certified general appraisers for commercial properties or certified residential appraisers for residential properties whose qualifications and licenses have been reviewed and verified by the Company. Once received, the Company's internal appraisal department reviews and approves the assumptions and approaches utilized in the appraisal as well as the resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics.

Derivative Financial Instruments:

The Company obtains broker or dealer quotes to value its interest rate derivative contracts, which use valuation models using observable market data as of the measurement date (Level 2), and incorporates credit valuation adjustments to reflect nonperformance risk in the measurement of fair value (Level 3). Although the Company has determined that the majority of the inputs used to value its interest rate swap derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as borrower risk ratings, to evaluate the likelihood of default by itself and its counterparties. As of September 30, 2025 and December 31, 2024, the Company assessed the significance of the impact of the credit valuation adjustment on the overall valuation of its interest rate swap derivatives and determined the credit valuation adjustment was not significant to the overall valuation of its interest rate swap derivatives. As a result, the Company has classified its interest rate swap derivative valuations in Level 2 of the fair value hierarchy.

Recurring Basis

The following tables summarize the balances of assets and liabilities measured at fair value on a recurring basis at the dates indicated:

	September 30, 2025			
	Total	Level 1	Level 2	Level 3
(Dollars in thousands)				
Assets				
Investment securities available for sale:				
U.S. government and agency securities	\$ 11,642	\$ —	\$ 11,642	\$ —
Municipal securities	51,197	—	51,197	—
Residential CMO and MBS ⁽¹⁾	298,737	—	298,737	—
Commercial CMO and MBS ⁽¹⁾	255,995	—	255,995	—

September 30, 2025				
	Total	Level 1	Level 2	Level 3
(Dollars in thousands)				
Corporate obligations	7,019	—	7,019	—
Other asset-backed securities	6,641	—	6,641	—
Total investment securities available for sale	631,231	—	631,231	—
Equity security	248	248	—	—
Derivative assets - interest rate swaps	15,674	—	15,674	—
Liabilities				
Derivative liabilities - interest rate swaps	\$ 15,674	\$ —	\$ 15,674	\$ —

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

December 31, 2024				
	Total	Level 1	Level 2	Level 3
(Dollars in thousands)				
Assets				
Investment securities available for sale:				
U.S. government and agency securities	\$ 12,544	\$ —	\$ 12,544	\$ —
Municipal securities	50,942	—	50,942	—
Residential CMO and MBS ⁽¹⁾	369,331	—	369,331	—
Commercial CMO and MBS ⁽¹⁾	309,741	—	309,741	—
Corporate obligations	11,770	—	11,770	—
Other asset-backed securities	10,066	—	10,066	—
Total investment securities available for sale	764,394	—	764,394	—
Equity security	297	297	—	—
Derivative assets - interest rate swaps	23,867	—	23,867	—
Liabilities				
Derivative liabilities - interest rate swaps	\$ 23,867	\$ —	\$ 23,867	\$ —

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS.

Nonrecurring Basis

The Company may be required to measure certain financial assets and liabilities at fair value on a nonrecurring basis. These adjustments to fair value usually result from application of lower-of-cost-or-market accounting or write-downs of individual assets. The following tables present assets measured at fair value on a nonrecurring basis at the dates indicated:

Fair Value at September 30, 2025				
	Total	Level 1	Level 2	Level 3
(Dollars in thousands)				
Collateral-dependent loans:				
Commercial business:				
Commercial and industrial	\$ 346	\$ —	\$ —	\$ 346
Total commercial business	346	—	—	346
Residential real estate	898	—	—	898
Total assets measured at fair value on a nonrecurring basis	\$ 1,244	\$ —	\$ —	\$ 1,244

Fair Value at December 31, 2024				
	Total	Level 1	Level 2	Level 3
(Dollars in thousands)				
Collateral-dependent loans:				
Commercial business:				
Owner-occupied CRE	\$ 2,250	\$ —	\$ —	\$ 2,250
Total commercial business	2,250	—	—	2,250
Consumer	160	—	—	160
Total assets measured at fair value on a nonrecurring basis	\$ 2,410	\$ —	\$ —	\$ 2,410

The following tables present quantitative information about Level 3 fair value measurements for financial instruments measured at fair value on a non-recurring basis at the dates indicated:

September 30, 2025					
	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range of Inputs	Weighted Average ⁽¹⁾
(Dollars in thousands)					
Collateral-dependent loans	\$ 1,244	Market approach	Adjustments to reflect current conditions and selling costs	10.0% - 10.0%	10.0%
December 31, 2024					
	Fair Value	Valuation Technique(s)	Unobservable Input(s)	Range of Inputs	Weighted Average ⁽¹⁾
(Dollars in thousands)					
Collateral-dependent loans	\$ 2,410	Market approach	Adjustments to reflect current conditions and selling costs	10.0% - 10.0%	10.0%

⁽¹⁾ Weighted by net discount to net appraisal fair value

(b) Fair Value of Financial Instruments

Broadly traded markets do not exist for most of the Company's financial instruments; therefore, the fair value calculations attempt to incorporate the effect of current market conditions at a specific time. These determinations are subjective in nature, involve uncertainties and matters of significant judgment and do not include tax ramifications; therefore, the results cannot be determined with precision, substantiated by comparison to independent markets and may not be realized in an actual sale or immediate settlement of the instruments. There may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results. For all of these reasons, the aggregation of the fair value calculations presented herein does not represent, and should not be construed to represent, the underlying value of the Company.

The following tables present the carrying value of the Company's financial instruments and their corresponding estimated fair values at the dates indicated:

	September 30, 2025					
	Carrying Value	Fair Value	Fair Value Measurements Using:			
			Level 1	Level 2	Level 3	
	(Dollars in thousands)					
Financial Assets:						
Cash and cash equivalents	\$ 245,491	\$ 245,491	\$ 245,491	\$ —	\$ —	
Investment securities available for sale	631,231	631,231	—	631,231	—	
Investment securities held to maturity	681,626	628,049	—	628,049	—	
Loans receivable, net	4,715,186	4,708,834	—	—	4,708,834	
Derivative assets - interest rate swaps	15,674	15,674	—	15,674	—	
Equity security	248	248	248	—	—	
Financial Liabilities:						
Non-maturity deposits	\$ 4,907,222	\$ 4,907,222	\$ 4,907,222	\$ —	\$ —	
Certificates of deposit	950,242	956,856	—	956,856	—	

September 30, 2025					
	Carrying Value	Fair Value	Fair Value Measurements Using:		
			Level 1	Level 2	Level 3
(Dollars in thousands)					
Borrowings	138,000	138,048	—	138,048	—
Junior subordinated debentures	22,277	20,673	—	—	20,673
Derivative liabilities - interest rate swaps	15,674	15,674	—	15,674	—
December 31, 2024					
	Carrying Value	Fair Value	Fair Value Measurements Using:		
			Level 1	Level 2	Level 3
(Dollars in thousands)					
Financial Assets:					
Cash and cash equivalents	\$ 117,100	\$ 117,100	\$ 117,100	\$ —	\$ —
Investment securities available for sale	764,394	764,394	—	764,394	—
Investment securities held to maturity	703,285	623,452	—	623,452	—
Loans receivable, net	4,749,655	4,694,516	—	—	4,694,516
Derivative assets - interest rate swaps	23,867	23,867	—	23,867	—
Equity security	297	297	297	—	—
Financial Liabilities:					
Non-maturity deposits	\$ 4,707,362	\$ 4,707,362	\$ 4,707,362	\$ —	\$ —
Certificates of deposit	977,251	985,602	—	985,602	—
Borrowings	383,000	383,222	—	383,222	—
Junior subordinated debentures	22,058	20,357	—	—	20,357
Derivative liabilities - interest rate swaps	23,867	23,867	—	23,867	—

(9) Investments in Tax Credits Structures

The Company's tax credit investments include LIHTC investments and a Solar Tax Credit investment. LIHTC investments promote qualified affordable housing projects, some of which also support the Company's regulatory compliance with the CRA. The Company's investments in these entities generate a return primarily through the realization of federal income tax credits and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. These tax credits and deductions are recognized as a reduction to income tax expense. For the Company's accounting policies on tax credit investments, see Note 1 - Description of Business, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Pronouncements included in Item 8. Financial Statements And Supplementary Data in our 2024 Annual Form 10-K.

LIHTC Investments

The carrying values of investments in unconsolidated LIHTC investments were \$169.6 million and \$187.2 million as of September 30, 2025 and December 31, 2024, respectively, as a component of prepaid expense and other assets on the Condensed Consolidated Statements of Financial Condition. LIHTCs are accounted for using the proportional amortization method. During the three months ended September 30, 2025 and 2024 the Company recognized proportional amortization of \$5.9 million and \$4.9 million, respectively, and during the nine months ended September 30, 2025 and 2024 the Company recognized proportional amortization of \$17.8 million and \$14.9 million, respectively, as a component of income tax in the Condensed Consolidated Statements of Income.

Total unfunded contingent commitments related to the Company's LIHTC investments totaled \$23.5 million and \$81.2 million at September 30, 2025 and December 31, 2024, respectively, as a component of accrued expenses and other liabilities in the Condensed Consolidated Statements of Financial Condition. The Company expects to fund LIHTC commitments totaling \$7.2 million during the three months ending December 31, 2025 and \$5.7 million during the year ending December 31, 2026, with the remaining commitments of \$10.7 million to be funded by December 31, 2041.

There were no significant modifications or events that resulted in a change in the nature or change in the underlying project for the Company's LIHTC investments at September 30, 2025 or December 31, 2024.

Solar Tax Credit Investment

The Solar Tax Credit investment is accounted for using the equity method. During the three and nine months ended September 30, 2025 and 2024, the Company recorded no amortization expense in connection with the Solar Tax Credit investment.

(10) Income Taxes

The following table presents the reconciliation of income taxes computed at the federal statutory income tax rate of 21% to the actual effective rate for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(Dollars in thousands)				
Income tax expense at Federal statutory rate	\$ 4,684	\$ 2,744	\$ 11,114	\$ 7,545
State tax, net of Federal tax benefit	227	118	539	326
Tax-exempt instruments	(240)	(240)	(821)	(710)
BOLI surrender	—	—	515	—
Federal tax credits and other benefits ⁽¹⁾	(1,182)	(991)	(3,540)	(2,975)
Effects of BOLI	(198)	(168)	(635)	(534)
Restricted stock unit excess (benefit) liability	(6)	—	(61)	267
Other, net	(148)	180	518	680
Income tax expense	<u>\$ 3,137</u>	<u>\$ 1,643</u>	<u>\$ 7,629</u>	<u>\$ 4,599</u>

⁽¹⁾ Federal tax credits are provided for under the Solar Tax Credit and LIHTC programs.

(11) Commitments and Contingencies

In the ordinary course of business, the Company may enter into various types of transactions that include commitments to extend credit that are not included in its unaudited Condensed Consolidated Financial Statements. The Company applies the same credit standards to these commitments as it uses in all its lending activities and has included these commitments in its lending risk evaluations. The majority of the commitments presented below are variable rate. Loan commitments can be either revolving or non-revolving. The Company's exposure to credit and market risk under commitments to extend credit is represented by the amount of these commitments.

The following table presents outstanding commitments to extend credit, including letters of credit, at the dates indicated:

	September 30, 2025	December 31, 2024
(Dollars in thousands)		
Commercial business:		
Commercial and industrial	\$ 533,759	\$ 591,863
Owner-occupied CRE	11,995	14,778
Non-owner occupied CRE	30,131	23,100
Total commercial business	575,885	629,741
Real estate construction and land development:		
Residential	55,136	28,353
Commercial and multifamily	229,711	174,606
Total real estate construction and land development	284,847	202,959
Consumer	338,143	348,373
Total outstanding commitments	<u>\$ 1,198,875</u>	<u>\$ 1,181,073</u>

(12) Segment Information

The Company has one reportable operating segment, commercial banking. The Company's reportable segment is determined by the Chief Executive Officer, who is the designated CODM. While the CODM monitors information provided about the Company's various products and services offered, the Company's financial performance is evaluated on a company-wide basis. The CODM will evaluate the financial performance of the Company's business components by evaluating revenue streams, significant expenses, and budget to actual results in assessing the Company's segment and in the determination of allocating resources. The CODM uses revenue streams to evaluate product pricing and significant expenses to assess performance and evaluate

return on assets. The CODM uses consolidated net income to benchmark the Company against its competitors. The benchmarking analysis coupled with monitoring of budget to actual results are used in assessing performance and in establishing compensation. Loans, investments, and deposits provide the revenues of the banking operation. Interest expense, provisions for credit losses, and payroll provide the significant expenses in the banking operation. All operations are domestic.

Accounting policies for the Company's one segment are described in Note 1 - Description of Business, Basis of Presentation, Significant Accounting Policies and Recently Issued Accounting Pronouncements included in Item 8. Financial Statements And Supplementary Data in our 2024 Annual Form 10-K. Segment performance is evaluated using consolidated net income which is also reported on the Condensed Consolidated Statements of Income as net income. The measure of segment assets is reported on the Condensed Consolidated Statements of Financial Condition as total assets.

(13) Proposed Merger

On September 25, 2025, Heritage entered into a definitive agreement (the "Merger Agreement") with Olympic pursuant to which Olympic will be merged with and into Heritage (the "Olympic Merger"), and immediately thereafter Olympic's bank subsidiary, Kitsap Bank, will be merged with and into Heritage's bank subsidiary, Heritage Bank.

Under the terms of the Merger Agreement, Olympic shareholders will receive 45.0 shares of Heritage common stock for each share of Olympic capital stock. Based on the closing price of Heritage common stock of \$24.64 on September 24, 2025 the implied deal value was approximately \$176.6 million. Because the exchange ratio of 45.0 shares of Heritage common stock for each share of Olympic capital stock is fixed, the value of the merger consideration will fluctuate until closing based on the value of Heritage's stock price.

In the event the Merger Agreement is terminated under certain specified circumstances, each party could be required to pay the other party a termination fee of \$7.0 million.

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

The following discussion is intended to assist in understanding the financial condition and results of operations of the Company as of and for the three and nine months ended September 30, 2025. The information contained in this section should be read together with the unaudited Condensed Consolidated Financial Statements and the accompanying Notes included herein, the Cautionary Note Regarding Forward-Looking Statements included herein and the December 31, 2024 audited Consolidated Financial Statements, and the accompanying Notes included in our 2024 Annual Form 10-K.

Overview

Heritage Financial Corporation is a bank holding company which primarily engages in the business activities of our wholly-owned financial institution subsidiary, Heritage Bank. We provide financial services to customers in our market areas with an ongoing strategic focus on our commercial banking relationships, market expansion and asset quality. The Company's business activities generally are limited to passive investment activities and oversight of its investment in the Bank. Accordingly, the information set forth in this report relates primarily to the Bank's operations.

Our business consists primarily of commercial lending and deposit relationships with small- to medium-sized businesses and their owners in our market areas, as well as attracting deposits from the general public. We also make real estate construction and land development loans, consumer loans and residential real estate loans on single family properties located primarily in our markets.

Our core profitability depends primarily on our net interest income. Net interest income is the difference between interest income, which is the income that we earn on interest earning assets, consisting primarily of loans and investment securities, and interest expense, which is the amount we pay on our interest bearing liabilities, consisting primarily of deposits and borrowings. Management manages the repricing characteristics of the Company's interest earning assets and interest bearing liabilities to protect net interest income from changes in market interest rates and changes in the shape of the yield curve. Like most financial institutions, our net interest income is significantly affected by general and local economic conditions, particularly changes in market interest rates, and by governmental policies and actions of regulatory agencies. Net interest income is additionally affected by changes in the volume and mix of interest earning assets, interest earned on these assets, the volume and mix of interest bearing liabilities and interest paid on these liabilities.

Our net income is affected by many factors, including the provision for credit losses on loans. The provision for credit losses on loans is dependent on changes in the loan portfolio and management's assessment of the collectability of the loan portfolio, as well as prevailing economic and market conditions. Management believes that the ACL on loans reflects the amount that is appropriate to provide for current expected credit losses in our loan portfolio based on the CECL methodology.

Net income is also affected by noninterest income and noninterest expense. Noninterest income primarily consists of gains or losses on the sale of investment securities, service charges and other fees, card revenue and other income. Noninterest expense primarily consists of compensation and employee benefits, occupancy and equipment, data processing and professional services expense. Compensation and employee benefits consist primarily of the salaries and wages paid to our employees and payroll taxes and expenses for retirement and other employee benefits. Occupancy and equipment expenses are the fixed and variable costs of buildings and equipment and consist primarily of lease expenses, depreciation charges, maintenance and utilities. Data processing expense consists primarily of processing and network services related to the Bank's

core operating system, including the account processing system, electronic payments processing of products and services, internet and mobile banking channels and software-as-a-service providers. Professional services expense consists primarily of third-party service providers such as auditors, consultants and lawyers.

Results of operations may also be significantly affected by general and local economic and competitive conditions, changes in accounting, tax, and regulatory rules, governmental policies and actions of regulatory authorities, including changes resulting from inflation and the governmental actions taken to address this issue, as well as changes in policies driven by the new presidential administration, including policies on tariffs and immigration, which may impact our operations or those of our customers. Net income is also impacted by our ability to execute our strategic plan to grow the Company through organic growth or acquisitions. See also "Cautionary Note Regarding Forward-Looking Statements."

Results of Operations

Net Income

Comparison of the quarter ended September 30, 2025 to the comparable quarter in the prior year

Net income increased \$7.7 million, or 67.8%, to \$19.2 million, or \$0.55 per diluted common share, for the three months ended September 30, 2025, compared to \$11.4 million, or \$0.33 per diluted common share, for the same period in 2024.

The increase in net income was primarily due to a \$6.5 million increase in noninterest income and a \$4.7 million decrease in total interest expense. Noninterest income increased due to a \$6.9 million pre-tax loss on the sale of investment securities recognized during the three months ended September 30, 2024 while no loss was recognized during the three months ended September 30, 2025. Total interest expense decreased due primarily to a decrease in borrowing costs.

These improvements were partially offset by a \$2.3 million increase in noninterest expense due primarily to increase in compensation and employee benefits and professional services expense.

Comparison of the nine months ended September 30, 2025 to the comparable period in the prior year.

Net income increased \$14.0 million, or 44.6%, to \$45.3 million, or \$1.31 per diluted common share, for the nine months ended September 30, 2025, compared to \$31.3 million, or \$0.90 per diluted common share, for the same period in 2024.

The increase in net income was due primarily to a \$4.6 million increase in total interest income due to increased yields earned on interest earning assets as a result of higher market interest rates, a \$5.8 million decrease in total interest expense due to lower funding costs and a \$9.6 million increase in noninterest income due to lower losses on sales of investment securities.

These improvements were partially offset by an increase in noninterest expense of \$5.3 million due primarily to increase in compensation and employee benefits and professional services expense.

Net Interest Income and Margin

One of the Company's key sources of revenue is net interest income. Several factors affect net interest income, including, but not limited to: the volume, pricing, mix and maturity of interest earning assets and interest bearing liabilities; the volume of noninterest earning assets, noninterest bearing demand deposits, other noninterest bearing liabilities and stockholders' equity; market interest rate fluctuations; and asset quality.

Comparison of the quarter ended September 30, 2025 to the comparable quarter in the prior year

The following table provides net interest income information for the periods indicated:

	Three Months Ended September 30,						Change		
	2025			2024					
	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate ⁽¹⁾	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate ⁽¹⁾	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate ⁽¹⁾
(Dollars in thousands)									
Interest Earning Assets:									
Loans receivable ⁽²⁾⁽³⁾	\$ 4,762,648	\$ 66,422	5.53 %	\$ 4,606,856	\$ 64,138	5.54 %	\$ 155,792	\$ 2,284	(0.01)%
Taxable securities	1,314,374	11,102	3.35	1,604,529	13,472	3.34	(290,155)	(2,370)	0.01
Nontaxable securities ⁽³⁾	15,242	138	3.59	17,482	159	3.62	(2,240)	(21)	(0.03)
Interest earning deposits	166,182	1,846	4.41	150,384	2,048	5.42	15,798	(202)	(1.01)
Total interest earning assets	6,258,446	79,508	5.04 %	6,379,251	79,817	4.98 %	(120,805)	(309)	0.06 %
Noninterest earning assets	747,694			803,670			(55,976)		
Total assets	\$ 7,006,140			\$ 7,182,921			\$ (176,781)		
Interest Bearing Liabilities:									
Certificates of deposit	\$ 955,737	\$ 8,822	3.66 %	\$ 906,743	\$ 10,052	4.41 %	\$ 48,994	\$ (1,230)	(0.75)%
Savings accounts	428,256	296	0.27	445,926	220	0.20	(17,670)	76	0.07

	Three Months Ended September 30,						Change		
	2025			2024					
	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate ⁽¹⁾	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate ⁽¹⁾	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate ⁽¹⁾
(Dollars in thousands)									
Interest bearing demand and money market accounts	2,833,048	11,003	1.54	2,644,827	9,984	1.50	188,221	1,019	0.04
Total interest bearing deposits	4,217,041	20,121	1.89	3,997,496	20,256	2.02	219,545	(135)	(0.13)
Junior subordinated debentures	22,239	474	8.46	21,946	541	9.81	293	(67)	(1.35)
Borrowings	136,582	1,542	4.48	452,364	6,062	5.33	(315,782)	(4,520)	(0.85)
Total interest bearing liabilities	4,375,862	22,137	2.01 %	4,471,806	26,859	2.39 %	(95,944)	(4,722)	(0.38)%
Noninterest bearing demand deposits	1,625,945			1,677,984			(52,039)		
Other noninterest bearing liabilities	112,053			175,332			(63,279)		
Stockholders' equity	892,280			857,799			34,481		
Total liabilities and stock-holders' equity	\$ 7,006,140			\$ 7,182,921			\$ (176,781)		
Net interest income and spread		\$ 57,371	3.03 %		\$ 52,958	2.59 %		\$ 4,413	0.44 %
Net interest margin			3.64 %			3.30 %			0.34 %

⁽¹⁾ Average balances are calculated using daily balances. Average yield/rate is annualized.

⁽²⁾ Average loans receivable includes loans classified as nonaccrual, which carry a zero yield. Interest earned on loans receivable includes the amortization of net deferred loan fees of \$1,054,000 and \$938,000 for the three months ended September 30, 2025 and 2024, respectively.

⁽³⁾ Yields on tax-exempt loans and securities have not been stated on a tax-equivalent basis.

The following table provides the changes in net interest income for the three months ended September 30, 2025 compared to the same period in 2024, due to changes in average asset and liability balances (volume), changes in average yields/rates (rate) and changes attributable to the combined effect of volume and rates allocated proportionately to the absolute value of changes due to volume and changes due to rates:

	Increase (Decrease) Due to Changes In:		
	Volume	Yield/Rate	Total
	(Dollars in thousands)		
Interest Earning Assets:			
Loans receivable	\$ 2,173	\$ 111	\$ 2,284
Taxable securities	(2,451)	81	(2,370)
Nontaxable securities	(20)	(1)	(21)
Interest earning deposits	200	(402)	(202)
Total interest income	\$ (98)	\$ (211)	\$ (309)
Interest Bearing Liabilities:			
Certificates of deposit	\$ 521	\$ (1,751)	\$ (1,230)
Savings accounts	(9)	85	76
Interest bearing demand and money market accounts	725	294	1,019
Total interest bearing deposits	1,237	(1,372)	(135)
Junior subordinated debentures	7	(74)	(67)
Borrowings	(3,688)	(832)	(4,520)
Total interest expense	\$ (2,444)	\$ (2,278)	\$ (4,722)
Net interest income	\$ 2,346	\$ 2,067	\$ 4,413

Net interest income increased \$4.4 million, or 8.3%, to \$57.4 million for the three months ended September 30, 2025, compared to \$53.0 million for the same period in 2024, due primarily to a \$4.7 million decrease in total interest expense.

Total interest income decreased to \$79.5 million for the three months ended September 30, 2025, compared to \$79.8 million for the same period in 2024. The decrease was primarily due to a \$2.4 million decrease in interest income on investment securities and a \$0.2 million decrease in interest income on interest earning deposits, offset partially by a \$2.3 million increase in interest income on loans receivable during the three months ended September 30, 2025, compared to the same period in 2024.

Interest income on securities decreased due to a decrease in the average balance of investment securities as of result of investment sales, maturities and repayments. Average balances of taxable securities decreased \$290.2 million to \$1.31 billion during the three months ended September 30, 2025, compared to \$1.60 billion during the same period in 2024.

Interest income on loans receivable increased due to increases in the average outstanding balance of those assets. The average balance of loans receivable increased \$155.8 million to \$4.76 billion during the three months ended September 30, 2025, compared to \$4.61 billion for the same period in 2024.

Total interest expense decreased to \$22.1 million during the three months ended September 30, 2025, compared to \$26.9 million for the same period in 2024. The decrease was due primarily to a \$4.5 million decrease in interest expense on borrowings. The decrease in borrowing expense was due primarily to a \$315.8 million decrease in the average balance of outstanding borrowings to \$136.6 million during the three months ended September 30, 2025, compared to \$452.4 million for the same period in 2024 and secondarily due to an 85 basis point decrease on the average rate to 4.48% for the three months ended September 30, 2025, compared to 5.33% for the same period in 2024.

Net interest margin increased 34 basis points to 3.64% for the three months ended September 30, 2025, compared to 3.30% for the same period in 2024.

Comparison of nine months ended September 30, 2025 to the comparable period in the prior year

The following table provides net interest income information for the periods indicated:

	Nine Months Ended September 30,						Change		
	2025			2024					
	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate ⁽¹⁾	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate	Average Balance ⁽¹⁾	Interest Earned/ Paid	Average Yield/ Rate
(Dollars in thousands)									
Interest Earning Assets:									
Loans receivable ⁽²⁾⁽³⁾	\$ 4,774,926	\$ 196,231	5.49 %	\$ 4,475,642	\$ 182,608	5.45 %	\$ 299,284	\$ 13,623	0.04 %
Taxable securities	1,371,957	34,420	3.35	1,699,995	42,462	3.34	(328,038)	(8,042)	0.01
Nontaxable securities ⁽³⁾	15,406	414	3.59	19,193	505	3.51	(3,787)	(91)	0.08
Interest earning deposits	130,253	4,309	4.42	126,970	5,177	5.45	3,283	(868)	(1.03)
Total interest earning assets	6,292,542	235,374	5.00 %	6,321,800	230,752	4.88 %	(29,258)	4,622	0.12 %
Noninterest earning assets	759,206			805,790			(46,584)		
Total assets	\$ 7,051,748			\$ 7,127,590			\$ (75,842)		
Interest Bearing Liabilities:									
Certificates of Deposit	\$ 971,933	\$ 27,841	3.83 %	\$ 826,575	\$ 26,852	4.34 %	\$ 145,358	\$ 989	(0.51)%
Savings accounts	426,767	877	0.27	457,989	640	0.19	(31,222)	237	0.08
Interest bearing demand and money market accounts	2,770,162	31,042	1.50	2,643,478	27,605	1.39	126,684	3,437	0.11
Total interest bearing deposits	4,168,862	59,760	1.92	3,928,042	55,097	1.87	240,820	4,663	0.05
Junior subordinated debentures	22,164	1,417	8.55	21,874	1,627	9.94	290	(210)	(1.39)
Borrowings	233,504	8,153	4.67	484,300	18,427	5.08 %	(250,796)	(10,274)	(0.41)
Total interest bearing liabilities	4,424,530	69,330	2.10 %	4,434,216	75,151	2.26 %	(9,686)	(5,821)	(0.16)%
Noninterest bearing demand deposits	1,620,047			1,657,867			(37,820)		
Other noninterest bearing liabilities	127,505			186,081			(58,576)		
Stockholders' equity	879,666			849,426			30,240		
Total liabilities and stock-holders' equity	\$ 7,051,748			\$ 7,127,590			\$ (75,842)		
Net interest income and spread		\$ 166,044	2.90 %		\$ 155,601	2.62 %		\$ 10,443	0.28 %
Net interest margin			3.53 %			3.29 %			0.24 %

⁽¹⁾ Average balances are calculated using daily balances. Average yield/rate is annualized.

⁽²⁾ Average loans receivable includes loans classified as nonaccrual, which carry a zero yield. Interest earned on loans receivable includes the amortization of net deferred loan fees of \$2.7 million and \$2.7 million for the nine months ended September 30, 2025 and 2024, respectively.

⁽³⁾ Yields on tax-exempt loans and securities have not been stated on a tax-equivalent basis.

The following table provides the changes in net interest income for the nine months ended September 30, 2025 compared to the same period in 2024, due to changes in average asset and liability balances (volume), changes in average yields/rates (rate) and changes attributable to the combined effect of volume and rates allocated proportionately to the absolute value of changes due to volume and changes due to rates:

	Increase (Decrease) Due to Changes In:		
	Volume	Yield/Rate	Total
	(Dollars in thousands)		
Interest Earning Assets:			
Loans receivable	\$ 12,292	\$ 1,331	\$ 13,623
Taxable securities	(8,229)	187	(8,042)
Nontaxable securities	(102)	11	(91)
Interest earning deposits	131	(999)	(868)
Total interest income	\$ 4,092	\$ 530	\$ 4,622
Interest Bearing Liabilities:			
Certificates of deposit	\$ 4,388	\$ (3,399)	\$ 989
Savings accounts	(47)	284	237
Interest bearing demand and money market accounts	1,361	2,076	3,437
Total interest bearing deposits	5,702	(1,039)	4,663
Junior subordinated debentures	22	(232)	(210)
Borrowings	(8,865)	(1,409)	(10,274)
Total interest expense	\$ (3,141)	\$ (2,680)	\$ (5,821)
Net interest income	\$ 7,233	\$ 3,210	\$ 10,443

Net interest income increased \$10.4 million, or 6.7%, to \$166.0 million for the nine months ended September 30, 2025, compared to \$155.6 million for the same period in 2024, due primarily to an increase in total interest income and a decrease in total interest expense.

Total interest income increased \$4.6 million, or 2.0%, to \$235.4 million for the nine months ended September 30, 2025, compared to \$230.8 million for the same period in 2024. The increase was primarily due to a \$13.6 million increase in interest income on loans receivable, offset partially by an \$8.1 million decrease in interest income on investment securities and a \$0.9 million decrease in interest income on interest earning deposits during the nine months ended September 30, 2025, compared to the same period in 2024. Interest income on loans receivable increased due to increases in both the average yield earned on and the average outstanding balance of those assets. The average yield earned on loans receivable increased 4 basis points to 5.49% and the average balance of loans receivable increased \$299.3 million to \$4.77 billion during the nine months ended September 30, 2025, compared to \$4.48 billion for the same period in 2024.

Interest income on investment securities decreased \$8.1 million due primarily to a decrease in average balances as a result of investment sales, maturities and repayments. Average balances on taxable securities decreased \$328.0 million to \$1.37 billion during the nine months ended September 30, 2025, compared to \$1.70 billion during the same period in 2024. Interest income on interest earning deposits decreased \$0.9 million due primarily to a 103 basis point decrease in the yield earned on interest earning deposits to 4.42%, compared to 5.45% during the same period in 2024, as a result of decreases in market rates.

Total interest expense decreased \$5.8 million, or 7.7%, to \$69.3 million during the nine months ended September 30, 2025, compared to \$75.2 million for the same period in 2024. The decrease was due primarily to a \$10.3 million decrease in interest expense on borrowings, offset by a \$4.7 million increase in interest expense on interest bearing deposits during the nine months ended September 30, 2025, compared to the same period in 2024. The decrease in borrowing expense was due primarily to a \$250.8 million decrease in the average balance of outstanding borrowings to \$233.5 million during the nine months ended September 30, 2025, compared to \$484.3 million for the same period in 2024, and secondarily due to a 41 basis point decrease on the average rate to 4.67% for the nine months ended September 30, 2025, compared to 5.08% for the same period in 2024.

The increase in interest expense on interest bearing deposits was due primarily to a \$240.8 million increase in the average balance of interest bearing accounts to \$4.17 billion during the nine months ended September 30, 2025, compared to \$3.93 billion for the same period in 2024, and a 11 basis point increase on the average rate of interest bearing demand and money market accounts to 1.50% for the nine months ended September 30, 2025, compared to 1.39% for the same period in 2024, due to competitive rate pressures. The increase was partially offset by a 51 basis point decline on the average rate of certificates of deposits to 3.83% for the nine months ended September 30, 2025, compared to 4.34% for the same period in 2024, due to repricing of certificates of deposits at lower rates.

Net interest margin increased 24 basis points to 3.53% for the nine months ended September 30, 2025, compared to 3.29% for the same period in 2024.

Provision for Credit Losses

The aggregate of the provision for (reversal of) credit losses on loans and on unfunded commitments is presented on the unaudited Condensed Consolidated Statements of Income as the provision for credit losses. The ACL on unfunded commitments is included on the unaudited Condensed Consolidated Statements of Financial Condition within accrued expenses and other liabilities.

Comparison of the quarter ended September 30, 2025 to the comparable quarter in the prior year

The following table presents the provision for (reversal of) credit losses for the periods indicated:

	Three Months Ended September 30,		Change	
	2025	2024	\$	%
(Dollars in thousands)				
Provision for credit losses on loans	\$ 1,563	\$ 2,705	\$ (1,142)	42.2 %
Provision for (reversal of) credit losses on unfunded commitments	212	(266)	478	179.7
Provision for credit losses	<u>\$ 1,775</u>	<u>\$ 2,439</u>	<u>\$ (664)</u>	<u>27.2 %</u>

The provision for credit losses on loans reflects the amount required to maintain the ACL on loans at an appropriate level based upon management's evaluation of the adequacy of collective and individual loss reserves and is impacted by quarterly charge-offs and recoveries. The provision for credit losses on loans was \$1.6 million during the three months ended September 30, 2025 and was due primarily to an increase in the weighted average life of residential real estate and real estate construction and land development loans which increased the calculated reserves and an increase in real estate construction and land development loan balances. Future assessments of expected credit losses will be impacted not only by changes in the composition of and amount of loans and to the reasonable and supportable forecast, but also by an updated assessment of qualitative factors, as well as consideration of any changes in the reasonable and supportable forecast reversion period.

The provision for credit losses on unfunded commitments recognized during the three months ended September 30, 2025 was due primarily to an increase in the unfunded exposure on construction loans.

The provision for credit losses on loans was \$2.7 million during the three months ended September 30, 2024, and was driven primarily by \$2.5 million in net charge-offs recognized and loan growth during the quarter. The net charge-offs of \$2.5 million resulted primarily from one owner-occupied commercial real estate loan that migrated to nonaccrual status during the quarter. The reversal of provision for credit losses on unfunded commitments recognized during the three months ended September 30, 2024 was due primarily to a decrease in the unfunded exposure on construction loans.

Comparison of the nine months ended September 30, 2025 to the comparable period in the prior year

The following table presents the provision for (reversal of) credit losses for the periods indicated:

	Nine Months Ended September 30,		Change	
	2025	2024	\$	%
(Dollars in thousands)				
Provision for credit losses on loans	\$ 2,417	\$ 5,879	\$ (3,462)	(58.9)%
Provision for (reversal of) credit losses on unfunded commitments	365	(780)	1,145	(146.8)
Provision for credit losses	<u>\$ 2,782</u>	<u>\$ 5,099</u>	<u>\$ (2,317)</u>	<u>(45.4)%</u>

The \$2.4 million provision for credit losses on loans recognized during the nine months ended September 30, 2025 was due primarily to \$911,000 in net charge-offs and an increase in the weighted average life of residential real estate and real estate construction and land development loans which increased the calculated reserves. The \$365,000 provision for credit losses on unfunded commitments recognized during the nine months ended September 30, 2025 was due primarily to an increase in the unfunded exposure on construction loans.

The \$5.9 million provision for credit losses recognized during the nine months ended September 30, 2024 was primarily driven by \$2.5 million in net charge-offs and an increase in loans receivable as well as a change in mix of loans. The \$780,000 reversal of provision for credit losses on unfunded commitments recognized during the nine months ended September 30, 2024 was due primarily to a \$110.4 million decrease in the unfunded exposure on construction loans which reduced the unfunded exposure and secondarily due to an increase in revolving loan utilization rates.

Noninterest Income

Comparison of the three months ended September 30, 2025 to the comparable period in the prior year

The following table presents the change in the key components of noninterest income for the periods indicated:

	Three Months Ended September 30,		Change	
	2025	2024	\$	%
(Dollars in thousands)				
Service charges and other fees	\$ 3,046	\$ 2,788	\$ 258	9.3 %
Card revenue	2,209	2,134	75	3.5
Loss on sale of investment securities, net	—	(6,945)	6,945	(100.0)
Interest rate swap fees	96	—	96	100.0
Bank owned life insurance income	1,008	860	148	17.2
Gain on sale of other assets, net	—	1,480	(1,480)	(100.0)
Other income	1,966	1,520	446	29.3
Total noninterest income	<u>\$ 8,325</u>	<u>\$ 1,837</u>	<u>\$ 6,488</u>	<u>353.2 %</u>

Noninterest income increased \$6.5 million from the same period in 2024, due primarily to a \$6.9 million pre-tax loss on the sale of investment securities recognized during the three months ended September 30, 2024 as part of the Company's strategic balance sheet repositioning efforts. Gain on sale of other assets, net declined due to a \$1.5 million gain on the sale of an administrative building recognized during the three months ended September 30, 2024.

Comparison of nine months ended September 30, 2025 to the comparable period in the prior year

The following table presents the change in the key components of noninterest income for the periods indicated:

	Nine Months Ended September 30,		Change	
	2025	2024	\$	%
(Dollars in thousands)				
Service charges and other fees	\$ 8,953	\$ 8,393	\$ 560	6.7 %
Card revenue	5,950	5,903	47	0.8
Loss on sale of investment securities, net	(10,741)	(18,839)	8,098	(43.0)
Gain on sale of loans, net	—	26	(26)	(100.0)
Interest rate swap fees	115	52	63	121.2
Bank owned life insurance income	3,206	2,711	495	18.3
Gain on sale of other assets, net	8	1,529	(1,521)	(99.5)
Other income	6,254	4,408	1,846	41.9
Total noninterest income	<u>\$ 13,745</u>	<u>\$ 4,183</u>	<u>\$ 9,562</u>	<u>228.6 %</u>

Noninterest income increased \$9.6 million, or 228.6%, during the nine months ended September 30, 2025, compared to the same period in 2024. Loss on sale of securities decreased \$8.1 million due to a smaller pre-tax loss of \$10.7 million recognized during the nine months ended September 30, 2025, compared to an \$18.8 million pre-tax loss recognized during the same period in 2024. BOLI income increased as a result of a BOLI restructuring that occurred in 2024 to invest in higher yielding policies. Other income increased due primarily to an increase in FHLB dividends received during the nine months ended September 30, 2025, compared to the same period in 2024. Gain on sale of other assets, net declined due to a \$1.5 million gain on the sale of an administrative building recognized during the nine months ended September 30, 2024.

Noninterest Expense

Comparison of three months ended September 30, 2025 to the comparable period in the prior year

The following table presents changes in the key components of noninterest expense for the periods indicated:

	Three Months Ended September 30,		Change	
	2025	2024	\$	%
(Dollars in thousands)				
Compensation and employee benefits	\$ 26,082	\$ 24,367	\$ 1,715	7.0 %
Occupancy and equipment	4,665	4,850	(185)	(3.8)
Data processing	3,754	3,964	(210)	(5.3)
Marketing	284	128	156	121.9
Professional services	1,332	490	842	171.8
State/municipal business and use taxes	1,235	1,249	(14)	(1.1)
Federal deposit insurance premium	796	824	(28)	(3.4)
Amortization of intangible assets	284	399	(115)	(28.8)
Other expense	3,183	3,019	164	5.4
Total noninterest expense	\$ 41,615	\$ 39,290	\$ 2,325	5.9 %

Noninterest expense increased \$2.3 million, or 5.9%, during the three months ended September 30, 2025, compared to the same period in 2024 due primarily to an increase in compensation and employee benefits resulting from annual merit increases in base pay and an increase in benefit costs. Professional services increased due primarily to merger-related costs associated with the ongoing acquisition of Olympic incurred during the three months ended September 30, 2025.

Comparison of the nine months ended September 30, 2025 to the comparable period in the prior year

The following table presents changes in the key components of noninterest expense for the periods indicated:

	Nine Months Ended September 30,		Change	
	2025	2024	\$	%
(Dollars in thousands)				
Compensation and employee benefits	\$ 77,348	\$ 74,291	\$ 3,057	4.1 %
Occupancy and equipment	14,431	14,547	(116)	(0.8)
Data processing	11,317	10,879	438	4.0
Marketing	955	583	372	63.8
Professional services	3,188	1,852	1,336	72.1
State/municipal business and use taxes	3,660	3,709	(49)	(1.3)
Federal deposit insurance premium	2,418	2,431	(13)	(0.5)
Amortization of intangible assets	889	1,241	(352)	(28.4)
Other expense	9,877	9,223	654	7.1
Total noninterest expense	\$ 124,083	\$ 118,756	\$ 5,327	4.5 %

Noninterest expense increased \$5.3 million, or 4.5%, during the nine months ended September 30, 2025, compared to the same period in 2024 due primarily to an increase in compensation and employee benefits primarily resulting from annual merit increases in base pay and an increase in benefit costs. Data processing expense increased primarily due to annual cost increases during the nine months ended September 30, 2025 and a \$243,000 refund recognized in the nine months ended September 30, 2024 related to a contract termination. Professional services increased due primarily to consulting costs related to technology-related contract renewals and merger-related costs associated with the ongoing acquisition of Olympic recognized during the nine months ended September 30, 2025.

Income Tax Expense

Comparison of the three months ended September 30, 2025 to the comparable period in the prior year

The following table presents the income tax expense, and related metrics and change for the periods indicated:

	Three Months Ended September 30,			Change
	2025	2024		
	(Dollars in thousands)			
Income before income taxes	\$ 22,306	\$ 13,066		\$ 9,240
Income tax expense	\$ 3,137	\$ 1,643		\$ 1,494
Effective income tax rate	14.1 %	12.6 %		1.5 %

Income tax expense and the effective income tax rate both increased due primarily to higher estimated pre-tax income, which decreased the impact of favorable permanent tax items such as tax-exempt investments, investments in BOLI and LIHTC investments during the three months ended September 30, 2025 compared to the same period in 2024.

Comparison of the nine months ended September 30, 2025 to the comparable period in the prior year.

The following table presents the income tax expense and related metrics and the change for the periods indicated:

	Nine Months Ended September 30,			Change
	2025	2024		\$
	(Dollars in thousands)			
Income before income taxes	\$ 52,924	\$ 35,929		\$ 16,995
Income tax expense	\$ 7,629	\$ 4,599		\$ 3,030
Effective income tax rate	14.4 %	12.8 %		1.6 %

Income tax expense and the effective income tax rate both increased due to higher estimated pre-tax income during the nine months ended September 30, 2025, compared to the same period in 2024, which decreased the impact of favorable permanent tax items such as tax-exempt investments, investments in BOLI and LIHTC investments. The increase was also due to the recognition of income tax expense of \$515,000 related to the surrender of \$8.5 million in BOLI policies during nine months ended September 30, 2025.

Financial Condition

The following table provides a comparison of the changes in the Company's financial condition at the periods indicated:

	September 30, 2025	December 31, 2024	Change	
			\$	%
	(Dollars in thousands)			
Assets				
Cash and cash equivalents	\$ 245,491	\$ 117,100	\$ 128,391	109.6 %
Investment securities available for sale, at fair value, net	631,231	764,394	(133,163)	(17.4)
Investment securities held to maturity, at amortized cost, net	681,626	703,285	(21,659)	(3.1)
Loans receivable, net	4,715,186	4,749,655	(34,469)	(0.7)
Premises and equipment, net	70,382	71,580	(1,198)	(1.7)
Federal Home Loan Bank stock, at cost	10,473	21,538	(11,065)	(51.4)
Bank owned life insurance	105,464	111,699	(6,235)	(5.6)
Accrued interest receivable	19,146	19,483	(337)	(1.7)
Prepaid expenses and other assets	289,677	303,452	(13,775)	(4.5)
Other intangible assets, net	2,264	3,153	(889)	(28.2)
Goodwill	240,939	240,939	—	—
Total assets	\$ 7,011,879	\$ 7,106,278	\$ (94,399)	(1.3)%

	September 30, 2025	December 31, 2024	Change	
			\$	%
<u>Liabilities and Stockholders' Equity</u>				
Total deposits	\$ 5,857,464	\$ 5,684,613	\$ 172,851	3.0 %
Borrowings	138,000	383,000	(245,000)	(64.0)
Junior subordinated debentures	22,277	22,058	219	1.0
Accrued expenses and other liabilities	90,074	153,080	(63,006)	(41.2)
Total liabilities	6,107,815	6,242,751	(134,936)	(2.2)
Common stock	529,949	531,674	(1,725)	(0.3)
Retained earnings	407,561	387,097	20,464	5.3
Accumulated other comprehensive loss, net	(33,446)	(55,244)	21,798	39.5
Total stockholders' equity	904,064	863,527	40,537	4.7
Total liabilities and stockholders' equity	\$ 7,011,879	\$ 7,106,278	\$ (94,399)	(1.3)%

Total assets decreased during the nine months ended September 30, 2025 due to a decrease in investment securities available for sale, resulting from sales of investment securities as part of the Company's strategic balance sheet repositioning efforts discussed above, and a decline in loans receivable, offset partially by an increase in cash and cash equivalents. Total liabilities and stockholders' equity decreased during the period due primarily to a decrease in borrowings and accrued expenses and other liabilities, offset partially by an increase in deposits and an increase in stockholders' equity due primarily to a decline in accumulated other comprehensive loss, net.

Investment Activities

Our investment policy is established by the Board and monitored by the Risk Committee of the Board. It is designed primarily to provide and maintain liquidity, generate a favorable return on investments without incurring undue interest rate and credit risk, and complement the Company's lending activities. The policy permits investment in various types of liquid assets permissible under applicable regulations. Investment in sub-investment grade bonds is not permitted under the policy.

The following table provides information regarding our investment securities at the dates indicated:

	September 30, 2025		December 31, 2024		Change	
	Balance	% of Total	Balance	% of Total	\$	%
(Dollars in thousands)						
Investment securities available for sale, at fair value:						
U.S. government and agency securities	\$ 11,642	0.9 %	\$ 12,544	0.9 %	\$ (902)	(7.2)%
Municipal securities	51,197	3.9	50,942	3.5	255	0.5
Residential CMO and MBS ⁽¹⁾	298,737	22.8	369,331	25.2	(70,594)	(19.1)
Commercial CMO and MBS ⁽¹⁾	255,995	19.5	309,741	21.0	(53,746)	(17.4)
Corporate obligations	7,019	0.5	11,770	0.8	(4,751)	(40.4)
Other asset-backed securities	6,641	0.5	10,066	0.7	(3,425)	(34.0)
Total	\$ 631,231	48.1 %	\$ 764,394	52.1 %	\$ (133,163)	(17.4)%
Investment securities held to maturity, at amortized cost:						
U.S. government and agency securities	\$ 151,297	11.5 %	\$ 151,216	10.3 %	\$ 81	0.1 %
Residential CMO and MBS ⁽¹⁾	224,654	17.1	244,309	16.6	(19,655)	(8.0)
Commercial CMO and MBS ⁽¹⁾	305,675	23.3	307,760	21.0	(2,085)	(0.7)
Total	\$ 681,626	51.9 %	\$ 703,285	47.9 %	\$ (21,659)	(3.1)%
Total investment securities	\$ 1,312,857	100.0 %	\$ 1,467,679	100.0 %	\$ (154,822)	(10.5)%

⁽¹⁾ U.S. government agency and government-sponsored enterprise CMO and MBS obligations.

Total investment securities decreased \$154.8 million, or 10.5%, to \$1.31 billion at September 30, 2025 from \$1.47 billion at December 31, 2024. The Company sold \$152.4 million of investment securities at a pre-tax loss of \$10.7 million as part of its strategic balance sheet repositioning during the nine months ended September 30, 2025. In addition, there were investment maturities and repayments of \$116.1 million during the nine months ended September 30, 2025. The decrease was partially

offset by investment securities purchases of \$84.7 million and a \$28.3 million decrease in unrealized losses on available for sale securities during the nine months ended September 30, 2025.

Loan Portfolio

Changes by loan type

The Company originates a wide variety of loans with a focus on commercial business loans. In addition to originating loans, the Company may also acquire loans through pool purchases, participation purchases and syndicated loan purchases.

The following table provides information about our loan portfolio by type of loan at the dates indicated:

	September 30, 2025		December 31, 2024		Change	
	Amortized Cost	% of Loans Receivable	Amortized Cost	% of Loans Receivable	\$	%
(Dollars in thousands)						
Commercial business:						
Commercial and industrial	\$ 819,076	17.2 %	\$ 842,672	17.5 %	\$ (23,596)	(2.8)%
Owner-occupied CRE	1,022,727	21.4	1,003,243	20.9	19,484	1.9
Non-owner occupied CRE	1,938,190	40.6	1,909,107	39.9	29,083	1.5
Total commercial business	3,779,993	79.2	3,755,022	78.3	24,971	0.7
Residential real estate	374,875	7.9	402,954	8.4	(28,079)	(7.0)
Real estate construction and land development:						
Residential	90,440	1.9	83,890	1.7	6,550	7.8
Commercial and multifamily	351,196	7.4	395,553	8.2	(44,357)	(11.2)
Total real estate construction and land development	441,636	9.3	479,443	9.9	(37,807)	(7.9)
Consumer	172,656	3.6	164,704	3.4	7,952	4.8
Total	\$ 4,769,160	100.0 %	\$ 4,802,123	100.0 %	\$ (32,963)	(0.7)%

Loans receivable decreased \$33.0 million, or 0.7%, to \$4.77 billion at September 30, 2025, from \$4.80 billion at December 31, 2024. New loans funded declined during the nine months ended September 30, 2025 to \$410.2 million, compared to \$445.3 million during the same period in 2024. Loan prepayments totaled \$214.4 million and loan payoffs were \$154.2 million during the nine months ended September 30, 2025, compared to loan prepayments of \$132.4 million and loan payoffs of \$111.8 million during the same period in 2024.

Commercial and industrial loans decreased \$23.6 million, or 2.8%, during the nine months ended September 30, 2025, due primarily to pay downs on outstanding balances, partially offset by new loan production of \$109.9 million. Owner-occupied CRE loans increased \$19.5 million, or 1.9%, during the nine months ended September 30, 2025, due primarily to new loan production of \$97.2 million, offset partially by pay downs on outstanding balances. Non-owner occupied CRE loans increased \$29.1 million, or 1.5%, during the nine months ended September 30, 2025, due primarily to new loan production of \$141.8 million, offset by pay downs on outstanding balances. Residential loans decreased \$28.1 million, or 7.0%, during the nine months ended September 30, 2025, due to pay downs on outstanding balances. Commercial and multifamily construction loans decreased \$44.4 million, or 11.2%, during the nine months ended September 30, 2025, due primarily to transfers to owner occupied CRE and non-owner occupied CRE and pay downs on outstanding balances.

The following table provides information about owner occupied CRE and non-owner occupied CRE loans by collateral type at the dates indicated:

	September 30, 2025		December 31, 2024		Change	
	Amortized Cost	% of CRE Loans	Amortized Cost	% of CRE Loans	\$	%
(Dollars in thousands)						
Owner occupied and non-owner occupied CRE loans by collateral type:						
Office	\$ 582,336	19.7 %	\$ 565,892	19.4 %	\$ 16,444	2.9 %
Industrial	517,291	17.5	513,615	17.6	3,676	0.7
Multi-family	442,350	14.9	414,728	14.2	27,622	6.7
Retail store / shopping center	317,584	10.7	304,562	10.5	13,022	4.3
Mini-storage	158,357	5.3	161,390	5.5	(3,033)	(1.9)
Mixed use property	162,154	5.5	156,627	5.4	5,527	3.5
Motel / hotel	132,409	4.5	165,420	5.7	(33,011)	(20.0)

	September 30, 2025		December 31, 2024		Change	
	Amortized Cost	% of CRE Loans	Amortized Cost	% of CRE Loans	\$	%
(Dollars in thousands)						
Warehouse	127,806	4.3	139,341	4.8	(11,535)	(8.3)
Single purpose	127,327	4.3	125,430	4.3	1,897	1.5
Recreational / school	81,273	2.7	68,416	2.3	12,857	18.8
Other	312,030	10.6	296,929	10.3	15,101	5.1
Total	\$ 2,960,917	100.0 %	\$ 2,912,350	100.0 %	\$ 48,567	1.7 %

Office loans represented the largest segment of owner-occupied and non-owner occupied CRE loans, totaling \$582.3 million, or 19.7% of total CRE loans, at September 30, 2025. Of this total, \$289.7 million, or 49.7%, were owner-occupied CRE loans. Owner-occupied CRE loans have a lower risk profile than non-owner occupied CRE loans, as there is less tenant rollover risk and they generally include guarantees from the company occupying the space as well as the owners of the company. Multi-family loans increased \$27.6 million to \$442.4 million, or 14.9% of total CRE loans, due to the completion of \$29.8 million in commercial construction loans converting to term CRE loans and \$34.7 million in new production offset partially by pay downs on outstanding balances. The average balance of CRE loans was \$1.3 million at September 30, 2025.

Loans classified as nonaccrual and nonperforming assets

The following table provides information about our nonaccrual loans and nonperforming assets at the dates indicated:

	September 30, 2025		December 31, 2024		Change	
					\$	%
(Dollars in thousands)						
Nonaccrual loans: ⁽¹⁾						
Commercial business	\$	3,418	\$	3,919	\$ (501)	(12.8)%
Residential real estate		1,290		—	1,290	100.0
Real estate construction and land development		12,760		—	12,760	100.0
Consumer		144		160	(16)	(10.0)
Total nonaccrual loans		17,612		4,079	13,533	331.8
Accruing loans past due 90 days or more	\$	3,338	\$	1,195	\$ 2,143	179.3 %
Total nonperforming assets	\$	20,950	\$	5,274	\$ 15,676	297.2 %

Credit quality ratios:

Nonaccrual loans to loans receivable	0.37 %	0.08 %	0.29	362.5
Nonperforming loans to loans receivable	0.44	0.11	0.33	300.0
Nonperforming assets to total assets	0.30	0.07	0.23	328.6

⁽¹⁾ At September 30, 2025 and December 31, 2024, \$2.8 million and \$1.0 million, respectively, of nonaccrual loans, were guaranteed by government agencies.

The following table provides the changes in nonaccrual loans during the nine months ended September 30, 2025:

	(Dollars in thousands)
Balance, beginning of period	\$ 4,079
Additions	17,042
Net principal payments, sales and transfers to accruing status	(2,462)
Payoffs	(175)
Charge-offs	(872)
Balance, end of period	\$ 17,612

Nonaccrual loans increased \$13.5 million to \$17.6 million at September 30, 2025, compared to \$4.1 million at December 31, 2024. Additions during the nine months ended September 30, 2025 consisted of sixteen loans totaling \$17.0 million, including four real estate construction and land development loans totaling \$12.7 million, three residential real estate loans totaling \$1.3 million, and nine commercial business loans totaling \$3.0 million. These additions were partially offset by a \$2.0 million pay down on one nonaccrual commercial business loan.

Accruing loans past due 90 days or more included one \$1.6 million commercial business loan that is well secured and in the process of collection and two commercial business loans totaling \$1.7 million that are classified as loan modifications and are in the process of renewal.

Allowance for Credit Losses on Loans

The following table provides information regarding our ACL on loans for the periods indicated:

	At or For the Nine Months Ended September 30,		
	2025	2024	Change
	(Dollars in thousands)		
ACL on loans at the end of period	\$ 53,974	\$ 51,391	\$ 2,583
Credit quality ratios:			
ACL on loans to loans receivable	1.13 %	1.10 %	0.03 %
ACL on loans to nonaccrual loans	306.46	1,194.86	(888.40)
Net charge-offs (recoveries)	\$ 911	\$ 2,487	\$ (1,576)
Average balance of loans receivable during the period	4,774,926	4,475,642	299,284
Net charge-offs (recoveries) on loans to average loans receivable annualized	0.03 %	0.07 %	(0.04)%

The ACL on loans as a percentage of loans receivable was 1.13% at September 30, 2025 compared to 1.09% at December 31, 2024. The ACL on loans increased \$1.5 million, or 2.9%, to \$54.0 million at September 30, 2025, compared to \$52.5 million at December 31, 2024.

The ACL on loans as a percentage of loans receivable increased 3 basis points to 1.13% at September 30, 2025 from 1.10% at September 30, 2024 due primarily to an increase in the weighted average life of residential real estate and real estate construction and land development loans which increased the calculated reserves for these segments.

The following table presents the ACL on loans by loan portfolio segment at the dates indicated:

	September 30, 2025			December 31, 2024		
	ACL on Loans	ACL as a % of Loans in Loan Category	% of Loans in Loan Category to Total Loans	ACL on Loans	ACL as a % of Loans in Loan Category	% of Loans in Loan Category to Total Loans
	(Dollars in thousands)					
Commercial business	\$ 38,346	1.01 %	79.2 %	\$ 38,293	1.02 %	78.3 %
Residential real estate	4,083	1.09	7.9	3,464	0.86	8.4
Real estate construction and land development	9,656	2.19	9.3	8,656	1.81	9.9
Consumer	1,889	1.09	3.6	2,055	1.25	3.4
Total ACL on loans	\$ 53,974	1.13 %	100.0 %	\$ 52,468	1.09 %	100.0 %

Deposits

The following table summarizes the Company's deposits at the dates indicated:

	September 30, 2025		December 31, 2024		Change	
	Balance	% of Total Deposits	Balance	% of Total Deposits	\$	%
	(Dollars in thousands)					
Noninterest demand deposits	\$ 1,617,909	27.6 %	\$ 1,654,955	29.1 %	\$ (37,046)	(2.2)%
Interest bearing demand deposits	1,526,685	26.1	1,464,129	25.8	62,556	4.3
Money market accounts	1,332,501	22.7	1,166,901	20.5	165,600	14.2
Savings accounts	430,127	7.3	421,377	7.4	8,750	2.1
Total non-maturity deposits	4,907,222	83.7	4,707,362	82.8	199,860	4.2
Certificates of deposit	950,242	16.3	977,251	17.2	(27,009)	(2.8)
Total deposits	\$ 5,857,464	100.0 %	\$ 5,684,613	100.0 %	\$ 172,851	3.0 %

Total deposits increased \$172.9 million, or 3.0%, to \$5.86 billion at September 30, 2025, from \$5.68 billion at December 31, 2024. Non-maturity deposits increased by \$199.9 million, or 4.2%, from December 31, 2024. The increase in non-maturity

deposits was due primarily to a \$165.6 million increase in money market accounts and a \$62.6 million increase in interest bearing demand accounts from new accounts opened and transfers of funds from existing noninterest demand deposit accounts into these higher yielding accounts. The decline in certificates of deposit of \$27.0 million, or 2.8%, was due primarily to a decline in brokered deposits.

Borrowings

At September 30, 2025, the Bank maintained a credit facility with the FHLB with available borrowing capacity of \$1.28 billion. The FHLB functions as a member-owned cooperative providing credit for member financial institutions. Advances are made pursuant to several different programs. Each credit program has its own interest rate and range of maturities. Limitations on the amount of advances are based on a percentage of the Bank's assets or on the FHLB's assessment of the institution's creditworthiness. The Bank had \$138.0 million in FHLB advances outstanding at September 30, 2025, and \$383.0 million in FHLB advances outstanding at December 31, 2024. Advances from the FHLB may be collateralized by FHLB stock owned by the Bank, deposits at the FHLB, certain commercial and residential real estate loans, investment securities or other assets. All FHLB advances at September 30, 2025 were short-term and mature in less than one year.

The Bank maintains a credit facility with the FRB through the Discount Window with available borrowing capacity of \$347.1 million at September 30, 2025. The Bank had no FRB borrowings outstanding at September 30, 2025 or December 31, 2024.

In addition to funds obtained in the ordinary course of business, the Company assumed trust preferred securities and the related junior subordinated debentures as part of a prior acquisition. For regulatory capital purposes, the trust preferred securities are included in Tier 2 capital. The junior subordinated debentures outstanding were \$22.3 million as of September 30, 2025 and \$22.1 million as of December 31, 2024, net of unaccreted discount.

The Bank maintains available unsecured federal funds lines with four correspondent banks totaling \$145.0 million, with no outstanding borrowings at September 30, 2025 and December 31, 2024.

Stockholders' Equity

Total stockholders' equity increased \$40.5 million, or 4.7%, to \$904.1 million at September 30, 2025, compared to \$863.5 million at December 31, 2024, due primarily to \$45.3 million of net income recognized for the nine months ended September 30, 2025 and a \$21.8 million decrease in accumulated other comprehensive loss, net, offset partially by \$24.8 million in dividends paid to common shareholders and \$5.5 million in common stock repurchases during the nine months ended September 30, 2025. The Company's stockholders' equity to assets ratio was 12.9% at September 30, 2025, compared to 12.2% at December 31, 2024.

The Company has historically paid cash dividends to its common shareholders. Payments of future cash dividends, if any, will be at the discretion of our Board after taking into account various factors, including our business, operating results and financial condition, capital requirements, current and anticipated cash needs, plans for expansion, any legal or contractual limitation on our ability to pay dividends and other relevant factors. Dividends on common stock from the Company depend substantially upon the receipt of dividends from the Bank, which is the Company's predominant source of income. On October 22, 2025, the Board declared a regular quarterly dividend of \$0.24 per common share payable on November 19, 2025 to shareholders of record on November 5, 2025.

On April 24, 2024, the Board authorized the Repurchase Program. The Company is not obligated to repurchase any shares of its common stock, and other than repurchases that have been completed to date, there is no assurance that the Company will do so. The Company may, in its discretion, begin, suspend or terminate repurchases at any time prior to the Program's expiration, without any prior notice.

Regulatory Requirements

The Company is a bank holding company under the supervision of the Federal Reserve. Bank holding companies are subject to capital adequacy requirements of the Federal Reserve under the Bank Holding Company Act of 1956, as amended, and the regulations of the Federal Reserve. The Bank is a federally insured institution and thereby is subject to the capital requirements established by the FDIC. The Federal Reserve capital requirements generally parallel the FDIC requirements. 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 in the unaudited Condensed Consolidated Financial Statements and operations. Additionally, the Company and the Bank are required to maintain a capital conservation buffer of common equity Tier 1 capital above 2.5% to avoid restrictions on certain activities including payment of dividends, stock repurchases and discretionary bonuses to executive officers. Management believes that, as of September 30, 2025, the Company and the Bank met all capital adequacy requirements to which they are subject.

As of September 30, 2025 and December 31, 2024, the most recent regulatory notifications categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank's categories.

The following table summarizes the Company's consolidated and the Bank's actual capital ratios compared to the regulatory "adequately capitalized" capital ratio and the regulatory minimum capital ratio needed to qualify as a "well capitalized" institution, as calculated under regulatory guideline at the dates presented:

	Actual			Adequately Capitalized			Well-Capitalized ⁽¹⁾		
	(Dollars in thousands)								
September 30, 2025									
Total capital ratio									
Company	\$	771,926	13.8 %	\$	446,546	8.0 %	\$	558,182	10.0 %
Bank		761,434	13.7		446,094	8.0		577,618	10.0
Tier 1 capital ratio									
Company		717,050	12.8		334,909	6.0		446,546	8.0
Bank		706,558	12.7		334,571	6.0		446,094	8.0
Common equity Tier 1 capital ratio									
Company		694,773	12.4		251,182	4.5		362,818	6.5
Bank		706,558	12.7		250,928	4.5		362,451	6.5
Leverage ratio									
Company		717,050	10.5		272,474	4.0		340,593	5.0
Bank		706,558	10.4		272,266	4.0		340,333	5.0
December 31, 2024									
Total capital ratio									
Company	\$	749,854	13.3 %	\$	450,307	8.0 %	\$	562,884	10.0 %
Bank		742,222	13.2		450,002	8.0		562,503	10.0
Tier 1 capital ratio									
Company		698,412	12.4		337,730	6.0		450,307	8.0
Bank		690,780	12.3		337,502	6.0		450,002	8.0
Common equity Tier 1 capital ratio									
Company		676,354	12.0		253,298	4.5		365,874	6.5
Bank		690,780	12.3		253,126	4.5		365,627	6.5
Leverage ratio									
Company		698,412	10.0		278,910	4.0		348,637	5.0
Bank		690,780	9.9		278,749	4.0		348,436	5.0

⁽¹⁾ The ratios to meet the requirements to be deemed "well-capitalized" under prompt corrective action regulations are only applicable to the Bank. However, the Company manages its capital position as if the requirements apply to the consolidated Company and has presented the ratios as if they also applied on a consolidated basis.

Liquidity and Capital Resources

We maintain sufficient cash and cash equivalents and investment securities to meet short-term liquidity needs and actively monitor our long-term liquidity position to ensure the availability of capital resources for contractual obligations, strategic loan growth objectives and to fund operations. Our funding strategy has been to focus on acquiring non-maturity deposits from our retail accounts, and noninterest bearing demand deposits from our commercial customers and to use our borrowing availability to fund growth in assets. Our liquidity policy permits the purchase of brokered deposits in an amount not to exceed 15% of the Company's total deposits as a secondary source for funding. The Company's total uninsured deposits, which are the amounts of deposit accounts that exceed the FDIC insurance limit, currently \$250,000, were approximately \$2.49 billion, or 42.6% of total deposits, at September 30, 2025 and \$2.27 billion, or 40.0% of total deposits, at December 31, 2024. These amounts were estimated based on the same methodologies and assumptions used for regulatory reporting purposes. At September 30, 2025, we had \$77.4 million in brokered deposits, or 1.32% of total deposits, compared to \$110.0 million, or 1.93% of total deposits, at December 31, 2024. Borrowings may be used on a short-term basis to compensate for reductions in other sources of funds (such as deposit inflows at less than projected levels). Borrowings may also be used on a longer-term basis to support expanded lending activities and match the maturity of repricing intervals of assets. While maturities and scheduled amortization of loans are a predictable source of funds, deposit flows and loan prepayments are greatly influenced by the level of interest rates, economic conditions and competition so we adhere to internal management targets assigned to the loan to deposit ratio, liquidity ratio, net short-term non-core funding ratio and non-core liabilities to total assets ratio to ensure an appropriate liquidity position. The Company regularly monitors liquidity, models liquidity stress scenarios to ensure that adequate liquidity is available, and has contingency funding plans in place, which are reviewed and tested on a regular, recurring basis.

The following table summarizes the Company's available liquidity as of the dates indicated:

	September 30, 2025	December 31, 2024
	(Dollars in thousands)	
On-balance sheet liquidity		
Cash and cash equivalents	\$ 245,491	\$ 117,100
Unencumbered investment securities available for sale ⁽¹⁾	630,666	746,163
Total on-balance sheet liquidity	\$ 876,157	\$ 863,263
Off-balance sheet liquidity		
FRB borrowing availability	\$ 347,119	\$ 360,104
FHLB borrowing availability ⁽²⁾	1,140,425	976,288
Fed funds line borrowing availability with correspondent banks	145,000	145,000
Total off-balance sheet liquidity	\$ 1,632,544	\$ 1,481,392
Total available liquidity	\$ 2,508,701	\$ 2,344,655

⁽¹⁾ Investment securities available for sale at fair value.

⁽²⁾ Includes FHLB borrowing availability of \$1.28 billion at September 30, 2025 based on pledged assets; however, maximum credit capacity is 45% of the Bank's total assets one quarter in arrears, or \$3.18 billion.

Management believes the capital sources are adequate to meet all reasonably foreseeable short-term and long-term cash requirements and there has not been a material change in our capital resources since the information disclosed in our 2024 Annual Form 10-K. We are not aware of any reasonably likely material changes in the mix and relative cost of such resources.

Critical Accounting Estimates

Our critical accounting estimates are described in detail in the "Critical Accounting Estimates" section within Item 7 of our 2024 Annual Form 10-K. The SEC defines "critical accounting estimates" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in future periods. The Company's critical accounting estimates include estimates of the ACL on loans and goodwill. There have been no material changes in these estimates during the nine months ended September 30, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Like other financial institutions, the Company is subject to direct and indirect market risk. Market risk represents the risk of loss due to changes in market values of assets and liabilities. We incur direct market risk in the normal course of business through our exposure to market interest rates, equity prices and credit spreads. Our primary market risk is interest rate risk, which is the risk of loss of net interest income or net interest margin resulting from changes in market interest rates. Interest rate risk results primarily from the traditional banking activities in which the Company engages, such as gathering deposits and extending loans. Many factors, including economic and financial conditions, movements in interest rates and consumer preferences, affect the difference between the interest earned on our assets and the interest paid on our liabilities.

Our Asset/Liability Management Committee is responsible for developing, monitoring and reviewing asset/liability processes, interest rate risk exposures, strategies and tactics and reporting to the Risk and Technology Committee of the Board. It is the responsibility of the Board to establish policies and interest rate limits and to approve these policies and interest rate limits annually. It is the responsibility of management to execute the approved policies, develop and implement risk management strategies and to report to the Board on a regular basis. We maintain an asset/liability management policy that provides guidelines for controlling exposure to interest rate risk. The policy guidelines direct management to assess the impact of changes in interest rates upon both earnings and capital. These guidelines establish limits for interest rate risk sensitivity.

Net interest income simulation

We use an income simulation model as the primary tool to assess the direction and magnitude of changes in net interest income resulting from changes in interest rates. Modeling the sensitivity of net interest income is highly dependent on numerous assumptions incorporated into the modeling process. Key assumptions in the model include prepayment speeds on loans and investment securities, repricing betas on non-maturity deposits, and repricing on investment securities, loans, and borrowings. In order to measure the interest rate risk sensitivity as of September 30, 2025, this simulation model uses a "static balance sheet" assumption, meaning the size and mix of the balance sheet remains the same as maturing cash flows from assets and liabilities are reinvested into the same categories at the current level of interest rates. The simulation also assumes an instantaneous and sustained uniform change in market interest rates at all maturities.

The following table summarizes the estimated effect on net interest income over a 12 month period measured against a flat rate (no interest rate change) scenario for the dates indicated:

	September 30, 2025		December 31, 2024	
	\$ Change in Net Interest Income	% Change in Net Interest Income	\$ Change in Net Interest Income	% Change in Net Interest Income
Change in Interest Rates (Basis Points)	(Dollars in thousands)			
+200(shock)	6,878	2.9	(218)	(0.1)
+100(shock)	4,582	1.9	658	0.3
+0(flat)	—	—	—	—
-100(shock)	(3,738)	(1.6)	(72)	—
-200(shock)	(10,635)	(4.5)	(2,624)	(1.1)

The Company's balance sheet sensitivity to changes in market rates shows an increase in asset sensitivity at September 30, 2025 compared to December 31, 2024. This is due primarily to balance sheet changes that included an increase in interest earning deposits, a reduction in short-term wholesale funding, and a reduction in fixed rate investment securities. For each of the interest rate scenarios modeled and measured by management as presented in the preceding table, results at September 30, 2025 were well within established risk tolerances as established by policy.

The simulation results noted above do not incorporate any management actions that might moderate the negative consequences of interest rate deviations. In addition, the simulation results noted above contain various assumptions such as a static balance sheet, and the rate that deposit interest rates change as market interest rates change. Therefore, these simulation results do not likely reflect actual results, but continue to serve as estimates of interest rate risk.

As with any method of measuring interest rate risk, certain shortcomings are inherent in the method of analysis presented in the preceding table. For example, although certain of the Company's assets and liabilities may have similar maturities or repricing time frames, they may react in different degrees to changes in market interest rates. In addition, the interest rates on certain of the Company's asset and liability categories may precede, or lag behind, changes in market interest rates. Also, the actual rates of prepayments on loans and investments could vary significantly from the assumptions utilized in deriving the results as presented in the preceding table. Further, a change in Treasury rates accompanied by a change in the shape of the treasury yield curve could result in different estimations from those presented herein. Accordingly, the results in the preceding table should not be relied upon as indicative of actual results in the event of changing market interest rates.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation and under the supervision of our Chief Executive Officer (the Company's principal executive officer) and Chief Financial Officer (the Company's principal financial officer), the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective to provide reasonable assurance that that information required to be disclosed in reports that it files under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the three months ended September 30, 2025 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

Neither the Company nor any of its subsidiaries is a party, and no property of these entities is subject, to any material pending legal proceedings, other than ordinary routine litigation incidental to the Bank's business. The Company does not know of any proceeding contemplated by a governmental authority against the Company or any of its subsidiaries.

ITEM 1A. RISK FACTORS

Other than as set forth below, there have been no material changes to the risk factors set forth in Item 1A of the Company's 2024 Annual Form 10-K.

Risks Related to the Proposed Merger

Litigation may be Filed Against the Company or Olympic (or their Respective Boards of Directors) that Could Prevent or Delay the Consummation of the Merger or Result in the Payment of Damages Following Consummation of the Merger.

It is possible that, in connection with the merger of Olympic Bancorp, Inc. ("Olympic") with and into the Company (the "Olympic Merger"), shareholders may file demands or putative class action lawsuits against the Company or Olympic (or their respective boards of directors). Among other remedies, these shareholders could seek financial damages or to enjoin the Olympic Merger. The outcome of any such litigation is uncertain. Additionally, one of the conditions to the closing of the Olympic Merger is that there must be no order, injunction, decree, statute, rule, regulation or other legal restraint or prohibition preventing or making illegal the consummation of the Olympic Merger or any of the other transactions contemplated by the merger agreement between the Company and Olympic (the "Merger Agreement"). If a dismissal is not granted or a settlement is not reached and any plaintiff were successful in obtaining an injunction prohibiting the Company or Olympic from completing the Olympic Merger or any of the other transactions contemplated by the Merger Agreement, then such injunction may delay or prevent the effectiveness of the Olympic Merger and could result in significant costs to the Company or Olympic, including any cost associated with the indemnification of directors and officers of each company. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Olympic Merger is consummated may adversely affect the combined company's business, financial condition, results of operations and cash flows and the market price of the combined company.

Issuance of Shares of the Company's Common Stock Pursuant to the Merger Agreement May Adversely Affect the Market Price of the Company's Common Stock.

Pursuant to the Merger Agreement, the Company expects to issue approximately 7,167,600 shares of the Company's common stock to Olympic shareholders. The dilution caused by the issuance of a large number of new shares of the Company's common stock may result in fluctuations in the market price of the Company's common stock, including a potential stock price decrease.

The Company May Fail to Realize the Anticipated Benefits of the Olympic Merger.

The Company and Olympic have operated and, until the consummation of the Olympic Merger, will continue to operate, independently. The success of the Olympic Merger, including anticipated benefits and cost savings, will depend on, among other things, the Company's ability to combine the businesses of the Company and Olympic in a manner that permits growth opportunities, including, among other things, enhanced revenues and revenue synergies, an expanded market reach and operating efficiencies, and does not materially disrupt the existing customer relationships of the Company or Olympic, nor result in decreased revenues due to any loss of customers. If the Company is not able to successfully achieve these objectives, the anticipated benefits of the Olympic Merger may not be realized fully or at all or may take longer to realize than expected. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could have an adverse effect on the surviving corporation's business, financial condition, operating results, prospects and stock price.

While individuals employed by Olympic or Kitsap Bank, the wholly-owned banking subsidiary of Olympic, immediately prior to the effective time will automatically become employees of the Company or Heritage Bank following the Olympic Merger, certain employees may not be retained by the Company after the merger. In addition, certain employees that the Company wishes to retain may elect to terminate their employment as a result of the Olympic Merger, which could delay or disrupt the integration process. It is possible that the integration process could result in the disruption of the Company's or Olympic's ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect the ability of the Company or Olympic to maintain relationships with customers and employees or to achieve the anticipated benefits and cost savings of the Olympic Merger.

Among the factors considered by the boards of directors of both the Company and Olympic in connection with their respective approvals of the Merger Agreement were the anticipated benefits that could result from the Olympic Merger. There can be no assurance that these benefits will be realized within the time periods contemplated or at all.

Regulatory Approvals May Not be Received, May Take Longer than Expected or May Impose Conditions that are Not Presently Anticipated or Cannot be Met.

Before the transactions contemplated in the Merger Agreement can be consummated, various approvals must be obtained from the bank regulatory and other governmental authorities. In deciding whether to grant regulatory clearances, the relevant governmental entities will consider a variety of factors, including the regulatory standing of each of the parties. An adverse condition or development in either party's regulatory standing or other factors could result in an inability to obtain one or more of the required regulatory approvals, or delay their receipt. The terms and conditions of the approvals that are granted may impose requirements, limitations or costs, or may place restrictions on the conduct of the combined company's business.

The Company and Olympic believe that the Olympic Merger should not raise significant regulatory concerns, and that the parties will be able to obtain all requisite regulatory approvals in a timely manner. Despite the parties' commitments to use their reasonable best efforts to comply with conditions imposed by regulatory entities, under the terms of the Merger Agreement, the Company and Olympic will not be required to consummate the Olympic Merger if any such approvals would reasonably be expected to materially restrict or burden the Company following the merger. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions, or that such conditions, terms, obligations or restrictions will not have the effect of delaying the consummation of the Olympic Merger, imposing additional material costs on or materially limiting the revenues of the combined company following the Olympic Merger or otherwise reduce the anticipated benefits of the Olympic

Merger if the Olympic Merger were consummated successfully within the expected timeframe. In addition, neither the Company nor Olympic can provide assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the Olympic Merger. The consummation of the Olympic Merger is further conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency of competent jurisdiction that would prohibit or make illegal the consummation of the Olympic Merger.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Not applicable.

(b) Not applicable.

(c) *Repurchase Programs*

The following table provides information about repurchases of common stock by the Company during the three months ended September 30, 2025:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽¹⁾	Total number of Shares Purchased as part of Publicly Announced Plans or Programs	Maximum Number of Shares that may be Purchased at Period End Under the Program
July 1, 2025—July 31, 2025	—	\$ —	—	796,832
August 1, 2025—August 31, 2025	—	—	—	796,832
September 1, 2025—September 30, 2025	995	24.24	—	796,832
Total	995	\$ 24.24		

⁽¹⁾ All of the common shares repurchased by the Company between July 1, 2025 and September 30, 2025 represented the cancellation of stock to pay withholding taxes on vested restricted stock units and were not repurchased pursuant to the publicly announced stock repurchase program.

On April 24, 2024, the Board approved a plan to repurchase of up to 5% of the Company's outstanding common shares or approximately 1,734,492 shares. The April 2024 repurchase program superseded a previous stock repurchase program, authorized in March 2020.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) On November 6, 2025, Heritage entered into an addendum with each of Bryan McDonald, Donald Hinson, Tony Chalfant, and Nicholas Bley (collectively, the "Addenda") that modified each such officer's participation agreement (collectively, the "Participation Agreements") with respect to the Heritage Financial Corporation Deferred Compensation Plan (the "DCP"). The Addenda modified the Participation Agreements by extending the period that Heritage will make annual performance-based contributions to each such officer's "Company Contribution Account" under the DCP through the 2028 plan year.

The foregoing description of the Addenda does not purport to be complete and is qualified in its entirety by reference to the Addenda, copies of which are attached hereto as Exhibits 10.3 - 10.6 and are incorporated herein by reference, as well as the Participation Agreements, all other addenda to the Participation Agreements, and the DCP as previously disclosed.

(b) None.

(c) During the three months ended September 30, 2025, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit	Incorporated by Reference		
		Form	Exhibit	Filing Date/Period End Date
2.1	Agreement and Plan of Merger, by and between Heritage Financial Corporation and Olympic Bancorp. Inc., dated September 25, 2025*	8-K	2.1	09/26/2025

Incorporated by Reference				
Exhibit No.	Description of Exhibit	Form	Exhibit	Filing Date/Period End Date
3.1	Amended and Restated Articles of Incorporation of Heritage Financial Corporation	8-K	3.1(B)	05/18/2010
3.2	Amendment to Amended and Restated Articles of Incorporation of Heritage Financial Corporation	S-14A	—	03/18/2011
3.3	Amended and restated Bylaws of Heritage Financial Corporation	8-K	3.3	06/30/2020
10.1	Voting and Support Agreement, by and among Heritage Financial Corporation and the directors and officers of Olympic Bancorp, Inc. identified therein, dated September 25, 2025	8-K	10.1	09/26/2025
10.2	Voting and Support Agreement, by and among Olympic Bancorp, Inc. and the directors and officers of Heritage Financial Corporation identified therein, dated September 25, 2025	8-K	10.2	09/26/2025
10.3**	Deferred Compensation Plan and Participation Agreement - Addendum by and between Heritage and Bryan McDonald⁽¹⁾			
10.4**	Deferred Compensation Plan and Participation Agreement - Addendum by and between Heritage and Donald J. Hinson⁽¹⁾			
10.5**	Deferred Compensation Plan and Participation Agreement - Addendum by and between Heritage and Tony Chalfant⁽¹⁾			
10.6**	Deferred Compensation Plan and Participation Agreement - Addendum by and between Heritage and Nicholas M. Bley⁽¹⁾			
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002⁽¹⁾			
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002⁽¹⁾			
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002⁽¹⁾			
101.INS	XBRL Instance Document ⁽¹⁾			
101.SCH	XBRL Taxonomy Extension Schema Document ⁽¹⁾			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document ⁽¹⁾			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document ⁽¹⁾			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document ⁽¹⁾			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document ⁽¹⁾			
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)			

* The Company has omitted schedules and similar attachments to the subject agreement pursuant to Item 601(b) of Regulation S-K. The Company will furnish a copy of any omitted schedule or similar attachment to the SEC upon request.

** Indicates management contract or compensatory plan or arrangement.

⁽¹⁾ Filed herewith.

SIGNATURES

Pursuant to the requirements 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.

HERITAGE FINANCIAL CORPORATION

Date:

November 7, 2025

/S/ BRYAN MCDONALD

Bryan McDonald

President and Chief Executive Officer

(Principal Executive Officer)

Date:

November 7, 2025

/S/ DONALD J. HINSON

Donald J. Hinson

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

HERITAGE FINANCIAL CORPORATION
DEFERRED COMPENSATION PLAN
PARTICIPATION AGREEMENT - ADDENDUM

This Participation Agreement Addendum (“**Addendum**”) is hereby entered into by and between **HERITAGE FINANCIAL CORPORATION** (the “**Company**”) and Bryan McDonald an employee of the Company (the “**Participant**,” and together with the Company, the “**Parties**”).

RECITALS

- A.** The Company has adopted the Heritage Financial Corporation Deferred Compensation Plan, effective July 1, 2012, as amended and restated August 29, 2012 and further amended and restated as of December 18, 2024 (the “**Plan**”);
- B.** The Parties entered into a Participation Agreement, dated January 1, 2015 as subsequently amended (the “**Participation Agreement**”);
- C.** The Committee has determined that the Participation Agreement should be extended pursuant to this Addendum to provide additional benefits to the Participant for the 2026, 2027 and 2028 calendar years; and
- D.** This Addendum is attached to and made a part of the Participation Agreement, incorporates all defined terms therein unless otherwise defined herein, and in the event of any conflict between the terms contained in this Addendum and the terms contained in the Participation Agreement, the terms contained in this Addendum shall supersede and control the obligations and liabilities of the Parties.

AGREEMENT

In consideration of the foregoing and the mutual promises and covenants of the parties hereto set forth in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby expressly covenant and agree as follows:

Section 1. Company Contributions. The Company shall continue to make a Company Contribution for Plan Years 2026, 2027, and 2028, on the same terms and conditions set forth in the Participant Agreement, with the performance metrics and targets in connection with such Company Contributions for such Plan Years to be established in the sole discretion of the Committee, following consultation with the Chief Executive Officer of the Company.

Section 2. Entire Agreement. This Addendum, in addition to the Participation Agreement and the Plan, constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements, and arrangements with respect thereto, whether written or oral.

In witness whereof, the Company and the Participant have duly executed this Addendum as of the date set forth below.

HERITAGE FINANCIAL CORPORATION

By: /S/ JEFFREY LYON

Jeffrey Lyon

Its: Director and Compensation Committee Chair

Date: November 06, 2025

PARTICIPANT

/S/ BRYAN MCDONALD

Bryan McDonald

HERITAGE FINANCIAL CORPORATION
DEFERRED COMPENSATION PLAN
PARTICIPATION AGREEMENT - ADDENDUM

This Participation Agreement Addendum (“**Addendum**”) is hereby entered into by and between **HERITAGE FINANCIAL CORPORATION** (the “**Company**”) and Donald J. Hinson an employee of the Company (the “**Participant**,” and together with the Company, the “**Parties**”).

RECITALS

- A.** The Company has adopted the Heritage Financial Corporation Deferred Compensation Plan, effective July 1, 2012, as amended and restated August 29, 2012 and further amended and restated as of December 18, 2024 (the “**Plan**”);
- B.** The Parties entered into a Participation Agreement, dated July 1, 2012 as subsequently amended (the “**Participation Agreement**”);
- C.** The Committee has determined that the Participation Agreement should be extended pursuant to this Addendum to provide additional benefits to the Participant for the 2026, 2027 and 2028 calendar years; and
- D.** This Addendum is attached to and made a part of the Participation Agreement, incorporates all defined terms therein unless otherwise defined herein, and in the event of any conflict between the terms contained in this Addendum and the terms contained in the Participation Agreement, the terms contained in this Addendum shall supersede and control the obligations and liabilities of the Parties.

AGREEMENT

In consideration of the foregoing and the mutual promises and covenants of the parties hereto set forth in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby expressly covenant and agree as follows:

Section 1. Company Contributions. The Company shall continue to make a Company Contribution for Plan Years 2026, 2027, and 2028, on the same terms and conditions set forth in the Participant Agreement, with the performance metrics and targets in connection with such Company Contributions for such Plan Years to be established in the sole discretion of the Committee, following consultation with the Chief Executive Officer of the Company.

Section 2. Entire Agreement. This Addendum, in addition to the Participation Agreement and the Plan, constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements, and arrangements with respect thereto, whether written or oral.

In witness whereof, the Company and the Participant have duly executed this Addendum as of the date set forth below.

HERITAGE FINANCIAL CORPORATION

By: /S/ BRYAN MCDONALD

Bryan McDonald

Its: CEO and President

Date: November 06, 2025

PARTICIPANT

/S/ Donald J. Hinson

Donald J. Hinson

HERITAGE FINANCIAL CORPORATION
DEFERRED COMPENSATION PLAN
PARTICIPATION AGREEMENT - ADDENDUM

This Participation Agreement Addendum (“**Addendum**”) is hereby entered into by and between **HERITAGE FINANCIAL CORPORATION** (the “**Company**”) and Tony Chalfant an employee of the Company (the “**Participant**,” and together with the Company, the “**Parties**”).

RECITALS

- A.** The Company has adopted the Heritage Financial Corporation Deferred Compensation Plan, effective July 1, 2012, as amended and restated August 29, 2012 and further amended and restated as of December 18, 2024 (the “**Plan**”);
- B.** The Parties entered into a Participation Agreement, dated June 25, 2020 as subsequently amended (the “**Participation Agreement**”);
- C.** The Committee has determined that the Participation Agreement should be extended pursuant to this Addendum to provide additional benefits to the Participant for the 2026, 2027 and 2028 calendar years; and
- D.** This Addendum is attached to and made a part of the Participation Agreement, incorporates all defined terms therein unless otherwise defined herein, and in the event of any conflict between the terms contained in this Addendum and the terms contained in the Participation Agreement, the terms contained in this Addendum shall supersede and control the obligations and liabilities of the Parties.

AGREEMENT

In consideration of the foregoing and the mutual promises and covenants of the parties hereto set forth in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby expressly covenant and agree as follows:

Section 1. Company Contributions. The Company shall continue to make a Company Contribution for Plan Years 2026, 2027, and 2028, on the same terms and conditions set forth in the Participant Agreement, with the performance metrics and targets in connection with such Company Contributions for such Plan Years to be established in the sole discretion of the Committee, following consultation with the Chief Executive Officer of the Company.

Section 2. Entire Agreement. This Addendum, in addition to the Participation Agreement and the Plan, constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements, and arrangements with respect thereto, whether written or oral.

In witness whereof, the Company and the Participant have duly executed this Addendum as of the date set forth below.

HERITAGE FINANCIAL CORPORATION

By: /S/ BRYAN MCDONALD

Bryan McDonald

Its: CEO and President

Date: November 06, 2025

PARTICIPANT

/S/ Tony Chalfant

Tony Chalfant

HERITAGE FINANCIAL CORPORATION
DEFERRED COMPENSATION PLAN
PARTICIPATION AGREEMENT - ADDENDUM

This Participation Agreement Addendum (“**Addendum**”) is hereby entered into by and between **HERITAGE FINANCIAL CORPORATION** (the “**Company**”) and Nicholas M. Bley an employee of the Company (the “**Participant**,” and together with the Company, the “**Parties**”).

RECITALS

- A.** The Company has adopted the Heritage Financial Corporation Deferred Compensation Plan, effective July 1, 2012, as amended and restated August 29, 2012 and further amended and restated as of December 18, 2024 (the “**Plan**”);
- B.** The Parties entered into a Participation Agreement, dated December 18, 2024 as subsequently amended (the “**Participation Agreement**”);
- C.** The Committee has determined that the Participation Agreement should be extended pursuant to this Addendum to provide additional benefits to the Participant for the 2026, 2027 and 2028 calendar years; and
- D.** This Addendum is attached to and made a part of the Participation Agreement, incorporates all defined terms therein unless otherwise defined herein, and in the event of any conflict between the terms contained in this Addendum and the terms contained in the Participation Agreement, the terms contained in this Addendum shall supersede and control the obligations and liabilities of the Parties.

AGREEMENT

In consideration of the foregoing and the mutual promises and covenants of the parties hereto set forth in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby expressly covenant and agree as follows:

Section 1. Company Contributions. The Company shall continue to make a Company Contribution for Plan Years 2026, 2027, and 2028, on the same terms and conditions set forth in the Participant Agreement, with the performance metrics and targets in connection with such Company Contributions for such Plan Years to be established in the sole discretion of the Committee, following consultation with the Chief Executive Officer of the Company.

Section 2. Entire Agreement. This Addendum, in addition to the Participation Agreement and the Plan, constitutes the entire agreement between the Parties concerning the subject matter hereof, and supersedes all prior negotiations, undertakings, agreements, and arrangements with respect thereto, whether written or oral.

In witness whereof, the Company and the Participant have duly executed this Addendum as of the date set forth below.

HERITAGE FINANCIAL CORPORATION

By: /S/ BRYAN MCDONALD

Bryan McDonald

Its: CEO and President

Date: November 06, 2025

PARTICIPANT

/S/ Nicholas Bley

Nicholas Bley

Certification of Principal Executive Officer

I, Bryan McDonald, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the nine months ended September 30, 2025 of Heritage Financial Corporation;
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; and
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 (or persons performing the equivalent functions):
 - 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.

November 7, 2025

/s/ Bryan McDonald

Bryan McDonald

Chief Executive Officer
Principal Executive Officer

Certification of Principal Financial Officer

I, Donald J. Hinson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the nine months ended September 30, 2025 of Heritage Financial Corporation;
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; and
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 (or persons performing the equivalent functions):
 - 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.

November 7, 2025

/s/ Donald J. Hinson

Donald J. Hinson

Executive Vice President and Chief Financial Officer
Principal Financial and Accounting Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly report of Heritage Financial Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Bryan McDonald, Chief Executive Officer, and Donald J. Hinson, Executive Vice President and Chief Financial Officer of the Company, certify in our capacity as officers of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such Report.

November 7, 2025

/s/ Bryan McDonald

Bryan McDonaldChief Executive Officer
Principal Executive Officer

November 7, 2025

/s/ Donald J. Hinson

Donald J. HinsonExecutive Vice President and Chief Financial Officer
Principal Financial and Accounting Officer